

**COUNTY OF MONO  
AUDIT REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2012**

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# 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.....	7-8
Management's Discussion and Analysis (Required Supplementary Information) .....	9-17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	19
Statement of Activities.....	20-21
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	23
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets – Governmental Activities.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances.....	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities .....	26
Proprietary Funds:	
Statement of Fund Net Assets.....	27
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	28
Statement of Cash Flows.....	29-30
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	31
Statement of Changes in Fiduciary Net Assets .....	32
Notes to Financial Statements .....	33-57
Required Supplementary Information:	
Schedule of Funding Progress.....	59
Budgetary Comparison Schedule:	
General Fund .....	60
Road Fund .....	61
Note to Required Supplementary Information.....	62

# COUNTY OF MONO

## AUDIT REPORT

### Table of Contents

	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds	
Definition .....	63
Combining Balance Sheet.....	65-67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	68-70
Nonmajor Enterprise Funds:	
Definition .....	71
Combining Statement of Fund Net Assets.....	73
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	74
Combining Statement of Cash Flows.....	75
Nonmajor Internal Service Funds:	
Definition .....	77
Combining Statement of Fund Net Assets.....	79
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	80
Combining Statement of Cash Flows.....	81
Investment Trust Funds:	
Definition .....	83
Combining Statement of Fiduciary Net Assets .....	85
Combining Statement of Changes in Fiduciary Net Assets.....	86
<u>Statistical Section (Unaudited)</u>	
Comparative Schedules:	
Tax Levies and Collections – General Fund Secured Roll .....	87
Property Tax Value Allocation Collection .....	88-89
Distribution of Pooled Property Tax.....	90
Tax Collections .....	91
Triple Flip.....	92
Miscellaneous Statistical Information .....	93-94

## **INTRODUCTORY SECTION**

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# DEPARTMENT OF FINANCE

COUNTY OF MONO

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*Rosemary Glazier*  
Assistant Finance Director  
Treasurer-Tax Collector

*Vacant*  
Finance Director

*Roberta Reed*  
Assistant Finance Director  
Auditor-Controller

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*Bridgeport, California 93517*  
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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, 2012, 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 totaled \$49,823,070 in 2011-12, an increase of 5.63 percent from 2010-11. The amount of variance from the prior fiscal year is shown in the following tabulation. For fiscal year 2011-12 this variance is primarily from an increase in intergovernmental revenues and a one-time payment of several years of taxes held on a payment plan distributed.

Sources: FY 2011-12	Amount	Percent of Total	Increase (Decrease) from FY 2010-11
Taxes and assessments	21,680,401	43.51%	456,746
Licenses and permits	695,043	1.40%	93,227
Fines, forfeitures and penalties	1,049,612	2.11%	(220,645)
Use of money and property	142,046	0.29%	(110,107)
Intergovernmental	21,149,018	42.45%	2,689,285
Charges for current services	4,663,696	9.36%	(214,813)
Other revenue	443,274	0.89%	(34,903)
TOTAL	49,823,090	100.00%	2,658,790



Sources: FY 2011-12	Amount	Percent of Total	Increase (Decrease) from FY 2010-11
General Government	6,357,990	12.05%	1,225,091
Public Protection	25,628,490	48.57%	3,887,480
Public Ways and Facilities	6,490,026	12.30%	(1,888,567)
Health and Sanitation	9,658,385	18.30%	(543,406)
Public Assistance	3,964,440	7.51%	(449,008)
Education	37,408	0.07%	1,386
Recreation and Culture	39,889	0.08%	(2,159)
Debt Service	296,711	0.56%	296,711
Capital Outlay	296,857	0.56%	(597,318)
TOTAL	52,770,196	100.00%	1,930,210

At June 30, 2012, the Governmental fund types unassigned fund balance of \$6,777,791 was composed of the following:

General Fund	\$ 7,242,242
Road Fund	0
Special Revenue	0
Other Governmental	(464,451)

June 30, 2011, reflected the implementation of GASB 54, an accounting rule designating and reclassifying fund balances into the following categories: Non-spendable, Restricted, Assigned and Unassigned. This reclassification has changed certain fund balances from Unassigned to Restricted. When a fund has a restricted balance, it means the money in those funds can only be used for specified purposes, i.e. Road Fund monies may only be spent on road projects, hence restricted. The Road Fund has a restricted fund balance of \$610,096. It is unassigned as far as road activity goes, but is restricted in that it cannot be used for the payment of General Fund expenses. In looking at the Governmental balance sheets on page 23, the Non-spendable and Restricted amounts refer to monies obligated i.e. accounts payable, advances to other funds, encumbrances and special use monies such as Social Services, Public Health and Mental Health.

### 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). See note 3 for additional information.

### 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, 2012, this amount was \$35,626,076. This amount represents the book value of the assets. Of this amount, \$6,676,450 is non-depreciable.

**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 continues to fight the "budget battle" with slower and declining revenues failing to keep up with increasing costs of providing services. While the decline in property tax revenues has slowed it has not yet stopped and it will be a minimum of eighteen months before we see a leveling of property values. Growth is expected to be slow thereafter.

Respectfully submitted this 22nd day of March, 2013,

ROBERTA REED  
ASSISTANT DIRECTOR OF FINANCE  
AUDITOR-CONTROLLER  
COUNTY OF MONO

**COUNTY OF MONO**  
**DIRECTORY OF PUBLIC OFFICIALS**  
**JUNE 30, 2012**

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

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## **FINANCIAL SECTION**

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## 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, 2012, 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, 2012, 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 22, 2013, 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 financial statements as a whole. 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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Roseville, California  
March 28, 2013



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# 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, 2012. 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 \$46,981,536 (net assets). Of this amount, \$40,371,446 is invested in Capital Assets; \$12,431,077 is restricted for various programs; and (\$6,120,987) 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 \$2,512,361 from the June 30, 2011, 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. In 2010 part of the enterprise fund long-term debt was reduced through refunding the outstanding COP at a lower interest rate saving approximately \$24,000 per year. In 2011-12 the County refunded their PERS Sidefund Obligation saving from 3.5%-4.0% annually in interest. This affected the County by having an off-book debt obligation brought to the forefront and booked as a general liability. Non-cash depreciation capital asset reductions of \$3,924,627 accounted for the bulk of the net asset decrease. While overall assets decreased and liabilities increased, the decrease is 29% less than it was the previous year as cost saving measures implemented began to materialize.
- As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$16,297,834, an increase of \$1,642,193 in comparison with the prior year. This increase resulted primarily from decreases in deferred revenue (due from other government agencies for current services, but not received in a timely fashion) and decreases in salaries and benefits payable. The net result is that cash and investments increased \$1.07 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,242,242, or 14.5% of total general fund expenditures, a 16.75% decrease from last year.
- Total long-term liabilities in the Solid Waste enterprise fund decreased by \$222,333 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 2011 the Board of Supervisors authorized an interest free inter-fund loan from General Reserves to the Solid Waste Enterprise fund in the amount of \$750,000 to be repaid over 10 years. Between the new amount authorized for the current year and repayments during the current year for the previous year inter-fund loan, the balance of the two combined is \$1,635,000.
- In 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.

### 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.

# COUNTY OF MONO

## Management Discussion and Analysis

### 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 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 243 individual governmental funds and two treasury funds. On the financial statements for governmental funds information is presented separately for two major funds: the General Fund, and the Road 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.

# COUNTY OF MONO

## Management Discussion and Analysis

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.

### 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. In 2011-12 certain funds were reclassified from governmental funds to fiduciary funds. In addition, an off-book debt obligation with CalPERS was refinanced creating a new booked obligation. While the actual cost decreased because of paid interest rate savings, the debt is now recorded as a general fund liability wherein previously this was a cost blended in with the normal employer's PERS rate.

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 27,361,261	\$ 24,466,564	\$ 1,750,112	\$ 2,022,251	\$ 29,111,373	\$ 26,488,815
Capital assets	35,626,076	40,885,191	4,912,037	4,769,705	40,538,113	45,654,896
Total Assets	62,987,337	65,351,755	6,662,149	6,791,956	69,649,486	72,143,711
Current and other liabilities	4,212,954	4,881,906	94,444	588,293	4,307,398	5,470,199
Long term liabilities	9,193,925	5,396,882	9,166,627	9,270,311	18,360,552	14,667,193
Total Liabilities	13,406,879	10,278,788	9,261,071	9,858,604	22,667,950	20,137,392
Invested in capital assets, net	35,626,076	40,484,686	4,745,370	4,569,705	40,371,446	45,054,391
Restricted	12,731,077	9,852,768	-	-	12,731,077	9,852,768
Unrestricted	1,223,305	4,735,513	(7,344,292)	(7,636,353)	(6,120,987)	(2,900,840)
Total Net Assets	49,580,458	55,072,967	(2,598,922)	(3,066,648)	46,981,536	52,006,319
Total Liabilities and Net Assets	\$ 62,987,337	\$ 65,351,755	\$ 6,662,149	\$ 6,791,956	\$ 69,649,486	\$ 72,143,711

# COUNTY OF MONO

## Management Discussion and Analysis

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.

Total governmental unrestricted net assets represent 1.9% of the total governmental net assets and may be used to meet the County's ongoing obligations to citizens and creditors. Business activities unrestricted net assets represent (1.1%) and may be used to meet the County's ongoing obligations for business type activities.

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

Statement of Activities						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Program revenues:</b>						
Fees, Fines & Charges for Services	\$ 6,806,487	\$ 6,864,660	\$ 2,334,952	\$ 2,379,791	\$ 9,141,439	\$ 9,244,451
Operating grants	18,387,149	19,611,416	127,426	11,000	18,514,575	19,622,416
Capital grants	56,398	368,558	-	2,154,314	56,398	2,522,872
<b>General revenues:</b>						
Property taxes	18,405,802	18,164,093	-	-	18,405,802	18,164,093
Sales and use taxes	443,278	439,424	-	-	443,278	439,424
Other taxes	2,831,321	2,620,138	-	-	2,831,321	2,620,138
Other revenue	54,692	404,151	49,953	28,000	104,645	432,151
Interest/Investment earnings	149,740	261,312	30,165	21,709	179,905	283,021
<b>Total Revenues</b>	<b>47,134,867</b>	<b>48,733,752</b>	<b>2,542,496</b>	<b>4,594,814</b>	<b>49,677,363</b>	<b>53,328,566</b>
<b>Expenses:</b>						
General government	5,919,051	5,245,004	-	-	5,919,051	5,245,004
Public protection	21,095,032	21,951,443	-	-	21,095,032	21,951,443
Public ways and facilities	8,935,873	10,727,382	-	-	8,935,873	10,727,382
Health and Sanitation	9,689,971	10,208,802	-	-	9,689,971	10,208,802
Public assistance	3,952,550	4,413,362	-	-	3,952,550	4,413,362
Education	37,408	36,022	-	-	37,408	36,022
Culture and recreation	177,570	182,422	-	-	177,570	182,422
Interest and fiscal charges	155,183	-	-	-	155,183	-
Solid Waste Landfill	-	-	2,114,892	2,866,937	2,114,892	2,866,937
Airport	-	-	83,109	63,245	83,109	63,245
Cemeteries	-	-	2,347	264	2,347	264
Campgrounds	-	-	26,738	18,884	26,738	18,884
<b>Total Expenses</b>	<b>49,962,638</b>	<b>52,764,437</b>	<b>2,227,086</b>	<b>2,949,330</b>	<b>52,189,724</b>	<b>55,713,767</b>
Change in net assets before transfers	(2,827,771)	(4,030,685)	315,410	1,645,484	(2,512,361)	(2,385,201)
Transfers	(27,666)	-	27,666	-	-	-
<b>Change in net assets</b>	<b>(2,855,437)</b>	<b>(4,030,685)</b>	<b>343,076</b>	<b>1,645,484</b>	<b>(2,512,361)</b>	<b>(2,385,201)</b>
Net assets, beginning	52,435,895	59,103,652	(2,941,998)	(4,712,132)	49,493,897	54,391,520
<b>Net assets, ending</b>	<b>\$ 49,580,458</b>	<b>\$ 55,072,967</b>	<b>\$ (2,598,922)</b>	<b>\$ (3,066,648)</b>	<b>\$ 46,981,536</b>	<b>\$ 52,006,319</b>

# COUNTY OF MONO

## Management Discussion and Analysis

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 \$5,259,115 (12.86%) in fiscal year 2011-12 net of depreciation. Depreciation for 2011-12 was \$3,958,860. Details of these changes in assets and depreciation can be found in Note 4 of the financial statements.

