

COUNTY OF MONO
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2011

COUNTY OF MONO
AUDIT REPORT

Table of Contents

	<u>Page</u>
<u>Introductory Section</u>	
Letter of Transmittal	1-4
Directory of Public Officials.....	5
<u>Financial Section</u>	
Independent Auditor’s Report.....	6-7
Management’s Discussion and Analysis (Required Supplementary Information).....	8-17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities.....	19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	20
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets – Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities	23
Proprietary Funds:	
Statement of Fund Net Assets.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	25
Statement of Cash Flows	26-27
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	28
Statement of Changes in Fiduciary Net Assets.....	29
Notes to Financial Statements.....	30-60
Required Supplementary Information:	
Schedule of Funding Progress	61
Budgetary Comparison Schedule:	
General Fund.....	62
Road Fund.....	63
Bioterrorism Fund.....	64
Note to Required Supplementary Information.....	65

COUNTY OF MONO
AUDIT REPORT

Table of Contents

	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds	
Definition	66
Combining Balance Sheet.....	67-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70-72
Nonmajor Enterprise Funds:	
Definition	73
Combining Statement of Fund Net Assets.....	74
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	75
Combining Statement of Cash Flows	76
Nonmajor Internal Service Funds:	
Definition	77
Combining Statement of Fund Net Assets.....	78
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	79
Combining Statement of Cash Flows	80
Investment Trust Funds:	
Definition	81
Combining Statement of Fiduciary Net Assets.....	82
Combining Statement of Changes in Fiduciary Net Assets.....	83
 <u>Statistical Section (Unaudited)</u>	
Comparative Schedules:	
Tax Levies and Collections – General Fund Secured Roll	84
General Fund Secured Roll.....	85
Property Tax Value Allocation Collection	86-87
Distribution of Pooled Property Tax.....	88
Tax Collections	89
Triple Flip	90
Miscellaneous Statistical Information.....	91-92

INTRODUCTORY SECTION



DEPARTMENT OF FINANCE

COUNTY OF MONO

Rosemary Glazier
Assistant Finance Director
Treasurer-Tax Collector

Brian Muir
Finance Director

Roberta Reed
Assistant Finance Director
Auditor-Controller

P.O. Box 495
Bridgeport, California 93517
(760) 932-5480
Fax (760) 932-5481

P.O. Box 556
Bridgeport, California 93517
(760) 932-5490
Fax (760) 932-5491

Honorable Board of Supervisors
County of Mono
Bridgeport, California 93517

Members of the Board:

The Comprehensive Annual Financial Report of the County of Mono for the fiscal year ended June 30, 2011, is hereby submitted in accordance with Section 25253 of the Government Code. We believe the data, as presented, is accurate in all material aspects and this report presents fairly the financial position and results of operations of the County's various funds. It also includes necessary and appropriate disclosures and supplementary data to enable the reader to fully understand the overall County financial position.

ACCOUNTING AND BUDGETARY POLICIES

The County maintains accounting controls, which comprise the plan of organization, all methods and procedures designed to safeguard assets, and the reliability of financial records for financial statement presentation. These controls include the system of authorization and approval, separation of duties, physical control and custody over assets.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

The safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

The cost of a control should not exceed the benefits likely to be delivered; and

The evaluation of costs and benefits requires estimates and judgments of management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with provisions of Section 29000 and 29143 inclusive, of the Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and adopts a budget for each fiscal year. Budgetary control for expenditures is maintained at the object level for all budgetary units except for fixed assets, which are controlled on the fund level. The expenditure side of the budget is enacted into law through the passage of an appropriation resolution. This resolution constitutes the maximum authorization to spend during the fiscal year and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. Unexpended appropriations at the end of the fiscal year lapse.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all the funds and account groups for which the County’s Board of Supervisors has oversight responsibility. This oversight responsibility includes, but is not limited to, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The County provides a full range of local government functions that includes Public Protection, Public Ways and Facilities, Health and Sanitation, Social Services, Education, Culture and Recreation, and General Services.

GENERAL GOVERNMENT FUNCTIONS

Revenues from all Governmental fund type sources, excluding internal service funds, totaled \$47,167,300 in 2010-11, a decrease of 12.86 percent from 2009-10. The amount of variance from the prior fiscal year is shown in the following tabulation. For fiscal year 2010-11 this variance is greater than last year due mainly to the Proposition 8 adjustments making it to the roll and the associated refunds. Property values are down, and will continue to remain at a lower level while the economy is down both locally and on a broader basis.

Sources: FY 2010-11	Amount	Percent of Total	Increase (Decrease) from FY 2009-10
Taxes and assessments	21,223,655	45.00%	(2,911,117)
Licenses and permits	601,816	1.28%	38,548
Fines, forfeitures and penalties	1,270,257	2.69%	290,955
Use of money and property	252,153	0.53%	(91,477)
Intergovernmental	18,459,733	39.14%	(3,128,096)
Charges for current services	4,878,509	10.34%	598,240
Other revenue	478,177	1.01%	(1,754,817)
TOTAL	47,164,300	100.00%	(6,957,764)

Expenditures for all Governmental fund type functions, excluding internal service funds, totaled \$50,839,986, a decrease of 8.15 percent over 2009-10. The amount of variance from the prior fiscal year is shown in the following tabulation. The highest single increase is in General Government. The reductions generally can be attributed to Board of Supervisor policies for cost containment.

Sources: FY 2010-11	Amount	Percent of Total	Increase (Decrease) from FY 2009-10
General Government	5,132,899	10.10%	(2,825,998)
Public Protection	21,741,010	42.76%	(1,496,335)
Public Ways and Facilities	8,378,593	16.48%	(489,170)
Health and Sanitation	10,201,791	20.07%	901,939
Public Assistance	4,413,448	8.68%	(442,252)
Education	36,022	0.07%	(12,463)
Recreation and Culture	42,048	0.08%	(10,089)
Capital Outlay	894,175	1.76%	(139,512)
TOTAL	50,839,986	100.00%	(4,513,880)

At June 30, 2011, the Governmental fund types fund balance of \$14,665,641 was composed of the following:

General Fund	\$11,826,539
Road Fund	\$ (916,037)
Bio-Terrorism	\$ (658,069)
Other Governmental	\$ 4,403,208

Not included in these Governmental Fund type balances, is \$40,885,191 of capital assets reported in governmental funds; and long-term liabilities, such as Capital leases, Claims Liability and Compensated absences, not included in governmental fund types reflect \$(400,405), (1,474,306) and \$(3,522,071) respectively, thus making the net assets \$55,072,967 for governmental activities.

CASH MANAGEMENT

Cash temporarily idle during the fiscal year was invested with the County Treasury pooled cash. This investment is composed of deposits and investments allowed by California Government Code and the Mono County investment policy. This pooled cash concept allows the various funds within the County Treasury to earn interest based on their average daily cash balance. The County, pursuant to the adopted investment policy, invested in United States Government Agency Obligations, Corporate Bonds and the State Local Agency Investment Fund (LAIF).

CAPITAL ASSETS RELATED TO GOVERNMENTAL ACTIVITIES

The capital assets related to governmental activities of the County are those fixed assets used in the performance of its general government functions. As of June 30, 2011, the amount in the general fixed asset account group of the County was \$40,885,191. This amount represents the book value of the assets, including those of the internal service funds. Of this amount, \$7,128,274 is non-depreciable.

March 20, 2012

Page 4 of 4

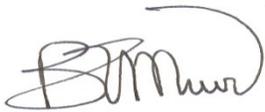
INDEPENDENT AUDIT

Section 25250 of the Government Code requires the County to annually have made by an independent Certified Public Accountant, a careful and complete audit of the accounts and records of all offices of the County. This requirement has been complied with and the independent auditor's opinion has been included in this report.

PROSPECTS FOR THE FUTURE

Mono County, along with most California counties, continues to fight the "budget battle" with slower growing revenues failing to keep up with increasing costs of providing services. While the County never quite realized all revenues associated with development and growth before the current economic decline, the demand for services is already present and the increased costs reflect that demand in spite of the cost saving measures imposed by the Board of Supervisors.

Respectfully submitted this 2nd day of March, 2012.

A handwritten signature in black ink, appearing to read "B. Muir", with a large, sweeping flourish above the name.

**BRIAN MUIR
DIRECTOR OF FINANCE
AUDITOR-CONTROLLER
COUNTY OF MONO**

BM/rr

COUNTY OF MONO
DIRECTORY OF PUBLIC OFFICIALS
JUNE 30, 2011

<u>DEPARTMENT</u>	<u>DEPARTMENT OFFICIAL</u>
Assessor	Jody Henning
Board of Supervisors	
District #1	Larry Johnston
District #2	Duane “Hap” Hazard, Chairman
District #3	Vikki Magee-Bauer, Vice Chairman
District #4	Tim Hansen
District #5	Byng Hunt
Clerk-Recorder/Clerk of the Board	Lynda Roberts
County Counsel	Marshall Rudolph
County Administrative Officer	James Arkens
Finance Director	Brian Muir
Health Officer	Richard Johnson, MD
Combined Court	Stan Eller
Mental Health	Ann Gimpel
Probation	Beverlee Bryant
Public Health Director	Lynda Salcido
Public Works – Roads	Jeff Walters
Public Works – Engineering	Kelly Garcia
Sheriff-Coroner	Richard Scholl
Superintendent of Schools	Stacy Adler
Social Services	Julie Tiede

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of Supervisors
County of Mono
Bridgeport, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Mono, California, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Mono, California. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Mono, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated March 20, 2012, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Members of the Board of Supervisors
County of Mono
Bridgeport, California

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary 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.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of Mono's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Gallina LLP

Roseville, California
March 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF MONO

Management Discussion and Analysis

In this section of the County of Mono (County) annual financial report, County management discusses financial results for the fiscal year ended June 30, 2011. It should be read in conjunction with the transmittal letter at the front of this report and the County's financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The County's overall assets exceeded its liabilities at the close of the most recent fiscal year by \$52,006,319 (net assets). Of this amount, (\$2,900,840) is unrestricted for governmental activities and may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$2,021,848 from the June 30, 2010, report. This decrease is a result of a combination of factors. In anticipation of reduced revenues, the Board of Supervisors reduced their spending accordingly; however, due to reduced revenues and delayed receipt of intergovernmental funds, the county used part of their reserves to maintain services. Part of the enterprise fund long-term debt was reduced both by normal payments and then refunding the outstanding COP at a lower interest rate. Non-cash depreciation capital asset reductions accounted for the bulk of this decrease. Overall assets decreased 5.09% and liabilities increased 2.5% in governmental activities. The increase in liabilities was a result of increased deferred revenues.
- As of June 30, 2011, the County's governmental funds reported combined ending fund balances of \$14,655,641, a decrease of \$3,400,393 in comparison with the prior year. This decrease resulted primarily from increases in deferred revenue (due from other government agencies for current services, but not to be received in a timely fashion); increases in salaries and benefits payable while at the same time cash and investments decreased \$3.0 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,699,369, or 21.06% of total general fund expenditures, a 26.8% decrease from last year.
- Total long-term liabilities in the Solid Waste enterprise fund decreased by \$181,419 during the current fiscal year. The key factor in this decrease was the repayment of notes payable and certificates of participation offset by relatively small increased liability for closure/post closure costs.
- In September 2010 the Board of Supervisors authorized an interest free inter-fund loan from General Reserves to the Solid Waste Enterprise fund in the amount of \$1.2 million to be repaid over 10 years.
- For fiscal year 2010-11 the County implemented GASB 54 relating to fund balances. Further information on this change can be found in Note 1 (P) of the financial statements.

COUNTY OF MONO

Management Discussion and Analysis

II. OVERVIEW OF THE FINANCIAL STATEMENTS

The County's basic financial statements is comprised of three parts: 1) Management Discussion and Analysis which provides the financial highlights; 2) The County's basic financial statements, which consist of the Government-Wide financial statements; the Fund financial statements and the Notes to the financial statements; 3) Required Supplementary Information.

A. Government-Wide Financial Statements

The government-wide financial statements provide an overview of the County's finances, in a manner similar to a private-sector business, that is, using the accrual basis of accounting. The financial statements demonstrate Mono County accountability by showing the extent to which it has met operating objectives efficiently and effectively, using all resources available, and whether it can continue to do so.

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

The statement of activities presents information on expenses and revenues to show how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not take place until future fiscal periods (e.g., uncollected taxes; earned but unused vacation leave).

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 activity of the County includes the Mono County Solid Waste Program, as well as the County's airport fund, cemetery fund and campground fund. In 2009 two internal service funds were created to develop self-sustaining funds for operational and replacement equipment. These two internal service funds, Motor Pool and Copier Pool, are considered governmental activities.

B. Fund Financial Statements

The fund financial statements provide evidence of accountability by demonstrating compliance with budgetary decisions made in public forum. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or

COUNTY OF MONO

Management Discussion and Analysis

purposes stipulated by laws, regulations or policies. The funds of the County are divided into three categories: governmental, proprietary and fiduciary.

Governmental funds account for functions essentially alike 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 government's near-term financing requirements.

The County maintains 101 individual governmental funds. On the financial statements for governmental funds information is presented separately for three major funds: the General Fund, the Road Fund, and the Bio Terrorism Fund. Data from the other governmental funds are aggregated into a single column. However, data for each of these non-major governmental funds is provided in the combining statements located in the Required Supplemental Information section of this report.

Proprietary funds are of two types. 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 its solid waste program, a major fund, as well as the airport, cemetery and campground funds. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its motor pool and copier pool. Because 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 statements provide the same type of information as the part of government-wide financial statements pertaining to business-type activities, only in more detail. The County's two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds account for resources held for the benefit of parties outside the county government such as special districts and schools. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's programs. In the fiduciary fund category, the County maintains several agencies' funds. The accounting used for fiduciary funds is similar to that used for proprietary funds.

C. Notes to the Financial Statements

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the information provided in the financial statements.

COUNTY OF MONO

Management Discussion and Analysis

D. Required Supplementary Information

In addition to the basic financial statements, this report presents Required Supplementary Information that includes budgetary comparisons for the General Fund and the major funds and combining statements for the aggregated non-major funds.

III. FINANCIAL ANALYSIS COUNTY-WIDE

Prior year assets and liabilities are shown below for the purpose of providing comparative data on a countywide level. Comparison of the current year to the prior year will be slightly misleading as certain funds were removed from governmental funds to fiduciary funds. Most notable the trust for retirements and the County PERS obligation were the funds removed from the Countywide governmental assets.

