

COUNTY OF INYO
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017



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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITORS' REPORT

Board of Supervisors and 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, California (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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.

Auditors' 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% 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.

Basis for Qualified Opinion on Discretely Presented Component Unit

First 5 Inyo County has not implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and therefore, has not recorded a pension liability. The amount of the pension liability could not be determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Discretely Presented Component Unit* paragraph, the financial statements of the discretely presented component unit present fairly, in all material respects, the financial position of the activities of First 5 Inyo County as of June 30, 2017 and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of 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, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, 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.

Emphasis of Matter

Prior period adjustments

As disclosed in Note 9 to the financial statements, prior period adjustments were recorded for the correction of errors in prior year financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios and schedule of contributions, schedule of funding progress – other postemployment benefits, 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.

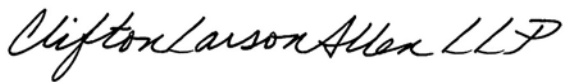
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Inyo's basic financial statements. The combining and individual nonmajor fund financial statements (supplementary information) are presented for purposes of additional analysis and are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.



CliftonLarsonAllen LLP

Roseville, California
March 29, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources as the close of the most recent fiscal year by \$41,568,083 (*net position*). The majority of this amount, \$58,395,129 is the net investment in capital assets, while \$37,086,740 is restricted for specific purposes (*restricted net position*). *Unrestricted net position* indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors; however, the recording of the County's pension liability in accordance with GASB Statement No. 68 created a negative unrestricted net position of \$(53,913,786).

Fund financial analysis

Total fund balances for the County's governmental funds amounted to \$61,161,750 as of June 30, 2017, an increase of \$5,303,359 from the prior fiscal year.

Unassigned fund balance in the General Fund, at year-end was \$18.4 million, or 34.7% of its total expenditures for the year.

Capital asset and long-term liabilities

The County's investment in capital assets has increased by \$1,442,630 from \$59,741,721 to \$61,184,351. These balances consisted of \$49,361,469 for the governmental activities and \$11,822,882 for the business-type activities.

The County's outstanding long term liabilities have increased by \$15,302,733 prior to including a prior period adjustment of \$9.3 million to increase the land fill liability. The significant increase in the County's long term liabilities is primarily due to an increase in the County's net pension liability of \$12.7 million. Additional increases are due to an increase of \$2.3 million in other post-employee benefit (OPEB) liability and new capital leases in the amount of \$427,147.

**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 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 14-16 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.

COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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 Combining and Individual Fund Statements and Schedules on pages 70-74.

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 17-20 of this report.

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

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

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

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

The basic proprietary fund financial statements can be found on pages 21-24 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 25-26 of this report.

**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 27-60 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 61-69 of this report.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$41,568,083 at June 30, 2017.

Condensed Statement of Net Position							
	Governmental Activities		Business-type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	
Assets:							
Current and other assets	\$ 70,111,407	\$ 56,588,035	\$ 5,004,794	\$ 5,307,363	\$ 75,116,201	\$ 61,895,398	21.36%
Capital assets	49,361,469	48,271,940	11,822,882	11,469,781	61,184,351	59,741,721	2.41%
Total assets	119,472,876	104,859,975	16,827,676	16,777,144	136,300,552	121,637,119	12.06%
Deferred outflows of resources:	14,643,225	6,843,530	579,398	287,262	15,222,623	7,130,792	113.48%
Liabilities:							
Current and other liabilities	3,855,215	12,282,676	580,079	1,242,094	4,435,294	13,524,770	-67.21%
Long-term liabilities	85,289,585	70,811,944	18,393,629	8,252,761	103,683,214	79,064,705	31.14%
Total liabilities	89,144,800	83,094,620	18,973,708	9,494,855	108,118,508	92,589,475	16.77%
Deferred inflows of resources:	1,752,364	4,110,583	84,220	172,545	1,836,584	4,283,128	-57.12%
Net Position:							
Invested in capital assets, net of related debt	47,214,252	46,246,221	11,180,877	10,794,237	58,395,129	57,040,458	2.37%
Restricted	37,086,740	10,782,434	--	--	37,086,740	10,782,434	243.96%
Unrestricted	(41,082,055)	(32,530,353)	(12,831,731)	(3,397,231)	(53,913,786)	(35,927,584)	50.06%
Total net position	\$ 43,218,937	\$ 24,498,302	\$ (1,650,854)	\$ 7,397,006	\$ 41,568,083	\$ 31,895,308	30.33%

Unrestricted net position indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors. The recording of the County's pension liability, per the requirements of GASB Statement No. 68, caused the County's unrestricted net position to turn negative indicating that the majority of the County's net position is invested in capital assets or otherwise restricted for use.

The most significant portion of the County's net position, \$58,395,129, or 140%, of total net position, reflects its net investment in capital assets (e.g. land, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; 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

**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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.

Analysis of Net Position

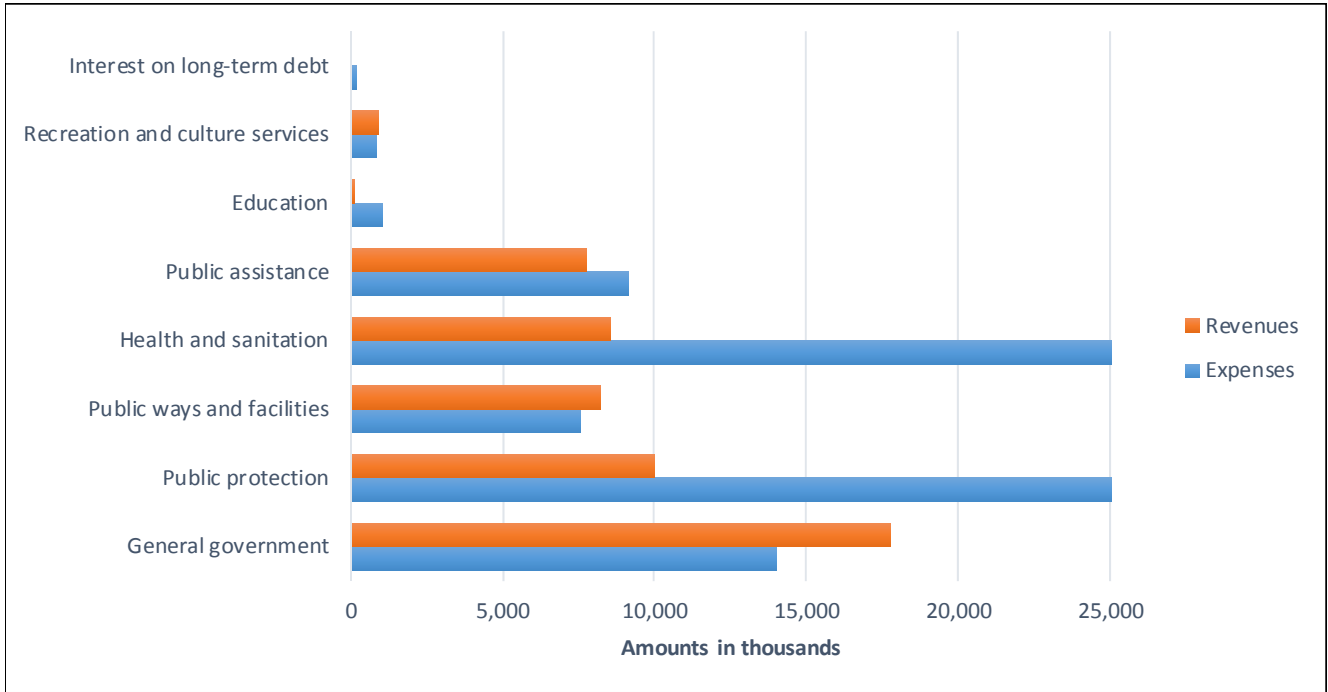
At the end of the fiscal year, the County is able to report positive balances in total net position for governmental-type, however, there is a negative balancebusiness-type net position. The following table indicates the changes in net position for governmental and business-type activities.

Condensed Statement of Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program revenues:							
Charges for services	\$ 11,307,612	\$ 10,080,493	\$ 3,391,916	\$ 3,311,907	\$ 14,699,528	\$ 13,392,400	9.76%
Operating grants and contributions	40,515,402	34,177,071	578,644	193,985	41,094,046	34,371,056	19.56%
Capital grants and contributions	1,453,651	2,141,834	609,060	3,501,940	2,062,711	5,643,774	-63.45%
General revenues:							
Property taxes	7,571,689	7,098,028	--	--	7,571,689	7,098,028	6.67%
Sales and use taxes	2,800,814	2,712,238	1,493,294	1,308,042	4,294,108	4,020,280	6.81%
Other taxes	7,733,864	8,082,594	--	--	7,733,864	8,082,594	-4.31%
Interest and investment earnings	673,001	429,055	30,774	8,056	703,775	437,111	61.01%
Gain on sale of capital assets	65,232	--	1,574	--	66,806	--	100.00%
Other revenue	--	55,869	14,878	17,419	14,878	73,288	-79.70%
Total revenues	72,121,265	64,777,182	6,120,140	8,341,349	78,241,405	73,118,531	7.01%
Expenses:							
General government	14,000,858	16,092,848	--	--	14,000,858	16,092,848	-13.00%
Public protection	26,316,401	23,739,560	--	--	26,316,401	23,739,560	10.85%
Public ways and facilities	7,535,223	6,348,451	--	--	7,535,223	6,348,451	18.69%
Health and sanitation	9,710,764	8,799,364	--	--	9,710,764	8,799,364	10.36%
Public assistance	9,143,817	8,405,669	--	--	9,143,817	8,405,669	8.78%
Education	1,037,151	624,551	--	--	1,037,151	624,551	66.06%
Recreation and culture services	815,318	1,162,924	--	--	815,318	1,162,924	-29.89%
Interest on long-term debt	213,659	224,221	--	--	213,659	224,221	-4.71%
Airport	--	--	1,638,654	1,941,458	1,638,654	1,941,458	-15.60%
Solid Waste	--	--	3,428,362	3,053,115	3,428,362	3,053,115	12.29%
Water System	--	--	509,595	518,590	509,595	518,590	-1.73%
CSA #2	--	--	145,801	38,062	145,801	38,062	283.06%
Mosquito Abatement	--	--	468,097	782,526	468,097	782,526	-40.18%
Total Expenses	68,773,191	65,397,588	6,190,509	6,333,751	74,963,700	71,731,339	4.51%
Change in net position before transfers	3,348,074	(620,406)	(70,369)	2,007,598	3,277,705	1,387,192	136.28%
Transfers	(323,285)	(513,819)	323,285	513,819	--	--	
Change in net position	3,024,789	(1,134,225)	252,916	2,521,417	3,277,705	1,387,192	136.28%
Net position, beginning	24,498,302	25,632,527	7,397,006	4,875,589	31,895,308	30,508,116	4.55%
Prior Period Adjustment	15,695,846	--	(9,300,776)	--	6,395,070	--	
Net position, beginning restated	40,194,148	25,632,527	(1,903,770)	4,875,589	38,290,378	30,508,116	25.51%
Net position, ending	\$ 43,218,937	\$ 24,498,302	\$ (1,650,854)	\$ 7,397,006	\$ 41,568,083	\$ 31,895,308	30.33%

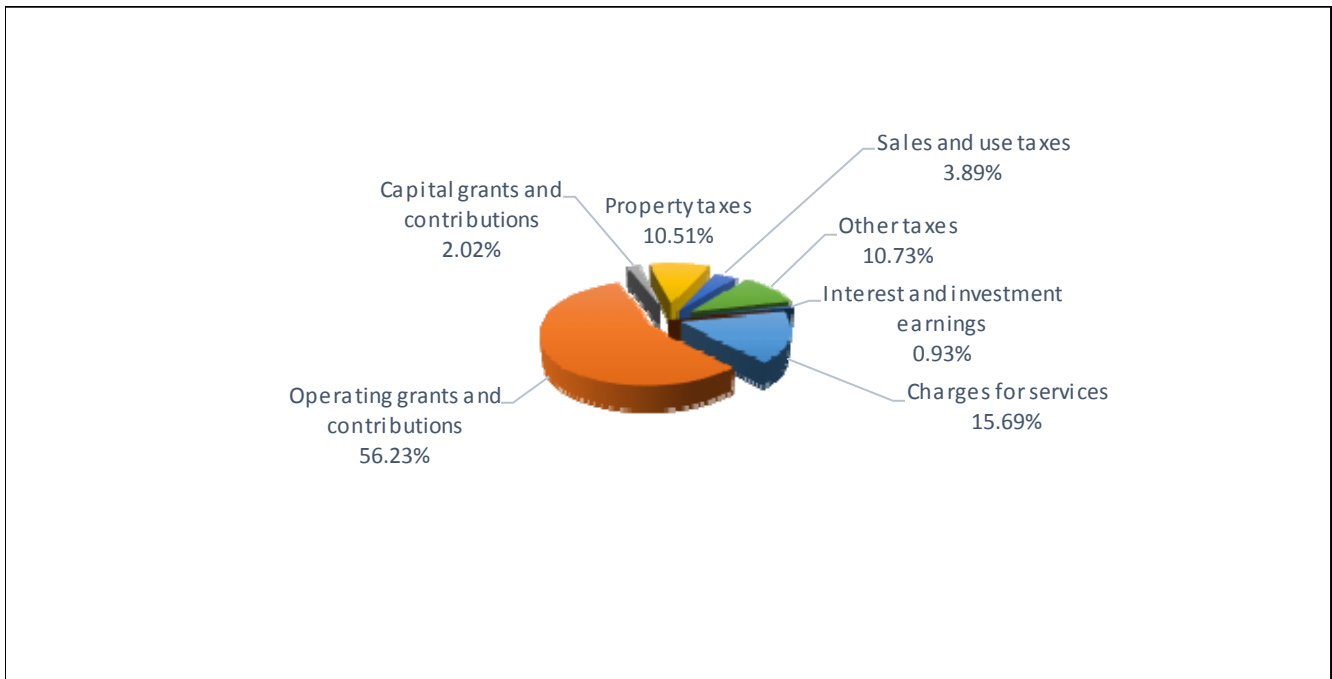
**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental activities experienced an increase in change in net position of \$4.1 million due to an increase in revenues of \$7.3 and an increase in expenses of \$3.4 million over the prior year.