### 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, 2012, the County's governmental funds reported combined ending fund balances of \$16,297,834, an increase of \$1,642,193 in comparison with the prior year. The increase is primarily comprised with the issuance of refunding debt that replaced higher cost debt with lower cost debt. Approximately 4.15% of the total governmental fund balance \$6,777,791 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, 2012, unassigned fund balance of the general fund was \$7,242,242 while total fund balance reached \$11,775,158. As measures of the general fund's liquidity, it is useful to note that unassigned fund balance represents 17.97% percent of total fund expenditures, while total fund balance represents 29.21% percent of that same amount.

The Road fund had a restricted fund balance of \$610,096 (restricted to road uses), while the total fund balance reached \$987,268 this year. These increases over the prior year were caused by prior year deferred revenues paid in full and very little deferred in the current year.

The Bioterrorism fund is no longer considered a major fund and hence at June 30, 2012, the fund balance was combined into Other Governmental which reflected a consolidated fund balance of \$3,535,408. The unassigned fund balance of negative \$464,451 reflected delays in funding for expenditure driven programs once the expenditures have been made. The general fund covers this deficit while waiting for reimbursement.

Revenues for government functions totaled approximately \$49,823,070 for fiscal year 2011-12, which represents an increase of 5.64% from fiscal year 2010-11. The greatest single increase in revenues was from property taxes which comprises 43.51% of total revenues, followed by Intergovernment revenues. While intergovernmental revenues constitute 42.45% of total 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.

# COUNTY OF MONO

## Management Discussion and Analysis

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

Revenues Classified by Source - Governmental Funds

Revenue sources	FY 2012		FY 2011		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 21,680,401	43.5%	\$ 21,223,655	45.0%	\$ 456,746	2.2%
Licenses and permits	695,043	1.4%	601,816	1.3%	93,227	15.5%
Fines, forfeitures & penalties	1,049,612	2.1%	1,270,257	2.7%	(220,645)	-17.4%
Use of money & property	142,026	0.3%	252,153	0.5%	(110,127)	-43.7%
Intergovernmental	21,149,018	42.4%	18,459,733	39.1%	2,689,285	14.6%
Charges for services	4,663,696	9.4%	4,878,509	10.3%	(214,813)	-4.4%
Other	443,274	0.9%	478,177	1.0%	(34,903)	-7.3%
<b>Total</b>	<b>\$ 49,823,070</b>	<b>100.0%</b>	<b>\$ 47,164,300</b>	<b>100.0%</b>	<b>\$ 2,658,770</b>	<b>5.6%</b>

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 in recent years. That being said, during 2011-12 the County saw a bit of stabilization. Proposition 8 adjustments made by the Assessor in prior years did not fall further significantly and payment plans were paid off early due to reassessments due to changes value at the Assessment Appeals Board so that there was a very small increase in these revenues.
- Fines, forfeitures and penalties – Mono County fines decreased. Many of the fines, forfeitures and penalties are generated by visiting tourists. This decrease is due to decreases in fines and penalties assessed primarily due by the decrease in tourism.
- Licenses and Permits – as the economy is seeing a turn for the better in the rest of the state, the County began to see in the latter part of the year an upturn in building permits.
- Charges for Services – there has been very little change over the prior year. The decrease is due to monitoring and adjusting fees to keep in line with the actual cost of providing the service as well as a reduction in the amount of services requested.
- Use of money and property – The continued low interest rates combined with a draw-down of reserves and the maturing of higher yield investments has contributed to the decrease in interest income.
- Intergovernmental Revenues increased in part because revenues that had been deferred finally had been received and deferred intergovernmental revenues was down.



# COUNTY OF MONO

## Management Discussion and Analysis

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

Expenditures Classified by Function - Governmental Funds

	FY 2012		FY 2011		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 6,357,990	12.0%	\$ 5,132,899	10.1%	\$ 1,225,091	23.9%
Public protection	25,628,490	48.6%	21,741,010	42.8%	3,887,480	17.9%
Public ways and facilities	6,490,026	12.3%	8,378,593	16.5%	(1,888,567)	-22.5%
Health and sanitation	9,658,385	18.3%	10,201,791	20.1%	(543,406)	-5.3%
Public assistance	3,964,440	7.5%	4,413,448	8.7%	(449,008)	-10.2%
Education	37,408	0.1%	36,022	0.1%	1,386	3.8%
Culture and recreation	39,889	0.1%	42,048	0.1%	(2,159)	-5.1%
Debt service	296,711	0.6%	-	0.0%	296,711	0.0%
Capital outlay	296,857	0.6%	894,175	1.8%	(597,318)	-66.8%
Total Expenditures	<u>\$ 52,770,196</u>	<u>100.0%</u>	<u>\$ 50,839,986</u>	<u>100.0%</u>	<u>\$ 1,930,210</u>	<u>3.8%</u>

Significant changes for major functions are explained below.

- General government – \$1,225,091 increase in expenditures resulted mainly from an increase of \$575,873 in transfers to various other government programs, reclassifying public protection salary and benefits into general government in addition to sick and vacation leave payouts to retiring employees.
- Public Protection – \$3,887,480 increase in expenditures, resulted mainly from filling vacant positions, grant expenditures, court security and public defender costs.
- Public ways and facilities – Many road projects are grant funded. There was a 22.5% decrease resulting Board of Supervisors policies to reduce expenditures and the lack of intergovernmental revenues to fund various projects.
- Debt Service is a new category for 2011-12. CalPERS retirement system had re-categorized our public safety members into a new grouping within CalPERS. With this recategorization, CalPERS determined that the County was underfunded and created a “side-fund” to make up this underfunding with payments due over 20 years at an 8% interest rate. This additional contribution was part of our PERS employee rate and was not counted as a debt on the County's books. In February 2012 the County refinanced this side-fund at 3.5%-4% interest over 12 years saving the County money. However, the result of this refinancing (refunding) was to create a debt which is now reflected in the County books.
- Public assistance – FY 2011-12 saw a decrease in Public Assistance expenditures in the amount of \$449,008. 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.

### V. GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues fell short of budgetary estimates by \$1,044,476. Actual expenditures were less than budgetary estimates by \$4,294,158. The net effect of both under-realization

# COUNTY OF MONO

## Management Discussion and Analysis

of revenues and under-utilization of appropriations resulted in a favorable variance of \$3,249,682, leaving a positive budgetary fund balance going into FY 2012-13.

### VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

#### A. Capital Assets

The County's investment in capital assets for its Governmental Activities as of June 30, 2012, amounts to \$35,626,076 (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 12.86% (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 \$3,924,627. Business type function assets increased \$142,332 to \$4,912,037 with current year depreciation amounting to \$61,347.

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 6,676,450	\$ 6,676,450	\$ 233,335	\$ 233,335	\$ 6,909,785	\$ 6,909,785
Construction in progress	528,566	501,824	239,488	3,074,743	768,054	3,576,567
Infrastructure	13,142,812	17,805,890	-	-	13,142,812	17,805,890
Structures & improvements	11,188,121	11,836,587	4,414,038	1,423,004	15,602,159	13,259,591
Equipment	3,642,928	3,856,105	25,176	38,623	3,668,104	3,894,728
Intangibles	447,199	208,335	-	-	447,199	208,335
Total	\$ 35,626,076	\$ 40,885,191	\$ 4,912,037	\$ 4,769,705	\$ 40,538,113	\$ 45,654,896

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, 2012, the County Governmental Activities had total long-term liabilities outstanding of \$9,193,924, consisting of \$3,217,472 in compensated absences, \$1,520,753 in potential claims liability, and \$4,455,700 in 2012 PERS Sidfund Refunding. The Business type accounts had \$3,213,600 in 2011 COP Refunding payable, \$166,667 in loans payable and \$5,700,911 in 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 2012-13 BUDGET AND RATES

- The unemployment rate for Mono County is as of December 2012 is 8.4 percent. This rate was not adjusted for seasonal employment. This compares favorably to the state's average unemployment rate of 9.7 percent in December 2012, but above the United States unemployment rate, at 7.6 percent for the same period.
- Property tax value is expected to remain relatively static in 2012-13. Since the first major declines in the past 4 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.

# COUNTY OF MONO

## Management Discussion and Analysis

- 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 2012-13 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 2012-13 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 2012-13 fiscal year.

During the current fiscal year, the unassigned governmental fund monies decreased to \$6,777,791. County reserves decreased slightly in 2011-12 by \$633,158. The County used \$750,000 from reserves during 2011-12 fiscal year and expects to use \$450,000 in 2012-13 funding the Solid Waste Program. Approximately \$360,000 is scheduled for contingencies in 2012-13.