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Current and other assets	\$ 24,466,564	\$ 25,716,600	\$ 2,022,251	\$ 2,386,145	\$ 26,488,815	\$ 28,102,745
Capital assets	40,885,191	43,139,363	4,769,705	2,838,363	45,654,896	45,977,726
Total assets	<u>\$ 65,351,755</u>	<u>\$ 68,855,963</u>	<u>\$ 6,791,956</u>	<u>\$ 5,224,508</u>	<u>\$ 72,143,711</u>	<u>\$ 74,080,471</u>
Current and other liabilities	4,881,906	\$ 4,531,182	588,293	\$ 572,970	\$ 5,470,199	\$ 5,104,152
Long-term liabilities	5,396,882	5,496,422	9,270,311	9,451,730	14,667,193	14,948,152
Total liabilities	<u>10,278,788</u>	<u>10,027,604</u>	<u>9,858,604</u>	<u>10,024,700</u>	<u>20,137,392</u>	<u>20,052,304</u>
Net assets:						
Invested in capital assets, net	40,484,686	42,622,801	4,569,705	2,605,028	45,054,391	45,227,829
Restricted net assets	9,852,768	7,108,061	--	--	9,852,768	7,108,061
Unrestricted net assets	4,735,513	9,097,497	(7,636,353)	(7,405,220)	(2,900,840)	1,692,277
Total net assets	<u>55,072,967</u>	<u>58,828,359</u>	<u>(3,066,648)</u>	<u>(4,800,192)</u>	<u>52,006,319</u>	<u>54,028,167</u>
Total Liabilities and Net Assets	<u>\$ 65,351,755</u>	<u>\$ 68,855,963</u>	<u>\$ 6,791,956</u>	<u>\$ 5,224,508</u>	<u>\$ 72,143,711</u>	<u>\$ 74,080,471</u>

Investment in capital assets net of related debt reflects the County's investment in capital assets (i.e. its land, structures and improvements, infrastructure and equipment). 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 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.

Restricted net assets represent resources that are subject to external restrictions on how they may be used.

COUNTY OF MONO

Management Discussion and Analysis

Total unrestricted net assets represent (5.6%) of the total overall net assets and may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities unrestricted net assets represent 8.6% and may be used to meet the County's ongoing obligations for governmental activities.

The following table presents the activities that accounted for the changes in net assets.

	Statement of Activities					
	Governmental Activities		Business-Type Activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Program Revenues:						
Fees, Fines & Charges for services	\$ 6,864,660	\$ 5,765,060	\$ 2,379,791	\$ 1,946,191	\$ 9,244,451	\$ 7,711,251
Operating Grants	19,611,416	20,697,355	11,000	11,000	19,622,416	20,708,355
Capital Grants	368,558	1,490,555	2,154,314	787,697	2,522,872	2,278,252
General Revenues:						
Property Taxes	18,164,093	20,953,648	--	--	18,164,093	20,953,648
Sales and Use taxes	439,424	457,741	--	--	439,424	457,741
Other Taxes	2,620,138	2,723,383	--	--	2,620,138	2,723,383
Other Revenue	404,151	2,247,132	28,000	2	432,151	2,247,134
Investment earnings	261,312	359,670	21,709	53,053	283,021	412,723
Total Revenues:	<u>48,733,752</u>	<u>54,694,544</u>	<u>4,594,814</u>	<u>2,797,943</u>	<u>53,328,566</u>	<u>57,492,487</u>
Expenses:						
General Government	5,245,004	7,968,103	--	--	5,245,004	7,968,103
Public Protection	21,951,443	23,165,245	--	--	21,951,443	23,165,245
Public Ways and Facilities	10,727,382	8,537,065	--	--	10,727,382	8,537,065
Health and Sanitation	10,208,802	9,047,728	--	--	10,208,802	9,047,728
Public Assistance	4,413,362	4,830,643	--	--	4,413,362	4,830,643
Education	36,022	48,485	--	--	36,022	48,485
Culture and Recreation	182,422	159,219	--	--	182,422	159,219
Solid Waste Landfill	--	--	2,866,937	2,967,528	2,866,937	2,967,528
Airport	--	--	63,245	147,724	63,245	147,724
Cemeteries	--	--	264	3,579	264	3,579
Campgrounds	--	--	18,884	20,511	18,884	20,511
Total Expenditures:	<u>52,764,437</u>	<u>53,756,488</u>	<u>2,949,330</u>	<u>3,139,342</u>	<u>55,713,767</u>	<u>56,895,830</u>
Change in Net Assets before Transfers	(4,030,685)	938,056	1,645,484	(341,399)	(2,385,201)	596,657
Transfers	--	(160,000)	--	160,000	--	--
Change in Net Assets	<u>(4,030,685)</u>	<u>778,056</u>	<u>1,645,484</u>	<u>(181,399)</u>	<u>(2,385,201)</u>	<u>596,657</u>
Net Assets, beginning - restated	<u>59,103,652</u>	<u>58,050,303</u>	<u>(4,712,132)</u>	<u>(4,618,793)</u>	<u>54,391,520</u>	<u>53,431,510</u>
Net Assets, ending	<u>\$ 55,072,967</u>	<u>\$ 58,828,359</u>	<u>\$ (3,066,648)</u>	<u>\$ (4,800,192)</u>	<u>\$ 52,006,319</u>	<u>\$ 54,028,167</u>

The following are highlights of significant factors that affected the governmental and business activities and contributed to the decrease in net assets:

- Capital assets for governmental activities decreased by \$2,254,172 (5.23%) in fiscal year 2010-11 net of depreciation. Depreciation for 2010-11 was \$3,958,860. Details of these changes in assets and depreciation can be found in Note 5 of the financial statements.

COUNTY OF MONO

Management Discussion and Analysis

IV. FINANCIAL ANALYSIS OF FUNDS

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

Governmental funds. The general government functions are included in the General, Special Revenue, and Capital Project Funds. 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, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At June 30, 2011, the County's governmental funds reported combined ending fund balances of \$14,655,641, a decrease of \$3,400,393 in comparison with the prior year. The decrease is partially comprised over-all expenditures exceeding over-all revenues. Approximately 45.60% of the total governmental fund balance \$6,682,277 constitutes unassigned fund balance, which may be used to meet the County's ongoing obligations to citizens and creditors. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been termed non-spendable: 1) to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available spendable resources, 2) to liquidate contractual commitments of the prior period and 3) to provide fund for any type of disaster. In addition, funds may be non-spendable to meet general obligations because the terms of the revenue/funds may be either restricted, committed or assigned by Board of Supervisors.

The general fund is the main operating fund of the County. At June 30, 2011, unassigned fund balance of the general fund was \$8,699,369 while total fund balance reached \$11,826,539. As measures of the general fund's liquidity, it is useful to note that unassigned fund balance represents 21.06% percent of total fund expenditures, while total fund balance represents 28.64% percent of that same amount.

The Road fund had an unassigned negative fund balance of \$1,293,108 (restricted to road uses), while the total fund balance reached negative \$916,037 this year. These decreases over the prior year were caused by deferred revenues.

The Bioterrorism fund is considered a major fund. At June 30, 2011, the unassigned fund balance showed a deficit of \$658,069. This situation is due to delays in funding this expenditure grant once the expenditures have been made. The general fund covers this deficit while waiting for reimbursement.

Revenues for government functions totaled approximately \$47,164,300 for fiscal year 2010-11, which represents a decrease of 12.86% from fiscal year 2009-10. The greatest single decrease in revenues was from property taxes which comprises 45% of total revenues, followed by Intergovernmental revenues. While intergovernmental revenues constitute 39.14% of total

COUNTY OF MONO

Management Discussion and Analysis

revenues, much of intergovernmental revenues are grant based, hence if a grant is not awarded, it is accompanied by decreased spending for that particular program.

The following table presents the revenues from various sources as well as increases or decreases from the prior year in the governmental funds.

Governmental Funds Revenue

Revenue Source	FY 2010-11		FY 2009-10		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 21,223,655	45.00%	\$ 24,134,772	44.59%	\$ (2,911,117)	-12.06%
Licenses and Permits	601,816	1.28%	563,268	1.04%	38,548	6.84%
Fines, Forfeitures & Penalties	1,270,257	2.69%	979,302	1.81%	290,955	29.71%
Use of Money & Property	252,153	0.53%	343,630	0.63%	(91,477)	-26.62%
Intergovernmental	18,459,733	39.14%	21,587,829	39.89%	(3,128,096)	-14.49%
Charges for Services	4,878,509	10.34%	4,280,269	7.91%	598,240	13.98%
Other	478,177	1.01%	2,232,994	4.13%	(1,754,817)	-78.59%
Total	<u>\$ 47,164,300</u>	<u>100.00%</u>	<u>\$ 54,122,064</u>	<u>100.00%</u>	<u>\$ (6,957,764)</u>	<u>-12.86%</u>

Significant changes for major revenue sources are explained below.

- Taxes – Tax revenues include sales taxes and property taxes that have suffered from economic turn-down. Mono County falls behind the general trend of the state by about 18 months and as Mono County relies on tourism to bring in sales tax and transient occupancy taxes, those numbers fell dramatically. The decrease is due mainly to Proposition 8 adjustment made by the Assessor not only to current year property values, but to prior years well resulting in a large volume of refunds in the current year.
- Fines, forfeitures and penalties – Mono County fines have increased. Many of the fines, forfeitures and penalties are generated by visiting tourists. This increase is due to increases in fines and the payoff of an audit penalty and the subsequent reimbursement by the Courts.
- Charges for Services – there has been very little change over the prior year. The increase is due to monitoring and adjusting fees to keep in line with the actual cost of providing the service.
- Use of money and property – The continued low interest rates combined with a draw down of reserves has contributed to the decrease in interest income.

COUNTY OF MONO

Management Discussion and Analysis

The following table presents expenditures by function compared to prior year's amounts in the governmental funds.

Governmental Funds Expenditures

Function	FY 2010-11		FY 2009-10		Change	
	Amount	% of total	Amount	% of total	Amount	% of Change
General government	\$ 5,132,899	10.10%	\$ 7,958,897	14.38%	\$ (2,825,998)	-35.51%
Public protection	21,741,010	42.76%	23,237,345	41.98%	(1,496,335)	-6.44%
Public ways and facilities	8,378,593	16.48%	8,867,763	16.02%	(489,170)	-5.52%
Health and sanitation	10,201,791	20.07%	9,299,852	16.80%	901,939	9.70%
Public assistance	4,413,448	8.68%	4,855,700	8.77%	(442,252)	-9.11%
Education	36,022	0.07%	48,485	0.09%	(12,463)	-25.70%
Recreation and culture	42,048	0.08%	52,137	0.09%	(10,089)	-19.35%
Capital outlay	894,175	1.76%	1,033,687	1.87%	(139,512)	-13.50%
Total	<u>\$ 50,839,986</u>	<u>100.00%</u>	<u>\$ 55,353,866</u>	<u>100.00%</u>	<u>\$ (4,513,880)</u>	<u>-8.15%</u>

Significant changes for major functions are explained below.

- General government – \$2,825,998 decrease in expenditures resulted mainly from the difference in salaries and health benefits less cost saving measures implemented by the Board of Supervisors including, but not limited to a hiring freeze, consolidation on various management position and leaving vacant positions vacant.
- Public Protection – \$1,496,335 decrease in expenditures, like General government, resulted mainly from the differences in salaries and health benefits and the cost saving measures implemented by the Board of Supervisors.
- Public ways and facilities – Many road projects are grant funded. There was a 5.52% decrease resulting Board of Supervisors policies to reduce expenditures and the lack of intergovernmental revenues to fund various projects.
- Public assistance – FY 2010-11 saw a decrease in Public Assistance expenditures in the amount of \$442,252. Public assistance can fluctuate widely depending upon the need in any particular year. While there are normal salary and benefit increases as in all departments, the bulk of expenditures are reflected in the needs of the community at any given time and good management practices.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. These funds include the Mono County Solid Waste Program, a major program, as well as the County's airport fund, cemetery fund and campground fund; and two internal service fund which are presented in aggregate: Motor Pool and Copier Pool. Factors affecting the financial results of these funds were discussed earlier in the business-type activities of Mono County as they were budgeted for within the General fund.

COUNTY OF MONO

Management Discussion and Analysis

V. GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues exceeded budgetary estimates by \$1,224,544. Actual expenditures were less than budgetary estimates by \$5,803,614. The net effect of both over-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$7,028,158, leaving a positive budgetary fund balance going into FY 2011-12.

VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The County's investment in capital assets for its Governmental Activities as of June 30, 2011, amounts to \$40,885,191 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment infrastructure and construction in progress. The total decrease in the County's net investment in capital assets for the current period was 5.23% (net of accumulated depreciation). More detailed discussion can be found in Note 4 in the Notes to the Financial Statements section in this report. The current year depreciation is \$3,958,860. Business type function assets increased \$1,931,342 to \$4,769,705 with current year depreciation amounting to \$58,283.

Capital Assets (Net of Depreciation)

	Governmental activities		Business-type activities		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Land	\$ 6,676,450	\$ 5,957,357	\$ 233,335	\$ 233,335	\$ 6,909,785	\$ 6,190,692
Structures & improvements	11,836,587	11,370,744	1,423,004	1,464,493	13,259,591	12,835,237
Equipment	3,856,105	4,557,727	38,623	55,417	3,894,728	4,613,144
Infrastructure	17,805,890	19,999,960	--	--	17,805,890	19,999,960
Intangibles	208,335	228,601	--	--	208,335	228,601
Construction in progress	501,824	1,024,974	3,074,743	1,085,118	3,576,567	2,110,092
Total	<u>\$ 40,885,191</u>	<u>\$ 43,139,363</u>	<u>\$ 4,769,705</u>	<u>\$ 2,838,363</u>	<u>\$ 45,654,896</u>	<u>\$ 45,977,726</u>

The County elected to completely report its general infrastructure assets beginning July 1, 2003, and hired a consultant to value the infrastructure. The County has maintained and updated its initial valuation as necessary to keep current. Further details can be found in Note 4 of the financial statements. Important to note, assets are valued at their acquisition cost and not as a market value or replacement cost.

B. Long-Term Debt

At June 30, 2011, the County Governmental Accounts had total long-term liabilities outstanding of \$5,396,882, consisting of \$400,405 in capitalized lease obligations, \$3,522,071 in compensated absences, and \$1,474,306 in potential claims liability. The Business type accounts had \$3,397,000 in 2011 COP Refunding payable, \$200,000 in loans payable and \$5,599,624 in

COUNTY OF MONO

Management Discussion and Analysis

landfill post-closure costs. Additional information on the County's long-term liabilities can be found in Notes 5 and 6 of the financial statements.

VII. ECONOMIC FACTORS AND 2011-12 BUDGET AND RATES

- The unemployment rate for Mono County is currently 9.1 percent. This rate was not adjusted for seasonal employment. This compares favorably to the state's average unemployment rate of 10.9 percent in December 2011, but above the United States unemployment rate, at 8.5 percent.
- Property tax value is expected to remain relatively static in 2011-12. Since the first major declines in the past 3 years since 1978, property values have somewhat stabilized. There is very little new construction and the Assessor has processed most Prop 8 decline in values. There should be fewer decreases and slow re-growth depending on the economy as a whole within the state and nation.
- Sales tax and vehicle license fee in-lieu revenues are expected to remain status quo due to the funding swaps for the repayment of State debt; however actual property tax receipts are expected remain static based upon the overall economy.
- The 2011-12 budget projects a 10% increase in health costs (6 months) included in benefits as a result of the escalating health costs nationwide. MOU negotiations will continue into 2011-12 employee participation in health benefits anticipated as well as salary freezes.

These factors plus others were considered in preparing the County's budget for the 2011-12 fiscal year.

During the current fiscal year, the unassigned general fund monies decreased to \$8,699,369. County reserves declined in 2010-11 by \$2.3 million. The County used \$1.2 million from reserves during 2010-11 fiscal year and expects to use \$750,000 in 2011-12 funding the Solid Waste Program. Approximately \$500,000 is scheduled for contingencies in 2011-12.