**Governmental Activities
Revenue and Expenses by Function**



**Governmental Activities
Percent of Revenue by Function**



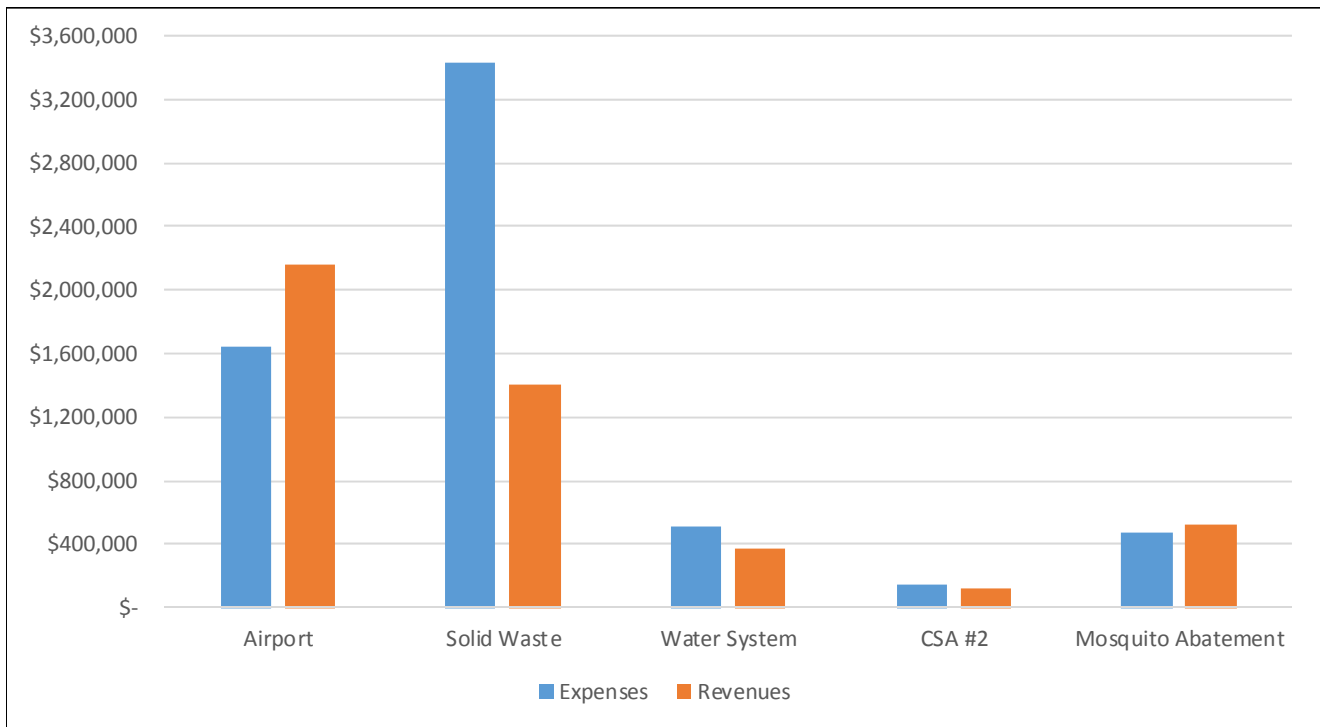
**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Some of the more relevant sections of the chart are highlighted below.

- Operating Grants and Contributions comprise the largest portion of the County's revenue, which indicates a high reliance on state and federal funding to maintain many core programs.
- Charges for services are also a fairly large component of the County's budget and can be used as indicator to see how well the County is recovering many of its program costs that are not mandated.
- Combined taxes continue to generate a large portion of the County's discretionary revenues that are used to fund critical programs.
- Governmental activities expenses total \$68,773,191, with public protection expenses of \$26,316,401 being one of the largest components. 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.

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

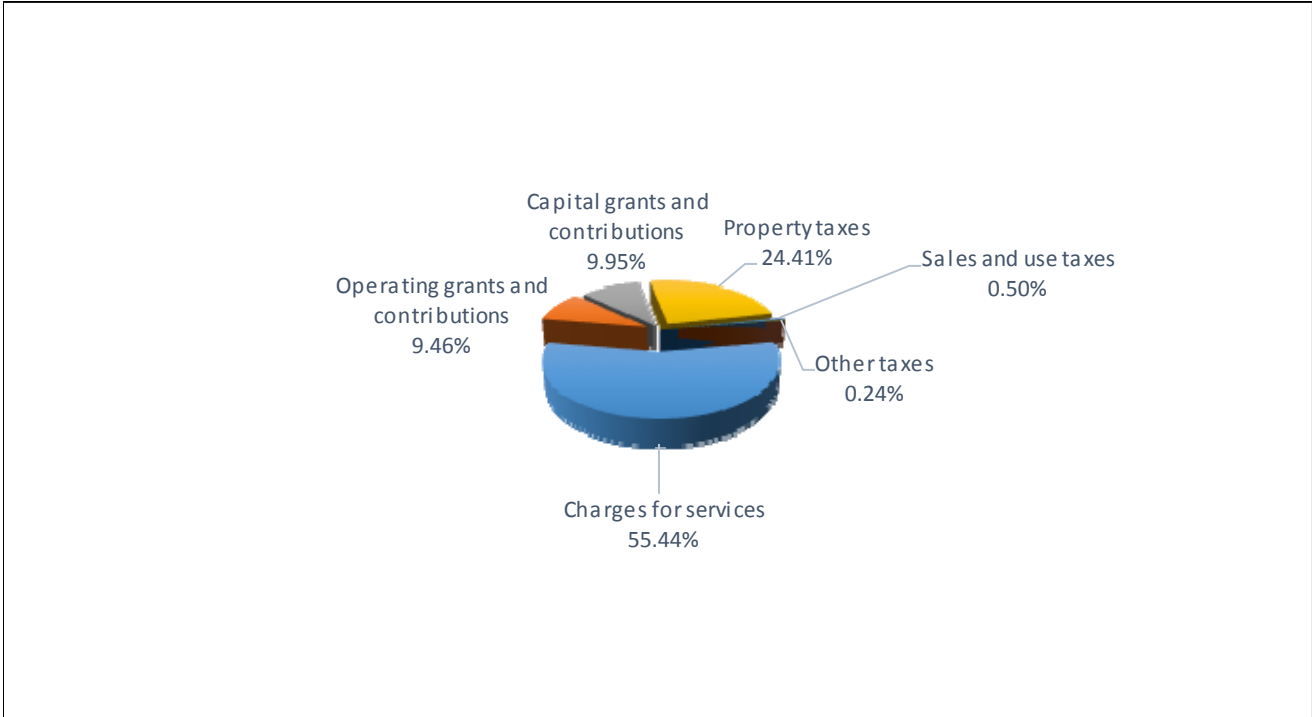
**Business-Type Activities
Revenue and Expenses by Activity**



Total program revenue for business-type activities was \$4,579,620 and charges for services accounted for \$3,391,916 of the total.

**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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**Business-Type Activities
Percent by Revenue by Type**



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 page 19 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, 2017, the County's governmental funds reported combined ending fund balances of \$61,161,750. 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.

**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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, 2017. The Statement of Revenues, Expenses and Changes in Fund Net Position for Proprietary Funds can be found on page 22 of this report.

BUDGETARY HIGHLIGHTS FOR GENERAL FUND

Differences between the original budget and the final amended budget can be attributed to prior year encumbrances being added into the working budget as well as budget amendments to complete additional projects that have come up throughout the year.

CAPITAL ASSETS

Capital Assets: The County's investment in capital assets for its governmental and business type activities as of June 30, 2017, amount to \$61,184,351 (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 43-44 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 45-48 and Note 10-12 on pages 50-59.

	Long term Liabilities					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital leases payable	\$ 1,097,725	\$ 862,498	\$ 642,005	\$ 675,544	\$ 1,739,730	\$ 1,538,042
Compensated absences	1,424,026	1,509,116	61,954	59,214	1,485,980	1,568,330
Claims liability	268,000	348,000	--	--	268,000	348,000
Closure-post closure liability	--	--	15,279,411	5,566,694	15,279,411	5,566,694
Loans payable	4,777,492	5,007,221	--	--	4,777,492	5,007,221
Other post employment benefits	19,345,302	16,961,463	--	--	19,345,302	16,961,463
Net pension liability	58,377,040	46,123,646	2,410,259	1,951,309	60,787,299	48,074,955
Total	\$ 85,289,585	\$ 70,811,944	\$ 18,393,629	\$ 8,252,761	\$ 103,683,214	\$ 79,064,705

**COUNTY OF INYO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Economic Factors and Next Year's Budget

- General revenue have continued to grow at a conservative rate however Fiscal Year 2017-2018 will see some revenue obtainment issues with several key revenues sources, such as, transient occupancy tax, geothermal royalties, and unsecured property taxes.
- Similar to prior years, the number one concern in future budget forecasting is personnel costs. These costs have continued to outgrow our revenues. CalPERS cost increase will likely be the most significant cost driver along with potential health care cost increases.
- 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 will continue to keep a close eye on any changes to federal program that will require scaling back of expenditures.

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

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COUNTY OF INYO
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	First 5 Inyo
ASSETS				
Cash and Investments	\$ 61,097,739	\$ 4,842,308	\$ 65,940,047	\$ 783,621
Imprest Cash	3,095	1,065	4,160	-
Cash with Fiscal Agent	17,581	-	17,581	-
Internal Balances	1,057,964	(527,917)	530,047	-
Due from External Parties	1,906,154	-	1,906,154	-
Accounts Receivable	4,464,550	610,573	5,075,123	5,148
Interest Receivable	164,127	9,170	173,297	2,002
Prepaid Expenses	109,730	-	109,730	336
Deposits with Others	41,700	-	41,700	-
Notes Receivable	780,000	-	780,000	-
Inventories	271,277	42,534	313,811	-
Due from Other Governmental Agencies	197,490	27,061	224,551	-
Capital Assets:				
Nondepreciable	10,442,083	2,054,175	12,496,258	-
Depreciable, Net	38,919,386	9,768,707	48,688,093	-
Total Assets	<u>119,472,876</u>	<u>16,827,676</u>	<u>136,300,552</u>	<u>791,107</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Pensions	<u>14,643,225</u>	<u>579,398</u>	<u>15,222,623</u>	<u>-</u>
LIABILITIES				
Accounts Payable	1,673,973	246,319	1,920,292	26,421
Accrued Salaries and Benefits	1,938,235	72,333	2,010,568	1,717
Unearned Revenue	234,953	7,542	242,495	-
Interest Payable	8,054	1,279	9,333	-
Deposits Held For Others	-	252,606	252,606	-
Long-Term Liabilities:				
Portion Due or Payable Within One Year:				
Compensated Absences	1,424,026	61,954	1,485,980	422
Claims Liability	100,000	-	100,000	-
Loan Payable	251,819	-	251,819	-
Capital Leases	293,650	226,636	520,286	-
Portion Due or Payable After One Year:				
Compensated Absences	-	-	-	422
Claims Liability	168,000	-	168,000	-
Loan Payable	4,525,673	-	4,525,673	-
Capital Leases	804,075	415,369	1,219,444	-
Closure/Post Closure Liability	-	15,279,411	15,279,411	-
Other Postemployment Benefit Liability	19,345,302	-	19,345,302	-
Net Pension Liability	58,377,040	2,410,259	60,787,299	-
Total Liabilities	<u>89,144,800</u>	<u>18,973,708</u>	<u>108,118,508</u>	<u>28,982</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pensions	<u>1,752,364</u>	<u>84,220</u>	<u>1,836,584</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	47,214,252	11,180,877	58,395,129	-
Restricted for Public Ways Programs	6,984,243	-	6,984,243	-
Restricted for Other Purposes	30,102,497	-	30,102,497	762,125
Unrestricted	(41,082,055)	(12,831,731)	(53,913,786)	-
Total Net Position	<u>\$ 43,218,937</u>	<u>\$ (1,650,854)</u>	<u>\$ 41,568,083</u>	<u>\$ 762,125</u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF INYO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