### 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

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

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**COUNTY OF MONO**

Statement of Net Assets  
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 11,500,982	\$ 575,118	\$ 12,076,100
Cash with fiscal agent	--	74,115	74,115
Restricted cash	--	2,510,332	2,510,332
Accounts receivable	1,245,432	184,477	1,429,909
Due from other governments	2,582,629	38,958	2,621,587
Taxes receivable	737,469	--	737,469
Deposits with others	3,649,002	--	3,649,002
Prepaid expenses	155,155	--	155,155
Inventories	378,438	2,112	380,550
Net pension asset	4,523,656	--	4,523,656
Other asset - OPEB	953,498	--	953,498
Internal balances	1,635,000	(1,635,000)	--
Capital assets:			
Nondepreciable	7,205,016	472,823	7,677,839
Depreciable, net	28,421,060	4,439,214	32,860,274
Total Assets	<u>\$ 62,987,337</u>	<u>\$ 6,662,149</u>	<u>\$ 69,649,486</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 374,247	\$ 220	\$ 374,467
Salaries and benefits payable	2,630,512	71,247	2,701,759
Interest payable	15,672	22,977	38,649
Deposits from others	4,095	--	4,095
Unearned revenue	1,188,428	--	1,188,428
Long-Term Liabilities:			
Portion due or payable within one year:			
Refunded certificates of participation	--	189,000	189,000
Bonds payable	502,100	--	502,100
Loan payable	--	33,333	33,333
Liability for compensated absences	643,494	17,090	660,584
Claims liability	1,520,753	--	1,520,753
Portion due or payable after one year:			
Refunded certificates of participation	--	3,024,600	3,024,600
Bonds payable	3,953,600	--	3,953,600
Loan payable	--	133,334	133,334
Liability for compensated absences	2,573,978	68,359	2,642,337
Closure/post-closure liability	--	5,700,911	5,700,911
Total Liabilities	<u>13,406,879</u>	<u>9,261,071</u>	<u>22,667,950</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	35,626,076	4,745,370	40,371,446
Restricted for:			
Legally segregated taxes, grants and fees	2,856,882	--	2,856,882
Community development	320,269	--	320,269
General County programs	5,477,154	--	5,477,154
Health services	2,796,346	--	2,796,346
County service areas	1,280,426	--	1,280,426
Unrestricted	1,223,305	(7,344,292)	(6,120,987)
Total Net Assets	<u>49,580,458</u>	<u>(2,598,922)</u>	<u>46,981,536</u>
Total Liabilities and Net Assets	<u>\$ 62,987,337</u>	<u>\$ 6,662,149</u>	<u>\$ 69,649,486</u>

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

**COUNTY OF MONO**

Statement of Activities  
For the Fiscal Year Ended June 30, 2012

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	\$ 11,757,607	\$ (5,838,556)	\$ 2,744,233	\$ 3,817,934	\$ 56,398
Public protection	17,608,708	3,486,324	786,973	3,912,788	--
Public ways and facilities	8,129,170	806,703	1,015,937	3,550,923	--
Health and sanitation	8,651,869	1,038,102	2,065,844	4,739,758	--
Public assistance	3,445,123	507,427	193,500	2,363,956	--
Education	37,408	--	--	1,790	--
Recreation and culture	177,570	--	--	--	--
Debt service - interest	155,183	--	--	--	--
Total Governmental Activities	<u>49,962,638</u>	<u>--</u>	<u>6,806,487</u>	<u>18,387,149</u>	<u>56,398</u>
Business-Type Activities:					
Solid Waste	2,114,892	--	2,287,885	30,000	--
Airport	83,109	--	13,489	97,426	--
Cemeteries	2,347	--	2,806	--	--
Campgrounds	26,738	--	30,772	--	--
Total Business-type Activities	<u>2,227,086</u>	<u>--</u>	<u>2,334,952</u>	<u>127,426</u>	<u>--</u>
Total Mono County	<u>\$ 52,189,724</u>	<u>\$ --</u>	<u>\$ 9,141,439</u>	<u>\$ 18,514,575</u>	<u>\$ 56,398</u>

General Revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Transient occupancy tax
- Other

Unrestricted interest and investment earnings

Miscellaneous

Transfers

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
\$ 699,514	\$ --	\$ 699,514
(16,395,271)	--	(16,395,271)
(4,369,013)	--	(4,369,013)
(2,884,369)	--	(2,884,369)
(1,395,094)	--	(1,395,094)
(35,618)	--	(35,618)
(177,570)	--	(177,570)
(155,183)	--	(155,183)
<u>(24,712,604)</u>	<u>--</u>	<u>(24,712,604)</u>
--	202,993	202,993
--	27,806	27,806
--	459	459
--	4,034	4,034
<u>--</u>	<u>235,292</u>	<u>235,292</u>
<u>(24,712,604)</u>	<u>235,292</u>	<u>(24,477,312)</u>
18,405,802	--	18,405,802
443,278	--	443,278
2,470,080	--	2,470,080
361,241	--	361,241
149,740	30,165	179,905
54,692	49,953	104,645
(27,666)	27,666	--
<u>21,857,167</u>	<u>107,784</u>	<u>21,964,951</u>
(2,855,437)	343,076	(2,512,361)
<u>52,435,895</u>	<u>(2,941,998)</u>	<u>49,493,897</u>
<u>\$ 49,580,458</u>	<u>\$ (2,598,922)</u>	<u>\$ 46,981,536</u>

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

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**BASIC FINANCIAL STATEMENTS –  
FUND FINANCIAL STATEMENTS**

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**COUNTY OF MONO**

Balance Sheet  
Governmental Funds  
June 30, 2012

	<u>General</u>	<u>Road</u>	<u>Other Governmental</u>	<u>Total</u>
<u>Assets</u>				
Cash and investments	\$ 6,870,755	\$ 6,342	\$ 3,968,477	\$10,845,574
Accounts receivable	1,244,988	--	444	1,245,432
Due from other governments	1,503,501	807,350	271,279	2,582,130
Taxes receivable	737,469	--	--	737,469
Due from other funds	562,947	--	--	562,947
Deposits with others	3,649,002	--	--	3,649,002
Prepays	148,579	--	6,576	155,155
Inventories	1,266	377,172	--	378,438
Advances to other funds	1,635,000	--	--	1,635,000
Total Assets	<u>\$ 16,353,507</u>	<u>\$ 1,190,864</u>	<u>\$ 4,246,776</u>	<u>\$21,791,147</u>
<u>Liabilities</u>				
Accounts payable	\$ 362,972	4,674	\$ 1,210	\$ 368,856
Salaries and benefits payable	2,404,697	198,375	27,440	2,630,512
Due to other funds	--	--	562,947	562,947
Deposits from others	--	--	4,095	4,095
Unearned revenue	1,188,428	--	--	1,188,428
Unavailable revenue	622,252	547	115,676	738,475
Total Liabilities	<u>4,578,349</u>	<u>203,596</u>	<u>711,368</u>	<u>5,493,313</u>
<u>Fund Balances</u>				
Nonspendable	1,784,845	377,172	6,576	2,168,593
Restricted	2,748,071	610,096	3,157,281	6,515,448
Assigned	--	--	836,002	836,002
Unassigned	7,242,242	--	(464,451)	6,777,791
Total Fund Balances	<u>11,775,158</u>	<u>987,268</u>	<u>3,535,408</u>	<u>16,297,834</u>
 Total Liabilities and Fund Balances	 <u>\$ 16,353,507</u>	 <u>\$ 1,190,864</u>	 <u>\$ 4,246,776</u>	 <u>\$21,791,147</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, 2012

Fund Balance - total governmental funds (page 23)	\$ 16,297,834
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.	
Net pension asset	4,523,656
Other post employment benefit asset	953,498
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
	33,698,374
Deferred revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	
	738,475
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.	
	2,578,218
Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	
	(15,672)
Long-term liabilities, including capital leases, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(4,455,700)
Claims liability	(1,520,753)
Compensated absences	<u>(3,217,472)</u>
Net assets of governmental activities (page 19)	<u><u>\$ 49,580,458</u></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, 2012

	<u>General</u>	<u>Road</u>	<u>Other Governmental</u>	<u>Total</u>
Revenues:				
Taxes	\$ 21,496,987	\$ --	\$ 183,414	\$ 21,680,401
Licenses and permits	690,857	4,186	--	695,043
Fines, forfeitures and penalties	795,189	50,995	203,428	1,049,612
Use of money and property	117,417	(4,277)	28,886	142,026
Intergovernmental	12,434,716	5,515,531	3,198,771	21,149,018
Charges for services	3,847,117	790,978	25,601	4,663,696
Other revenues	262,746	66,721	113,807	443,274
Total Revenues	<u>39,645,029</u>	<u>6,424,134</u>	<u>3,753,907</u>	<u>49,823,070</u>
Expenditures:				
Current:				
General government	5,945,063	--	412,927	6,357,990
Public protection	19,642,775	--	5,985,715	25,628,490
Public ways and facilities	1,314,566	5,048,285	127,175	6,490,026
Health and sanitation	9,429,815	--	228,570	9,658,385
Public assistance	3,898,141	--	66,299	3,964,440
Education	37,408	--	--	37,408
Recreation and culture	39,889	--	--	39,889
Debt service:				
Principal	--	--	157,200	157,200
Interest	--	--	139,511	139,511
Capital outlay	--	--	296,857	296,857
Total Expenditures	<u>40,307,657</u>	<u>5,048,285</u>	<u>7,414,254</u>	<u>52,770,196</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(662,628)</u>	<u>1,375,849</u>	<u>(3,660,347)</u>	<u>(2,947,126)</u>
Other Financing Sources (Uses):				
Issuance of debt	--	--	4,612,900	4,612,900
Transfers in	1,917,928	527,456	823,051	3,268,435
Transfers out	(1,310,766)	--	(1,985,335)	(3,296,101)
Sale of capital assets	4,085	--	--	4,085
Total Other Financing Sources (Uses)	<u>611,247</u>	<u>527,456</u>	<u>3,450,616</u>	<u>4,589,319</u>
Net Changes in Fund Balances	(51,381)	1,903,305	(209,731)	1,642,193
Fund Balances, Beginning of Year	<u>11,826,539</u>	<u>(916,037)</u>	<u>3,745,139</u>	<u>14,655,641</u>
Fund Balances, End of Year	<u>\$ 11,775,158</u>	<u>\$ 987,268</u>	<u>\$ 3,535,408</u>	<u>\$ 16,297,834</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, 2012

Net change to fund balance - total governmental funds (page 25)		\$ 1,642,193
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	\$ 639,928	
Less: current year depreciation	<u>(3,230,536)</u>	(2,590,608)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		(2,750,610)
<p>Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
Proceeds from debt	(4,612,900)	
Principal retirements	<u>5,081,361</u>	468,461
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in compensated absences	304,599	
Change in claims liability	(46,447)	
Change in accrued interest on long-term debt	<u>(15,672)</u>	242,480
<p>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.</p>		
		160,586
<p>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.</p>		
		<u>(27,939)</u>
Change in net assets of governmental activities (page 20)		<u><u>\$ (2,855,437)</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, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 109,594	\$ 347,855	\$ 117,669	\$ 575,118	\$ 655,408
Cash with fiscal agent	74,115	--	--	74,115	--
Accounts receivable	182,916	--	1,561	184,477	--
Due from other governments	37,859	1,099	--	38,958	499
Inventory	--	2,112	--	2,112	--
Total Current Assets	<u>404,484</u>	<u>351,066</u>	<u>119,230</u>	<u>874,780</u>	<u>655,907</u>
Noncurrent Assets:					
Restricted cash in Treasury	2,510,332	--	--	2,510,332	--
Capital assets:					
Non-depreciable	--	472,823	--	472,823	--
Depreciable, net	961,379	3,477,835	--	4,439,214	1,927,702
Total Noncurrent Assets	<u>3,471,711</u>	<u>3,950,658</u>	<u>--</u>	<u>7,422,369</u>	<u>1,927,702</u>
Total Assets	<u>\$ 3,876,195</u>	<u>\$ 4,301,724</u>	<u>\$ 119,230</u>	<u>\$ 8,297,149</u>	<u>\$ 2,583,609</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	\$ 49	171	\$ --	\$ 220	5,391
Salaries and benefits payable	71,247	--	--	71,247	--
Interest payable	22,977	--	--	22,977	--
Refunded certificates of participation	189,000	--	--	189,000	--
Loan payable	33,333	--	--	33,333	--
Compensated absences	17,090	--	--	17,090	--
Total Current Liabilities	<u>333,696</u>	<u>171</u>	<u>--</u>	<u>333,867</u>	<u>5,391</u>
Noncurrent Liabilities:					
Advances from other funds	1,635,000	--	--	1,635,000	--
Refunded certificates of participation	3,024,600	--	--	3,024,600	--
Loan payable	133,334	--	--	133,334	--
Compensated absences	68,359	--	--	68,359	--
Closure and postclosure liability	5,700,911	--	--	5,700,911	--
Total Noncurrent Liabilities	<u>10,562,204</u>	<u>--</u>	<u>--</u>	<u>10,562,204</u>	<u>--</u>
Total Liabilities	<u>10,895,900</u>	<u>171</u>	<u>--</u>	<u>10,896,071</u>	<u>5,391</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	794,712	3,950,658	--	4,745,370	1,927,702
Unrestricted	(7,814,417)	350,895	119,230	(7,344,292)	650,516
Total Net Assets	<u>(7,019,705)</u>	<u>4,301,553</u>	<u>119,230</u>	<u>(2,598,922)</u>	<u>2,578,218</u>
Total Liabilities and Net Assets	<u>\$ 3,876,195</u>	<u>\$ 4,301,724</u>	<u>\$ 119,230</u>	<u>\$ 8,297,149</u>	<u>\$ 2,583,609</u>