VIII. REQUEST FOR INFORMATION

This financial report is designed to demonstrate accountability by the Mono County government by providing both a long-term and near-term views of the County's finances. Questions or comments regarding any of the information presented in this report or requests for additional financial information should be addressed to:

Director of Finance
County of Mono
P.O. Box 556
Bridgeport, CA 93517-0556
(760) 932-5490

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

COUNTY OF MONO

Statement of Net Assets

June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 10,453,910	\$ 411,261	\$ 10,865,171
Cash with fiscal agent	--	73,956	73,956
Restricted cash	--	2,425,620	2,425,620
Accounts receivable	812,599	161,741	974,340
Due from other governments	4,766,316	764,724	5,531,040
Taxes receivable	1,310,100	--	1,310,100
Deposits with others	3,981,271	--	3,981,271
Prepaid expenses	153,956	--	153,956
Inventories	378,337	2,112	380,449
Other asset - OPEB	792,912	--	792,912
Internal balances	1,817,163	(1,817,163)	--
Capital assets:			
Nondepreciable	7,178,274	3,308,078	10,486,352
Depreciable, net	33,706,917	1,461,627	35,168,544
Total Assets	\$ 65,351,755	\$ 6,791,956	\$ 72,143,711
<u>LIABILITIES</u>			
Accounts payable	\$ 836,222	\$ 251,210	\$ 1,087,432
Salaries and benefits payable	2,758,474	72,298	2,830,772
Retention payable	75,715	240,496	316,211
Interest payable	--	24,289	24,289
Deposits from others	4,095	--	4,095
Unearned revenue	1,207,400	--	1,207,400
Long-Term Liabilities:			
Portion due or payable within one year:			
Certificates of participation, net of amortized discount	--	183,400	183,400
Capital leases	94,637	--	94,637
Loan payable	--	33,333	33,333
Liability for compensated absences	704,414	5,109	709,523
Claims liability	1,474,306	--	1,474,306
Portion due or payable after one year:			
Certificates of participation, net of amortized discount	--	3,213,600	3,213,600
Capital leases	305,868	--	305,868
Loan payable	--	166,667	166,667
Liability for compensated absences	2,817,657	68,578	2,886,235
Closure/post-closure liability	--	5,599,624	5,599,624
Total Liabilities	10,278,788	9,858,604	20,137,392
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	40,484,686	4,569,705	45,054,391
Restricted for:			
Legally segregated taxes, grants and fees	8,744,540	--	8,744,540
Debt service and capital projects	1,108,228	--	1,108,228
Unrestricted	4,735,513	(7,636,353)	(2,900,840)
Total Net Assets	55,072,967	(3,066,648)	52,006,319
Total Liabilities and Net Assets	\$ 65,351,755	\$ 6,791,956	\$ 72,143,711

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

COUNTY OF MONO

Statement of Activities For the Year Ended June 30, 2011

Functions/Programs	Program Revenues				
	Direct Expenses	Indirect Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General government	\$ 12,680,472	\$ (7,435,468)	\$ 2,397,490	\$ 2,550,949	\$ --
Public protection	17,723,236	4,228,207	1,073,931	4,016,440	--
Public ways and facilities	9,433,098	1,294,284	865,479	4,311,241	368,558
Health and sanitation	9,018,936	1,189,866	2,404,474	4,958,703	--
Public assistance	3,690,251	723,111	123,286	3,764,422	--
Education	36,022	--	--	9,661	--
Recreation and culture	182,422	--	--	--	--
Total Governmental Activities	52,764,437	--	6,864,660	19,611,416	368,558
Business-Type Activities:					
Solid Waste	2,866,937	--	2,338,915	11,000	--
Airport	63,245	--	10,660	--	2,154,314
Cemeteries	264	--	--	--	--
Campgrounds	18,884	--	30,216	--	--
Total Business-type Activities	2,949,330	--	2,379,791	11,000	2,154,314
Total Mono County	\$ 55,713,767	\$ --	\$ 9,244,451	\$ 19,622,416	\$ 2,522,872

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Transient occupancy tax

Other

Unrestricted interest and investment earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year, restated

Net Assets - End of Year

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (296,565)	\$ --	\$ (296,565)
(16,861,072)	--	(16,861,072)
(5,182,104)	--	(5,182,104)
(2,845,625)	--	(2,845,625)
(525,654)	--	(525,654)
(26,361)	--	(26,361)
(182,422)	--	(182,422)
<u>(25,919,803)</u>	<u>--</u>	<u>(25,919,803)</u>
--	(517,022)	(517,022)
--	2,101,729	2,101,729
--	(264)	(264)
--	11,332	11,332
<u>--</u>	<u>1,595,775</u>	<u>1,595,775</u>
<u>(25,919,803)</u>	<u>1,595,775</u>	<u>(24,324,028)</u>
18,164,093	--	18,164,093
439,424	--	439,424
2,323,041	--	2,323,041
297,097	--	297,097
261,312	21,709	283,021
404,151	28,000	432,151
<u>21,889,118</u>	<u>49,709</u>	<u>21,938,827</u>
(4,030,685)	1,645,484	(2,385,201)
<u>59,103,652</u>	<u>(4,712,132)</u>	<u>54,391,520</u>
<u>\$ 55,072,967</u>	<u>\$ (3,066,648)</u>	<u>\$ 52,006,319</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF MONO

Balance Sheet Governmental Funds June 30, 2011

	General	Road	Bio Terrorism	Other Governmental	Total
<u>Assets</u>					
Cash and investments	\$ 5,546,106	\$ --	\$ --	\$ 4,230,375	\$ 9,776,481
Accounts receivable	811,930	322	--	347	812,599
Due from other governments	1,864,267	2,254,489	398,905	248,655	4,766,316
Taxes receivable	1,310,100	--	--	--	1,310,100
Deposits with others	3,981,271	--	--	--	3,981,271
Prepays	151,343	--	--	2,613	153,956
Inventories	1,266	377,071	--	--	378,337
Due from other funds	2,327,694	--	--	--	2,327,694
Advances to other funds	1,080,000	--	--	--	1,080,000
Total Assets	<u>\$ 17,073,977</u>	<u>\$ 2,631,882</u>	<u>\$ 398,905</u>	<u>\$ 4,481,990</u>	<u>\$ 24,586,754</u>
<u>Liabilities</u>					
Accounts payable	\$ 295,956	\$ 459,029	\$ 68,888	\$ 6,919	\$ 830,792
Salaries and benefits payable	2,518,011	205,111	21,480	13,872	2,758,474
Retention payable	--	75,715	--	--	75,715
Due to other funds	--	843,456	668,201	53,896	1,565,553
Deposits from others	--	--	--	4,095	4,095
Unearned revenue	1,207,400	--	--	--	1,207,400
Deferred revenue	1,226,071	1,964,608	298,405	--	3,489,084
Total Liabilities	<u>5,247,438</u>	<u>3,547,919</u>	<u>1,056,974</u>	<u>78,782</u>	<u>9,931,113</u>
<u>Fund Balances</u>					
Nonspendable	1,232,609	377,071	--	2,613	1,612,293
Restricted	1,894,561	--	--	3,358,282	5,252,843
Assigned	--	--	--	1,108,228	1,108,228
Unassigned	8,699,369	(1,293,108)	(658,069)	(65,915)	6,682,277
Total Fund Balances	<u>11,826,539</u>	<u>(916,037)</u>	<u>(658,069)</u>	<u>4,403,208</u>	<u>14,655,641</u>
Total Liabilities and Fund Balances	<u>\$ 17,073,977</u>	<u>\$ 2,631,882</u>	<u>\$ 398,905</u>	<u>\$ 4,481,990</u>	<u>\$ 24,586,754</u>

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

COUNTY OF MONO

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2011

Fund Balance - total governmental funds (page 20)	\$ 14,655,641
Amounts reported for governmental activities in the statement of net assets are different because:	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Other post employment benefit asset	792,912
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
	38,926,055
Deferred revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	
	3,489,084
Internal service funds are used by the County to charge the cost of its motor pool and copier pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	2,606,157
Long-term liabilities, including capital leases, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Capital leases	(400,505)
Claims liability	(1,474,306)
Compensated absences	<u>(3,522,071)</u>
Net assets of governmental activities (page 18)	<u>\$ 55,072,967</u>

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

COUNTY OF MONO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2011

	General	Road	Bio Terrorism	Other Governmental	Total
Revenues:					
Taxes	\$ 21,042,521	\$ --	\$ --	\$ 181,134	\$ 21,223,655
Licenses and permits	598,014	3,802	--	--	601,816
Fines, forfeitures and penalties	841,534	54,862	--	373,861	1,270,257
Use of money and property	214,343	5,103	(6,140)	38,847	252,153
Intergovernmental	12,961,439	2,715,191	513,593	2,269,510	18,459,733
Charges for services	4,079,829	709,616	--	89,064	4,878,509
Other revenues	333,477	58,710	--	85,990	478,177
Total Revenues	<u>40,071,157</u>	<u>3,547,284</u>	<u>507,453</u>	<u>3,038,406</u>	<u>47,164,300</u>
Expenditures:					
Current:					
General government	4,974,544	--	--	158,355	5,132,899
Public protection	20,515,537	--	533,525	691,948	21,741,010
Public ways and facilities	1,564,178	6,795,290	--	19,125	8,378,593
Health and sanitation	9,867,392	--	--	334,399	10,201,791
Public assistance	4,298,501	--	--	114,947	4,413,448
Education	36,022	--	--	--	36,022
Recreation and culture	42,048	--	--	--	42,048
Capital outlay	--	--	--	894,175	894,175
Total Expenditures	<u>41,298,222</u>	<u>6,795,290</u>	<u>533,525</u>	<u>2,212,949</u>	<u>50,839,986</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,227,065)</u>	<u>(3,248,006)</u>	<u>(26,072)</u>	<u>825,457</u>	<u>(3,675,686)</u>
Other Financing Sources (Uses):					
Transfers in	461,161	550,000	61,921	444,734	1,517,816
Transfers out	(938,297)	--	--	(579,519)	(1,517,816)
Total Other Financing Sources (Uses)	<u>(477,136)</u>	<u>550,000</u>	<u>61,921</u>	<u>(134,785)</u>	<u>--</u>
Net Changes in Fund Balances	(1,704,201)	(2,698,006)	35,849	690,672	(3,675,686)
Fund Balances, Beginning of Year, restated	<u>13,530,740</u>	<u>1,781,969</u>	<u>(693,918)</u>	<u>3,712,536</u>	<u>18,331,327</u>
Fund Balances, End of Year	<u>\$ 11,826,539</u>	<u>\$ (916,037)</u>	<u>\$ (658,069)</u>	<u>\$ 4,403,208</u>	<u>\$ 14,655,641</u>

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

COUNTY OF MONO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2011

Net change to fund balance - total governmental funds (page 22)		\$ (3,675,686)
Amounts reported for governmental activities in the statement of activities are different because:		
<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	\$ 1,331,737	
Less: current year depreciation	<u>(3,331,181)</u>	(1,999,444)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,634,319
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		106,023
Change in claims liability		(122,540)
Other post employment benefits are reported as an expenditure when contributions are made in the governmental funds, but are deferred assets for contributions made in excess of required amounts.		108,233
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.		<u>(81,590)</u>
Change in net assets of governmental activities (page 19)		<u><u>\$ (4,030,685)</u></u>

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

COUNTY OF MONO

Statement of Fund Net Assets
Proprietary Funds
June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste	Airport	Nonmajor	Total	Internal
			Enterprise Funds	Enterprise Funds	Service Funds
ASSETS					
Current Assets:					
Cash and investments	\$ 250	\$ 296,944	\$ 114,067	\$ 411,261	\$ 677,429
Cash with fiscal agent	73,956	--	--	73,956	--
Accounts receivable	161,741	--	--	161,741	--
Due from other governments	279,630	485,094	--	764,724	--
Inventory	--	2,112	--	2,112	--
Total Current Assets	<u>515,577</u>	<u>784,150</u>	<u>114,067</u>	<u>1,413,794</u>	<u>677,429</u>
Noncurrent Assets:					
Restricted cash in Treasury	2,425,620	--	--	2,425,620	--
Capital assets:					
Non-depreciable	--	3,308,078	--	3,308,078	--
Depreciable, net	878,647	582,980	--	1,461,627	1,959,136
Total Noncurrent Assets	<u>3,304,267</u>	<u>3,891,058</u>	<u>--</u>	<u>7,195,325</u>	<u>1,959,136</u>
Total Assets	<u>\$ 3,819,844</u>	<u>\$ 4,675,208</u>	<u>\$ 114,067</u>	<u>\$ 8,609,119</u>	<u>\$ 2,636,565</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	86,500	164,072	638	251,210	5,430
Salaries and benefits payable	72,298	--	--	72,298	--
Retention payable	--	240,496	--	240,496	--
Interest payable	24,289	--	--	24,289	--
Due to other funds	737,163	--	--	737,163	24,978
Certificates of participation	183,400	--	--	183,400	--
Loan payable	33,333	--	--	33,333	--
Compensated absences	5,109	--	--	5,109	--
Total Current Liabilities	<u>1,142,092</u>	<u>404,568</u>	<u>638</u>	<u>1,547,298</u>	<u>30,408</u>
Noncurrent Liabilities:					
Advances from other funds	1,080,000	--	--	1,080,000	--
Refunded certificates of participation, net of unamortized discount	3,213,600	--	--	3,213,600	--
Loan payable	166,667	--	--	166,667	--
Compensated absences	68,578	--	--	68,578	--
Closure and postclosure liability	5,599,624	--	--	5,599,624	--
Total Noncurrent Liabilities	<u>10,128,469</u>	<u>--</u>	<u>--</u>	<u>10,128,469</u>	<u>--</u>
Total Liabilities	<u>11,270,561</u>	<u>404,568</u>	<u>638</u>	<u>11,675,767</u>	<u>30,408</u>
NET ASSETS					
Invested in capital assets, net of related debt	678,647	3,891,058	--	4,569,705	1,959,136
Unrestricted	(8,129,364)	379,582	113,429	(7,636,353)	647,021
Total Net Assets	<u>(7,450,717)</u>	<u>4,270,640</u>	<u>113,429</u>	<u>(3,066,648)</u>	<u>2,606,157</u>
Total Liabilities and Net Assets	<u>\$ 3,819,844</u>	<u>\$ 4,675,208</u>	<u>\$ 114,067</u>	<u>\$ 8,609,119</u>	<u>\$ 2,636,565</u>