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	\$ 14,000,858	\$ 7,017,057	\$ 10,741,291	\$ -
Public Protection	26,316,401	1,914,909	8,062,231	46,697
Public Ways and Facilities	7,535,223	243,842	6,874,103	1,085,624
Health and Sanitation	9,710,764	1,605,473	6,919,469	-
Public Assistance	9,143,817	152,594	7,640,263	-
Education	1,037,151	9,775	83,049	-
Recreation and Culture	815,318	363,962	194,996	321,330
Interest on Long-Term Debt	213,659	-	-	-
Total Governmental Activities	<u>68,773,191</u>	<u>11,307,612</u>	<u>40,515,402</u>	<u>1,453,651</u>
Business-Type Activities:				
Airport	1,638,654	1,234,686	316,535	609,060
Solid Waste	3,428,362	1,277,067	130,350	-
Water System	509,595	366,994	-	-
CSA #2	145,801	51,874	73,050	-
Mosquito Abatement	468,097	461,295	58,709	-
Total Business-Type Activities	<u>6,190,509</u>	<u>3,391,916</u>	<u>578,644</u>	<u>609,060</u>
Total Primary Government	<u>\$ 74,963,700</u>	<u>\$ 14,699,528</u>	<u>\$ 41,094,046</u>	<u>\$ 2,062,711</u>
Component Unit				
First Five Inyo	<u>\$ 448,705</u>	<u>\$ -</u>	<u>\$ 303,984</u>	<u>\$ -</u>

General Revenues:
Taxes:
Property Taxes
Sales and Use Taxes
Other
Miscellaneous
Unrestricted Interest and Investment Earnings
Gain on Sale of Capital Assets
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, Restated

Net Position - End of Year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	First Five Inyo
\$ 3,757,490	\$ -	\$ 3,757,490	\$ -
(16,292,564)	-	(16,292,564)	-
668,346	-	668,346	-
(1,185,822)	-	(1,185,822)	-
(1,350,960)	-	(1,350,960)	-
(944,327)	-	(944,327)	-
64,970	-	64,970	-
(213,659)	-	(213,659)	-
(15,496,526)	-	(15,496,526)	-
-	521,627	521,627	-
-	(2,020,945)	(2,020,945)	-
-	(142,601)	(142,601)	-
-	(20,877)	(20,877)	-
-	51,907	51,907	-
-	(1,610,889)	(1,610,889)	-
(15,496,526)	(1,610,889)	(17,107,415)	-
			(144,721)
7,571,689	-	7,571,689	-
2,800,814	1,493,294	4,294,108	-
7,733,864	-	7,733,864	-
-	14,878	14,878	-
673,001	30,774	703,775	7,371
65,232	1,574	66,806	-
(323,285)	323,285	-	-
18,521,315	1,863,805	20,385,120	7,371
3,024,789	252,916	3,277,705	(137,350)
40,194,148	(1,903,770)	38,290,378	899,475
<u>\$ 43,218,937</u>	<u>\$ (1,650,854)</u>	<u>\$ 41,568,083</u>	<u>\$ 762,125</u>

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BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**COUNTY OF INYO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General	Road	Grant Programs	Other Governmental	Total
ASSETS					
Cash and Investments	\$46,644,252	\$4,624,874	\$2,088,155	\$ 4,715,367	\$ 58,072,648
Restricted Assets:					
Cash with Fiscal Agent	17,581	-	-	-	17,581
Imprest Cash	2,755	-	300	40	3,095
Interest Receivable	136,020	11,029	1,980	9,711	158,740
Accounts Receivable	1,810,264	1,967,989	553,230	132,649	4,464,132
Due from Other Funds	4,185,799	-	-	-	4,185,799
Due from Other Governments	103,081	10,908	83,501	-	197,490
Loans Receivable	-	-	780,000	-	780,000
Inventory	-	266,852	-	-	266,852
Deposits with Others	41,700	-	-	-	41,700
Advances to Other Funds	137,000	-	-	-	137,000
Prepaid Expenses	92,032	202	3,903	183	96,320
Total Assets	<u>\$53,170,484</u>	<u>\$6,881,854</u>	<u>\$3,511,069</u>	<u>\$ 4,857,950</u>	<u>\$ 68,421,357</u>
LIABILITIES					
Accounts Payable	\$ 1,014,238	\$ 413,991	\$ 43,169	\$ 14,590	\$ 1,485,988
Accrued Salaries and Benefits	1,712,905	116,168	46,283	55,702	1,931,058
Due to Other Funds	2,200	-	1,004,844	50,000	1,057,044
Unearned Revenue	227,723	7,200	30	-	234,953
Total Liabilities	<u>2,957,066</u>	<u>537,359</u>	<u>1,094,326</u>	<u>120,292</u>	<u>4,709,043</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	315,608	1,924,092	195,946	114,918	2,550,564
FUND BALANCES					
Nonspendable	229,032	267,054	3,903	183	500,172
Restricted	26,829,699	4,153,349	2,216,894	1,336,234	34,536,176
Assigned	4,391,666	-	-	3,286,323	7,677,989
Unassigned	18,447,413	-	-	-	18,447,413
Total Fund Balances	<u>49,897,810</u>	<u>4,420,403</u>	<u>2,220,797</u>	<u>4,622,740</u>	<u>61,161,750</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$53,170,484</u>	<u>\$6,881,854</u>	<u>\$3,511,069</u>	<u>\$ 4,857,950</u>	<u>\$ 68,421,357</u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF INYO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2017**

Fund Balance - Total Governmental Funds	\$ 61,161,750
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	47,386,375
Deferred outflows of resources reported in the Statement of Net Position	14,588,479
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 is:	2,973,087
Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	2,550,564
Deferred inflows of resources reported in the Statement of Net Position	(1,745,658)
Certain liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Interest Payable	(8,054)
Loans Payable	(4,777,492)
Other Postemployment Benefits Liability	(19,345,302)
Compensated Absences	(1,406,965)
Net Pension Liability	<u>(58,157,847)</u>
Net Position of Governmental Activities	<u>\$ 43,218,937</u>

See accompanying Notes to Basic Financial Statements.

COUNTY OF INYO
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Road	Grant Programs	Other Governmental	Total
REVENUES					
Taxes	\$ 17,996,764	\$ -	\$ 39,399	\$ 70,204	\$ 18,106,367
Licenses and Permits	891,285	20,109	-	-	911,394
Fines, Forfeitures, and Penalties	1,610,774	-	-	-	1,610,774
Use of Money and Property	572,441	37,978	9,075	35,352	654,846
Intergovernmental	29,726,695	7,102,157	2,543,093	1,652,230	41,024,175
Charges for Services	7,907,811	189,208	29,560	210,599	8,337,178
Other Revenues	381,312	34,015	5,552	5,068	425,947
Total Revenues	<u>59,087,082</u>	<u>7,383,467</u>	<u>2,626,679</u>	<u>1,973,453</u>	<u>71,070,681</u>
EXPENDITURES					
Current:					
General Government	13,000,261	-	8,712	-	13,008,973
Public Protection	22,450,589	-	591,257	1,153,999	24,195,845
Public Ways and Facilities	158,453	6,736,260	-	26,847	6,921,560
Health and Sanitation	7,608,249	-	596,669	598,097	8,803,015
Public Assistance	7,699,220	-	1,031,457	-	8,730,677
Education	555,325	-	60,000	-	615,325
Recreation and Culture	1,000,442	-	62,850	-	1,063,292
Capital Outlay	186,305	1,106,436	368,028	6,157	1,666,926
Debt Service:					
Principal	229,729	-	-	-	229,729
Interest	213,659	-	-	-	213,659
Total Expenditures	<u>53,102,232</u>	<u>7,842,696</u>	<u>2,718,973</u>	<u>1,785,100</u>	<u>65,449,001</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,984,850	(459,229)	(92,294)	188,353	5,621,680
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	90	-	4,874	-	4,964
Transfers In	31,618	-	119,008	215,187	365,813
Transfers Out	(664,090)	-	(25,008)	-	(689,098)
Total Other Financing Sources (Uses)	<u>(632,382)</u>	<u>-</u>	<u>98,874</u>	<u>215,187</u>	<u>(318,321)</u>
NET CHANGES IN FUND BALANCES	5,352,468	(459,229)	6,580	403,540	5,303,359
Fund Balances, Beginning of Year, Restated	<u>44,545,342</u>	<u>4,879,632</u>	<u>2,214,217</u>	<u>4,219,200</u>	<u>55,858,391</u>
END OF YEAR	<u>\$ 49,897,810</u>	<u>\$ 4,420,403</u>	<u>\$ 2,220,797</u>	<u>\$ 4,622,740</u>	<u>\$ 61,161,750</u>

See accompanying Notes to Basic Financial Statements.

COUNTY OF INYO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Net Change to Fund Balance - Total Governmental Funds		\$ 5,303,359
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Assets Adjustments	3,432,077	
Less: Current Year Depreciation	<u>(2,877,209)</u>	554,868
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
		944,878
<p>Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>		
Principal Retirements		229,729
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in Other Postemployment Benefits	(2,383,839)	
Change in Compensated Absences	85,981	
Change in Net Pension Liability	<u>(2,087,693)</u>	(4,385,551)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities.</p>		
		<u>377,506</u>
Change in Net Position of Governmental Activities		<u>\$ 3,024,789</u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF INYO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 800,377	\$ 1,240,827	\$ 1,010,509	\$ 3,051,713	\$ 3,025,091
Imprest Cash	265	800	-	1,065	-
Accounts Receivable	331,838	213,423	65,312	610,573	418
Due from Other Governments	27,061	-	-	27,061	-
Interest Receivable	868	6,764	1,538	9,170	5,387
Inventory	42,534	-	-	42,534	4,425
Prepaid	-	-	-	-	13,410
Noncurrent Assets:					
Restricted Cash	-	1,790,595	-	1,790,595	-
Capital Assets:					
Nondepreciable	2,054,175	-	-	2,054,175	6,979
Depreciable, Net	6,578,304	1,270,011	1,920,392	9,768,707	1,968,115
Total Assets	<u>9,835,422</u>	<u>4,522,420</u>	<u>2,997,751</u>	<u>17,355,593</u>	<u>5,023,825</u>
DEFERRED OUTFLOWS					
Deferred Outflows - Pensions	<u>93,631</u>	<u>328,650</u>	<u>157,117</u>	<u>579,398</u>	<u>54,746</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	9,013	198,819	36,287	244,119	187,985
Accrued Salaries and Benefits	14,390	38,630	19,313	72,333	7,177
Due to Other Funds	447,917	-	80,000	527,917	176,637
Compensated Absences	9,771	36,969	15,214	61,954	17,061
Interest Payable	-	1,279	-	1,279	-
Unearned Revenue	7,542	-	-	7,542	-
Due to Other Governments	2,200	-	-	2,200	-
Deposits Held For Others	-	-	252,606	252,606	-
Liability for Self-Insurance	-	-	-	-	100,000
Capital Leases Payable	-	226,636	-	226,636	293,650
Noncurrent Liabilities:					
Advances from Other Funds	-	-	-	-	125,000
Liability for Self-Insurance	-	-	-	-	168,000
Capital Leases Payable	-	415,369	-	415,369	804,075
Estimated Liability for Landfill Closure/Post closure Costs	-	15,279,411	-	15,279,411	-
Net Pension Liability	392,961	1,350,321	666,977	2,410,259	219,193
Total Liabilities	<u>883,794</u>	<u>17,547,434</u>	<u>1,070,397</u>	<u>19,501,625</u>	<u>2,098,778</u>
DEFERRED INFLOWS					
Deferred Inflows - Pensions	<u>12,074</u>	<u>46,279</u>	<u>25,867</u>	<u>84,220</u>	<u>6,706</u>
NET POSITION					
Net Investment in Capital Assets	8,632,479	628,006	1,920,392	11,180,877	877,369
Unrestricted	400,706	(13,370,649)	138,212	(12,831,731)	2,095,718
Total Net Position	<u>\$ 9,033,185</u>	<u>\$ (12,742,643)</u>	<u>\$ 2,058,604</u>	<u>\$ (1,650,854)</u>	<u>\$ 2,973,087</u>

See accompanying Notes to Basic Financial Statements.