**COUNTY OF MONO**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental	
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:					
Charges for services	\$ 2,287,885	\$ 13,489	\$ 33,578	\$ 2,334,952	\$ 815,050
Total Operating Revenues	<u>2,287,885</u>	<u>13,489</u>	<u>33,578</u>	<u>2,334,952</u>	<u>815,050</u>
Operating Expenses:					
Salaries and benefits	773,813	--	--	773,813	--
Services and supplies	1,107,421	63,680	29,085	1,200,186	207,219
Closure and postclosure costs	44,321	--	--	44,321	--
Depreciation and amortization	41,918	19,429	--	61,347	694,091
Total Operating Expenses	<u>1,967,473</u>	<u>83,109</u>	<u>29,085</u>	<u>2,079,667</u>	<u>901,310</u>
Operating Income (Loss)	<u>320,412</u>	<u>(69,620)</u>	<u>4,493</u>	<u>255,285</u>	<u>(86,260)</u>
Non-Operating Revenue (Expenses):					
Interest income	25,750	3,107	1,308	30,165	7,714
Interest expense	(147,419)	--	--	(147,419)	--
Operating grants	30,000	97,426	--	127,426	--
Miscellaneous	49,953	--	--	49,953	61,974
Loss on disposition of capital assets	--	--	--	--	(11,367)
Total Non-Operating Revenue (Expenses)	<u>(41,716)</u>	<u>100,533</u>	<u>1,308</u>	<u>60,125</u>	<u>58,321</u>
Income (Loss) Before Transfers	278,696	30,913	5,801	315,410	(27,939)
Transfers in	<u>27,666</u>	<u>--</u>	<u>--</u>	<u>27,666</u>	<u>--</u>
Change in Net Assets	306,362	30,913	5,801	343,076	(27,939)
Net Assets - Beginning of Year, restated	<u>(7,326,067)</u>	<u>4,270,640</u>	<u>113,429</u>	<u>(2,941,998)</u>	<u>2,606,157</u>
Net Assets - End of Year	<u>\$ (7,019,705)</u>	<u>\$ 4,301,553</u>	<u>\$ 119,230</u>	<u>\$ (2,598,922)</u>	<u>\$ 2,578,218</u>

**COUNTY OF MONO**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal
					Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash receipts from customers	\$ 2,508,481	\$ 13,489	\$ 32,017	\$ 2,553,987	\$ --
Cash receipts from internal fund services provided	--	--	--	--	815,050
Cash paid to suppliers for goods and services	(1,136,906)	(63,680)	(29,723)	(1,230,309)	(207,258)
Cash paid to employees for services	(763,102)	--	--	(763,102)	--
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>608,473</b>	<b>(50,191)</b>	<b>2,294</b>	<b>560,576</b>	<b>607,792</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in	27,666	--	--	27,666	--
Due to other funds	(737,163)	--	--	(737,163)	(35,846)
Interfund advance from the General Fund	555,000	--	--	555,000	--
Miscellaneous	49,953	--	--	49,953	61,475
Operating grants	30,000	97,426	--	127,426	--
Repayment of debt not attributable to capital purposes	(183,400)	--	--	(183,400)	--
Interest payments and related fiscal charges	(148,731)	--	--	(148,731)	--
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(406,675)</b>	<b>97,426</b>	<b>--</b>	<b>(309,249)</b>	<b>25,629</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital grants	--	483,995	--	483,995	--
Payments related to the acquisition of capital assets	--	(483,426)	--	(483,426)	(707,813)
Principal repayments related to capital purposes	(33,333)	--	--	(33,333)	--
Sale of capital assets	--	--	--	--	44,657
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(33,333)</b>	<b>569</b>	<b>--</b>	<b>(32,764)</b>	<b>(663,156)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received (paid)	25,750	3,107	1,308	30,165	7,714
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>25,750</b>	<b>3,107</b>	<b>1,308</b>	<b>30,165</b>	<b>7,714</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>194,215</b>	<b>50,911</b>	<b>3,602</b>	<b>248,728</b>	<b>(22,021)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,499,826</b>	<b>296,944</b>	<b>114,067</b>	<b>2,910,837</b>	<b>677,429</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,694,041</b>	<b>\$ 347,855</b>	<b>\$ 117,669</b>	<b>\$ 3,159,565</b>	<b>\$ 655,408</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Fund Net Assets</b>					
Cash and investments	109,594	347,855	117,669	\$ 575,118	655,408
Cash with fiscal agent	74,115	--	--	74,115	--
Restricted cash in Treasury	2,510,332	--	--	2,510,332	--
<b>Total Cash and Cash Equivalents</b>	<b>\$ 2,694,041</b>	<b>\$ 347,855</b>	<b>\$ 117,669</b>	<b>\$ 3,159,565</b>	<b>\$ 655,408</b>

continued

**COUNTY OF MONO**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 320,412	\$ (69,620)	\$ 4,493	\$ 255,285	\$ (86,260)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	41,918	19,429	--	61,347	694,091
Changes in assets and liabilities:					
(Increase) decrease in:					
Receivables	220,596	--	(1,561)	219,035	--
Increase (decrease) in:					
Accounts payable	(86,451)	--	(638)	(87,089)	(39)
Accrued salaries and benefits	(1,051)	--	--	(1,051)	--
Closure and postclosure liability	101,287	--	--	101,287	--
Liability for compensated absences	11,762	--	--	11,762	--
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 608,473</u>	<u>\$ (50,191)</u>	<u>\$ 2,294</u>	<u>\$ 560,576</u>	<u>\$ 607,792</u>

**COUNTY OF MONO**

Statement of Fiduciary Net Assets  
June 30, 2012

	Investment Trust Fund	Agency Funds
<u>Assets</u>		
Pooled cash and investments	\$ 46,781,272	\$ 3,119,071
Total Assets	<u>\$ 46,781,272</u>	<u>\$ 3,119,071</u>
<u>Liabilities</u>		
Agency funds held for others	\$ --	\$ 3,119,071
Total Liabilities	<u>--</u>	<u>3,119,071</u>
<u>Net assets</u>		
Net assets held in trust for investment pool participants	<u>46,781,272</u>	<u>--</u>
Total Net Assets	<u>\$ 46,781,272</u>	<u>\$ --</u>

COUNTY OF MONO

Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2012

	Investment Trust Fund
<u>Additions</u>	
Contributions to pooled investments	\$ 56,906,671
Net investment income:	
Investment income	<u>480,451</u>
Total Additions	<u>57,387,122</u>
<u>Deductions</u>	
Distributions from pooled investments	<u>54,784,885</u>
Total Deductions	<u>54,784,885</u>
Change in net assets	2,602,237
Net Assets - Beginning of Year	<u>44,179,035</u>
Net Assets - End of Year	<u><u>\$ 46,781,272</u></u>

## **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, 2012

### 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 30<sup>th</sup> 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.

#### 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.



# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

##### *Government-Wide Financial Statements* (continued)

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.

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 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.

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

##### *Fund Financial Statements* (continued)

These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- The *Agency Funds* account for assets held by the County as an agent for various local governments.

#### C. **Basis of Accounting**

The government-wide, proprietary and 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.

#### D. **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.

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### D. **Cash and Investments** (continued)

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 3 on Cash and Investments.

#### E. **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.

#### F. **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.

#### G. **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.

#### H. **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.

#### I. **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, 2012

### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### J. **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.

#### K. **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.

#### L. **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).

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.

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### M. 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.

#### N. 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.

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, 2012, 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.

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### N. **Net Assets/Fund Balance** (continued)

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.

#### O. **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, 2012, as follows:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
Tobacco	\$ 36,936
Bioterrorism	402,231
Geothermal	21,900
Enterprise Funds:	
Solid Waste	7,019,705

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, 2012

**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, 2012, total County cash and investments were as follows:

Cash on hand	\$	40,940
Imprest cash		1,120
Deposits in bank		3,958,219
Total		4,000,279
Investments:		
In Treasurer's pool		60,486,496
With fiscal agents external to the pool		74,115
		60,560,611
Total Cash and Investments	\$	64,560,890

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

Governmental activities	\$	11,500,982
Business-type activities		3,159,565
Investment trust fund		46,781,272
Agency funds		3,119,071
Total	\$	64,560,890

**Investments**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program	N/A	None	None

## COUNTY OF MONO

### Notes to the Financial Statements For the Year Ended June 30, 2012

**NOTE 3: CASH AND INVESTMENTS** (continued)

Investments (continued)

At June 30, 2012, 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	0.000% - 1.250%	11/28/14 - 12/28/16	\$ 30,000,000	\$ 30,031,540	\$ 29,981,008	3.45
Medium Term Corporate Bonds	2.240% - 5.430%	8/17/12 - 5/15/17	3,930,000	4,090,586	4,042,610	2.43
Municipal Bonds	3.490% - 4.760%	9/1/13 - 5/1/16	16,300,000	16,715,834	16,628,630	1.67
LAIF	Variable	On Demand	9,834,248	9,834,248	9,834,248	0.00
Total investments in investment pool			<u>\$ 60,064,248</u>	<u>\$ 60,672,208</u>	<u>\$ 60,486,496</u>	<u>2.33</u>
Investments outside Investment Pool						
Primary Government:						
Cash held with fiscal agent						
Money Market Mutual Funds	Variable	On Demand	<u>\$ 74,115</u>	<u>\$ 74,115</u>	<u>\$ 74,115</u>	

The fair value of the investments is obtained by the County's safekeeping agent. At June 30, 2012, the difference between the cost and fair value of cash and investments was not material (fair value was 100.3% 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, 2012.