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

COUNTY OF MONO

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental
			Nonmajor	Total	Activities
	Solid Waste	Airport	Enterprise Funds	Enterprise Funds	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 2,338,915	\$ 10,660	\$ 30,216	\$ 2,379,791	\$ 784,408
Total Operating Revenues	<u>2,338,915</u>	<u>10,660</u>	<u>30,216</u>	<u>2,379,791</u>	<u>784,408</u>
Operating Expenses:					
Salaries and benefits	900,959	--	--	900,959	--
Services and supplies	1,480,689	48,915	19,148	1,548,752	318,933
Closure and postclosure costs	48,747	--	--	48,747	--
Depreciation and amortization	43,953	14,330	--	58,283	627,679
Total Operating Expenses	<u>2,474,348</u>	<u>63,245</u>	<u>19,148</u>	<u>2,556,741</u>	<u>946,612</u>
Operating Income (Loss)	<u>(135,433)</u>	<u>(52,585)</u>	<u>11,068</u>	<u>(176,950)</u>	<u>(162,204)</u>
Non-Operating Revenue (Expenses):					
Interest income	21,012	(792)	1,489	21,709	9,159
Interest expense	(392,589)	--	--	(392,589)	--
Operating grants	11,000	--	--	11,000	--
Miscellaneous	28,000	--	--	28,000	71,455
Total Non-Operating Revenue (Expenses)	<u>(332,577)</u>	<u>(792)</u>	<u>1,489</u>	<u>(331,880)</u>	<u>80,614</u>
Income (Loss) Before Transfers and Contributions	(468,010)	(53,377)	12,557	(508,830)	(81,590)
Capital contributions	--	2,154,314	--	2,154,314	--
Change in Net Assets	(468,010)	2,100,937	12,557	1,645,484	(81,590)
Net Assets - Beginning of Year, restated	<u>(6,982,707)</u>	<u>2,169,703</u>	<u>100,872</u>	<u>(4,712,132)</u>	<u>2,687,747</u>
Net Assets - End of Year	<u><u>\$ (7,450,717)</u></u>	<u><u>\$ 4,270,640</u></u>	<u><u>\$ 113,429</u></u>	<u><u>\$ (3,066,648)</u></u>	<u><u>\$ 2,606,157</u></u>

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

COUNTY OF MONO

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental
			Nonmajor	Total	Internal
	Solid Waste	Airport	Enterprise Funds	Enterprise Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from customers	\$ 2,076,728	\$ 173,838	\$ 30,216	\$ 2,280,782	\$ --
Cash receipts from internal fund services provided	--	--	--	--	784,408
Cash paid to suppliers for goods and services	(1,341,398)	(48,915)	(18,510)	(1,408,823)	(316,130)
Cash paid to employees for services	(879,370)	--	--	(879,370)	--
Net Cash Provided (Used) by Operating Activities	(144,040)	124,923	11,706	(7,411)	468,278
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund loans	(724,955)	--	--	(724,955)	7,094
Interfund advance from the General Fund	1,080,000	--	--	1,080,000	--
Miscellaneous	28,000	--	--	28,000	--
Operating grants	11,000	--	--	11,000	--
Proceeds from refunded certificates of participation	3,609,000	--	--	3,609,000	--
Refunding of certificates of participation	(3,677,907)	--	--	(3,677,907)	--
Principal repayments	(212,000)	--	--	(212,000)	--
Interest payments and related fiscal charges	(400,036)	--	--	(400,036)	--
Net Cash Provided (Used) by Noncapital Financing Activities	(286,898)	--	--	(286,898)	7,094
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital grants	--	2,045,268	--	2,045,268	--
Payments related to the acquisition of capital assets	--	(1,956,238)	--	(1,956,238)	(503,571)
Principal repayments related on capital purposes	(33,334)	--	--	(33,334)	--
Sale of capital assets	--	--	--	--	86,018
Net Cash Provided (Used) by Capital and Related Financing Activities	(33,334)	89,030	--	55,696	(417,553)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	21,012	(792)	1,489	21,709	9,159
Net Cash Provided (Used) by Investing Activities	21,012	(792)	1,489	21,709	9,159
Net Increase (Decrease) in Cash and Cash Equivalents	(443,260)	213,161	13,195	(216,904)	66,978
Cash and Cash Equivalents, Beginning of Year	2,943,086	83,783	100,872	3,127,741	610,451
Cash and Cash Equivalents, End of Year	<u>\$ 2,499,826</u>	<u>\$ 296,944</u>	<u>\$ 114,067</u>	<u>\$ 2,910,837</u>	<u>\$ 677,429</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Fund Net Assets					
Cash and investments	\$ 250	\$ 296,944	\$ 114,067	\$ 411,261	\$ 677,429
Cash with fiscal agent	73,956	--	--	73,956	--
Restricted cash in Treasury	2,425,620	--	--	2,425,620	--
Total Cash and Cash Equivalents	<u>\$ 2,499,826</u>	<u>\$ 296,944</u>	<u>\$ 114,067</u>	<u>\$ 2,910,837</u>	<u>\$ 677,429</u>

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

continued

COUNTY OF MONO

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Funds				Governmental
			Nonmajor	Total	Internal
	Solid Waste	Airport	Enterprise Funds	Enterprise Funds	Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (135,433)	\$ (52,585)	\$ 11,068	\$ (176,950)	\$ (162,204)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	43,953	14,330	--	58,283	627,679
Changes in assets and liabilities:					
(Increase) decrease in:					
Receivables	(262,187)	163,178	--	(99,009)	--
Increase (decrease) in:					
Accounts payable	80,763	--	638	81,401	2,803
Accrued salaries and benefits	(3,958)	--	--	(3,958)	--
Closure and postclosure liability	107,275	--	--	107,275	--
Liability for compensated absences	25,547	--	--	25,547	--
Net Cash Provided (Used) by Operating Activities	<u>\$ (144,040)</u>	<u>\$ 124,923</u>	<u>\$ 11,706</u>	<u>\$ (7,411)</u>	<u>\$ 468,278</u>

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

COUNTY OF MONO

Statement of Fiduciary Net Assets
June 30, 2011

	Investment Trust Fund	Agency Funds
<u>Assets</u>		
Pooled cash and investments	\$ 44,179,035	\$ 5,695,898
 Total Assets	<u>\$ 44,179,035</u>	<u>\$ 5,695,898</u>
 <u>Liabilities</u>		
Agency funds held for others	\$ --	\$ 5,695,898
 Total Liabilities	<u>--</u>	<u>5,695,898</u>
 <u>Net assets</u>		
Net assets held in trust for investment pool participants	<u>44,179,035</u>	<u>--</u>
 Total Net Assets	<u>\$ 44,179,035</u>	<u>\$ --</u>

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

COUNTY OF MONO

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2011

	Investment Trust Fund
<u>Additions</u>	
Contributions to pooled investments	\$ 51,349,375
Net investment income:	
Investment income	<u>641,402</u>
Total Additions	<u>51,990,777</u>
<u>Deductions</u>	
Distributions from pooled investments	<u>53,638,865</u>
Total Deductions	<u>53,638,865</u>
Change in net assets	(1,648,088)
Net Assets - Beginning of Year	<u>45,827,123</u>
Net Assets - End of Year	<u><u>\$ 44,179,035</u></u>

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

NOTES TO 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 disclosure of pertinent matters relating to the financial position of the County. The notes provide significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 1: Summary of Significant Accounting Policies

A. **The Reporting Entity**

The County operates under an Administrator-Board of Supervisors form of government and provides the following services: public protection, public ways and facilities, health and sanitation, public assistance, education, culture and recreation, and general services.

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14 and amended by GASB Statement No. 39.

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

Blended Component Units

There are three entities which meet the criteria of a blended component unit. These dependent districts are Community Service Districts whose Advisory Boards are governed by the Board of Supervisors. The affected districts are Community Service Area #1 – Crowley; Community Service Area #5 – Bridgeport; and Community Service Area #2 – Benton.

Discretely Presented Component Units

There are no entities which meet the criteria of a discretely presented component unit.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its blended 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 the 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.

When both restricted and unrestricted net assets are available, management has discretion as to which resources to apply. Generally, restricted resources are depleted before unrestricted.

Fund Financial Statements

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

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

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

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

Fund Financial Statements (continued)

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services.
- The *Road Fund* is used to account for revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public ways not accounted through other funds.
- The *Bioterrorism Fund* is used primarily to account for the bioterrorism grant programs.

The County reports the following major enterprise funds:

- The *Mono County Solid Waste Fund* is used to account for revenues and expenses necessary to carryout basic governmental activities of the County that relate to sanitation and are not accounted for through other funds.
- The *Airport Fund* is used to account for the activity of the airport.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's copier pool which purchases and maintains copy machines on a cost reimbursement basis and the County's motor pool which purchases and maintains vehicles on a cost reimbursement basis.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

C. Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except agency funds which have no measurement focus.

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

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. Property and sales taxes, interest, certain 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.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

D. New Accounting Pronouncements

Governmental Accounting Standards Board Statement 54

For the fiscal year ended June 30, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 establishes new accounting and financial reporting standards for all governments that report governmental funds. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and it clarifies the existing governmental fund type definitions to improve the comparability of governmental fund statements. GASB 54 establishes fund balance classifications that are hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

E. Cash and Investments

The County pools cash and investments with the County Treasurer. Investments are stated at amortized cost.

For purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less and pooled cash to be cash equivalents.

In accordance with authorized investment laws, the County Treasurer invests in higher quality securities including various variable rate securities, such as federal agency notes, negotiable certificates of deposit and highly rated corporate medium-term note floating rate instruments. These securities are reported at cost on the balance sheet. They are included in the aggregate total for U.S. government agencies, negotiable certificates of deposit and corporate notes in Note 4 on Cash and Investments.

F. Restricted Cash

Restricted cash consists of pooled cash and investments held to finance closure and postclosure costs as required by state and federal laws and regulations.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

G. Inventory

Inventory is valued at cost. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a corresponding nonspendable portion of fund balance to indicate that they do not constitute “available spendable resources” even though they are a component of net current assets.

H. Receivables

The County uses a 60-day time period for recognizing accruals in the governmental funds. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

I. 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 estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. 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	20 to 50 years
Structures and improvements	20 to 50 years
Equipment	3 to 15 years

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

J. Deferred Revenue and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables not considered available to liquidate liabilities of the current period. Governmental and enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

K. **Compensated Absences**

Under the terms of union contracts, County employees are granted vacation and sick leave in varying amounts depending upon their respective bargaining unit. In the event of termination or death, an employee, or the employee's estate, is compensated for 100 percent of accumulated vacation. In the event of an employee's death or retirement, an employee, or the employee's estate, is compensated for accumulated sick leave in varying amounts from zero percent to 100 percent depending on the employee's bargaining unit and length of service. Comparing current and prior year balances with their respective payouts, it has been determined that approximately 20% of the accumulated balance is paid out the following year.

L. **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). 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 fund financial statements, are offset by a corresponding nonspendable portion of fund balance 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 to the government-wide presentation.

M. **Property Tax Revenue**

The County's property taxes are levied on July 1 (unsecured roll) and October 1 (secured roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County.

Property is reappraised from the 1975-76 base year value to current full value upon either (1) a change in ownership or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is reappraised).

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

M. **Property Tax Revenue** (continued)

Taxes are due in one installment (unsecured roll) by July 1 and are subject to late payment penalties if paid after August 31, or two installments (secured roll) due November 1 and February 1, and again subject to late payment penalties if paid after December 10 and April 10, respectively.

Property taxes are accrued as receivables in the period when they are levied. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period was 90 days from the end of the fiscal year.

N. **Grant Revenues**

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as deferred revenue.

O. **Net Assets/Fund Balance**

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

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

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

O. **Net Assets/Fund Balance** (continued)

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balances for governmental funds consist of the following categories:

- *Nonspendable Fund Balance* – includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (such as inventories or prepaid amounts).
- *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditors, grant providers, or contributors) or by law.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purpose determined by the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.
- *Assigned Fund Balance* – is comprised of amounts intended to be used by the government entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year's budget.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purposes.

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.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are needed.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

P. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Deficit Fund Equity**

The following funds had deficit fund balances/net assets at June 30, 2011, as follows:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
Tobacco	\$ 65,915
Bioterrorism	658,069
Road	916,037
Enterprise Funds:	
Solid Waste	7,450,717

These deficits are anticipated to be recovered through future years' revenues.

Note 3: **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust.

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 3: **Cash and Investments** (continued)

The Board of Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2011, total County cash and investments were as follows:

Cash on hand	\$ 15,609
Imprest cash	1,120
Deposits in bank	<u>3,212,714</u>
Total	<u>3,229,443</u>
Investments:	
In Treasurer's pool	59,936,281
With fiscal agents external to the pool	<u>73,956</u>
	<u>60,010,237</u>
Total Cash and Investments	<u>\$ 63,239,680</u>

Cash and investments were reported in the Basic Financial Statements as follows:

Governmental activities	\$ 10,453,910
Business-type activities	2,910,837
Investment trust fund	44,179,035
Agency funds	<u>5,695,898</u>
Total	<u>\$ 63,239,680</u>

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 3: **Cash and Investments** (continued)

Investments

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Federal Agency Obligations	5 years	None	None
U.S. Treasury Bills	5 years	None	None
Local Agency Bonds and Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper - Selected Agencies	270 days	40%	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
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	N/A	N/A
Local Agency Investment Fund (LAIF)	5 years	N/A	N/A
California Asset Management Program	N/A	None	None

At June 30, 2011, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Fair Value</u>	<u>Cost</u>	<u>WAM (Years)</u>
Investments in Investment Pool						
Federal Agency Issues - Coupon	1.125% - 2.645%	09/30/13 - 06/30/16	\$ 27,360,000	\$ 27,306,831	\$ 27,349,000	3.76
Medium Term Corporate Bonds	1.125% - 6.2%	05/11/12 - 07/27/15	14,484,000	15,208,785	15,332,354	2.08
Municipal Bonds	3.50% - 5.09%	09/01/12 - 05/01/16	3,430,000	3,473,477	3,538,176	3.14
Money Market Mutual Funds	Variable	On Demand	4,955,491	4,955,491	4,955,491	0.00
LAIF	Variable	On Demand	8,761,260	8,761,260	8,761,260	0.00
Total investments in investment pool			<u>\$ 58,990,751</u>	<u>\$ 59,705,844</u>	<u>\$ 59,936,281</u>	<u>2.43</u>
Investments outside Investment Pool						
Primary Government:						
<i>Cash held with fiscal agent</i>						
Money Market Mutual Funds	Variable	On Demand	<u>\$ 73,956</u>	<u>\$ 73,956</u>	<u>\$ 73,956</u>	

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 3: **Cash and Investments** (continued)

The fair value of the investments is obtained by the County's safekeeping agent. At June 30, 2011, the difference between the cost and fair value of cash and investments was not material (fair value was 99.61% of carrying value). The County is reporting its cash and investments at cost.

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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 fair value at June 30, 2011.

	<u>Quality Rating Range</u>	<u>% of Portfolio</u>
Federal Home Loan Bank (FHLB)	AAA	13.99%
Federal Home Loan Mortgage-Corp (FHLMC)	AAA to AA+	21.76%
Federal National Mortgage Association (FNMA)	AAA	10.05%
Money Market	Unrated	14.67%
Local Agency Investment Fund (LAIF)	Unrated	8.30%
Corporate Notes	AAA to A1	31.23%
Total		<u>100.00%</u>

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 3: **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

At June 30, 2011, the County had the following investments in any one issuer that represent 5 percent 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.