COUNTY OF INYO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental
	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal
					Service Funds
OPERATING REVENUES					
Charges for Services	\$ 1,234,686	\$ 928,878	\$ 880,163	\$ 3,043,727	\$ 3,327,101
Other Revenues	14,345	348,722	-	363,067	13,221
Total Operating Revenues	<u>1,249,031</u>	<u>1,277,600</u>	<u>880,163</u>	<u>3,406,794</u>	<u>3,340,322</u>
OPERATING EXPENSES					
Salaries and Benefits	322,462	1,004,971	440,164	1,767,597	193,608
Services and Supplies	1,187,265	1,820,331	603,783	3,611,379	2,327,379
Depreciation	128,927	583,486	79,546	791,959	520,252
Total Operating Expenses	<u>1,638,654</u>	<u>3,408,788</u>	<u>1,123,493</u>	<u>6,170,935</u>	<u>3,041,239</u>
OPERATING INCOME (LOSS)	(389,623)	(2,131,188)	(243,330)	(2,764,141)	299,083
NONOPERATING REVENUES (EXPENSES)					
Tax Revenue	-	1,493,294	-	1,493,294	-
Intergovernmental Revenues	316,535	130,350	131,759	578,644	-
Interest Revenue	1,379	24,100	5,295	30,774	18,155
Interest Expense	-	(19,574)	-	(19,574)	-
Gain (Loss) on Sale of Assets	-	-	1,574	1,574	60,268
Total Nonoperating Revenues (Expenses)	<u>317,914</u>	<u>1,628,170</u>	<u>138,628</u>	<u>2,084,712</u>	<u>78,423</u>
Income (Loss) Before Capital Contributions and Transfers	(71,709)	(503,018)	(104,702)	(679,429)	377,506
Capital Contributions	609,060	-	-	609,060	-
Transfers In	129,895	200,000	13,423	343,318	-
Transfers Out	-	-	(20,033)	(20,033)	-
CHANGE IN NET POSITION	<u>667,246</u>	<u>(303,018)</u>	<u>(111,312)</u>	<u>252,916</u>	<u>377,506</u>
Net Position - Beginning of Year, Restated	<u>8,365,939</u>	<u>(12,439,625)</u>	<u>2,169,916</u>	<u>(1,903,770)</u>	<u>2,595,581</u>
NET POSITION - END OF YEAR	<u><u>\$ 9,033,185</u></u>	<u><u>\$ (12,742,643)</u></u>	<u><u>\$ 2,058,604</u></u>	<u><u>\$ (1,650,854)</u></u>	<u><u>\$ 2,973,087</u></u>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF INYO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Receipts from Customers	\$ 1,256,573	\$ 1,172,759	\$ 897,725	\$ 3,327,057	\$ -
Interfund Services Provided	-	-	-	-	3,340,343
Cash Paid to Suppliers for Goods and Services	(1,194,513)	(1,410,474)	(602,816)	(3,207,803)	(2,280,667)
Cash Paid to Employees for Salaries and Benefits	(306,981)	(944,959)	(423,327)	(1,675,267)	(183,579)
Net Cash Provided (Used) by Operating Activities	(244,921)	(1,182,674)	(128,418)	(1,556,013)	876,097
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipt of Interfund Loan	-	-	75,000	75,000	-
Payment of Interfund Loan	(188,083)	-	-	(188,083)	-
Intergovernmental Revenues	316,535	130,350	131,759	578,644	-
Transfers	129,895	200,000	(6,610)	323,285	56,637
Tax Revenue	-	1,493,294	-	1,493,294	-
Net Cash Provided (Used) by Noncapital Financing Activities	258,347	1,823,644	200,149	2,282,140	56,637
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Contributions	1,844,486	-	-	1,844,486	-
Interest Repayments Related to Capital Purposes	-	(19,574)	-	(19,574)	-
Proceeds from Sale of Capital Asset	-	-	1,574	1,574	-
Payments Related to the Acquisition of Capital Assets	(1,634,926)	(440,834)	(17,816)	(2,093,576)	(759,418)
Net Cash Provided (Used) by Capital and Related Financing Activities	209,560	(460,408)	(16,242)	(267,090)	(759,418)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	725	22,920	5,208	28,853	17,254
Net Cash Provided (Used) by Investing Activities	725	22,920	5,208	28,853	17,254
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	223,711	203,482	60,697	487,890	190,570
Cash and Cash Equivalents - Beginning of Year	576,931	2,828,740	949,812	4,355,483	2,834,521
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 800,642</u>	<u>\$ 3,032,222</u>	<u>\$ 1,010,509</u>	<u>\$ 4,843,373</u>	<u>\$ 3,025,091</u>

See accompanying Notes to Basic Financial Statements.

COUNTY OF INYO
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental
					Activities
	Airport	Solid Waste	Nonmajor Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and Investments	\$ 800,377	\$ 1,240,827	\$ 1,010,509	\$ 3,051,713	\$ 3,025,091
Imprest Cash	265	800	-	1,065	-
Restricted Cash	-	1,790,595	-	1,790,595	-
	<u>\$ 800,642</u>	<u>\$ 3,032,222</u>	<u>\$ 1,010,509</u>	<u>\$ 4,843,373</u>	<u>\$ 3,025,091</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (389,623)	\$ (2,131,188)	\$ (243,330)	\$ (2,764,141)	\$ 299,083
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:					
Depreciation	128,927	583,486	79,546	791,959	520,252
(Increase) Decrease in:					
Accounts Receivable	-	(89,841)	17,562	(72,279)	21
Inventory	(7,248)	-	-	(7,248)	(672)
Prepaid	-	-	-	-	(13,410)
Increase (Decrease) in:					
Accounts Payable	-	(2,084)	(1,203)	(3,287)	140,794
Accrued Salaries	3,281	8,993	(1,173)	11,101	1,351
Liability for Compensated Absences	(940)	6,053	(2,373)	2,740	891
Liability for Self-Insurance	-	-	-	-	(80,000)
Unearned Revenues	7,542	(15,000)	-	(7,458)	-
Deposits Held For Others	-	-	2,170	2,170	-
Closure/Post closure Liability	-	411,941	-	411,941	-
Net Pension Liability	13,140	44,966	20,383	78,489	7,787
Net Cash Provided (Used) by Operating Activities	<u>\$ (244,921)</u>	<u>\$ (1,182,674)</u>	<u>\$ (128,418)</u>	<u>\$ (1,556,013)</u>	<u>\$ 876,097</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Lease and Related Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,097,725</u>

See accompanying Notes to Basic Financial Statements.

COUNTY OF INYO
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Investment Trust	Agency Funds
ASSETS		
Cash and Investments	\$ 47,438,652	\$ 12,197,160
Imprest Cash	3,444	60
Cash with Fiscal Agent	35,779	-
Interest Receivable	101,991	11,903
Due to Other Funds	-	2,200
Taxes Receivable	-	1,764,547
Total Assets	47,579,866	13,975,870
LIABILITIES		
Due to Other Funds	170,883	2,426,401
Advances from Other Funds	-	12,000
Agency Obligations	-	11,537,469
Total Liabilities	170,883	13,975,870
NET POSITION		
Net Position Held in Trust for Investment Pool Participants	47,408,983	-
Total Net Position	\$ 47,408,983	\$ -

See accompanying Notes to Basic Financial Statements.

**COUNTY OF INYO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2017**

	<u>Investment Trust</u>
ADDITIONS	
Contributions to Investment Pool	\$ 38,041,344
Interest and Investment Income	<u>386,446</u>
Total Additions	38,427,790
DEDUCTIONS	
Distributions from Investment Pool	<u>(37,610,303)</u>
Total Deductions	<u>(37,610,303)</u>
CHANGE IN NET POSITION	817,487
Net Position - Beginning of Year	<u>46,591,496</u>
NET POSITION - END OF YEAR	<u><u>\$ 47,408,983</u></u>

See accompanying Notes to Basic Financial Statements.

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BASIC FINANCIAL STATEMENTS

NOTES TO BASIC 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.

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COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

The County defines its reporting entity in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for determining which governmental activities, organizations and functions should be included in the reporting entity. The accompanying financial statements present information on the activities of the reporting entity, including all fund types of the County (the primary government) and its component units.

GAAP requires that the component units be separated into blended, fiduciary or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the County's operations. Therefore, they are reported as part of the primary government. The primary government is financially accountable for these component units. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the County. Each blended and discretely presented component unit has a June 30th fiscal 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 Leasing Corporation	Independence Lighting District Lone Pine Lighting District

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

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

Discretely Presented Component Units

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

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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.

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.

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

- 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.

C. Basis of Accounting and Measurement Focus

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

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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 financing 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.

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.

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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 post closure 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 BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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 capital assets are valued at their acquisition value on the date contributed. Capital assets include public domain (infrastructure) general capital 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred outflows of resources related to pensions.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet and related to pensions in its proprietary and government-wide statements. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

O. 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.

P. 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.

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

In circumstances when an expenditures 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.
- *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.

R. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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 19% of the total treasury investment pool which includes County operational funds. Special districts and various trust funds approximate 19% 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 62% of the investment pool.

At June 30, 2017, total County cash and investments were as follows:

Cash on Hand	\$ 9,699
Deposits	6,980,841
Cash with Fiscal Agent	53,360
Less: Outstanding Checks	(2,978,499)
Investments	<u>122,355,103</u>
Total Cash and Investments	<u><u>\$ 126,420,504</u></u>

Total cash and investments at June 30, 2017 were presented on the County's financial statements as follows:

Primary Government	\$ 65,961,788
Investment Trust Fund	47,477,875
Agency Funds	12,197,220
Discretely Presented Component Unit	<u>783,621</u>
Total Cash and Investments	<u><u>\$ 126,420,504</u></u>

Custodial Credit Risk Related to Deposits

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pool will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that of the County's total bank balance, \$250,000 per account is insured by the Federal Depository Insurance Corporation. The remaining \$8,151,798 on deposit is collateralized with securities held by the pledging financial institution's agent. Per Government Code Section 53652, the depository is required to maintain a market value of at least 110% of the pledged collateral.

At June 30, 2017, the carrying amount of the Pool's deposits was \$6,980,841 and the corresponding bank balance was \$8,631,050. The difference of \$1,650,209 was principally due to unreceipted deposits and outstanding warrants.

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.

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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

At June 30, 2017, the County had the following investments:

	Interest Rates	Maturities	Par Value	Fair Value	Weighted Avg Maturity (Years)
Pooled Investments:					
Federal Agency Obligations	0.90% - 2.30%	11/17/2017 - 6/15/22	\$ 59,020,000	\$ 58,959,164	2.82
Commercial Paper	N/A	7/14/17 - 2/2/18	17,000,000	16,831,693	0.31
Local Agency Investment Fund	Variable	On Demand	14,250,000	14,250,000	-
Negotiable Certificates of Deposit	0.65% - 2.45%	7/20/17 - 4/5/22	25,460,000	25,461,813	2.21
Corporate Obligations	1.65% - 2.60%	1/22/18 - 2/19/21	4,600,000	4,652,203	2.22
Local Agency Debt	1.24% - 1.27%	6/1/19 - 6/30/21	700,230	700,230	3.16
AIM Money Market	Variable	On Demand	1,500,000	1,500,000	-
Total Pooled Investments			<u>\$ 122,530,230</u>	<u>\$ 122,355,103</u>	1.96
Non-Pooled Investments					
Cash with Fiscal Agent	Variable	On Demand		\$ 53,360	
Total Investments				<u>\$ 122,408,463</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.

**COUNTY OF INYO
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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.

At June 30, 2017, the County had the following investments in any one issuer that represent 5% or more of the total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded because they are not a concentration of credit risk.

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount Reported</u>	<u>% of Total Investments</u>
Federal Farm Credit Bank	Federal Agency Obligations	\$ 17,989,990	14.70%
Federal Home Loan Bank	Federal Agency Obligations	10,977,324	8.97%
Federal Home Loan Mortgage	Federal Agency Obligations	11,018,000	9.00%
Federal National Mortgage Assn.	Commercial Paper	18,973,850	15.51%

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, 2017.

	<u>S&P</u>	<u>Moody's</u>	<u>Portfolio</u>
Federal Agency Obligations	AAA	AAA	48.18%
Local Agency Investment Fund	Unrated	Unrated	11.65%
Local Agency Debt	Unrated	Unrated	0.57%
Commercial Paper	N/A	N/A	13.76%
Negotiable CDs	N/A	N/A	20.81%
Corporate Obligations	N/A	N/A	3.80%
Money Market Funds	N/A	N/A	1.23%
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

**COUNTY OF INYO
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Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute.

At June 30, 2017, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$14,250,000, 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 \$77.6 billion. Of that amount, 2.89% was invested in structured notes and asset-backed securities with the remaining 97.11% invested in other non-derivative financial products.

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, 2017:

Statement of Net Position

Assets:	
Investments	\$ 122,355,103
Other Deposits	4,004,377
Total Assets	<u>\$ 126,359,480</u>
Net Position:	
Equity of Internal Pool Participants	\$ 78,920,828
Equity of External Pool Participants	47,438,652
Total Net Position	<u>\$ 126,359,480</u>

Statement of Changes in Net Position

Net Position at July 1, 2016	\$ 117,561,871
Net contributions from pool participants	8,797,609
Net position at June 30, 2017	<u>\$ 126,359,480</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.

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
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C. Authorized Investments

State statutes and adopted investment policy authorize the County to invest in bonds issued by the County of Inyo, obligations of the U.S. Treasury, its agencies and instrumentality's, registered warrants and bonds of the State of California, registered warrants and bonds of any local agency in the State of California, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record's, certificates of deposit, bankers' acceptances from banks with 'A' rating or better by a nationally recognized rating service, medium term corporate notes issued by companies rated 'A' or better by a nationally recognized rating service, mortgage pass-through securities and collateralized mortgage obligations having a rating of 'AA' or higher by a nationally recognized rating agency, repurchase agreements and the state Treasurer's investment pool. The

County is also authorized to enter in reverse repurchase agreements. Investments for bond proceeds and funds held by bond fiscal agent or trustees are governed and restricted by the bond documents. The permitted investment language in each bond transaction is usually unique to each transaction and at times can either be more permissive or less permissive than the County's investment policy over other investments.