	<u>Quality Rating Range</u>	<u>% of Portfolio</u>
Municipal Bonds	AAA	27.55%
Federal Agency Issues - Coupon	AAA to AA+	49.50%
Local Agency Investment Fund (LAIF)	Unrated	16.21%
Medium Term Corporate Notes	AAA to A1	6.74%
Total		<u>100.00%</u>



# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 3: **CASH AND INVESTMENTS** (continued)

#### Concentration of Credit Risk (continued)

At June 30, 2012, 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 Mortgage Corporation	15.76%	\$ 9,982,500
Federal National Mortgage Association	31.57%	19,995,500
Local Agency Investment Fund	15.5	9,816,782
CalTrustShort	7.72	4,893,075
Corporate Notes	29.46	18,658,770

#### 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, 2012, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$9,834,248, 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 \$62.7 billion. Of that amount, 27.15% was invested in structured notes and asset-backed securities, with the remaining 72.85% invested in other non-derivative financial products.

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

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, 2012:

#### **Statement of Net Assets**

Net assets held for pool participants	<u>\$ 64,486,775</u>
Equity of external pool participants	\$ 46,781,272
Equity of internal pool participants	17,705,503
Total net assets	<u>\$ 64,486,775</u>

#### **Statement of Changes in Net Assets**

Net assets at July 1, 2011	63,239,680
Net change in investments by pool participants	1,247,095
Net assets at June 30, 2012	<u>\$ 64,486,775</u>

## COUNTY OF MONO

### Notes to the Financial Statements For the Year Ended June 30, 2012

#### NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2012
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 6,676,450	\$ --	\$ --	\$ --	\$ 6,676,450
Construction in progress	501,824	399,051	--	(372,309)	528,566
Total capital assets, not being depreciated	<u>7,178,274</u>	<u>399,051</u>	<u>--</u>	<u>(372,309)</u>	<u>7,205,016</u>
Capital assets, being depreciated:					
Infrastructure	85,825,999	--	--	(2,472,630)	83,353,369
Structures and improvements	18,248,362	--	(9,603)	(583,725)	17,655,034
Equipment	16,138,151	901,327	(779,236)	152,618	16,412,860
Intangibles	277,690	68,705	--	781,721	1,128,116
Total capital assets, being depreciated	<u>120,490,202</u>	<u>970,032</u>	<u>(788,839)</u>	<u>(2,122,016)</u>	<u>118,549,379</u>
Less accumulated depreciation for:					
Infrastructure	(68,020,109)	(2,164,148)	--	(26,300)	(70,210,557)
Structures and improvements	(6,411,775)	(460,679)	9,603	395,938	(6,466,913)
Equipment	(12,282,046)	(1,088,408)	721,964	(121,442)	(12,769,932)
Intangibles	(69,355)	(211,392)	--	(400,170)	(680,917)
Total accumulated depreciation	<u>(86,783,285)</u>	<u>(3,924,627)</u>	<u>731,567</u>	<u>(151,974)</u>	<u>(90,128,319)</u>
Total capital assets, being depreciated, net	<u>33,706,917</u>	<u>(2,954,595)</u>	<u>(57,272)</u>	<u>(2,273,990)</u>	<u>28,421,060</u>
Governmental activities capital assets, net	<u>\$ 40,885,191</u>	<u>\$ (2,555,544)</u>	<u>\$ (57,272)</u>	<u>\$ (2,646,299)</u>	<u>35,626,076</u>
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 233,335	\$ --	\$ --	\$ --	\$ 233,335
Construction in progress	3,074,743	94,324	--	(2,929,579)	239,488
Total capital assets, not being depreciated	<u>3,308,078</u>	<u>94,324</u>	<u>--</u>	<u>(2,929,579)</u>	<u>472,823</u>
Capital assets, being depreciated:					
Structures and improvements	1,908,034	--	--	3,080,159	4,988,193
Equipment	1,658,968	--	(7,630)	(25,645)	1,625,693
Total capital assets, being depreciated	<u>3,567,002</u>	<u>--</u>	<u>(7,630)</u>	<u>3,054,514</u>	<u>6,613,886</u>
Less accumulated depreciation for:					
Structures and improvements	(485,030)	(50,370)	--	(38,755)	(574,155)
Equipment	(1,620,345)	(10,977)	7,630	23,175	(1,600,517)
Total accumulated depreciation	<u>(2,105,375)</u>	<u>(61,347)</u>	<u>7,630</u>	<u>(15,580)</u>	<u>(2,174,672)</u>
Total capital assets, being depreciated, net	<u>1,461,627</u>	<u>(61,347)</u>	<u>--</u>	<u>3,038,934</u>	<u>4,439,214</u>
Business-type activities capital assets, net	<u>\$ 4,769,705</u>	<u>\$ 32,977</u>	<u>\$ --</u>	<u>\$ 109,355</u>	<u>\$ 4,912,037</u>

## COUNTY OF MONO

### Notes to the Financial Statements For the Year Ended June 30, 2012

NOTE 4: **CAPITAL ASSETS** (continued)

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$	262,119
Public protection		190,613
Public ways and facilities		2,607,022
Health and sanitation		37,898
Public assistance		4,227
Recreation and culture		128,657
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset		694,091
Total Depreciation Expense - Governmental Functions	\$	3,924,627

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

Solid Waste	\$	41,918
Airport		19,429
Total Depreciation Expense - Business-Type Functions	\$	61,347

NOTE 5: **LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Amounts Due Within One Year
<b>Governmental Activities</b>					
Capital leases payable	\$ 400,505	\$ --	\$ (400,505)	\$ --	\$ --
Bonds payable	--	4,612,900	(157,200)	4,455,700	502,100
Compensated absences	3,522,071	1,903,296	(2,207,895)	3,217,472	643,494
Claims liability	1,474,306	443,172	(396,725)	1,520,753	1,520,753
Total Governmental Activities Long-term liabilities	\$ 5,396,882	\$ 6,959,368	\$ (3,162,325)	\$ 9,193,925	\$ 2,666,347
<b>Business-type Activities</b>					
Refunded certificates of participation	\$ 3,397,000	\$ --	\$ (183,400)	\$ 3,213,600	\$ 189,000
Loans payable	200,000	--	(33,333)	166,667	33,333
Compensated absences	73,687	55,219	(43,457)	85,449	17,090
Landfill postclosure cost	5,599,624	101,287	--	5,700,911	--
Total Business-type Activities Long-term liabilities	\$ 9,270,311	\$ 156,506	\$ (260,190)	\$ 9,166,627	\$ 239,423

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

**NOTE 5: LONG-TERM LIABILITIES** (continued)

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, 2012, annual debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2013	\$ 502,100	\$ 182,922
2014	548,000	161,658
2015	596,300	138,460
2016	647,700	113,220
2017	702,100	85,809
2018-2022	1,296,300	141,109
2023-2027	163,200	6,627
	<u>\$ 4,455,700</u>	<u>\$ 829,805</u>

Year Ending June 30	Business-Type Activities			
	Certificates of Participation		Loans Payable	
	Principal	Interest	Principal	Interest
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	223,300	103,218	33,334	--
2018-2022	1,280,900	363,828	--	--
2023-2025	901,800	78,636	--	--
	<u>\$ 3,213,600</u>	<u>\$ 1,046,928</u>	<u>\$ 166,667</u>	<u>\$ --</u>

Long-term debt at June 30, 2012, consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2012
<b><u>Governmental activities</u></b>						
2012 PERS Side Fund Refunding (to refund unfunded accrued liability for the County's retirement plan)	02/12	02/18 - 02/23	4.36%	\$116,300 - \$762,900	<u>\$ 4,612,900</u>	<u>\$ 4,455,700</u>
<b><u>Business-type activities</u></b>						
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%	\$189,000 - \$316,100	3,609,000	3,213,600
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>166,667</u>
Total business-type activities					<u>\$ 4,109,000</u>	<u>\$ 3,380,267</u>

## COUNTY OF MONO

### Notes to the Financial Statements For the Year Ended June 30, 2012

**NOTE 5: LONG-TERM LIABILITIES** (continued)

PERS Side Fund Refundings

On February 28, 2012, the County closed escrow on three PERS Side Fund Refundings. The PERS Side Funds refunded were as follows: 1<sup>st</sup> 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 1<sup>st</sup> 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%.

**NOTE 6: 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 \$5,700,911 reported as closure and postclosure liability in the Enterprise Fund at June 30, 2012, represents the cumulative amount reported to date based on the following estimated percentages of capacity applied to the estimated closure and postclosure care costs:

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, 2012	Landfill Closure and Postclosure Liability at June 30, 2012
Benton Crossing	\$ 3,103,654	\$ 1,784,603	\$ 4,888,257	2,301,600	1,151,264	1,150,336	49.98%	\$ 2,443,143
Pumice Valley	1,506,035	927,918	2,433,954	347,112	237,763	109,349	31.50%	766,757
Walker	768,687	748,797	1,517,485	340,716	277,689	63,027	18.50%	280,711
Benton*	--	772,500	772,500	--	--	--	--	772,500
Bridgeport*	--	868,400	868,400	--	--	--	--	868,400
Chalfant*	--	569,400	569,400	--	--	--	--	569,400
<b>Total</b>	<b>\$ 5,378,376</b>	<b>\$ 5,671,618</b>	<b>\$ 11,049,996</b>	<b>2,989,428</b>	<b>1,666,716</b>	<b>1,322,712</b>	<b>44.25%</b>	<b>\$ 5,700,911</b>

\* 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 \$5,349,084 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 2012.

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, 2012, cash and investments of \$2,510,332 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, 2012

NOTE 7: **INTERFUND TRANSACTIONS**

**Transfers:**

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 755,644
	Road	527,456
	Solid Waste	<u>27,666</u>
		<u>1,310,766</u>
Nonmajor Governmental Funds	General Fund	1,917,928
	Nonmajor Governmental Funds	<u>67,407</u>
		<u>1,985,335</u>
	Total	<u><u>\$ 3,296,101</u></u>

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

The composition of interfund balances as of June 30, 2012, are as follows:

**Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 562,947

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

**Advances to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 1,635,000

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, 2012

### NOTE 8: 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 2011/2012 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, 2012, the County's annual pension cost of \$4,414,578 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 24 years remaining in the amortization period at June 30, 2009 (the valuation date) under the miscellaneous plan.

The County's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*, for the year ended June 30, 2012, were as follows:

Annual required contribution (County fiscal year basis)	\$ 4,414,578
Annual pension cost (APC)	4,414,578
Contributions made	8,938,234
Increase (decrease) in pension asset	4,523,656
Net pension asset, beginning of year	-
Net pension asset, end of year	<u>\$ 4,523,656</u>



# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

NOTE 8: **DEFINED BENEFIT PENSION PLAN** (continued)

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

The following table shows the County's annual pension cost and the percentage contributed for the fiscal year 2011-2012 and each of the two preceding fiscal years:

Fiscal Year Ending	Annual Pension Cost	Contributions	Percentage of APC Contributed	Net Pension Asset
2010	\$ 4,375,624	\$ 4,375,624	100%	\$ --
2011	4,516,464	4,516,464	100%	--
2012	4,414,578	8,938,234	202%	4,523,656

The County issued pension obligation bonds during the fiscal year ended June 30, 2012. Proceeds of the debt were used to retire the CalPERS Side Fund obligation of the miscellaneous PERS members group.