Federal Home Loan Bank	13.99%	\$ 8,355,043
Federal Home Loan Mortgage Corporation	21.76%	12,994,335
Federal National Mortgage Association	10.05%	6,000,000

Custodial Credit Risk

For investments and deposits held with fiscal agents, 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 deposits that are in the possession of an outside party. At year end, the County's investment pool and cash with fiscal agents 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). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government 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 Agency Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2011, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$8,761,260, which approximates fair value and is the same as value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$60.4 million. Of that amount, 5.42% was invested in structured notes and asset-backed securities, and the remaining 94.58% was invested in other non-derivative financial products.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 3: **Cash and Investments** (continued)

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2011:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 63,164,604</u>
Equity of external pool participants	\$ 44,179,035
Equity of internal pool participants	<u>18,985,569</u>
Total net assets	<u>\$ 63,164,604</u>

Statement of Changes in Net Assets

Net assets at July 1, 2010	66,060,136
Net change in investments by pool participants	<u>(2,895,532)</u>
Net assets at June 30, 2011	<u>\$ 63,164,604</u>

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance July 1, 2010	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2011
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 5,957,357	\$ 719,093	\$ --	\$ --	\$ 6,676,450
Construction in progress	1,024,974	399,475	(20,022)	(902,603)	501,824
Total capital assets, not being depreciated	<u>6,982,331</u>	<u>1,118,568</u>	<u>(20,022)</u>	<u>(902,603)</u>	<u>7,178,274</u>
Capital assets, being depreciated:					
Infrastructure	85,825,999	--	--	--	85,825,999
Structures and improvements	17,297,085	66,036	--	885,241	18,248,362
Equipment	17,247,950	586,451	(1,713,612)	17,362	16,138,151
Intangibles	247,460	30,230	--	--	277,690
Total capital assets, being depreciated	<u>120,618,494</u>	<u>682,717</u>	<u>(1,713,612)</u>	<u>902,603</u>	<u>120,490,202</u>
Less accumulated depreciation for:					
Infrastructure	(65,826,039)	(2,194,070)	--	--	(68,020,109)
Structures and improvements	(5,926,341)	(485,434)	--	--	(6,411,775)
Equipment	(12,690,223)	(1,228,860)	1,637,037	--	(12,282,046)
Intangibles	(18,859)	(50,496)	--	--	(69,355)
Total accumulated depreciation	<u>(84,461,462)</u>	<u>(3,958,860)</u>	<u>1,637,037</u>	<u>--</u>	<u>(86,783,285)</u>
Total capital assets, being depreciated, net	<u>36,157,032</u>	<u>(3,276,143)</u>	<u>(76,575)</u>	<u>902,603</u>	<u>33,706,917</u>
Governmental activities capital assets, net	<u>\$ 43,139,363</u>	<u>\$ (2,157,575)</u>	<u>\$ (96,597)</u>	<u>\$ --</u>	<u>40,885,191</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 233,335	\$ --	\$ --	\$ --	\$ 233,335
Construction in progress	1,085,118	1,989,625	--	--	3,074,743
Total capital assets, not being depreciated	<u>1,318,453</u>	<u>1,989,625</u>	<u>--</u>	<u>--</u>	<u>3,308,078</u>
Capital assets, being depreciated:					
Structures and improvements	1,908,034	--	--	--	1,908,034
Equipment	1,668,124	--	(9,156)	--	1,658,968
Total capital assets, being depreciated	<u>3,576,158</u>	<u>--</u>	<u>(9,156)</u>	<u>--</u>	<u>3,567,002</u>
Less accumulated depreciation for:					
Structures and improvements	(443,541)	(41,489)	--	--	(485,030)
Equipment	(1,612,707)	(16,794)	9,156	--	(1,620,345)
Total accumulated depreciation	<u>(2,056,248)</u>	<u>(58,283)</u>	<u>9,156</u>	<u>--</u>	<u>(2,105,375)</u>
Total capital assets, being depreciated, net	<u>1,519,910</u>	<u>(58,283)</u>	<u>--</u>	<u>--</u>	<u>1,461,627</u>
Business-type activities capital assets, net	<u>\$ 2,838,363</u>	<u>\$ 1,931,342</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,769,705</u>

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

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

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 244,973
Public protection	212,744
Public ways and facilities	2,701,313
Health and sanitation	38,530
Public assistance	3,678
Recreation and culture	129,943
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>627,679</u>
Total Depreciation Expense - Governmental Functions	<u><u>\$ 3,958,860</u></u>

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

Solid Waste	\$ 43,953
Airport	<u>14,330</u>
Total Depreciation Expense - Business-Type Functions	<u><u>\$ 58,283</u></u>

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 5: **Long-Term Liabilities**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Amounts Due Within One Year
Governmental Activities					
Capital leases payable	\$ 516,562	\$ 145,481	\$ (261,538)	\$ 400,505	\$ 94,637
Compensated absences	3,628,094	725,619	(831,642)	3,522,071	704,414
Claims liability	1,351,766	310,873	(188,333)	1,474,306	1,474,306
Total Governmental Activities					
Long-term liabilities	<u>\$ 5,496,422</u>	<u>\$ 1,181,973</u>	<u>\$ (1,281,513)</u>	<u>\$ 5,396,882</u>	<u>\$ 2,273,357</u>
Business-type Activities					
Certificates of participation	\$ 3,770,000	\$ --	(3,770,000)	\$ --	\$ --
Less: unamortized discount	(92,093)	--	92,093	--	--
Refunded certificates of participation	--	3,609,000	(212,000)	3,397,000	183,400
Loans payable	233,334	--	(33,334)	200,000	33,333
Compensated absences	48,140	41,466	(15,919)	73,687	5,109
Landfill postclosure cost	5,492,349	107,275	--	5,599,624	--
Total Business-type Activities					
Long-term liabilities	<u>\$ 9,451,730</u>	<u>\$ 3,757,741</u>	<u>\$ (3,939,160)</u>	<u>\$ 9,270,311</u>	<u>\$ 221,842</u>

Claims and judgments will be paid from the general fund. Compensated absences are generally liquidated by several of the County's funds, including the general fund and several special revenue funds.

As of June 30, 2011, annual debt service requirements to maturity are as follows:

Year Ending June 30	Business-Type Activities			
	Refunded Certificates of Participation		Loans Payable	
	Principal	Interest	Principal	Interest
2012	\$ 183,400	\$ 145,732	\$ 33,333	\$ --
2013	189,000	137,864	33,333	--
2014	199,400	129,756	33,333	--
2015	204,600	121,202	33,333	--
2016	214,600	112,424	33,334	--
2017-2021	1,225,100	415,386	33,334	--
2022-2026	1,180,900	129,296	--	--
	<u>\$ 3,397,000</u>	<u>\$ 1,191,660</u>	<u>\$ 200,000</u>	<u>\$ --</u>

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 5: **Long-Term Liabilities** (continued)

Long-term debt at June 30, 2011, consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2011</u>
<u>Business-type activities</u>						
2001 Series A Refunded Certificates of Participation (to refund 2001 Series A Certificates of Participation; to finance closure of four County landfills)	11/01	05/11 - 05/25	4.29%	\$183,400 - \$316,100	\$3,609,000	\$ 3,397,000
Note Payable (to finance capital improvements at the Bridgeport Landfill facility)	01/02	06/03 - 06/13	0.00%	\$33,333	<u>500,000</u>	<u>200,000</u>
Total business-type activities					<u>\$4,109,000</u>	<u>\$ 3,597,000</u>

Refunding Certificates of Participation

In March 2011, the County refunded its 2001 Series A certificates of participation in the amount of \$3,770,000. The new certificates of participation bear interest at 4.29% and are due in biannual installments ranging from \$230,493 to \$322,881 through May 1, 2025. The certificates of participation were issued to finance the closure of certain County landfills. The new issue will reduce debt service payments for the County by a total of \$336,502 with an economic gain of \$257,890 or 7.15%

Note 6: **Capital Leases**

The County has entered into certain capital lease agreements under which the related buildings and 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, 2011:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2011</u>
Building	5.15% - 6.07%	\$ 308,686
Various equipment and vehicles	4.95% - 7.94%	<u>91,819</u>
		<u>\$ 400,505</u>

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 6: **Capital Leases** (continued)

The cost of buildings and equipment under capital leases are as follows:

Building	\$ 550,000
Various equipment and vehicles	145,481
Less: accumulated depreciation	<u>(112,821)</u>
Total	<u>\$ 582,660</u>

As of June 30, 2011, future minimum lease payments under capital leases were as follows:

<u>Year Ending</u> <u>June 30:</u>	
2012	\$ 113,748
2013	88,628
2014	53,082
2015	53,082
2016	53,082
2017-2021	<u>106,164</u>
Total Future Minimum Lease Payments	467,786
Less: Interest	<u>(67,281)</u>
Present Value of Minimal Lease Payments	<u>\$ 400,505</u>

Note 7: **Closure and Postclosure Liability**

The County of Mono has six landfill sites. State and federal laws and regulations require the County to perform certain closure and postclosure maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in each year based on landfill capacity used as of each balance sheet date. The \$5,599,624 reported as closure and postclosure liability in the Enterprise Fund at June 30, 2011, represents the cumulative amount reported to date based on the following estimated percentages of capacity applied to the estimated closure and postclosure care costs:

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 7: Closure and Postclosure Liability (continued)

Landfill Site	Estimated Closure Costs	Estimated Postclosure Costs	Total Estimated Cost	Estimated Total Capacity (Cubic Yards)	Remaining Capacity (Cubic Yards)	Estimated Capacity Used (Cubic Yards)	Estimated Percentage of Capacity Used through June 30, 2011	Landfill Closure and Postclosure Liability at June 30, 2011
Benton Crossing	\$3,039,818	\$1,747,897	\$ 4,787,715	2,301,600	1,207,000	1,094,600	47.56%	\$ 2,276,952
Pumice Valley	1,475,059	908,833	2,383,892	347,112	238,144	108,968	31.39%	748,369
Walker	752,877	733,396	1,486,273	340,716	277,032	63,684	18.69%	277,803
Benton*	--	803,400	803,400	--	--	\$ --	--	803,400
Bridgeport*	--	901,800	901,800	--	--	--	--	901,800
Chalfant*	--	591,300	591,300	--	--	--	--	591,300
Total	<u>\$5,267,754</u>	<u>\$5,686,626</u>	<u>\$10,954,380</u>	<u>2,989,428</u>	<u>1,722,176</u>	<u>1,267,252</u>	<u>42.39%</u>	<u>\$ 5,599,624</u>

* Landfills are closed and tracking of statistics is no longer required or useful

The County will recognize the remaining estimated cost of closure and postclosure care of \$5,354,756 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011.

Actual costs may be higher due to inflation, change in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust or pledge future revenues to finance closure and postclosure costs. At June 30, 2011, cash and investments of \$2,425,620 were held as restricted cash for these purposes. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenues. The County has elected to utilize the Pledge of Revenue financial assurance mechanism.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 8: **Interfund Transactions**

Transfers:

Transfer from	Transfer to	Amount
General Fund	Bioterrorism Fund	\$ 61,921
	Nonmajor Governmental Funds	326,376
	Road	550,000
		938,297
Nonmajor Governmental Funds	General Fund	461,161
	Nonmajor Governmental Funds	118,358
		579,519
	Total	\$ 1,517,816

The General Fund transferred \$550,000 to the Road Fund for budgeted road projects.

The composition of interfund balances as of June 30, 2011, are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Road Fund	\$ 843,456
	Bioterrorism Fund	668,201
	Solid Waste Fund	737,163
	Other Governmental Funds	53,896
	Internal Service Funds	24,978
		\$ 2,327,694

The above balances reflect temporary loans to cover cash deficits at June 30.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	\$ 1,080,000

The advance represents an interest free loan between the General Fund and the Solid Waste Fund to fund decreases in revenues due to current economic conditions.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 9: **Defined Benefit Pension Plan**

A. **Plan Description**

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 Q Street – Sacramento, CA 95811.

B. **Funding Policy**

Active plan members in PERS are required to contribute 8 percent (9 percent for safety employees) of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2010/2011 was 7 percent for miscellaneous employees and 9 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

C. **Annual Pension Cost**

For the fiscal year ended June 30, 2011, the County's annual pension cost of \$4,516,464 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by age, service, and type of employment; and (c) 3.25 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0 percent.

The actuarial value of the County's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15-year period depending on the size of the investment gains and/or losses. The County's excess assets are being amortized as a level percentage of projected payroll on a closed basis. There is an average of 25 years remaining in the amortization period at June 30, 2008 (the valuation date) under the miscellaneous plan.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 9: **Defined Benefit Pension Plan** (continued)

C. **Annual Pension Cost** (continued)

Three Year Trend Information for PERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 4,296,431	100%	\$ --
June 30, 2010	4,375,624	100%	--
June 30, 2011	4,516,464	100%	--

Note 10: **Other Postemployment Benefits (OPEB)**

Plan Description

The County administers a postemployment healthcare plan, a single-employer defined benefit post employment healthcare plan. The County established another post employment health benefit (OPEB) trust with the Public Agency Retirement Services (PARS) which is used to accumulate resources to fund future benefits, however it does not represent the activities of the plan. The Plan provides medical, dental and vision insurance benefits to eligible retirees.

The County provides post-retirement health care benefits, in accordance with County employment contracts, to all employees who retire, on a tiered basis. Employees hired prior to January 1, 2002, who have attained the age of 55 and have accrued a minimum of 20 years of service are entitled to post-retirement health care benefits. (In this category, age and time are tiered between age 50 and 55 with between 5 and 20 years of service depending upon the date of hire). Employees hired after January 1, 2002, are not eligible for post-retirement health care benefits. Instead, employees hired after this date shall be eligible to receive County contributions into an Internal Revenue Code Section 401(a) Plan established by the County. Currently, 148 employees meet the eligibility requirements for the pre-2002 hire health care retirement benefits. The County has a two-part system for acknowledging this liability. 1) The County budgets for current retirees, with any excess transferred to a trust account for future retiree health expenses; and 2) the County sets aside 3% of each employee's salary into this same trust to match the 3% maximum payable under the 401(a) plan with any excess being reserve for liability for those retiring under the pre-2002 hire date post-retirement plan.

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 10: **Other Postemployment Benefits (OPEB)** (continued)

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the County. The contribution is based on the difference between what the County paid directly to or on behalf of eligible employees and the full value of the annual required contributions (ARC). For fiscal year 2010-11, the County contributed \$2,545,538, or 100% of the ARC, to the Post Employment Benefit Plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Health Plan (dollar amount in thousands):

Annual Required Contribution	\$ 2,436,012
Interest on prior year Net OPEB obligation	(14,786)
Adjustment to ARC	<u>16,079</u>
Annual OPEB cost	2,437,305
Contributions made	<u>(2,545,538)</u>
Change in OPEB benefit	\$ (108,233)
Net OPEB asset - beginning of year	<u>(684,679)</u>
Net OPEB asset - end of year	<u><u>\$ (792,912)</u></u>

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 10: **Other Postemployment Benefits (OPEB)** (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
6/30/09	\$2,436,012	109%	\$ 211,227
6/30/10	2,437,305	119%	684,679
6/30/11	2,437,305	104%	792,912

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of January 1, 2010, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 27,642,732
Actuarial value of plan assets	<u>6,626,623</u>
Unfunded actuarial accrued liability (UAAL)	21,016,109
Funded ratio (actuarial value of plan assets/AAL)	23.97%
Covered payroll (active Plan members)	n/a
UAAL as a percentage of covered payroll	n/a

Actuarial Methods and Assumptions

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

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 10: **Other Postemployment Benefits (OPEB)** (continued)

Actuarial Methods and Assumptions (continued)

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

In the January 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return, an inflation rate of 3.25% per year, and assumed medical inflation of 9% graded down to 5% over 9 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, 2011, was 27 years.