D. Fair Value of Investments

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The investments in an external investment pool are not subject to reporting within the level hierarchy. The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the County has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The County's pooled investments by fair value level as of June 30, 2017, include the following:

	Total	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Debt Securities:				
Federal Agency Obligations	\$ 58,959,164	\$ -	\$ 58,959,164	\$ -
Negotiable Certificates of Deposit	25,461,813	-	25,461,813	-
Commercial Paper	16,831,693	-	16,831,693	-
Corporate Obligations	4,652,203	-	4,652,203	-
Total Investments Measured at Fair Value	105,904,873	\$ -	\$ 105,904,873	\$ -
Investments Measured at Net Asset Value (NAV):				
Local Agency Investment Fund	14,250,000			
Local Agency Debt	700,230			
UBS Money Market	1,500,000			
Total Pooled and Directed Investments	\$ 122,355,103			

NOTE 3 INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2017 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Grant Programs	1,004,844	Cash flow reimbursement grants
	Airport	447,917	Provide short term cash flow
	Nonmajor Enterprise Funds	80,000	Provide short term cash flow
	Nonmajor Governmental Funds	50,000	Provide short term cash flow
	Internal Service Funds	176,637	Provide short term cash flow
	Agency Fund	2,426,401	Provide short term cash flow
		4,185,799	
Agency Fund	General Fund	2,200	Provide short term cash flow
		\$ 4,187,999	

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Internal Service Funds	\$ 125,000
	Agency Funds	<u>12,000</u>
		<u><u>137,000</u></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	Transfers To	Amount	Purpose
General Fund	Airport	\$ 129,895	To augment ongoing operations
	Solid Waste	<u>200,000</u>	To augment ongoing operations
		<u>329,895</u>	
Nonmajor Enterprise Funds	General Fund	<u>6,610</u>	To augment ongoing operations
		<u><u>336,505</u></u>	

Between Funds Within the Governmental or Business-Type Activities:

Transfer From	Transfers To	Amount	Purpose
General Fund	Grant Programs	\$ 119,008	To augment ongoing operations
	Nonmajor Governmental Funds	<u>215,187</u>	To augment ongoing operations
		<u>334,195</u>	
Grant Programs	General Fund	25,008	To augment ongoing operations
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	<u>13,423</u>	To augment ongoing operations
		<u><u>372,626</u></u>	

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017, was as follows:

Governmental Activities

	Balance July 1, 2016	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2017
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,899,171	\$ -	\$ -	\$ -	\$ 8,899,171
Construction in Progress	1,128,284	581,300	-	(166,672)	1,542,912
Total Capital Assets, Not Being Depreciated	10,027,455	581,300	-	(166,672)	10,442,083
Capital Assets, Being Depreciated:					
Infrastructure	202,535,432	2,303,328	(79,515)	117,732	204,876,977
Land Improvements	5,625,784	25,626	-	-	5,651,410
Structures and Improvements	19,926,517	346,390	-	48,940	20,321,847
Equipment	20,041,715	1,304,048	(1,210,380)	-	20,135,383
Total Capital Assets, Being Depreciated	248,129,448	3,979,392	(1,289,895)	166,672	250,985,617
Less Accumulated Depreciation for:					
Infrastructure	(185,024,250)	(1,598,635)	21,204	-	(186,601,681)
Land Improvements	(1,898,867)	(139,928)	-	-	(2,038,795)
Structures and Improvements	(6,825,052)	(586,685)	-	-	(7,411,737)
Equipment	(16,136,794)	(1,072,213)	1,194,989	-	(16,014,018)
Total Accumulated Depreciation	(209,884,963)	(3,397,461)	1,216,193	-	(212,066,231)
Total Capital Assets, Being Depreciated, Net	38,244,485	581,931	(73,702)	166,672	38,919,386
Governmental Activities, Capital Assets, Net	\$ 48,271,940	\$ 1,163,231	\$ (73,702)	\$ -	\$ 49,361,469

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Business-Type Activities

	Balance July 1, 2016	Additions	Retirements	Adjustments/ Transfers	Balance June 30, 2017
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,851,399	\$ -	\$ -	\$ -	\$ 1,851,399
Construction in Progress	1,026,710	202,776	-	(1,026,710)	202,776
Total Capital Assets, Not Being Depreciated	2,878,109	202,776	-	(1,026,710)	2,054,175
Capital Assets, Being Depreciated:					
Infrastructure	18,898,838	517,173	-	1,026,710	20,442,721
Land Improvements	2,708,346	-	-	-	2,708,346
Structures and Improvements	6,040,173	-	-	-	6,040,173
Equipment	3,979,934	425,111	(6,239)	-	4,398,806
Total Capital Assets, Being Depreciated	31,627,291	942,284	(6,239)	1,026,710	33,590,046
Less Accumulated Depreciation for:					
Infrastructure	(16,500,588)	(81,391)	-	-	(16,581,979)
Land Improvements	(2,152,227)	(42,805)	-	-	(2,195,032)
Structures and Improvements	(1,942,547)	(387,406)	-	-	(2,329,953)
Equipment	(2,440,257)	(280,357)	6,239	-	(2,714,375)
Total Accumulated Depreciation	(23,035,619)	(791,959)	6,239	-	(23,821,339)
Total Capital Assets, Being Depreciated, Net	8,591,672	150,325	-	1,026,710	9,768,707
Business-Type Activities, Capital Assets, Net	<u>\$ 11,469,781</u>	<u>\$ 353,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,822,882</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 442,970
Public Protection	725,098
Public Ways	1,973,667
Health and Sanitation	168,224
Public Assistance	64,843
Education	2,161
Recreation and Culture	20,498
Total Depreciation Expense - Governmental Activities	<u>\$ 3,397,461</u>

Depreciation expense was charged to business-type functions as follows:

Airport	\$ 128,927
Solid Waste Fund	583,486
Nonmajor Enterprise Funds	79,546
Total Depreciation Expense - Business-Type Activities	<u>\$ 791,959</u>

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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 changes in long-term liabilities for the year ended June 30, 2017:

Type of Indebtedness	Restated Balance July 1, 2016	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities					
Compensated Absences	\$ 1,509,116	\$ 1,130,474	\$ 1,215,564	\$ 1,424,026	\$ 1,424,026
Claims Liability	348,000	(76,115)	3,885	268,000	100,000
Capital Lease	862,498	427,147	191,920	1,097,725	293,650
Loans Payable	5,007,221	-	229,729	4,777,492	251,819
Total Governmental Activities	<u>\$ 7,726,835</u>	<u>\$ 1,481,506</u>	<u>\$ 1,641,098</u>	<u>\$ 7,567,243</u>	<u>\$ 2,069,495</u>
Business-Type Activities					
Capital Lease Obligations	\$ 675,544	\$ -	\$ 33,539	\$ 642,005	\$ 226,636
Compensated Absences	59,214	36,180	33,440	61,954	61,954
Closure/Post closure Liability	14,882,470	396,941	-	15,279,411	-
Total Business-Type Activities	<u>\$ 15,617,228</u>	<u>\$ 433,121</u>	<u>\$ 66,979</u>	<u>\$ 15,983,370</u>	<u>\$ 288,590</u>

Required payments as of June 30, 2017, are as follows:

Year Ending June 30,	Governmental Activities Loans Payable	
	Principal	Interest
2018	\$ 251,819	\$ 222,423
2019	271,878	211,382
2020	292,885	199,287
2021	315,888	186,034
2022	340,831	193,441
2023-2027	316,622	266,336
2028-2030	2,987,569	581,533
Total	<u>\$ 4,777,492</u>	<u>\$ 1,860,436</u>

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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.

Long-term debt at June 30, 2017, consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2017
<u>Governmental activities</u>						
CalPERS Side Fund Refunding (to refund unfunded accrued liability for the County's retirement plan)	03/14	05/11 - 05/25	5.50%	\$90,000 - \$479,000	\$ 4,045,000	\$ 3,728,000
CEC Solar Loan (to finance a photovoltaic solar project)	10/13	12/14 - 12/28	1.00%	\$26,287 - \$36,865	\$ 992,054	\$ 803,052
Loan Payable (to finance new property tax management software)	12/12	01/13 - 05/25	5.00%	\$45,992 - \$49,901	\$ 616,258	\$ 246,440

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 post closure 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 post closure 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 post closure maintenance costs was \$15,279,411 as of the fiscal year end, which is based on the estimated percentage usage (filled), ranging from 34.88% to 68.68%, of each landfill site. It is estimated that an additional \$18,367,640 liability will be recognized as closure and post closure 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 BASIC FINANCIAL STATEMENTS
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The estimated total current cost of the landfill closure and post closure maintenance costs of \$33,647,051 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 post closure 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 post closure maintenance costs. The County makes deposits into various accounts based on the annual liability amounts calculated by CWA. As of June 30, 2017, a total of \$1,790,595 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 post closure costs.

The following is the information for each landfill as of June 30, 2017:

	Percent Filled	Total Closure/ Post closure Cost Estimates	Liability June 30, 2017
Bishop Sunland	34.88%	\$ 17,628,672	\$ 6,149,068
Independence	68.68%	5,101,884	3,503,957
Lone Pine	42.51%	6,313,498	2,683,920
Shoshone	64.00%	2,172,174	1,390,143
Tecopa	63.86%	2,430,823	1,552,323
		<u>\$ 33,647,051</u>	<u>\$ 15,279,411</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, 2017:

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2017
Equipment	1.28 - 4.30%	\$ 1,097,725
		<u>\$ 1,097,725</u>

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The cost of equipment under capital leases is as follows:

Equipment	\$ 1,493,400
Less: Accumulated Amortization	<u>(377,684)</u>
	<u>\$ 1,115,716</u>

As of June 30, 2017, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2018	\$ 311,867
2019	311,867
2020	311,867
2021	182,170
2022	<u>20,132</u>
Total Future Minimum Lease Payments	1,137,903
Less: Interest	<u>(40,178)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,097,725</u>

Operating Leases

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

Future minimum operating lease commitments are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2018	\$ 79,428
2019	<u>39,714</u>
Total	<u>\$ 119,142</u>

Total rents and lease expenditures were \$90,199 for the year ended June 30, 2017.

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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.

Fund balances for all major and nonmajor governmental funds as of June 30, 2017, were distributed as follows:

	General	Roads	Grants	Other Governmental Funds	Total
Nonspendable:					
Advances and Prepaids	\$ 229,032	\$ 202	\$ 3,903	\$ 183	\$ 233,320
Inventory	-	266,852	-	-	266,852
Subtotal	229,032	267,054	3,903	183	500,172
Restricted for:					
General Government	686,975	-	124,827	147,111	958,913
Public Protection	8,191,671	-	1,818,882	98,302	10,108,855
Public Ways and Facilities	38,312	4,153,349	1,625	866,865	5,060,151
Health and Sanitation	16,732,766	-	240,960	223,956	17,197,682
Public Assistance	1,178,973	-	24,726	-	1,203,699
Recreation	1,002	-	270	-	1,272
Capital Projects	-	-	5,604	-	5,604
Subtotal	26,829,699	4,153,349	2,216,894	1,336,234	34,536,176
Assigned to:					
General Government	1,619,834	-	-	3,286,323	4,906,157
Public Protection	60,084	-	-	-	60,084
Public Assistance	367,852	-	-	-	367,852
Education	868,131	-	-	-	868,131
Recreation	685,719	-	-	-	685,719
Reserves	660,211	-	-	-	660,211
Capital Projects	129,835	-	-	-	129,835
Subtotal	4,391,666	-	-	3,286,323	7,677,989
Unassigned	18,447,413	-	-	-	18,447,413
Total	\$ 49,897,810	\$ 4,420,403	\$ 2,220,797	\$ 4,622,740	61,161,750

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

Prior Period Adjustment

Adjustments resulting from errors are treated as prior period adjustments. Accordingly, the County reports these changes as restatements of beginning fund balance / net position. Restatements as of the beginning of the fiscal year were made to correct the reporting of prior year revenues and expenses / expenditures.