**D. Funded Status and Funding Progress**

The funded status of the plan as of June 30, 2010, the most recent actuarial valuation date, is as follows (in thousands):

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Asset Value	Underfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded Actuarial Liability as Percentage of Covered Payroll
<u>Miscellaneous Plan</u>						
06/30/10	\$ 75,123	\$ 58,818	\$ 16,305	78.3%	\$ 14,774	110.4%

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.

The schedule of funding progress presented as required supplementary information (RSI) immediately 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 AAL for benefits.

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 9: 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.

#### 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 2011-12, the County contributed \$2,603,872, or 107% 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	\$ 2,436,968
Interest on prior year Net OPEB obligation	(55,504)
Adjustment to ARC	<u>61,822</u>
Annual OPEB cost	2,443,286
Contributions made	<u>(2,603,872)</u>
Change in OPEB benefit	(160,586)
Net OPEB asset - beginning of year	<u>(792,912)</u>
Net OPEB asset - end of year	<u><u>\$ (953,498)</u></u>

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

**NOTE 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (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>
6/30/10	\$ 2,437,305	119%	\$ 684,679
6/30/11	2,437,305	104%	792,912
6/30/12	2,443,286	107%	953,498

**Funded Status and Funding Progress**

The funded status of the plan, based on an actuarial valuation as of January 1, 2012, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 26,703,201
Actuarial value of plan assets	<u>7,784,048</u>
Unfunded actuarial accrued liability (UAAL)	18,919,153
Funded ratio (actuarial value of plan assets/AAL)	29.15%
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.

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, 2012, was 26 years.

## COUNTY OF MONO

### Notes to the Financial Statements For the Year Ended June 30, 2012

**NOTE 10: 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, 2012 is as follows:

	General Fund	Road Fund	Other Governmental Funds
<b>Nonspendable:</b>			
Prepays and inventory	\$ 149,845	\$ 377,172	\$ 6,576
Advances	1,635,000	--	--
<b>Total Nonspendable</b>	<b>1,784,845</b>	<b>377,172</b>	<b>6,576</b>
<b>Restricted for:</b>			
Health services	2,748,071	--	48,275
Road projects	--	610,096	--
County service areas	--	--	1,280,426
Community development	--	--	320,269
Various grants programs	--	--	1,508,311
<b>Total Restricted</b>	<b>2,748,071</b>	<b>610,096</b>	<b>3,157,281</b>
<b>Assigned:</b>			
Capital projects	--	--	759,517
Debt service	--	--	76,485
<b>Total Assigned</b>	<b>--</b>	<b>--</b>	<b>836,002</b>
<b>Unassigned</b>	<b>7,242,242</b>	<b>--</b>	<b>(464,451)</b>
<b>Total Fund Balance</b>	<b>\$ 11,775,158</b>	<b>\$ 987,268</b>	<b>\$ 3,535,408</b>

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.

## COUNTY OF MONO

### Notes to the Financial Statements For the Year Ended June 30, 2012

NOTE 10: **NET ASSETS/FUND BALANCES** (continued)

Restatement of Beginning Equity

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

	Government-Wide Statement of Activities	Enterprise Fund
	Governmental Activities	Airport Fund
Fund balance/net assets, June 30, 2011, as previously reported	\$ 55,072,967	\$ (7,450,717)
<u>Restatements</u>		
Correct infrastructure and other capital asset balances to agree to County's revised records	(2,637,072)	124,650
Total adjustments	(2,637,072)	124,650
Fund balance/net assets, July 1, 2011, as restated	\$ 52,435,895	\$ (7,326,067)

NOTE 11: **RISK MANAGEMENT**

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

# COUNTY OF MONO

## Notes to the Financial Statements For the Year Ended June 30, 2012

### NOTE 11: **RISK MANAGEMENT** (continued)

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 \$1,520,753 reported in the government-wide statements at June 30, 2012, 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, 2011 and 2012 were as follows:

<u>Fiscal Year Ended</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
2011	\$ 1,351,766	\$ 310,873	\$ 188,333	\$ 1,474,306
2012	1,474,306	396,725	350,278	1,520,753

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 Governmental Accounting Standards Board Statement No. 10, these cases have not been accrued in the financial statements.

### NOTE 12: **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 13: **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.

## COUNTY OF MONO

### Notes to the Financial Statements For the Year Ended June 30, 2012

#### NOTE 14: **NEW ACCOUNTING PRONOUNCEMENTS**

GASB recently released several new accounting and financial reporting standards. The following new standards may have a significant impact on the County's financial reporting process.

**GASB Statement No. 62**, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 189 FASB and AICPA Pronouncements*, is effective in financial statements for periods beginning after December 15, 2011. It establishes accounting and financial reporting standards for the financial statements of state and local governments.

**GASB Statement No. 63**, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. It provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

**GASB Statement No. 65**, *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

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

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**COUNTY OF MONO**

Required Supplementary Information  
For the Year Ended June 30, 2012

**SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN**

The table below shows a five-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 (\$ 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>						
06/30/08	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%
06/30/10	75,123	58,818	16,305	78.3%	14,774	110.4%

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):

<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
01/01/12	26,703	7,784	18,919	29.5%	n/a	n/a

**COUNTY OF MONO**

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	20,570,000	\$ 21,359,007	21,496,987	\$ 137,980
Licenses and permits	606,843	636,843	690,857	54,014
Fines, forfeits and penalties	842,649	835,500	795,189	(40,311)
Revenue from use of money and property	211,300	211,300	117,417	(93,883)
Aid from other governments	13,700,768	13,592,529	12,434,716	(1,157,813)
Charges for services	3,825,343	3,785,237	3,847,117	61,880
Miscellaneous revenue	289,089	269,089	262,746	(6,343)
Total Revenues	<u>40,045,992</u>	<u>40,689,505</u>	<u>39,645,029</u>	<u>(1,044,476)</u>
Expenditures:				
Current:				
General government	7,112,653	6,969,992	5,945,063	1,024,929
Public protection	21,463,171	21,466,497	19,642,775	1,823,722
Public way and facilities	1,444,688	1,444,688	1,314,566	130,122
Health and sanitation	10,066,198	10,012,029	9,429,815	582,214
Public assistance	4,647,891	4,639,207	3,898,141	741,066
Education	37,402	37,402	37,408	(6)
Recreation and culture	32,000	32,000	39,889	(7,889)
Total Expenditures	<u>44,804,003</u>	<u>44,601,815</u>	<u>40,307,657</u>	<u>4,294,158</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,758,011)</u>	<u>(3,912,310)</u>	<u>(662,628)</u>	<u>3,249,682</u>
Other Financing Sources (Uses):				
Sale of capital assets	--	--	4,085	4,085
Transfers in	833,770	883,227	1,917,928	1,034,701
Transfers out	(2,409,718)	(3,199,975)	(1,310,766)	1,889,209
Total Other Financing Sources (Uses)	<u>(1,575,948)</u>	<u>(2,316,748)</u>	<u>611,247</u>	<u>2,927,995</u>
Net Change in Fund Balances	(6,333,959)	(6,229,058)	(51,381)	6,177,677
Budgetary Fund Balances - Beginning of Year, restated	<u>11,826,539</u>	<u>11,826,539</u>	<u>11,826,539</u>	<u>--</u>
Budgetary Fund Balances - End of Year	<u>\$ 5,492,580</u>	<u>\$ 5,597,481</u>	<u>\$ 11,775,158</u>	<u>\$ 6,177,677</u>

**COUNTY OF MONO**

Budgetary Comparison Schedule  
Road Fund  
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 4,000	\$ 4,000	4,186	\$ 186
Fines, forfeits and penalties	50,000	50,000	50,995	995
Revenue from use of money and property	5,000	5,000	(4,277)	(9,277)
Aid from other governments	3,460,236	3,516,236	5,515,531	1,999,295
Charges for services	677,000	677,000	790,978	113,978
Other revenues	5,000	5,000	66,721	61,721
Total Revenues	<u>4,201,236</u>	<u>4,257,236</u>	<u>6,424,134</u>	<u>2,166,898</u>
Expenditures:				
Current:				
Public way and facilities	<u>5,929,669</u>	<u>5,984,969</u>	<u>5,048,285</u>	<u>936,684</u>
Total Expenditures	<u>5,929,669</u>	<u>5,984,969</u>	<u>5,048,285</u>	<u>936,684</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,728,433)</u>	<u>(1,727,733)</u>	<u>1,375,849</u>	<u>3,103,582</u>
Other Financing Sources (Uses):				
Transfers in	<u>550,000</u>	<u>550,000</u>	<u>527,456</u>	<u>(22,544)</u>
Total Other Financing Sources (Uses)	<u>550,000</u>	<u>550,000</u>	<u>527,456</u>	<u>(22,544)</u>
Net Change in Fund Balances	(1,178,433)	(1,177,733)	1,903,305	3,081,038
Fund Balances - Beginning of Year	<u>(916,037)</u>	<u>(916,037)</u>	<u>(916,037)</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ (2,094,470)</u>	<u>\$ (2,093,770)</u>	<u>\$ 987,268</u>	<u>\$ 3,081,038</u>

## COUNTY OF MONO

Note to Required Supplementary Information  
For the Year Ended June 30, 2012

### **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.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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### **NONMAJOR GOVERNMENTAL FUNDS**

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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.