Note 11: **Net Assets/Fund Balances**

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned. A detailed schedule of fund balances at June 30, 2011 is as follows:

	General Fund	Road Fund	Bioterrorism Fund	Other Governmental Funds
Nonspendable:				
Prepays and inventory	\$ 152,609	\$ 377,071	\$ --	\$ 2,613
Advances	1,080,000	--	--	--
Total Nonspendable	<u>1,232,609</u>	<u>377,071</u>	<u>--</u>	<u>2,613</u>
Restricted for:				
Health services	1,704,099	--	--	79,991
Social services	190,462	--	--	--
County service areas	--	--	--	1,408,247
Community development	--	--	--	423,336
Various grants programs	--	--	--	1,446,708
Total Restricted	<u>1,894,561</u>	<u>--</u>	<u>--</u>	<u>3,358,282</u>
Assigned:				
Capital projects	--	--	--	1,108,228
Unassigned	<u>8,699,369</u>	<u>(1,293,108)</u>	<u>(658,069)</u>	<u>(65,915)</u>
Total Fund Balance	<u>\$ 11,826,539</u>	<u>\$ (916,037)</u>	<u>\$ (658,069)</u>	<u>\$ 4,403,208</u>

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

Note 11: **Net Assets/Fund Balances** (continued)

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

Restatement of Beginning Equity

The County has reclassified some of its funds for financial reporting purposes:

	Fund Statements							
	Government-Wide Statement of Activities	Enterprise Fund	Governmental Funds					
	Governmental Activities	Airport Fund	General Fund	Mental Health Services	Well Abandonment	Various Restricted Grants	Developer Fees	June Lake Storm Drain
Fund balance/net assets, June 30, 2010, as previously reported	\$ 58,828,359	\$2,081,643	\$ 12,351,595	\$ 1,146,807	\$ 91,504	\$ 617,316	\$ 1,522	\$ 81,078
<u>Reclassifications</u>								
Reclassify Mental Health Services Act Fund from Other Governmental to General Fund	--	--	1,146,807	(1,146,807)	--	--	--	--
Reclassify Well Abandonment Fund from Other Governmental to General Fund/Agency Fund	(20,272)	--	70,782	--	(91,504)	--	--	--
Reclassify various Governmental Funds to various Restricted Grants Fund	--	--	(91,364)	--	--	173,964	(1,522)	(81,078)
Reclassify various Agency Funds to various Restricted Grants Fund	437,402	--	--	--	--	437,402	--	--
Reclassify various Restricted Grants Funds to General Fund/Agency Funds	(120,364)	--	73,943	--	--	(194,307)	--	--
Other Reclassifications to Agency Funds	(21,473)	--	(21,023)	--	--	--	--	--
<u>Restatements</u>								
Correct construction in progress expensed in prior year	--	88,060	--	--	--	--	--	--
Total Adjustments	275,293	88,060	1,179,145	(1,146,807)	(91,504)	417,059	(1,522)	(81,078)
Fund balance/net assets, July 1, 2010, as restated	\$ 59,103,652	\$2,169,703	\$ 13,530,740	\$ --	\$ --	\$1,034,375	\$ --	\$ --

Note 12: **Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions injuries to employees, and natural disasters. The County's General Fund is used to account for and finance its uninsured risks of loss for general liability and workers' compensation. Under this program, the Risk Management Funds provide coverage for up to a maximum of \$125,000 for each workers' compensation claim and \$25,000 for each general liability claim, up to four claims per

COUNTY OF MONO

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 13: **Risk Management** (continued)

year. The County is a member of the Trindel Insurance Fund. Trindel Insurance Fund (JPA) is classified as a claims-servicing or account pool, which results in the County retaining the risk of loss and being considered self-insured with regard to liability coverage for the first \$100,000 of general liability per occurrence. The County maintains reserves on hand with the Trindel Insurance Fund for all known claims as calculated by the actuary and a prudent reserve for the deductibles for future claims.

The County also belongs to another larger JPA called the County Supervisors Association of California Excess Insurance Authority (CSACEIA). CSACEIA, along with other commercial carriers, increases the coverage for general liability to \$15 million. Also, CSACEIA, along with other commercial carriers, covers replacement cost on property to \$600 million with a \$1,000 deductible per occurrence. CSACEIA is a public entity risk pool currently operating as a common risk management and insurance program. The County pays an annual premium to the Authority for excess insurance coverage. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the Risk Management funds based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$1,474,306 reported in the government-wide statements at June 30, 2011, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined. Liabilities are based on the estimated cost of settling the claims.

Changes in the County’s claims liability amount for the fiscal years ending June 30, 2010 and 2011 were as follows:

Fiscal Year Ended	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
2010	\$ 1,365,729	\$ 209,109	\$ 223,072	\$ 1,351,766
2011	1,351,766	310,873	188,333	1,474,306

COUNTY OF MONO

Notes to the Financial Statements For the Year Ended June 30, 2011

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

The County is also involved in various cases in which there is a reasonable possibility of loss. All of the cases in excess of the \$100,000 retained liability limit are covered by excess insurance coverage. In accordance with Government Auditing Standards Board Statement No. 10, these cases have not been accrued in the financial statements.

Note 13: **Joint Agencies**

The CSAC Excess Insurance Authority is a joint powers authority organized for the purpose to develop and fund excess insurance programs for member counties. The Authority operates public entity risk pools for workers' compensation, comprehensive liability, property, medical malpractice, and pool purchases excess insurance and services for members. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty member counties.

Complete audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's Office at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

Note 14: **Commitments and Contingencies**

The County is involved in several lawsuits. Due to the nature of the cases, County Counsel is unable to estimate at this time the probability of favorable or unfavorable outcomes. Therefore, no provision has been made in the financial statements for a loss contingency.

Note 15: **Subsequent Event**

At the adoption of the 2011-12 budget on September 20, 2012, the Board of Supervisors approved a \$750,000 loan to the Solid Waste Enterprise Fund. This loan is at 0% interest, payable quarterly at \$18,750 over 10 years.

On February 28, 2012, the County closed escrow on three PERS Side Fund Refundings. The PERS Side Funds refunded were as follows: 1st Tier Fire, \$1,937,135; Safety Sheriff Plan, \$1,324,436; and Safety CPO Plan, \$2,002,085. Expenses associated with the refunding totaled \$89,244 for a total refunding bond issuance of \$4,612,900. The Safety CPO Plan and Safety Sheriff plans were refunded at 4.07% with semi-annual payments with the final payment due on 2/28/2018. The 1st Tier Fire was refunded at 4.63% with semi-annual payments with the final payment due on 2/28/2023. The average savings over the next 12 years is \$522,660 or 8.3%.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF MONO

Required Supplementary Information
For the Year Ended June 30, 2011

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30 (\$ amount in thousands):

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Asset Value</u>	<u>Underfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Underfunded Actuarial Liability as Percentage of Covered Payroll</u>
<u>Miscellaneous Plan</u>						
06/30/07	\$ 56,757	\$ 46,802	\$ 9,955	82.5%	\$ 12,538	79.4%
06/30/08	62,550	51,156	11,394	81.8%	13,046	87.3%
06/30/09	71,132	54,770	16,362	77.0%	14,393	113.7%

Safety Plan

This information is no longer available for the Safety Plan. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

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 (\$ amount in thousands):

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

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Asset Value</u>	<u>Underfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Underfunded Actuarial Liability as Percentage of Covered Payroll</u>
01/01/08	\$ 26,320	\$ 2,640	\$ 23,680	10.0%	n/a	n/a
01/01/10	27,643	3,567	24,076	12.9%	n/a	n/a

COUNTY OF MONO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 20,233,996	\$ 19,613,996	\$ 21,042,521	\$ 1,428,525
Licenses and permits	613,953	630,952	598,014	(32,938)
Fines, forfeits and penalties	704,536	859,822	841,534	(18,288)
Revenue from use of money and property	169,600	169,600	214,343	44,743
Aid from other governments	13,507,907	13,736,069	12,961,439	(774,630)
Charges for services	3,560,283	3,651,283	4,079,829	428,546
Miscellaneous revenue	100,080	184,891	333,477	148,586
Total Revenues	<u>38,890,355</u>	<u>38,846,613</u>	<u>40,071,157</u>	<u>1,224,544</u>
Expenditures:				
Current:				
General government	9,470,122	9,540,417	4,974,544	4,565,873
Public protection	21,263,875	21,583,595	20,515,537	1,068,058
Public way and facilities	1,567,439	1,602,939	1,564,178	38,761
Health and sanitation	9,807,867	9,791,503	9,867,392	(75,889)
Public assistance	4,526,780	4,526,780	4,298,501	228,279
Education	37,102	37,102	36,022	1,080
Recreation and culture	27,500	19,500	42,048	(22,548)
Total Expenditures	<u>46,700,685</u>	<u>47,101,836</u>	<u>41,298,222</u>	<u>5,803,614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,810,330)</u>	<u>(8,255,223)</u>	<u>(1,227,065)</u>	<u>7,028,158</u>
Other Financing Sources (Uses):				
Transfers in	972,714	972,714	461,161	(511,553)
Transfers out	(2,616,588)	(2,763,470)	(938,297)	1,825,173
Total Other Financing Sources (Uses)	<u>(1,643,874)</u>	<u>(1,790,756)</u>	<u>(477,136)</u>	<u>1,313,620</u>
Net Change in Fund Balances	(9,454,204)	(10,045,979)	(1,704,201)	8,341,778
Budgetary Fund Balances - Beginning of Year, restated	<u>13,530,740</u>	<u>13,530,740</u>	<u>13,530,740</u>	<u>--</u>
Budgetary Fund Balances - End of Year	<u>\$ 4,076,536</u>	<u>\$ 3,484,761</u>	<u>\$ 11,826,539</u>	<u>\$ 8,341,778</u>

COUNTY OF MONO

Budgetary Comparison Schedule
Road Fund
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 3,802	\$ (1,198)
Fines, forfeits and penalties	44,350	44,350	54,862	10,512
Revenue from use of money and property	5,000	5,000	5,103	103
Aid from other governments	2,741,925	2,870,458	2,715,191	(155,267)
Charges for services	975,000	975,000	709,616	(265,384)
Other revenues	5,000	5,000	58,710	53,710
Total Revenues	<u>3,776,275</u>	<u>3,904,808</u>	<u>3,547,284</u>	<u>(357,524)</u>
Expenditures:				
Current:				
Public way and facilities	<u>5,075,461</u>	<u>6,098,503</u>	<u>6,795,290</u>	<u>(696,787)</u>
Total Expenditures	<u>5,075,461</u>	<u>6,098,503</u>	<u>6,795,290</u>	<u>(696,787)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,299,186)</u>	<u>(2,193,695)</u>	<u>(3,248,006)</u>	<u>(1,054,311)</u>
Other Financing Sources (Uses):				
Transfers in	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>--</u>
Net Change in Fund Balances	(749,186)	(1,643,695)	(2,698,006)	(1,054,311)
Fund Balances - Beginning of Year	<u>1,781,969</u>	<u>1,781,969</u>	<u>1,781,969</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 1,032,783</u>	<u>\$ 138,274</u>	<u>\$ (916,037)</u>	<u>\$ (1,054,311)</u>

COUNTY OF MONO

Budgetary Comparison Schedule
 Bioterrorism Fund
 For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ (10,000)	\$ (10,000)	\$ (6,140)	\$ 3,860
Aid from other governments	468,894	554,352	513,593	(40,759)
Total Revenues	<u>458,894</u>	<u>544,352</u>	<u>507,453</u>	<u>(36,899)</u>
Expenditures:				
Current:				
Public protection	371,281	508,661	533,525	(24,864)
Total Expenditures	<u>371,281</u>	<u>508,661</u>	<u>533,525</u>	<u>(24,864)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>87,613</u>	<u>35,691</u>	<u>(26,072)</u>	<u>(61,763)</u>
Other Financing Sources (Uses):				
Transfers in	10,000	61,922	61,921	(1)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>61,922</u>	<u>61,921</u>	<u>(1)</u>
Net Change in Fund Balances	97,613	97,613	35,849	(61,764)
Fund Balances - Beginning of Year	<u>(693,918)</u>	<u>(693,918)</u>	<u>(693,918)</u>	<u>--</u>
Fund Balances - End of Year	<u><u>\$ (596,305)</u></u>	<u><u>\$ (596,305)</u></u>	<u><u>\$ (658,069)</u></u>	<u><u>\$ (61,764)</u></u>

COUNTY OF MONO

Note to Required Supplementary Information For the Year Ended June 30, 2011

BUDGETARY BASIS OF ACCOUNTING

General Budget Policies

By State law, the County Board of Supervisors must approve a tentative budget no later than June 30 of each year, and adopt a final budget no later than August 30. A public hearing must be conducted to receive comments prior to adoption. However, due to the lateness of the adoption of the State budget, the County by resolution R03-058 has extended these periods to August 10 and October 2, respectively.

From the effective date of the budget, which is adopted and controlled at the departmental level, the amounts stated therein as proposed expenditures become appropriations to the various County departments. However, the legal level of control is the fund level. The Board of Supervisors may amend the budget by resolution during the fiscal year. Department heads may, upon approval of the Auditor-Controller, make transfers from one object or purpose to another within the same budget unit. All other budget amendments must be approved by the Board. It is this final revised budget that is presented in the basic financial statements. Appropriations lapse at year end.

Budgets are adopted for the general fund and most special revenue funds. 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.

Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate publication presenting this information is available.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2011, expenditures exceeded appropriations in the following funds:

	<u>Excess Expenditures</u>
General Fund:	
Health and Sanitation	\$ 75,889
Recreation/Culture	22,548
Road Fund	696,787
Bioterrorism Fund	24,864

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including that acquisition or construction of capital facilities and other capital assets.