The impact of the restatements on the fund balances / net position as previously reported is presented below:

	Government-Wide		Governmental	Enterprise
	Statements		Funds	Funds
	Governmental	Business Type	General	Solid Waste
Activities	Activities			
Fund balance / net position,				
June 30, 2016, as previously reported	\$ 24,498,302	\$ 7,397,006	\$ 28,849,496	\$ (3,138,849)
Corrections:				
Recognize revenue incorrectly reported as unearned in a prior period	15,695,846	15,000	15,695,846	15,000
Recognize additional post closure liability for amounts incorrectly deducted from total costs in a prior year	-	(9,315,776)	-	(9,315,776)
Total corrections	<u>15,695,846</u>	<u>(9,300,776)</u>	<u>15,695,846</u>	<u>(9,300,776)</u>
Fund balance / net position,				
June 30, 2016, as restated	<u>\$ 40,194,148</u>	<u>\$ (1,903,770)</u>	<u>\$ 44,545,342</u>	<u>\$ (12,439,625)</u>

NOTE 10 DEFINED BENEFIT PENSION PLANS

A. General Information about the Pension Plans

All qualified permanent and probationary employees are eligible to participate in the County's Safety (sheriff and certain district attorney members) or Miscellaneous (all others) Plans. The County's Safety Plan is a cost-sharing multiple-employer defined benefit plan while the Miscellaneous Plan is an agent multiple-employer defined benefit pension plan. The County's Safety and Miscellaneous Plans are part of the California Public Employees Retirement System (PERS), a public employee retirement system which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and other requirements are established by state statute and County resolution. The County's defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and their beneficiaries. The County selects optional benefit provisions by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report. All qualified permanent and probationary employees are eligible to participate in the County's Safety (sheriff and certain district attorney members) or Miscellaneous (all

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

others) Plans. The County's Safety Plan is a cost-sharing multiple-employer defined benefit plan while the Miscellaneous Plan is an agent multiple-employer defined benefit pension plan. The County's Safety and Miscellaneous Plans are part of the California Public Employees Retirement System (PERS), a public employee retirement system which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and other requirements are established by state statute and County resolution. The County's defined benefit pension plans provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to Jan. 1, 2013	On or after Jan. 1, 2013
Hire Date		
Benefit Formula	2% @ 55	2% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50-63	52-67
Monthly Benefits, as a Percent of Eligible Compensation	1.426%-2.404%	1.00%-2.50%
Required Employee Contribution Rates	7.000%	6.500%
Required Employer Contribution Rates	18.161%	18.161%
Status	Open	Open

	Safety	
	Prior to Jan. 1, 2013	On or after Jan. 1, 2013
Hire Date		
Benefit Formula	3 @ 50	2.7 @ 57
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50-55	50-57
Monthly Benefits, as a Percent of Eligible Compensation	3.000%	2.00%-2.70%
Required Employee Contribution Rates	9.000%	11.500%
Required Employer Contribution Rates	19.536%	12.082%
Status	Open	Open

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for the Miscellaneous Plan. The corresponding data is not available for employees included in the Safety Plan as the plan is a cost-sharing multiple employer plan:

	Miscellaneous
Inactive Employees or Beneficiaries Currently Receiving Benefits	642
Inactive Employees Entitled to but not yet Receiving Benefits	227
Active Employees	344
Total	1,213

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.50% ⁽¹⁾	7.50% ⁽¹⁾
Mortality	Derived using CalPERS' Membership	

(1) Net of pension plan investment expenses, including inflation.

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until there is a change in methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class.

The long-term expected rate of return includes both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

<u>Asset Class</u>	<u>Strategic Allocation</u>	<u>Real Return Years 1-10 ⁽¹⁾</u>	<u>Real Return Years 11-60 ⁽²⁾</u>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

⁽¹⁾ An expected inflation rate of 2.5% used for this period

⁽²⁾ An expected inflation rate of 3.0% used for this period

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the County's Miscellaneous Plan follows:

<u>Miscellaneous Plan</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance - June 30, 2015	\$ 153,424,845	\$ 115,168,477	\$ 38,256,368
Change in the Year:			
Service Cost	3,077,612	-	3,077,612
Interest on Total Pension Liability	11,569,079	-	11,569,079
Differences Between Expected and Actual Experience	550,920	-	550,920
Contributions - Employer	-	3,565,443	(3,565,443)
Contributions - Employee	-	1,490,440	(1,490,440)
Net Investment Income	-	596,621	(596,621)
Benefit Payments, Including Refunds of Employee Contributions	(8,322,394)	(8,322,394)	-
Administrative expenses		(70,133)	70,133
Change of allocation	(123,599)	(92,779)	(30,820)
Net Changes	<u>6,751,618</u>	<u>(2,832,802)</u>	<u>9,584,420</u>
Balance - June 30, 2016	<u>\$ 160,176,463</u>	<u>\$ 112,335,675</u>	<u>\$ 47,840,788</u>

The County's net pension liability for the Safety Plan was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all plan participants, actuarially determined. The County's net pension liability and related Plan proportion for the Safety Plan is as follows:

	<u>Plan's Proportion to Total Pool at June 30, 2015</u>	<u>Plan's Proportion to Total Pool at June 30, 2016</u>	<u>Proportionate Share of Net Pension Liability</u>
Safety	0.23829%	0.24997%	\$ 12,946,511

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage points lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$ 67,842,628	\$ 20,033,154	\$ 87,875,782
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$ 47,840,788	\$ 12,946,511	\$ 60,787,299
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$ 31,187,053	\$ 7,129,103	\$ 38,316,156

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

For the year ended June 30, 2017, the County recognized pension expense of \$8,300,484. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in Assumptions	\$ -	\$ 1,225,642
Differences Between Expected and Actual Experience	1,024,578	83,928
Change in Proportion	154,647	95,416
Change in the Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	431,598
Net Difference Between Projected and Actual Earnings on Plan Investments	7,916,882	-
County Contributions Subsequent to the Measurement Date	6,126,516	-
Total	<u>\$ 15,222,623</u>	<u>\$ 1,836,584</u>

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

\$6,126,516 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2017	\$ 648,667
2018	893,814
2019	3,637,305
2020	2,079,737

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, 2014, 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.

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

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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, 2017 and 2016 were as follows:

	2017	2016
Unpaid Claims - Beginning of Year	\$ 348,000	\$ 348,000
Plus Estimated Claims Incurred	(76,115)	6,841
Less Claims Payments	(3,885)	(6,841)
Unpaid Claims - End of Year	\$ 268,000	\$ 348,000

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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 the executive office at 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 five 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.

B. Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the County. The contribution is based on pay-as-you-go financing requirements. For fiscal year 2016-17, the County contributed a total of \$2,314,466, or 49.3%, of the actuarially required contributions, to the Retiree Healthcare Plan.

C. 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

COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

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	\$ 4,879,015
Interest on Net OPEB Obligation/(Asset)	857,200
Adjustment to Annual Required Contributions	<u>(1,037,910)</u>
Annual OPEB Cost (Expense)	4,698,305
Contributions Made	<u>(2,314,466)</u>
Increase to Net OPEB Obligations	2,383,839
Net OPEB Obligation/(Asset) - Beginning of Year	<u>16,961,463</u>
Net OPEB Obligation/(Asset) - End of Year	<u><u>\$ 19,345,302</u></u>

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan (as described in the funding policy above), and the Net OPEB Obligation for fiscal year 2015-2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 3,555,756	48.5%	\$ 14,286,662
6/30/2016	\$ 4,698,305	43.1%	\$ 16,961,463
6/30/2017	\$ 4,698,305	49.3%	\$ 19,345,302

D. Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of July 1, 2015, the plan's most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 46,544,462
Actuarial Value of Plan Assets	<u>5,356,519</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ 41,187,943
Funded Ratio (Actuarial Value of Plan Assets/AAL)	11.51%
Covered Payroll (Active Plan Members)	\$ 23,575,974
UAAL as a Percentage of Covered Payroll	174.70%

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

E. 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, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6% investment rate of return and assumed medical inflation of 7% 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, 2017 was 26 years.

NOTE 13 DEFICIT FUND BALANCE/NET POSITION

The following funds had deficit fund balances/net position at June 30, 2017, as follows:

Fund	Deficit
Enterprise Funds:	
Solid Waste	\$ (12,742,643)
Mosquito Abatement	(92,285)

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.

The deficit in the Mosquito Abatement Fund is anticipated to be recovered through future years' revenues.

**COUNTY OF INYO
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

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, 2017, significant amounts of grant expenditures have not been audited but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

B. Claims and Assessments

There are several pending lawsuits in which the County is involved. County Counsel believes the potential uninsured claims against the County resulting from such litigation at June 30, 2017, would not materially affect the financial statements of the County.

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REQUIRED SUPPLEMENTARY INFORMATION

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**COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Miscellaneous Plan – Agent Multiple-Employer Defined Benefit Plan

Last 10 Fiscal Years*

	Reporting Fiscal Year (Measurement Year)		
	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability			
Service Cost	\$ 3,077,612	\$ 3,277,007	\$ 3,208,960
Interest on Total Pension Liability	11,569,079	11,062,655	10,187,707
Differences between Expected and Actual Experience	550,920	5,204,566	-
Change in Assumption	-	(2,581,231)	-
Benefit Payments, Including Refunds of Employee Contributions	(8,322,394)	(7,772,393)	(6,788,054)
Change in Proportion	(123,599)	-	-
Net Change in Total Pension Liability	6,751,618	9,190,604	6,608,613
Total Pension Liability - Beginning	153,424,845	144,234,241	137,625,628
Total Pension Liability - Ending (a)	160,176,463	153,424,845	144,234,241
Plan Fiduciary Net Position			
Plan to Plan Resource Movement	-	40,862	-
Differences between Expected and Actual Experience	-	2,508,226	-
Contributions - Employer	3,565,443	3,167,006	3,085,417
Contributions - Employee	1,490,440	1,394,721	1,477,303
Net Investment Income	596,621	2,612,955	17,039,603
Benefit Payments, Including Refunds of Employee Contributions	(8,322,394)	(7,772,393)	(6,788,054)
Administrative Expense	(70,133)	(130,610)	-
Change in Proportion	(92,779)	-	-
Net Change in Plan Fiduciary Net Position	(2,832,802)	1,820,767	14,814,269
Plan Fiduciary Net Position - Beginning	115,168,477	113,347,710	98,533,441
Plan Fiduciary Net Position - Ending (b)	112,335,675	115,168,477	113,347,710
Net Pension Liability - Ending (a) - (b)	\$ 47,840,788	\$ 38,256,368	\$ 30,886,531
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.13%	75.07%	78.59%
County's Covered Payroll	\$ 23,849,570	\$ 23,169,925	\$ 20,277,786
Net Pension Liability as a Percentage of Covered Payroll	200.59%	165.11%	152.32%

*Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

**COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF COUNTY'S CONTRIBUTION

Last 10 Fiscal Years*

Miscellaneous Plan	Reporting Fiscal Year		
	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially Determined Contribution	\$ 4,721,169	\$ 4,438,259	\$ 3,167,006
Contributions in Relation to the Actuarially Determined Contribution	(4,721,169)	(4,438,259)	(3,167,006)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 23,849,570	 \$ 23,169,925	 \$ 20,277,786
 Contributions as a Percentage of Covered Payroll	 19.80%	 19.16%	 15.62%

*Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

**COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY / (ASSET) AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Safety Plan – Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Last 10 Fiscal Years*

	Reporting Fiscal Year (Measurement Year)		
	2017 (2016)	2016 (2015)	2015 (2014)
Safety Plan			
County's proportion of the net pension liability (asset)	0.24997%	0.04703%	0.13092%
County's proportionate share of the net pension liability (asset)	\$ 12,946,511	\$ 9,818,587	\$ 8,650,393
County's covered payroll	\$ 3,942,738	\$ 3,305,621	\$ 3,279,232
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	328.36%	297.03%	263.79%
Plan fiduciary net position as a percentage of total pension liability	75.20%	80.58%	82.53%

Schedule of Pension Plan Contributions

Safety Plans

Multiple-Employer Defined Benefit Pension Plan

	Reporting Fiscal Year		
	2017	2016	2015
Actuarially determined contribution	\$ 1,405,347	\$ 1,350,624	\$ 1,067,175
Contributions in relation to the actuarially determined contributions	1,405,347	1,350,624	1,067,175
Contributions deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 3,942,738	\$ 3,305,621	\$ 3,279,232
Contributions as a percentage of covered payroll	35.64%	40.86%	32.54%

*Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

**COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

SCHEDULE OF FUNDING PROGRESS

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 Percentage of Payroll
7/1/2011	29,968,670	3,329,600	26,639,070	12.50%	23,247,553	114.60%
7/1/2013	34,100,062	4,435,355	29,664,707	15.00%	23,247,553	127.60%
7/1/2015	46,544,462	5,356,519	41,187,943	11.50%	23,575,974	174.70%

COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	15,763,559	15,763,559	\$ 17,996,764	\$ 2,233,205
Licenses and Permits	526,721	543,193	890,775	347,582
Fines, Forfeitures, and Penalties	1,053,668	1,054,584	1,197,091	142,507
Use of Money and Property	314,067	318,591	525,027	206,436
Intergovernmental	30,228,172	30,121,882	29,219,851	(902,031)
Charges for Services	8,124,935	8,150,575	7,905,491	(245,084)
Other Revenues	70,530	74,163	363,029	288,866
Total Revenues	<u>56,081,652</u>	<u>56,026,547</u>	<u>58,098,028</u>	<u>2,071,481</u>
EXPENDITURES				
Current:				
General Government	15,390,102	16,200,760	13,000,261	3,200,499
Public Protection	25,031,399	25,329,413	22,093,791	3,235,622
Health and Sanitation	9,235,397	9,389,775	7,608,249	1,781,526
Public Assistance	9,170,712	9,268,659	7,699,220	1,569,439
Education	633,604	633,604	555,325	78,279
Recreation and Culture	1,093,064	1,127,034	1,000,442	126,592
Capital Outlay	345,026	314,770	186,305	128,465
Debt Service:				
Principal	181,577	181,577	229,729	(48,152)
Interest	217,552	217,552	213,659	3,893
Total Expenditures	<u>61,298,433</u>	<u>62,663,144</u>	<u>52,586,981</u>	<u>10,076,163</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,216,781)	(6,636,597)	5,511,047	12,147,644
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	90	90
Transfers In	1,395,048	1,528,896	772,953	(755,943)
Transfers Out	(1,345,755)	(1,425,755)	(1,098,972)	326,783
Total Other Financing Sources (Uses)	<u>49,293</u>	<u>103,141</u>	<u>(325,929)</u>	<u>(429,070)</u>
NET CHANGE IN FUND BALANCES	(5,167,488)	(6,533,456)	5,185,118	11,718,574
Fund Balances - Beginning of Year, Restated	<u>44,545,342</u>	<u>44,545,342</u>	<u>44,545,342</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 39,377,854</u>	<u>\$ 38,011,886</u>	<u>\$ 49,730,460</u>	<u>\$ 11,718,574</u>

See accompanying Note to Required Supplementary Information – Budgetary Basis of Accounting.

**COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017**

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

Revenues:

Actual amounts from the budgetary comparison schedule	\$ 58,098,028
Revenues for funds no longer meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>989,054</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 21)	 <u><u>\$ 59,087,082</u></u>

Expenditures:

Actual amounts from the budgetary comparison schedule	\$ 52,586,981
Expenditures by funds no longer meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>515,251</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 21)	 <u><u>\$ 53,102,232</u></u>

Other Financing Sources (Uses):

Actual amounts from the budgetary comparison schedule	\$ (325,929)
Other financing sources (uses) for funds no longer meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>(306,453)</u>
 Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 21)	 <u><u>\$ (632,382)</u></u>

COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits	\$ 15,000	\$ 15,000	\$ 20,109	\$ 5,109
Use of Money and Property	5,000	5,000	37,978	32,978
Intergovernmental	11,795,923	11,792,292	7,102,157	(4,690,135)
Charges for Services	96,920	96,920	189,208	92,288
Other Revenues	15,000	15,000	34,015	19,015
Total Revenues	<u>11,927,843</u>	<u>11,924,212</u>	<u>7,383,467</u>	<u>(4,540,745)</u>
EXPENDITURES				
Current:				
Public Ways and Facilities	7,643,064	7,597,086	6,736,260	860,826
Capital Outlay	<u>5,308,100</u>	<u>5,852,300</u>	<u>1,106,436</u>	<u>4,745,864</u>
Total Expenditures	<u>12,951,164</u>	<u>13,449,386</u>	<u>7,842,696</u>	<u>5,606,690</u>
NET CHANGE IN FUND BALANCE	(1,023,321)	(1,525,174)	(459,229)	1,065,945
Fund Balances - Beginning of Year	<u>4,879,632</u>	<u>4,879,632</u>	<u>4,879,632</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 3,856,311</u></u>	<u><u>\$ 3,354,458</u></u>	<u><u>\$ 4,420,403</u></u>	<u><u>\$ 1,065,945</u></u>

See accompanying Note to Required Supplementary Information – Budgetary Basis of Accounting.

COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GRANT PROGRAMS FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 39,399	\$ 39,399	\$ 39,399	\$ -
Use of money and property	6,200	6,257	9,075	2,818
Intergovernmental	2,982,126	3,144,209	2,543,093	(601,116)
Charges for Services	48,500	42,000	29,560	(12,440)
Other Revenues	5,500	6,051	5,552	(499)
Total Revenues	<u>3,081,725</u>	<u>3,237,916</u>	<u>2,626,679</u>	<u>(611,237)</u>
EXPENDITURES				
Current:				
General Government	156,496	156,496	8,712	147,784
Public Protection	732,206	1,017,083	591,257	425,826
Health and Sanitation	825,976	844,815	596,669	248,146
Public Assistance	1,132,063	1,167,452	1,031,457	135,995
Education	50,000	60,000	60,000	-
Recreation and Culture	50,000	90,000	62,850	27,150
Capital Outlay	16,500	803,800	368,028	435,772
Total Expenditures	<u>2,963,241</u>	<u>4,139,646</u>	<u>2,718,973</u>	<u>1,420,673</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	118,484	(901,730)	(92,294)	809,436
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	4,874	-
Transfers In	109,008	119,008	119,008	-
Transfers Out	-	(15,418)	(25,008)	(9,590)
Total Other Financing Sources (Uses)	<u>109,008</u>	<u>103,590</u>	<u>98,874</u>	<u>(9,590)</u>
NET CHANGE IN FUND BALANCE	227,492	(798,140)	6,580	799,846
Fund Balances - Beginning of Year	<u>2,214,217</u>	<u>2,214,217</u>	<u>2,214,217</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,441,709</u>	<u>\$ 1,416,077</u>	<u>\$ 2,220,797</u>	<u>\$ 799,846</u>

See accompanying Note to Required Supplementary Information – Budgetary Basis of Accounting.

COUNTY OF INYO
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2017

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.

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.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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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.

**COUNTY OF INYO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Capital Projects	Special Revenue				Total
	Accumulative Capital Outlay	Recorder's Micro- graphics	Alcohol	Child Support Services	Special Districts Under the Board	
ASSETS						
Cash and Investments	\$ 3,279,374	\$ 146,832	\$ 289,141	\$ 133,456	\$ 866,564	\$ 4,715,367
Imprest Cash	-	-	-	40	-	40
Accounts Receivable	-	127	131,985	537	-	132,649
Interest Receivable	6,949	340	95	366	1,961	9,711
Prepaid Expense	-	-	183	-	-	183
Total Assets	<u>\$ 3,286,323</u>	<u>\$ 147,299</u>	<u>\$ 421,404</u>	<u>\$ 134,399</u>	<u>\$ 868,525</u>	<u>\$ 4,857,950</u>
LIABILITIES						
Accounts Payable	\$ -	\$ 44	\$ 9,772	\$ 3,222	\$ 1,552	\$ 14,590
Accrued Salaries and Benefits	-	144	22,575	32,875	108	55,702
Due to Other Funds	-	-	50,000	-	-	50,000
Total Liabilities	-	188	82,347	36,097	1,660	120,292
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	114,918	-	-	114,918
FUND BALANCES						
Nonspendable	-	-	183	-	-	183
Restricted	-	147,111	223,956	98,302	866,865	1,336,234
Assigned	3,286,323	-	-	-	-	3,286,323
Total Fund Balances	<u>3,286,323</u>	<u>147,111</u>	<u>224,139</u>	<u>98,302</u>	<u>866,865</u>	<u>4,622,740</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,286,323</u>	<u>\$ 147,299</u>	<u>\$ 421,404</u>	<u>\$ 134,399</u>	<u>\$ 868,525</u>	<u>\$ 4,857,950</u>

COUNTY OF INYO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Projects	Special Revenue				Total
	Accumulative Capital Outlay	Recorder's Micro- graphics	Alcohol	Child Support Services	Special Districts Under the Board	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 70,204	\$ 70,204
Intergovernmental	-	866	481,220	1,169,720	424	1,652,230
Use of Money and Property	25,409	1,191	306	1,287	7,159	35,352
Charges for Services	51,351	39,462	119,786	-	-	210,599
Other Revenues	-	16	5,052	-	-	5,068
Total Revenues	<u>76,760</u>	<u>41,535</u>	<u>606,364</u>	<u>1,171,007</u>	<u>77,787</u>	<u>1,973,453</u>
EXPENDITURES						
General Government	-	-	-	-	-	-
Public Protection	-	27,994	-	1,126,005	-	1,153,999
Public Ways and Facilities	-	-	-	-	26,847	26,847
Health and sanitation	-	-	598,097	-	-	598,097
Capital Outlay	-	6,157	-	-	-	6,157
Total Expenditures	<u>-</u>	<u>34,151</u>	<u>598,097</u>	<u>1,126,005</u>	<u>26,847</u>	<u>1,785,100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	76,760	7,384	8,267	45,002	50,940	188,353
OTHER FINANCING SOURCES (USES)						
Transfers in	200,000	-	15,187	-	-	215,187
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>-</u>	<u>15,187</u>	<u>-</u>	<u>-</u>	<u>215,187</u>
NET CHANGE IN FUND BALANCE	276,760	7,384	23,454	45,002	50,940	403,540
Fund Balances - Beginning of Year	<u>3,009,563</u>	<u>139,727</u>	<u>200,685</u>	<u>53,300</u>	<u>815,925</u>	<u>4,219,200</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,286,323</u>	<u>\$ 147,111</u>	<u>\$ 224,139</u>	<u>\$ 98,302</u>	<u>\$ 866,865</u>	<u>\$ 4,622,740</u>

**COUNTY OF INYO
COMBINING BALANCE SHEET
SPECIAL DISTRICTS UNDER THE BOARD
JUNE 30, 2017**

	Big Pine Lighting	Independence Lighting	Lone Pine Lighting	Total
ASSETS				
Cash and Investments	\$ 314,912	\$ 343,622	\$ 208,030	\$ 866,564
Interest Receivable	713	777	471	1,961
Total Assets	<u>\$ 315,625</u>	<u>\$ 344,399</u>	<u>\$ 208,501</u>	<u>\$ 868,525</u>
LIABILITIES				
Accounts Payable	\$ 394	\$ 266	\$ 892	\$ 1,552
Accrued Salaries and Benefits	36	36	36	108
Total Liabilities	<u>430</u>	<u>302</u>	<u>928</u>	<u>1,660</u>
FUND BALANCES				
Unrestricted	297,139	324,403	194,383	815,925
Restricted	18,056	19,694	13,190	50,940
Total Fund Balances	<u>315,195</u>	<u>344,097</u>	<u>207,573</u>	<u>866,865</u>
Total Liabilities and Fund Balances	<u>\$ 315,625</u>	<u>\$ 344,399</u>	<u>\$ 208,501</u>	<u>\$ 868,525</u>

COUNTY OF INYO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
SPECIAL DISTRICTS UNDER THE BOARD
YEAR ENDED JUNE 30, 2017

	Big Pine Lighting	Independence Lighting	Lone Pine Lighting	Totals
REVENUES				
Taxes	\$ 23,176	\$ 24,432	\$ 22,596	\$ 70,204
Intergovernmental	140	149	135	424
Use of Money and Property	2,560	2,919	1,680	7,159
Total Revenues	<u>25,876</u>	<u>27,500</u>	<u>24,411</u>	<u>77,787</u>
EXPENDITURES				
Public Ways and Facilities	<u>7,820</u>	<u>7,806</u>	<u>11,221</u>	<u>26,847</u>
Total Expenditures	<u>7,820</u>	<u>7,806</u>	<u>11,221</u>	<u>26,847</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,056	19,694	13,190	50,940
Fund Balances - Beginning of Year	<u>297,139</u>	<u>324,403</u>	<u>194,383</u>	<u>815,925</u>
FUND BALANCES - END OF YEAR	<u>\$ 315,195</u>	<u>\$ 344,097</u>	<u>\$ 207,573</u>	<u>\$ 866,865</u>

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NONMAJOR GOVERNMENTAL FUNDS

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.