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**COUNTY OF MONO**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

	Special Revenue				Emergency Medical Services
	Geothermal	Bio Terrorism	Fish and Game	Tobacco	
<u>Assets</u>					
Cash and investments	\$ --	\$ --	\$ 14,265	\$ --	\$ 48,275
Accounts receivable	--	--	--	--	--
Due from other governments	--	196,152	--	--	--
Prepays	--	1,529	--	855	--
<b>Total Assets</b>	<b>\$ --</b>	<b>\$ 197,681</b>	<b>\$ 14,265</b>	<b>\$ 855</b>	<b>\$ 48,275</b>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ 282	\$ --	\$ 269	\$ --
Salaries and benefits payable	--	18,409	--	9,031	--
Due to other funds	21,900	512,556	--	28,491	--
Deposits from others	--	--	--	--	--
Unavailable Revenue	--	69,665	--	--	--
<b>Total Liabilities</b>	<b>21,900</b>	<b>600,912</b>	<b>--</b>	<b>37,791</b>	<b>--</b>
Fund Balance					
Nonspendable	--	1,529	--	855	--
Restricted	--	--	14,265	--	48,275
Assigned	--	--	--	--	--
Unassigned	(21,900)	(404,760)	--	(37,791)	--
<b>Total Fund Balances</b>	<b>(21,900)</b>	<b>(403,231)</b>	<b>14,265</b>	<b>(36,936)</b>	<b>48,275</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ --</b>	<b>\$ 197,681</b>	<b>\$ 14,265</b>	<b>\$ 855</b>	<b>\$ 48,275</b>

continued

**COUNTY OF MONO**

Combining Balance Sheet (continued)  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue				
	Major Thoroughfare	Mitigation Fee	County Service Areas	Realignment Fund	Development Impact
<u>Assets</u>					
Cash and investments	\$ 62,874	\$ 116,098	\$ 1,284,289	\$ 377,656	\$ 204,171
Accounts receivable	--	--	444	--	--
Due from other governments	--	--	--	--	--
Prepays	--	--	1,193	--	--
<b>Total Assets</b>	<b>\$ 62,874</b>	<b>\$ 116,098</b>	<b>\$ 1,285,926</b>	<b>\$ 377,656</b>	<b>\$ 204,171</b>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ 212	\$ --	\$ --
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	--	--	--
Deposits from others	--	--	4,095	--	--
Unavailable Revenue	--	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>4,307</b>	<b>--</b>	<b>--</b>
Fund Balance					
Nonspendable	--	--	1,193	--	--
Restricted	62,874	116,098	1,280,426	377,656	204,171
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
<b>Total Fund Balances</b>	<b>62,874</b>	<b>116,098</b>	<b>1,281,619</b>	<b>377,656</b>	<b>204,171</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 62,874</b>	<b>\$ 116,098</b>	<b>\$ 1,285,926</b>	<b>\$ 377,656</b>	<b>\$ 204,171</b>

continued

**COUNTY OF MONO**

Combining Balance Sheet (continued)  
 Nonmajor Governmental Funds  
 June 30, 2012

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Debt Service</u>	
	Various	Total	Miscellaneous	Debt Service	Total
	Restricted	Special	Capital	Debt Service	
	<u>Grant Funds</u>	<u>Revenue</u>	<u>Improvements</u>	<u>Fund</u>	
<u>Assets</u>					
Cash and investments	\$ 1,024,400	\$ 3,132,028	\$ 759,964	\$ 76,485	\$ 3,968,477
Accounts receivable	--	444	--	--	444
Due from other governments	35,127	231,279	40,000	--	271,279
Prepays	2,999	6,576	--	--	6,576
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,062,526</u>	<u>\$ 3,370,327</u>	<u>\$ 799,964</u>	<u>\$ 76,485</u>	<u>\$ 4,246,776</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ 763	\$ 447	\$ --	\$ 1,210
Salaries and benefits payable	--	27,440	--	--	27,440
Due to other funds	--	562,947	--	--	562,947
Deposits from others	--	4,095	--	--	4,095
Unavailable Revenue	6,011	75,676	40,000	--	115,676
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>6,011</u>	<u>670,921</u>	<u>40,447</u>	<u>--</u>	<u>711,368</u>
Fund Balance					
Nonspendable	2,999	6,576	--	--	6,576
Restricted	1,053,516	3,157,281	--	--	3,157,281
Assigned	--	--	759,517	76,485	836,002
Unassigned	--	(464,451)	--	--	(464,451)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>1,056,515</u>	<u>2,699,406</u>	<u>759,517</u>	<u>76,485</u>	<u>3,535,408</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 1,062,526</u>	<u>\$ 3,370,327</u>	<u>\$ 799,964</u>	<u>\$ 76,485</u>	<u>\$ 4,246,776</u>

**COUNTY OF MONO**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue				
	Geothermal	Bio Terrorism	Fish and Game	Tobacco	Emergency Medical Services
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	--	--	6,542	546	74,622
Use of money and property	--	(3,762)	231	(568)	346
Intergovernmental	--	502,790	--	150,000	--
Charges for services	--	--	--	--	--
Miscellaneous	91,250	--	--	--	--
<b>Total Revenues</b>	<b>91,250</b>	<b>499,028</b>	<b>6,773</b>	<b>149,978</b>	<b>74,968</b>
Expenditures:					
Current:					
General government	--	--	--	--	--
Public protection	--	335,543	15,500	--	--
Public ways and facilities	127,175	--	--	--	--
Health and sanitation	--	--	--	121,886	106,684
Public assistance	--	--	--	--	--
Debt service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
<b>Total Expenditures</b>	<b>127,175</b>	<b>335,543</b>	<b>15,500</b>	<b>121,886</b>	<b>106,684</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(35,925)</u>	<u>163,485</u>	<u>(8,727)</u>	<u>28,092</u>	<u>(31,716)</u>
Other Financing Sources (Uses):					
Issuance of debt	--	--	--	--	--
Transfers in	--	93,337	--	1,875	--
Transfers out	--	(1,984)	--	(988)	--
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>91,353</b>	<b>--</b>	<b>887</b>	<b>--</b>
Net Change in Fund Balances	(35,925)	254,838	(8,727)	28,979	(31,716)
Fund Balances - Beginning of Year, restated	<u>14,025</u>	<u>(658,069)</u>	<u>22,992</u>	<u>(65,915)</u>	<u>79,991</u>
Fund Balances - End of Year	<u>\$ (21,900)</u>	<u>\$ (403,231)</u>	<u>\$ 14,265</u>	<u>\$ (36,936)</u>	<u>\$ 48,275</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, 2012

	Special Revenue				
	Major Thoroughfare	Mitigation Fee	County Service Areas	Realignment Fund	Development Impact
Revenues:					
Taxes	\$ --	\$ --	\$ 183,414	\$ --	\$ --
Fines, forfeitures and penalties	--	--	--	--	--
Use of money and property	669	1,234	14,815	--	2,692
Intergovernmental	--	--	57,780	1,705,195	--
Charges for services	--	--	18,792	--	--
Miscellaneous	--	--	10,552	--	(106,993)
Total Revenues	<u>669</u>	<u>1,234</u>	<u>285,353</u>	<u>1,705,195</u>	<u>(104,301)</u>
Expenditures:					
Current:					
General government	--	--	411,981	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Debt service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>411,981</u>	<u>--</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>669</u>	<u>1,234</u>	<u>(126,628)</u>	<u>1,705,195</u>	<u>(104,301)</u>
Other Financing Sources (Uses):					
Issuance of debt	--	--	--	--	--
Transfers in	--	--	--	--	--
Transfers out	--	--	--	(1,327,539)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,327,539)</u>	<u>--</u>
Net Change in Fund Balances	669	1,234	(126,628)	377,656	(104,301)
Fund Balances - Beginning of Year, restated	<u>62,205</u>	<u>114,864</u>	<u>1,408,247</u>	<u>--</u>	<u>308,472</u>
Fund Balances - End of Year	<u>\$ 62,874</u>	<u>\$ 116,098</u>	<u>\$ 1,281,619</u>	<u>\$ 377,656</u>	<u>\$ 204,171</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, 2012

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
	<u>Various Restricted Grant Funds</u>	<u>Total Special Revenue</u>	<u>Miscellaneous Capital Improvements</u>	<u>Debt Service Fund</u>	
Revenues:					
Taxes	\$ --	\$ 183,414	\$ --	\$ --	\$ 183,414
Fines, forfeitures and penalties	121,718	203,428	--	--	203,428
Use of money and property	13,229	28,886	--	--	28,886
Intergovernmental	726,608	3,142,373	56,398	--	3,198,771
Charges for services	6,809	25,601	--	--	25,601
Miscellaneous	118,998	113,807	--	--	113,807
Total Revenues	<u>987,362</u>	<u>3,697,509</u>	<u>56,398</u>	<u>--</u>	<u>3,753,907</u>
Expenditures:					
Current:					
General government	731	412,712	215	--	412,927
Public protection	1,111,016	1,462,059	--	4,523,656	5,985,715
Public ways and facilities	--	127,175	--	--	127,175
Health and sanitation	--	228,570	--	--	228,570
Public assistance	66,299	66,299	--	--	66,299
Debt service:					
Principal	--	--	--	157,200	157,200
Interest	--	--	--	139,511	139,511
Capital outlay	--	--	296,857	--	296,857
Total Expenditures	<u>1,178,046</u>	<u>2,296,815</u>	<u>297,072</u>	<u>4,820,367</u>	<u>7,414,254</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(190,684)</u>	<u>1,400,694</u>	<u>(240,674)</u>	<u>(4,820,367)</u>	<u>(3,660,347)</u>
Other Financing Sources (Uses):					
Issuance of debt	--	--	--	4,612,900	4,612,900
Transfers in	35,433	130,645	408,454	283,952	823,051
Transfers out	(138,333)	(1,468,844)	(516,491)	--	(1,985,335)
Total Other Financing Sources (Uses)	<u>(102,900)</u>	<u>(1,338,199)</u>	<u>(108,037)</u>	<u>4,896,852</u>	<u>3,450,616</u>
Net Change in Fund Balances	(293,584)	62,495	(348,711)	76,485	(209,731)
Fund Balances - Beginning of Year, restated	<u>1,350,099</u>	<u>2,636,911</u>	<u>1,108,228</u>	<u>--</u>	<u>3,745,139</u>
Fund Balances - End of Year	<u>\$ 1,056,515</u>	<u>\$ 2,699,406</u>	<u>\$ 759,517</u>	<u>\$ 76,485</u>	<u>\$ 3,535,408</u>



### **NONMAJOR ENTERPRISE FUNDS**

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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.

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**COUNTY OF MONO**

Combining Statement of Fund Net Assets  
Nonmajor Enterprise Funds  
June 30, 2012

	<u>Campgrounds</u>	<u>Cemeteries</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Pooled cash and investments	\$ 42,233	\$ 75,436	\$ 117,669
Accounts Receivable	<u>1,561</u>	<u>--</u>	<u>1,561</u>
Total Assets	<u>\$ 43,794</u>	<u>\$ 75,436</u>	<u>\$ 119,230</u>
<u>Net Assets</u>			
Unrestricted	<u>\$ 43,794</u>	<u>\$ 75,436</u>	<u>\$ 119,230</u>

**COUNTY OF MONO**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2012

	<u>Campgrounds</u>	<u>Cemeteries</u>	<u>Total</u>
Operating Revenues:			
Charges for services	<u>\$ 30,772</u>	<u>\$ 2,806</u>	<u>\$ 33,578</u>
Total Operating Revenues	<u>30,772</u>	<u>2,806</u>	<u>33,578</u>
Operating Expenses:			
Services and supplies	<u>26,738</u>	<u>2,347</u>	<u>29,085</u>
Total Operating Expenses	<u>26,738</u>	<u>2,347</u>	<u>29,085</u>
Operating Income (Loss)	<u>4,034</u>	<u>459</u>	<u>4,493</u>
Non-Operating Revenues (Expenses):			
Interest income (expense)	<u>496</u>	<u>812</u>	<u>1,308</u>
Total Non-Operating Revenues	<u>496</u>	<u>812</u>	<u>1,308</u>
Change in Net Assets	4,530	1,271	5,801
Net Assets - Beginning of Year	<u>39,264</u>	<u>74,165</u>	<u>113,429</u>
Net Assets - End of Year	<u><u>\$ 43,794</u></u>	<u><u>\$ 75,436</u></u>	<u><u>\$ 119,230</u></u>