COUNTY OF MONO

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue			
	Geothermal	Fish and Game	Tobacco	Emergency Medical Services
<u>Assets</u>				
Cash and investments	\$ 14,025	\$ 22,992	\$ --	\$ 79,991
Accounts receivable	--	--	--	--
Due from other governments	--	--	383	--
Prepays	--	--	--	--
 Total Assets	<u>\$ 14,025</u>	<u>\$ 22,992</u>	<u>\$ 383</u>	<u>\$ 79,991</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	12,402	--
Due to other funds	--	--	53,896	--
Deposits from others	--	--	--	--
 Total Liabilities	<u>--</u>	<u>--</u>	<u>66,298</u>	<u>--</u>
Fund Balance				
Nonspendable	--	--	--	--
Restricted	14,025	22,992	--	79,991
Assigned	--	--	--	--
Unassigned	--	--	(65,915)	--
 Total Fund Balances	<u>14,025</u>	<u>22,992</u>	<u>(65,915)</u>	<u>79,991</u>
 Total Liabilities and Fund Balances	<u>\$ 14,025</u>	<u>\$ 22,992</u>	<u>\$ 383</u>	<u>\$ 79,991</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue			
	Major Thoroughfare	Mitigation Fee	County Service Areas	Development Impact
<u>Assets</u>				
Cash and investments	\$ 62,205	\$ 114,864	\$ 1,415,132	\$ 308,472
Accounts receivable	--	--	347	--
Due from other governments	--	--	--	--
Prepays	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 62,205</u>	<u>\$ 114,864</u>	<u>\$ 1,415,479</u>	<u>\$ 308,472</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 3,137	\$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	--	--	--	--
Deposits from others	--	--	4,095	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	--	--	7,232	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	62,205	114,864	1,408,247	308,472
Assigned	--	--	--	--
Unassigned	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>62,205</u>	<u>114,864</u>	<u>1,408,247</u>	<u>308,472</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 62,205</u>	<u>\$ 114,864</u>	<u>\$ 1,415,479</u>	<u>\$ 308,472</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue		Capital Projects	
	Various Restricted Grant Funds	Total Special Revenue	Miscellaneous Capital Improvements	Total
<u>Assets</u>				
Cash and investments	\$ 1,345,162	\$ 3,362,843	\$ 867,532	\$ 4,230,375
Accounts receivable	--	347	--	347
Due from other governments	3,794	4,177	244,478	248,655
Prepays	2,613	2,613	--	2,613
Total Assets	\$ 1,351,569	\$ 3,369,980	\$ 1,112,010	\$ 4,481,990
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ --	\$ 3,137	\$ 3,782	\$ 6,919
Salaries and benefits payable	1,470	13,872	--	13,872
Due to other funds	--	53,896	--	53,896
Deposits from others	--	4,095	--	4,095
Total Liabilities	1,470	75,000	3,782	78,782
Fund Balance				
Nonspendable	2,613	2,613	--	2,613
Restricted	1,347,486	3,358,282	--	3,358,282
Assigned	--	--	1,108,228	1,108,228
Unassigned	--	(65,915)	--	(65,915)
Total Fund Balances	1,350,099	3,294,980	1,108,228	4,403,208
Total Liabilities and Fund Balances	\$ 1,351,569	\$ 3,369,980	\$ 1,112,010	\$ 4,481,990

COUNTY OF MONO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue			
	Geothermal	Fish and Game	Tobacco	Emergency Medical Services
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	--	3,785	618	115,104
Use of money and property	--	264	(1,213)	1,276
Intergovernmental	--	--	150,000	--
Charges for services	34,750	--	--	--
Miscellaneous	--	14,334	4,533	--
Total Revenues	<u>34,750</u>	<u>18,383</u>	<u>153,938</u>	<u>116,380</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	16,761	--	--
Public ways and facilities	19,125	--	--	--
Health and sanitation	--	--	216,852	117,547
Public assistance	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>19,125</u>	<u>16,761</u>	<u>216,852</u>	<u>117,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,625</u>	<u>1,622</u>	<u>(62,914)</u>	<u>(1,167)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	43,493	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>43,493</u>	<u>--</u>
Net Change in Fund Balances	15,625	1,622	(19,421)	(1,167)
Fund Balances - Beginning of Year, restated	<u>(1,600)</u>	<u>21,370</u>	<u>(46,494)</u>	<u>81,158</u>
Fund Balances - End of Year	<u>\$ 14,025</u>	<u>\$ 22,992</u>	<u>\$ (65,915)</u>	<u>\$ 79,991</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue			
	Major Thoroughfare	Mitigation Fee	County Service Areas	Development Impact
Revenues:				
Taxes	\$ --	\$ --	\$ 181,134	\$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	822	1,518	17,532	3,911
Intergovernmental	--	--	40,000	--
Charges for services	--	--	18,965	--
Miscellaneous	--	--	16,035	30,095
Total Revenues	<u>822</u>	<u>1,518</u>	<u>273,666</u>	<u>34,006</u>
Expenditures:				
Current:				
General government	--	--	156,274	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>156,274</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>822</u>	<u>1,518</u>	<u>117,392</u>	<u>34,006</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	822	1,518	117,392	34,006
Fund Balances - Beginning of Year, restated	<u>61,383</u>	<u>113,346</u>	<u>1,290,855</u>	<u>274,466</u>
Fund Balances - End of Year	<u>\$ 62,205</u>	<u>\$ 114,864</u>	<u>\$ 1,408,247</u>	<u>\$ 308,472</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>Various Restricted Grant Funds</u>	<u>Total Special Revenue</u>	<u>Miscellaneous Capital Improvements</u>	<u>Total</u>
Revenues:				
Taxes	\$ --	\$ 181,134	\$ --	\$ 181,134
Fines, forfeitures and penalties	254,354	373,861	--	373,861
Use of money and property	14,737	38,847	--	38,847
Intergovernmental	1,196,329	1,386,329	883,181	2,269,510
Charges for services	35,349	89,064	--	89,064
Miscellaneous	20,498	85,495	495	85,990
Total Revenues	<u>1,521,267</u>	<u>2,154,730</u>	<u>883,676</u>	<u>3,038,406</u>
Expenditures:				
Current:				
General government	2,081	158,355	--	158,355
Public protection	675,187	691,948	--	691,948
Public ways and facilities	--	19,125	--	19,125
Health and sanitation	--	334,399	--	334,399
Public assistance	114,947	114,947	--	114,947
Capital outlay	--	--	894,175	894,175
Total Expenditures	<u>792,215</u>	<u>1,318,774</u>	<u>894,175</u>	<u>2,212,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>729,052</u>	<u>835,956</u>	<u>(10,499)</u>	<u>825,457</u>
Other Financing Sources (Uses):				
Transfers in	87,769	131,262	313,472	444,734
Transfers out	(501,097)	(501,097)	(78,422)	(579,519)
Total Other Financing Sources (Uses)	<u>(413,328)</u>	<u>(369,835)</u>	<u>235,050</u>	<u>(134,785)</u>
Net Change in Fund Balances	315,724	466,121	224,551	690,672
Fund Balances - Beginning of Year, restated	<u>1,034,375</u>	<u>2,828,859</u>	<u>883,677</u>	<u>3,712,536</u>
Fund Balances - End of Year	<u>\$ 1,350,099</u>	<u>\$ 3,294,980</u>	<u>\$ 1,108,228</u>	<u>\$ 4,403,208</u>

NONMAJOR 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 primarily through user charges; or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

COUNTY OF MONO

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2011

	<u>Campgrounds</u>	<u>Cemeteries</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Pooled cash and investments	\$ 39,902	\$ 74,165	\$ 114,067
Total Assets	\$ 39,902	\$ 74,165	\$ 114,067
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	\$ 638	\$ --	\$ 638
Total Liabilities	638	--	638
<u>Net Assets</u>			
Unrestricted	39,264	74,165	113,429
Total Liabilities and Net Assets	\$ 39,902	\$ 74,165	\$ 114,067

COUNTY OF MONO

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

	<u>Campgrounds</u>	<u>Cemeteries</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 30,216	\$ --	\$ 30,216
Total Operating Revenues	<u>30,216</u>	<u>--</u>	<u>30,216</u>
Operating Expenses:			
Services and supplies	<u>18,884</u>	<u>264</u>	<u>19,148</u>
Total Operating Expenses	<u>18,884</u>	<u>264</u>	<u>19,148</u>
Operating Income (Loss)	<u>11,332</u>	<u>(264)</u>	<u>11,068</u>
Non-Operating Revenues (Expenses):			
Interest income (expense)	<u>506</u>	<u>983</u>	<u>1,489</u>
Total Non-Operating Revenues	<u>506</u>	<u>983</u>	<u>1,489</u>
Change in Net Assets	11,838	719	12,557
Net Assets - Beginning of Year	<u>27,426</u>	<u>73,446</u>	<u>100,872</u>
Net Assets - End of Year	<u>\$ 39,264</u>	<u>\$ 74,165</u>	<u>\$ 113,429</u>

COUNTY OF MONO

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2011

	<u>Campgrounds</u>	<u>Cemeteries</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 30,216	\$ --	\$ 30,216
Cash paid to suppliers for goods and services	(18,246)	(264)	(18,510)
Net Cash Provided (Used) by Operating Activities	11,970	(264)	11,706
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	506	983	1,489
Net Cash Provided (Used) by Investing Activities	506	983	1,489
Net Increase (Decrease) in Cash and Cash Equivalents	12,476	719	13,195
Cash and Cash Equivalents, Beginning of Year	27,426	73,446	100,872
Cash and Cash Equivalents, End of Year	\$ 39,902	\$ 74,165	\$ 114,067
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 11,332	\$ (264)	\$ 11,068
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Increase (decrease) in:			
Payables	638	--	638
Net Cash Provided (Used) by Operating Activities	\$ 11,970	\$ (264)	\$ 11,706

INTERNAL SERVICE FUNDS

COUNTY OF MONO

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2011

	Copier Pool	Motor Pool	Total
<u>Assets</u>			
Current Assets:			
Pooled cash and investments	\$ --	\$ 677,429	\$ 677,429
Total Current Assets	--	677,429	677,429
Noncurrent Assets:			
Capital assets:			
Depreciable, net	108,877	1,850,259	1,959,136
Total Noncurrent Assets	108,877	1,850,259	1,959,136
Total Assets	\$ 108,877	\$ 2,527,688	\$ 2,636,565
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	\$ 1,803	\$ 3,627	\$ 5,430
Due to other funds	24,978	--	24,978
Total Liabilities	26,781	3,627	30,408
<u>Net Assets</u>			
Invested in capital assets	108,877	1,850,259	1,959,136
Unrestricted	(26,781)	673,802	647,021
Total Net Assets	82,096	2,524,061	2,606,157
Total Liabilities and Net Assets	\$ 108,877	\$ 2,527,688	\$ 2,636,565

COUNTY OF MONO

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Copier Pool</u>	<u>Motor Pool</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 78,314	\$ 706,094	\$ 784,408
Total Operating Revenues	<u>78,314</u>	<u>706,094</u>	<u>784,408</u>
Operating Expenses:			
Services and supplies	84,156	234,777	318,933
Depreciation	40,460	587,219	627,679
Total Operating Expenses	<u>124,616</u>	<u>821,996</u>	<u>946,612</u>
Operating Income (Loss)	<u>(46,302)</u>	<u>(115,902)</u>	<u>(162,204)</u>
Non-Operating Revenues (Expenses):			
Interest income (expense)	(428)	9,587	9,159
Miscellaneous	--	71,455	71,455
Total Non-Operating Revenues	<u>(428)</u>	<u>81,042</u>	<u>80,614</u>
Change in Net Assets	(46,730)	(34,860)	(81,590)
Net Assets - Beginning of Year	<u>128,826</u>	<u>2,558,921</u>	<u>2,687,747</u>
Net Assets - End of Year	<u>\$ 82,096</u>	<u>\$ 2,524,061</u>	<u>\$ 2,606,157</u>

COUNTY OF MONO

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	<u>Copier Pool</u>	<u>Motor Pool</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from interfund services provided	\$ 78,314	\$ 706,094	\$ 784,408
Cash paid to suppliers for goods and services	<u>(84,980)</u>	<u>(231,150)</u>	<u>(316,130)</u>
Net Cash Provided (Used) by Operating Activities	<u>(6,666)</u>	<u>474,944</u>	<u>468,278</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund loans	<u>7,094</u>	<u>--</u>	<u>7,094</u>
Net Cash Provided (Used) by Investing Activities	<u>7,094</u>	<u>--</u>	<u>7,094</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments related to the acquisition of capital assets	--	(503,571)	(503,571)
Sale of capital assets	<u>--</u>	<u>86,018</u>	<u>86,018</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(417,553)</u>	<u>(417,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	<u>(428)</u>	<u>9,587</u>	<u>9,159</u>
Net Cash Provided (Used) by Investing Activities	<u>(428)</u>	<u>9,587</u>	<u>9,159</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--	66,978	66,978
Cash and Cash Equivalents, Beginning of Year	<u>--</u>	<u>610,451</u>	<u>610,451</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ --</u></u>	<u><u>\$ 677,429</u></u>	<u><u>\$ 677,429</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (46,302)	\$ (115,902)	\$ (162,204)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	40,460	587,219	627,679
Changes in assets and liabilities:			
Increase (decrease) in:			
Payables	<u>(824)</u>	<u>3,627</u>	<u>2,803</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (6,666)</u></u>	<u><u>\$ 474,944</u></u>	<u><u>\$ 468,278</u></u>

INVESTMENT TRUST FUNDS

The Investment Trust Fund accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college 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.

COUNTY OF MONO

Combining Statement of Fiduciary Net Assets
Investment Trust Fund
June 30, 2011

	<u>Local Districts</u>	<u>School Funds</u>	<u>Total</u>
<u>Assets</u>			
Pooled cash and investments	<u>\$ 18,365,507</u>	<u>\$ 25,813,528</u>	<u>\$ 44,179,035</u>
Total Assets	<u><u>\$ 18,365,507</u></u>	<u><u>\$ 25,813,528</u></u>	<u><u>\$ 44,179,035</u></u>
<u>Net Assets</u>			
Net assets held in trust for investment pool participants	<u><u>\$ 18,365,507</u></u>	<u><u>\$ 25,813,528</u></u>	<u><u>\$ 44,179,035</u></u>

COUNTY OF MONO

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Fund
For the Year Ended June 30, 2011

	Local Districts	School Districts	Total
Additions			
Contributions	\$ 18,325,288	\$ 33,024,087	\$ 51,349,375
Investment income	253,800	387,602	641,402
Total Additions	18,579,088	33,411,689	51,990,777
Deductions:			
Distribution from pooled investment	18,029,436	35,609,429	53,638,865
Change in net assets	549,652	(2,197,740)	(1,648,088)
Beginning net assets held in trust for pool participants	17,815,855	28,011,268	45,827,123
Ending net assets held for pool participants	\$ 18,365,507	\$ 25,813,528	\$ 44,179,035

STATISTICAL SECTION (UNAUDITED)

COUNTY OF MONO

**Tax Levies and Collections
General Fund Secured Roll
1992-93 through 2010-11**

<u>Fiscal Year</u>	<u>Secured Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percent of Levy Collected</u>
1992-93	\$ 5,677,052	\$ 5,939,621	103.30%	\$ 255,980	\$ 6,195,601	107.75%
1993-94	4,841,678	5,066,272	104.64%	217,070	5,283,342	109.12%
1994-95	5,047,309	5,372,192	106.44%	228,890	5,601,082	110.97%
1995-96	4,962,551	5,024,418	101.19%	238,335	5,262,753	106.12%
1996-97	5,309,141	5,243,350	98.76%	156,743	5,400,093	101.71%
1997-98	5,977,025	5,236,546	87.61%	175,404	5,411,950	90.55%
1998-99	6,120,181	5,420,929	88.57%	185,983	5,606,912	91.61%
1999-00	6,420,655	5,699,096	88.77%	166,327	5,865,423	91.35%
2000-01	6,880,850	6,464,711	93.95%	139,088	660,379	95.97%
2001-02	7,073,947	6,992,736	98.85%	151,339	7,144,075	100.99%
2002-03	8,271,224	8,307,872	100.44%	250,939	8,558,811	103.48%
2003-04	8,426,505	8,523,576	101.15%	69,133	8,592,709	101.97%
2004-05	9,536,891	9,449,034	99.08%	58,669	9,507,703	99.69%
2005-06	11,362,185	10,892,350	95.86%	85,125	10,977,475	96.61%
2006-07	13,630,827	13,805,122	101.28%	122,857	13,927,980	102.18%
2007-08	15,706,796	16,120,226	102.63%	85,260	16,205,486	103.17%
2008-09	17,388,237	16,726,245	96.19%	145,777	16,872,022	97.03%
2009-10	17,600,670	16,124,835	91.61%	604,423	16,729,257	95.05%
2010-11	16,514,331	14,230,471	86.17%	578,940	14,809,410	89.68%