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COUNTY OF INYO
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2017

	<u>CSA #2</u>	<u>Mosquito Abatement</u>	<u>Water System</u>	<u>Total</u>
ASSETS				
Current Assets:				
Cash and Investments	\$ 392,671	\$ 193,503	\$ 424,335	\$ 1,010,509
Accounts Receivable	17,996	47,316	-	65,312
Interest Receivable	658	500	380	1,538
Total Current Assets	<u>411,325</u>	<u>241,319</u>	<u>424,715</u>	<u>1,077,359</u>
Noncurrent Assets:				
Capital Assets:				
Depreciable, Net	286,958	32,552	1,600,882	1,920,392
Total Assets	<u>698,283</u>	<u>273,871</u>	<u>2,025,597</u>	<u>2,997,751</u>
DEFERRED OUTFLOWS - PENSION	<u>1,756</u>	<u>97,608</u>	<u>57,753</u>	<u>157,117</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	5,596	1,227	29,464	36,287
Accrued Salaries and Benefits	153	12,589	6,571	19,313
Due to Other Funds	75,000	-	5,000	80,000
Deposits Held For Others	-	-	252,606	252,606
Compensated Absences	-	5,421	9,793	15,214
Noncurrent Liabilities:				
Net Pension Liability	7,021	426,361	233,595	666,977
Total Liabilities	<u>87,770</u>	<u>445,598</u>	<u>537,029</u>	<u>1,070,397</u>
DEFERRED INFLOWS - PENSION	<u>214</u>	<u>18,166</u>	<u>7,487</u>	<u>25,867</u>
NET POSITION				
Net Investment in Capital Assets	286,958	32,552	1,600,882	1,920,392
Unrestricted	<u>325,097</u>	<u>(124,837)</u>	<u>(62,048)</u>	<u>138,212</u>
Total Net Position	<u>\$ 612,055</u>	<u>\$ (92,285)</u>	<u>\$ 1,538,834</u>	<u>\$ 2,058,604</u>

COUNTY OF INYO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2017

	CSA #2	Mosquito Abatement	Water System	Total
OPERATING REVENUES				
Charges for Services	\$ 51,874	\$ 461,295	\$ 366,994	\$ 880,163
Total Operating Revenues	51,874	461,295	366,994	880,163
OPERATING EXPENSES				
Salaries and Benefits	4,495	295,205	140,464	440,164
Services and Supplies	128,553	161,125	314,105	603,783
Depreciation	12,753	11,767	55,026	79,546
Total Operating Expenses	145,801	468,097	509,595	1,123,493
Operating Income (Loss)	(93,927)	(6,802)	(142,601)	(243,330)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental Revenues	73,050	58,709	-	131,759
Interest Revenue	2,255	1,243	1,797	5,295
Sale of Capital Assets	-	1,574	-	1,574
Total Nonoperating Revenues (Expenses)	75,305	61,526	1,797	138,628
OTHER FINANCING SOURCES (USES)				
Transfer In	13,423	-	-	13,423
Transfer Out	-	(6,610)	(13,423)	(20,033)
Total other financing sources (uses)	13,423	(6,610)	(13,423)	(6,610)
CHANGE IN NET POSITION	(5,199)	48,114	(154,227)	(111,312)
Net Position - Beginning of Year	617,254	(140,399)	1,693,061	2,169,916
NET POSITION - END OF YEAR	<u>\$ 612,055</u>	<u>\$ (92,285)</u>	<u>\$ 1,538,834</u>	<u>\$ 2,058,604</u>

COUNTY OF INYO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2017

	CSA #2	Mosquito Abatement	Water System	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	\$ 51,874	\$ 478,857	\$ 366,994	\$ 897,725
Cash Paid to Suppliers for Goods and Services	(126,621)	(163,142)	(313,053)	(602,816)
Cash Paid to Employees for Salaries and Benefits	(4,242)	(288,727)	(130,358)	(423,327)
Net Cash Provided (Used) by Operating Activities	(78,989)	26,988	(76,417)	(128,418)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipt of Interfund Loan	70,000	-	5,000	75,000
Intergovernmental Revenues	73,050	58,709	-	131,759
Transfers	13,423	(6,610)	(13,423)	(6,610)
Net Cash Provided (Used) by Noncapital Financing Activities	156,473	52,099	(8,423)	200,149
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments Related to the Acquisition of Capital Assets	-	(17,816)	-	(17,816)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(17,816)	-	(17,816)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	2,218	1,028	1,962	5,208
Proceeds from Sale of Capital Assets	-	1,574	-	1,574
Net Cash Provided (Used) by Investing Activities	2,218	2,602	1,962	6,782
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	79,702	63,873	(82,878)	60,697
Cash and Cash Equivalents - Beginning of Year, Restated	312,969	129,630	507,213	949,812
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 392,671</u>	<u>\$ 193,503</u>	<u>\$ 424,335</u>	<u>\$ 1,010,509</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (93,927)	\$ (6,802)	\$ (142,601)	\$ (243,330)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:				
Depreciation	12,753	11,767	55,026	79,546
(Increase) Decrease in:				
Accounts Receivable	-	17,562	-	17,562
Increase (Decrease) in:				
Accounts Payable	1,932	(2,017)	(1,118)	(1,203)
Accrued Salaries	1	(2,740)	1,566	(1,173)
Deposits Held For Others	-	-	2,170	2,170
Liability for Compensated Absences	-	(2,819)	446	(2,373)
Net Pension Liability	252	12,037	8,094	20,383
Deferred Revenue	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (78,989)</u>	<u>\$ 26,988</u>	<u>\$ (76,417)</u>	<u>\$ (128,418)</u>

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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.

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COUNTY OF INYO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Purchasing Revolving	Motor Pool	Workers' Compensation	County Liability	Medical Malpractice	Total
ASSETS						
Current Assets:						
Pooled Cash and Investments	\$ 133,829	\$ 2,086,982	\$ 262,728	\$ 518,283	\$ 23,269	\$ 3,025,091
Accounts Receivable	-	418	-	-	-	418
Interest Receivable	-	4,174	-	1,157	56	5,387
Inventory	4,425	-	-	-	-	4,425
Prepaid	-	-	4,470	4,470	4,470	13,410
Total Current Assets	<u>138,254</u>	<u>2,091,574</u>	<u>267,198</u>	<u>523,910</u>	<u>27,795</u>	<u>3,048,731</u>
Noncurrent Assets:						
Nondepreciable	-	6,979	-	-	-	6,979
Depreciable, Net	-	1,968,115	-	-	-	1,968,115
Total Noncurrent Assets	<u>-</u>	<u>1,975,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,975,094</u>
Total Assets	138,254	4,066,668	267,198	523,910	27,795	5,023,825
DEFERRED OUTFLOWS - PENSIONS	-	54,746	-	-	-	54,746
LIABILITIES						
Current Liabilities:						
Accounts Payable	900	168,996	-	18,089	-	187,985
Accrued Salaries and Benefits	-	7,177	-	-	-	7,177
Due to Other Funds	-	-	176,637	-	-	176,637
Liability for Compensated Absences	-	17,061	-	-	-	17,061
Liability for Self-Insurance Funds	-	-	-	100,000	-	100,000
Capital Leases Payable	-	293,650	-	-	-	293,650
Total Current Liabilities	<u>900</u>	<u>486,884</u>	<u>176,637</u>	<u>118,089</u>	<u>-</u>	<u>782,510</u>
Noncurrent Liabilities:						
Liability for Self-Insurance Funds	-	-	-	168,000	-	168,000
Capital Leases Payable	-	804,075	-	-	-	804,075
Advances from Other Funds	125,000	-	-	-	-	125,000
Net Pension Liability	-	219,193	-	-	-	219,193
Total Noncurrent Liabilities	<u>125,000</u>	<u>1,023,268</u>	<u>-</u>	<u>168,000</u>	<u>-</u>	<u>1,316,268</u>
Total Liabilities	125,900	1,510,152	176,637	286,089	-	2,098,778
DEFERRED INFLOWS - PENSIONS	-	6,706	-	-	-	6,706
NET POSITION						
Net Investment in Capital Assets	-	877,369	-	-	-	877,369
Unrestricted	12,354	1,727,187	90,561	237,821	27,795	2,095,718
Total Net Position	<u>\$ 12,354</u>	<u>\$ 2,604,556</u>	<u>\$ 90,561</u>	<u>\$ 237,821</u>	<u>\$ 27,795</u>	<u>\$ 2,973,087</u>

**COUNTY OF INYO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	Purchasing Revolving	Motor Pool	Workers' Compensation	County Liability	Medical Malpractice	Total
OPERATING REVENUES						
Charges for Services	\$ 154,551	\$ 1,531,524	\$ 881,788	\$ 690,448	\$ 68,790	\$ 3,327,101
Other Revenues	2,905	1,420	-	8,896	-	13,221
Total Operating Revenues	<u>157,456</u>	<u>1,532,944</u>	<u>881,788</u>	<u>699,344</u>	<u>68,790</u>	<u>3,340,322</u>
OPERATING EXPENSES						
Salaries and Benefits	-	193,608	-	-	-	193,608
Services and Supplies	152,665	622,542	903,010	584,391	64,771	2,327,379
Depreciation	-	520,252	-	-	-	520,252
Total Operating Expenses	<u>152,665</u>	<u>1,336,402</u>	<u>903,010</u>	<u>584,391</u>	<u>64,771</u>	<u>3,041,239</u>
OPERATING INCOME (LOSS)	4,791	196,542	(21,222)	114,953	4,019	299,083
NONOPERATING REVENUES						
Interest Revenue	-	14,480	-	3,511	164	18,155
Gain on Sale of Assets	-	60,268	-	-	-	60,268
Total Nonoperating Revenues	<u>-</u>	<u>74,748</u>	<u>-</u>	<u>3,511</u>	<u>164</u>	<u>78,423</u>
CHANGE IN NET POSITION	4,791	271,290	(21,222)	118,464	4,183	377,506
Net Position - Beginning of Year	<u>7,563</u>	<u>2,333,266</u>	<u>111,783</u>	<u>119,357</u>	<u>23,612</u>	<u>2,595,581</u>
NET POSITION - END OF YEAR	<u>\$ 12,354</u>	<u>\$ 2,604,556</u>	<u>\$ 90,561</u>	<u>\$ 237,821</u>	<u>\$ 27,795</u>	<u>\$ 2,973,087</u>

**COUNTY OF INYO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	Purchasing Revolving	Motor Pool	Workers' Compensation	County Liability	Medical Malpractice	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Internal Services Provided	\$ 157,845	\$ 1,532,576	\$ 881,788	\$ 699,344	\$ 68,790	\$ 3,340,343
Paid to Suppliers for Goods and Services	(152,533)	(490,646)	(907,480)	(660,767)	(69,241)	(2,280,667)
Paid to Employees for Salaries and Benefits	-	(183,579)	-	-	-	(183,579)
Net Cash Provided (Used) by Operating Activities	5,312	858,351	(25,692)	38,577	(451)	876,097
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund Loan Repayment	-	-	56,637	-	-	56,637
Net Cash Provided (Used) by Noncapital Financing Activities	-	-	56,637	-	-	56,637
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments Related to Acquisition of Capital Assets	-	(759,418)	-	-	-	(759,418)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(759,418)	-	-	-	(759,418)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	-	14,046	-	3,057	151	17,254
Net Cash Provided (Used) by Investing Activities	-	14,046	-	3,057	151	17,254
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,312	112,979	30,945	41,634	(300)	190,570
Cash and Cash Equivalents - Beginning of Year	128,517	1,974,003	231,783	476,649	23,569	2,834,521
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 133,829</u>	<u>\$ 2,086,982</u>	<u>\$ 262,728</u>	<u>\$ 518,283</u>	<u>\$ 23,269</u>	<u>\$ 3,025,091</u>

**COUNTY OF INYO
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

**RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 4,791	\$ 196,542	\$ (21,222)	\$ 114,953	\$ 4,019	\$ 299,083
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows						
Provided (Used) by Operating Activities:						
Depreciation	-	520,252	-	-	-	520,252
(Increase) Decrease in:						
Accounts Receivable	389	(368)	-	-	-	21
Inventory	(672)	-	-	-	-	(672)
Prepaid	-	-	(4,470)	(4,470)	(4,470)	(13,410)
Increase (Decrease) in:						
Accounts Payable	804	131,896	-	8,094	-	140,794
Accrued Salaries	-	1,351	-	-	-	1,351
Liability for Compensated Absences	-	891	-	-	-	891
Liability for Self Insurance	-	-	-	(80,000)	-	(80,000)
Net Pension Liability	-	7,787	-	-	-	7,787
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,312</u>	<u>\$ 858,351</u>	<u>\$ (25,692)</u>	<u>\$ 38,577</u>	<u>\$ (451)</u>	<u>\$ 876,097</u>

**SCHEDULE OF NONCASH CAPITAL AND
RELATED FINANCING ACTIVITIES**

Capital Lease and Related Capital Assets	<u>\$ -</u>	<u>\$ 1,097,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,097,725</u>
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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.

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COUNTY OF INYO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
INVESTMENT TRUST FUND
JUNE 30, 2017

	Special Districts Governed by Local Boards	School Districts	Total
ASSETS			
Cash and Investments	\$ 24,059,588	\$ 23,379,064	\$ 47,438,652
Imprest Cash	3,444	-	3,444
Cash with Fiscal Agent	35,779	-	35,779
Interest Receivable	43,546	58,445	101,991
Total Assets	<u>24,142,357</u>	<u>23,437,509</u>	<u>47,579,866</u>
LIABILITIES			
Due to Other Funds	-	170,883	170,883
Total Liabilities	<u>-</u>	<u>170,883</u>	<u>170,883</u>
NET POSITION			
Net Position Held in Trust for Investment			
Pool Participants	<u>24,142,357</u>	<u>23,266,626</u>	<u>47,408,983</u>
Total Net Position	<u>\$ 24,142,357</u>	<u>\$ 23,266,626</u>	<u>\$ 47,408,983</u>

**COUNTY OF INYO
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 INVESTMENT TRUST FUND
 YEAR ENDED JUNE 30, 2017**

	Special Districts Governed by Local Boards	School Districts	Total
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions	\$ 12,057,490	\$ 25,983,854	\$ 38,041,344
Interest and Investment Income	185,221	201,225	386,446
Total Additions	<u>12,242,711</u>	<u>26,185,079</u>	<u>38,427,790</u>
DEDUCTIONS			
Distributions from Pooled Investment	<u>(7,448,817)</u>	<u>(30,161,486)</u>	<u>(37,610,303)</u>
CHANGE IN NET POSITION	4,793,894	(3,976,407)	817,487
Beginning Net Position Held in Trust for Pool Participants	<u>19,348,463</u>	<u>27,243,033</u>	<u>46,591,496</u>
ENDING NET POSITION HELD IN TRUST FOR POOL PARTICIPANTS	<u><u>\$ 24,142,357</u></u>	<u><u>\$ 23,266,626</u></u>	<u><u>\$ 47,408,983</u></u>