** Includes all charges, paid and unpaid. Redeemed delinquent taxes now included in taxes collected section.

COUNTY OF MONO

**General Fund Secured Roll
1992-93 through 2010-11**

Fiscal Year	Tax Levy	Current Taxes Collected	Percent of Levy	Delinquent Collections	Total Collections	Percent of Levy Collected
1992	5,677,052	5,939,621	103.30%	255,980 \$	6,195,601	107.75%
1993	4,841,678	5,066,272	104.64%	217,070	5,283,342	109.12%
1994	5,047,309	5,372,192	106.44%	228,890	5,601,082	110.97%
1995	4,962,551	5,024,418	101.19%	238,335	5,262,753	106.12%
1996	5,309,141	5,243,350	98.76%	156,743	5,400,093	101.71%
1997	5,977,025	5,236,546	87.61%	175,404	5,411,950	90.55%
1998	6,120,181	5,420,929	88.57%	185,983	5,606,912	91.61%
1999	6,420,655	5,699,096	88.77%	166,327	5,865,423	91.35%
2000	6,880,850	6,464,711	93.95%	139,088	6,603,799	95.97%
2001	7,073,947	6,992,736	98.85%	151,339	7,144,075	100.99%
2002	8,271,224	8,307,872	100.44%	250,939	8,558,811	103.48%
2003	8,426,505	8,523,576	101.15%	69,133	8,592,709	101.97%
2004	9,536,891	9,449,034	99.08%	58,669	9,507,703	99.69%
2005	11,362,185	10,892,350	95.86%	85,125	10,977,475	96.61%
2006	13,630,827	13,805,122	101.28%	122,857	13,927,980	102.18%
2007	15,706,796	16,120,226	102.63%	85,260	16,205,486	103.17%
2008	17,388,237	16,726,245	96.19%	145,777	16,872,022	97.03%
2009	17,600,670	16,124,835	91.61%	604,423	16,729,257	95.05%
2010	16,514,331	14,230,471	86.17%	578,940	14,809,410	89.68%

COUNTY OF MONO

**Property Tax Value Allocation Collection
1992-93 through 2010-11
AB-8 VALUES**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>% Chg</u>	<u>Personal Property</u>	<u>% Chg</u>	<u>Total</u>	<u>% Chg</u>
1992-93	\$ 1,475,079,312		\$ 235,660,094		\$ 1,710,739,406	
1993-94	1,528,919,793	3.65%	242,890,893	3.07%	1,771,810,686	3.57%
1994-95	1,596,913,764	4.45%	231,701,331	-4.61%	1,828,615,095	3.21%
1995-96	1,592,321,372	-0.29%	215,419,598	-7.03%	1,807,740,970	-1.14%
1996-97	1,597,912,626	0.35%	224,837,451	4.37%	1,822,750,077	0.83%
1977-98	1,632,980,213	2.19%	225,309,948	0.21%	1,858,290,161	1.95%
1998-99	1,676,009,395	2.64%	229,640,519	1.92%	1,905,649,914	2.55%
1999-00	1,779,593,856	6.18%	229,350,947	-0.13%	2,008,944,803	5.42%
2000-01	1,989,414,352	11.79%	196,039,081	-14.52%	2,185,453,433	8.79%
2001-02	2,215,280,910	11.35%	224,479,974	14.51%	2,439,760,884	11.64%
2002-03	2,430,999,676	9.74%	252,782,477	12.61%	2,683,782,153	10.00%
2003-04	2,762,004,268	13.62%	265,105,692	4.88%	3,027,109,960	12.79%
2004-05	3,085,979,775	11.73%	267,934,406	1.07%	3,353,914,181	10.80%
2005-06	3,550,462,443	15.05%	260,084,308	-2.93%	3,810,546,751	13.61%
2006-07	4,278,126,257	20.49%	281,570,435	8.26%	4,559,696,692	19.66%
2007-08	5,015,813,891	17.24%	302,045,338	7.27%	5,317,859,229	16.63%
2008-09	5,554,102,507	10.73%	318,725,408	5.52%	5,872,827,915	10.44%
2009-10	5,634,656,131	1.45%	282,290,022	-11.43%	5,916,946,153	0.75%
2010-11	5,096,159,613	-9.56%	418,506,072	48.25%	5,514,665,685	-6.80%

COUNTY OF MONO
Property Tax Allocation Collection

County Wide Tax Limitation is 1 percent of Full Cash Value of \$1.00 Per Hundred Dollars of Full Cash Value per Proposition 13.

Distribution:

The tax levy generated by the \$1.00 rate is distributed to various taxing agencies using factors based upon tax collections of the three previous years (Local Agencies) and one year for schools (1977-78).
 Voter approved debt service is exempt from the 1 percent limitation.

COUNTY OF MONO
TAX RATES
2010-11

<u>TAX AREAS 51-00 THRU 51-13/ 51-19 THRU 51-33</u>	<u>PERCENTAGE</u>
PROP 13 (1% Limit)	1.000000
ESUSD BOND Current	0.056973
ESUSD BOND Redemption	0.003027
TOTAL	1.060000
<u>TAX AREAS: 51-14 THRU 51-18</u>	
PROP 13 (1% Limit)	1.000000
ESUSD BOND Current	0.056973
ESUSD BOND Redemption	0.003027
June Lake PUD Bond	0.000000
TOTAL	1.060000
<u>TAX AREAS: 10-00, 10-02, 10-03,10-04, 10-06, 10-08, 10-11, 10-12</u>	
PROP 13 (1% Limit)	1.000000
Mammoth Unified Bond '98, '00 & '01	0.000000
Mammoth-Kern SFID	0.000000
Southern Mono Hospital Bond Redemption	0.008504
Southern Mono Hospital Bond Current	0.020577
TOTAL	1.029081
<u>TAX AREAS: 10-01,10-05,10-07,10-09,10-10</u>	
PROP 13 (1% Limit)	1.000000
Mammoth-Kern SFID	0.000000
Mammoth County Water Improv. Bond #2	0.000000
Southern Mono Hospital Bond Redemption	0.008504
Southern Mono Hospital Bond Current	0.020577
Mammoth Unified Bond '98, '00 & '01	0.000000
TOTAL	1.029081
<u>TAX AREAS: 10-13, 59-00, 59-05, 59-07, 59-12</u>	
PROP 13 (1% Limit)	1.000000
Mammoth Unified Bond '98, '00 & '01	0.000000
Southern Mono Hospital Bond Redemption	0.008504
Southern Mono Hospital Bond Current	0.020577
TOTAL	1.029081
<u>TAX AREAS: 60-00</u>	
PROP 13 (1% Limit)	1.000000
Round Valley Bond (Determined by Inyo County)	0.000000
Bishop HS Bond (Determined by Inyo County)	0.000000
Southern Mono Hospital Bond Redemption	0.008504
Southern Mono Hospital Bond Current	0.020577
TOTAL	1.029081
<u>TAX AREAS: 60-01 THRU 60-06</u>	
PROP 13 (1% Limit)	1.000000
Round Valley Bond (Determined by Inyo County)	0.000000
Bishop HS Bond (Determined by Inyo County)	0.000000
TOTAL	1.000000

COUNTY OF MONO
Distribution of Pooled Property Tax
1992-93 through 2010-11

<u>Fiscal Year</u>	<u>County</u>	<u>Town of Mammoth Lakes</u>	<u>Schools and ERAF</u>	<u>Special Districts</u>	<u>Total</u>
1992-93	38.10%	2.93%	31.80%	27.17%	100.00%
1993-94	32.52%	3.02%	41.18%	23.28%	100.00%
1994-95	31.89%	3.03%	41.52%	23.56%	100.00%
1995-96	31.17%	3.96%	42.34%	22.53%	100.00%
1996-97	32.41%	3.07%	42.67%	21.85%	100.00%
1997-98	33.60%	3.05%	41.27%	22.08%	100.00%
1998-99	31.86%	3.06%	41.28%	23.80%	100.00%
1999-00	31.70%	3.19%	41.04%	24.07%	100.00%
2000-01	31.45%	3.58%	40.40%	24.57%	100.00%
2001-02	30.97%	3.64%	40.79%	24.60%	100.00%
2002-03	30.75%	3.74%	40.79%	24.72%	100.00%
2003-04	30.51%	3.89%	40.64%	24.96%	100.00%
2004-05	30.32%	4.00%	40.51%	25.17%	100.00%
2005-06	30.04%	4.17%	42.01%	23.78%	100.00%
2006-07	29.78%	4.29%	41.84%	24.08%	100.00%
2007-08	29.60%	4.43%	40.06%	25.91%	100.00%
2008-09	29.51%	4.50%	40.01%	25.97%	100.00%
2009-10	29.65%	4.46%	40.18%	25.71%	100.00%
2010-11	29.85%	4.37%	40.37%	25.42%	100.00%

COUNTY OF MONO
Tax Collections
1992-93 through 2010-11

Fiscal Year	General Fund		Secured and Unsecured				Totals
	Secured	Unsecured	Town of Mammoth	School Districts and Augmentation Fund	Special Districts		
1992-93	\$ 5,939,621	\$ 862,128	\$ 522,068	\$ 6,716,833	\$ 5,361,881	\$ 19,402,531	
1993-94	5,066,272	755,388	540,072	6,802,385	5,701,810	18,865,927	
1994-95	5,372,192	741,145	577,391	8,161,950	5,785,370	20,638,048	
1995-96	5,024,418	682,488	759,583	8,283,649	4,268,796	19,018,934	
1996-97	5,243,350	729,092	583,068	7,768,595	472,288	14,796,393	
1997-98	5,448,545	719,526	571,570	7,730,443	4,451,114	18,921,198	
1998-99	5,582,040	731,930	588,337	7,930,027	4,572,566	19,404,900	
1999-00	5,778,043	723,824	647,065	8,306,363	4,794,903	20,250,198	
2000-01	6,264,163	616,687	782,357	8,817,667	5,238,415	21,719,289	
2001-02	7,073,947	695,136	825,121	7,085,768	5,591,710	21,271,682	
2002-03	7,534,894	772,978	953,355	11,204,067	6,080,626	26,545,920	
2003-04	8,523,576	807,741	1,158,647	12,615,367	6,936,400	30,041,730	
2004-05*	9,449,034	706,107	1,348,916	13,642,275	7,916,718	33,063,050	
2005-06*	11,455,149	765,220	1,592,687	16,021,241	9,067,830	38,902,127	
2006-07*	12,910,660	894,463	2,295,078	18,389,553	11,787,382	46,277,136	
2007-08*	14,515,638	870,916	2,624,774	22,147,747	12,860,888	53,019,963	
2008-09*	14,933,794 **	919,168 **	2,653,891 **	23,571,923 **	15,301,520 **	57,380,296	
2009-10*	15,165,933 **	1,260,670 **	2,417,595 **	25,336,531 **	11,152,009 **	55,332,738	
2010-11*	15,209,742 **	2,409,465 **	2,409,465 **	22,262,705 **	12,855,279 **	55,146,657	

* *Triple-Flip Adjustments not recognized in these figures*

** *These figures are based upon the AB-8 Allocation and not actual receipts*

The lien or assessment date is the first Monday in January

Taxes may be paid in two installments. First installment is due November 1, and becomes delinquent on December 10, with 10% penalty added. Second installment is due February 1, and becomes delinquent on April 10, with 10% penalty and \$10.00 per parcel added for costs.

After June 30, property is transferred to the delinquent roll. Beginning July 1, additional penalties of 1% per month for the first year and 1/2% per month thereafter until the property is redeemed. After five years, the property may be sold for taxes due.

COUNTY OF MONO

**Triple Flip
2010-11**

	<u>COUNTY</u>			<u>TOWN</u>			<u>SPECIAL</u>
	<u>Sales Tax</u>	<u>VLF</u>	<u>ERAF III</u>	<u>Sales Tax</u>	<u>VLF</u>	<u>ERAF III</u>	<u>DISTRICTS</u>
2004-05	96,378	943,697	(92,964)	456,945	415,538	(217,497)	(890,482)
2005-06	101,279	1,074,952	(92,964)	501,959	517,229	(217,497)	(983,446)
2006-07	134,817	1,289,321	0	679,429	628,899	0	0
2007-08	148,749	1,494,755	0	518,443	744,745	0	0
2008-09	105,026	1,651,183	0	509,504	832,471	0	0
2009-10	120,633	1,673,140	0	349,063	874,007	0	0
2010-11	101,414	1,559,622	0	448,180	802,561	0	0

SB 1096 adopted by the State in FY 2003 and implemented in FY 2004 is measure whereby Sales Taxes and Vehicle License Fees are "swaped" for property taxes. This is in the wake of the State obtaining debt reduction bonds using sales tax revenue as the funding source. These are manual adjustments made to property tax revenue and based upon projections from the state and "trued up" the following year. Funds are taken from ERAF to fill the revenue gaps. ERAF III is a swap from polital subdivisions to back-fill the sales tax and VLF taken from ERAF. ERAF III is only in effect for FY 2004-05 and 2005-06.

COUNTY OF MONO
Miscellaneous Statistical Information
June 30, 2011

County Date of Formation:	April 21, 1861	
Form of Government:	General Law County under California Constitution 1849	
Area:	3,030 Square Miles	
County Road Mileage:	684.42	
Fire Protection:	No county-wide fire district, each community has its own special fire protection district	
Public Protection:	Sworn Sheriff/Jail Personnel	48
	Non-Sworn Sheriff/Jail Personnel	4
	Number of Stations	3
	Number of Employees	52
	Full-Time <i>(Includes Public Protection Employees)</i>	269
	Part-Time	32
	Total	301
	<u>November-10</u>	
Elections:	Registered Voters	6,286
	Number of Votes Cast Last General Election	4,511
	Percentage of Registered Voters Voting	71.76%

COUNTY OF MONO
Miscellaneous Statistical Information
June 30, 2011

Population:	<u>FY Year</u>	<u>County</u>	<u>Incorporated</u>	<u>Total</u>
	1910	2,042		2,042
	1920	960		960
	1930	1,360		1,360
	1940	2,299		2,299
	1950	2,115		2,115
	1960	2,213		2,213
	1970	4,016		4,016
	1980	8,577		8,577
	1990		***	10,350
	2000		***	10,293
<i>As of 1/1/**</i>	2001		***	12,799
	2002		***	13,250
	2003		***	13,350
	2004	5,946	7,617	13,563
	2005	5,982	7,667	13,649
	2006	5,880	7,717	13,597
	2007	6,346	7,413	13,759
	2008	6,214	7,413	13,627
	2009	6,318	7,299	13,617
	2010	5,819	8,209	14,028
	2011	5,890	8,286	14,176

*** No Data Kept for these years