**COUNTY OF MONO**

Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2012

	<u>Campgrounds</u>	<u>Cemeteries</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers	\$ 29,211	\$ 2,806	\$ 32,017
Cash paid to suppliers for goods and services	<u>(27,376)</u>	<u>(2,347)</u>	<u>(29,723)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,835</u>	<u>459</u>	<u>2,294</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received (paid)	<u>496</u>	<u>812</u>	<u>1,308</u>
Net Cash Provided (Used) by Investing Activities	<u>496</u>	<u>812</u>	<u>1,308</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,331	1,271	3,602
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>39,902</u>	<u>74,165</u>	<u>114,067</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 42,233</u>	<u>\$ 75,436</u>	<u>\$ 117,669</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 4,034	\$ 459	\$ 4,493
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Increase (decrease) in:			
Receivables	(1,561)	--	(1,561)
Payables	<u>(638)</u>	<u>--</u>	<u>(638)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 1,835</u>	<u>\$ 459</u>	<u>\$ 2,294</u>

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## **INTERNAL SERVICE FUNDS**

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**COUNTY OF MONO**

Combining Statement of Fund Net Assets  
Internal Service Funds  
June 30, 2012

	<u>Copier Pool</u>	<u>Motor Pool</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Pooled cash and investments	\$ 1,309	\$ 654,099	\$ 655,408
Due from other governments	499	--	499
Total Current Assets	<u>1,808</u>	<u>654,099</u>	<u>655,907</u>
Noncurrent Assets:			
Capital assets:			
Depreciable, net	84,404	1,843,298	1,927,702
Total Noncurrent Assets	<u>84,404</u>	<u>1,843,298</u>	<u>1,927,702</u>
Total Assets	<u>\$ 86,212</u>	<u>\$ 2,497,397</u>	<u>\$ 2,583,609</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	\$ 1,326	\$ 4,065	\$ 5,391
Total Liabilities	<u>1,326</u>	<u>4,065</u>	<u>5,391</u>
<u>Net Assets</u>			
Invested in capital assets	84,404	1,843,298	1,927,702
Unrestricted	482	650,034	650,516
Total Net Assets	<u>84,886</u>	<u>2,493,332</u>	<u>2,578,218</u>
Total Liabilities and Net Assets	<u>\$ 86,212</u>	<u>\$ 2,497,397</u>	<u>\$ 2,583,609</u>

**COUNTY OF MONO**

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2012

	<u>Copier Pool</u>	<u>Motor Pool</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 103,169	\$ 711,881	\$ 815,050
Total Operating Revenues	<u>103,169</u>	<u>711,881</u>	<u>815,050</u>
Operating Expenses:			
Services and supplies	52,577	154,642	207,219
Depreciation	<u>36,590</u>	<u>657,501</u>	<u>694,091</u>
Total Operating Expenses	<u>89,167</u>	<u>812,143</u>	<u>901,310</u>
Operating Income (Loss)	<u>14,002</u>	<u>(100,262)</u>	<u>(86,260)</u>
Non-Operating Revenues (Expenses):			
Interest income (expense)	(344)	8,058	7,714
Miscellaneous	499	61,475	61,974
Loss on disposition of capital assets	<u>(11,367)</u>	<u>--</u>	<u>(11,367)</u>
Total Non-Operating Revenues	<u>(11,212)</u>	<u>69,533</u>	<u>58,321</u>
Change in Net Assets	2,790	(30,729)	(27,939)
Net Assets - Beginning of Year	<u>82,096</u>	<u>2,524,061</u>	<u>2,606,157</u>
Net Assets - End of Year	<u>\$ 84,886</u>	<u>\$ 2,493,332</u>	<u>\$ 2,578,218</u>

**COUNTY OF MONO**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2012

	<u>Copier Pool</u>	<u>Motor Pool</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from interfund services provided	\$ 103,169	\$ 711,881	\$ 815,050
Cash paid to suppliers for goods and services	<u>(53,054)</u>	<u>(154,204)</u>	<u>(207,258)</u>
Net Cash Provided (Used) by Operating Activities	<u>50,115</u>	<u>557,677</u>	<u>607,792</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING</b>			
Due to other funds	(35,846)	--	(35,846)
Other revenues	<u>--</u>	<u>61,475</u>	<u>61,475</u>
Net Cash Provided (Used) by Investing Activities	<u>(35,846)</u>	<u>61,475</u>	<u>61,475</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>			
Payments related to the acquisition of capital assets	--	(707,813)	(707,813)
Sale of capital assets	<u>(12,616)</u>	<u>57,273</u>	<u>44,657</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,616)</u>	<u>(650,540)</u>	<u>(663,156)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received (paid)	<u>(344)</u>	<u>8,058</u>	<u>7,714</u>
Net Cash Provided (Used) by Investing Activities	<u>(344)</u>	<u>8,058</u>	<u>7,714</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,309	(23,330)	13,825
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>--</u>	<u>677,429</u>	<u>677,429</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,309</u>	<u>\$ 654,099</u>	<u>\$ 655,408</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 14,002	\$ (100,262)	\$ (86,260)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	36,590	657,501	694,091
Changes in assets and liabilities:			
Increase (decrease) in:			
Payables	<u>(477)</u>	<u>438</u>	<u>(39)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 50,115</u>	<u>\$ 557,677</u>	<u>\$ 607,792</u>

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## **INVESTMENT TRUST FUNDS**

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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.

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**COUNTY OF MONO**

Combining Statement of Fiduciary Net Assets  
Investment Trust Fund  
June 30, 2012

	<u>Local Districts</u>	<u>School Funds</u>	<u>Total</u>
<u>Assets</u>			
Pooled cash and investments	\$ 19,262,274	\$ 27,518,998	\$ 46,781,272
Total Assets	<u>\$ 19,262,274</u>	<u>\$ 27,518,998</u>	<u>\$ 46,781,272</u>
<u>Net Assets</u>			
Net assets held in trust for investment pool participants	<u>\$ 19,262,274</u>	<u>\$ 27,518,998</u>	<u>\$ 46,781,272</u>

**COUNTY OF MONO**

Combining Statement of Changes in Fiduciary Net Assets  
Investment Trust Fund  
For the Year Ended June 30, 2012

	Local Districts	School Districts	Total
Additions			
Contributions	\$ 18,844,078	\$ 38,062,593	\$ 56,906,671
Investment income	182,106	298,345	480,451
Total Additions	19,026,184	38,360,938	57,387,122
Deductions:			
Distribution from pooled investment	18,129,417	36,655,468	54,784,885
Change in net assets	896,767	1,705,470	2,602,237
Beginning net assets held in trust for pool participants	18,365,507	25,813,528	44,179,035
Ending net assets held for pool participants	\$ 19,262,274	\$ 27,518,998	\$ 46,781,272



**STATISTICAL SECTION (UNAUDITED)**

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**COUNTY OF MONO**

**Tax Levies and Collections  
General Fund Secured Roll  
1992-93 through 2011-12**

<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%
2011-12	14,392,453	14,296,942	99.34%	505,527	14,802,468	102.85%

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

**COUNTY OF MONO**

**Property Tax Value Allocation Collection  
1992-93 through 2011-12  
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%
2011-12	4,964,600,710	-2.58%	413,444,230	-1.21%	5,378,044,940	-2.48%

**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

**Distribution:**

The tax levy generated by the \$1.00 rate is distributed to various taxing agencies using factors based  
 Voter approved debt service is exempt from the 1 percent limitation.

**COUNTY OF MONO**  
**TAX RATES**  
**2011-12**

<b><u>TAX AREAS 051-000 THRU 051-013/ 051-019 THRU 051-033</u></b>	<b><u>PERCENTAGE</u></b>
PROP 13 (1% Limit)	1.000000
ESUSD BOND Current	0.047056
ESUSD BOND Redemption	0.012944
<b>TOTAL</b>	<b><u>1.060000</u></b>
<b><u>TAX AREAS: 051-014 THRU 051-018</u></b>	
PROP 13 (1% Limit)	1.000000
ESUSD BOND Current	0.047056
ESUSD BOND Redemption	0.012944
June Lake PUD Bond	0.009670
<b>TOTAL</b>	<b><u>1.069670</u></b>
<b><u>TAX AREAS: 010-000, 010-002, 010-003,010-004, 010-006, 010-008, 010-011, 010-012</u></b>	
PROP 13 (1% Limit)	1.000000
Mammoth Unified Bond '98, '00 & '01	0.025741
Mammoth-Kern SFID	0.017887
Southern Mono Hospital Bond Redemption	0.020156
Southern Mono Hospital Bond Current	0.024160
<b>TOTAL</b>	<b><u>1.087944</u></b>
<b><u>TAX AREAS: 010-001,010-005,010-007,010-009,010-010</u></b>	
PROP 13 (1% Limit)	1.000000
Mammoth-Kern SFID	0.017887
Mammoth County Water Improv. Bond #2	0.006188
Southern Mono Hospital Bond Redemption	0.020156
Southern Mono Hospital Bond Current	0.024160
Mammoth Unified Bond '98, '00 & '01	0.025741
<b>TOTAL</b>	<b><u>1.094132</u></b>
<b><u>TAX AREAS: 010-013, 059-000, 059-005, 059-007, 059-012</u></b>	
PROP 13 (1% Limit)	1.000000
Mammoth Unified Bond '98, '00 & '01	0.025741
Southern Mono Hospital Bond Redemption	0.020156
Southern Mono Hospital Bond Current	0.024160
<b>TOTAL</b>	<b><u>1.070057</u></b>
<b><u>TAX AREAS: 060-000</u></b>	
PROP 13 (1% Limit)	1.000000
Round Valley Bond (Determined by Inyo County)	0.037907
Bishop HS Bond (Determined by Inyo County)	0.013364
Southern Mono Hospital Bond Redemption	0.020156
Southern Mono Hospital Bond Current	0.024160
<b>TOTAL</b>	<b><u>1.095587</u></b>
<b><u>TAX AREAS: 060-001 THRU 060-006</u></b>	
PROP 13 (1% Limit)	1.000000
Round Valley Bond (Determined by Inyo County)	0.037907
Bishop HS Bond (Determined by Inyo County)	0.013364
<b>TOTAL</b>	<b><u>1.051271</u></b>

**COUNTY OF MONO**

**Distribution of Pooled Property Tax  
1992-93 through 2011-12**

<u>Fiscal Year</u>	<u>County</u>	<u>Town of Mammoth Lakes</u>	<u>Schools Library 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%
2011-12	29.85%	4.36%	42.06%	23.73%	100.00%

**COUNTY OF MONO**

**Tax Collections  
1992-93 through 2011-12**

Fiscal Year	General Fund		Secured and Unsecured			
	County General Fund		Town of Mammoth	School Districts and Augmentation Fund	Special Districts	Totals
	Secured	Unsecured				
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
2011-12*	14,822,535 **	1,288,349 **	2,355,391 **	22,694,146 **	12,800,764 **	53,961,185

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

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.

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**COUNTY OF MONO**

**Triple Flip  
2011-12**

	<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>ERAF III</u>
<b>2004-05</b>	96,378	943,697	(92,964)	456,945	415,538	(217,497)	(890,482)
<b>2005-06</b>	101,279	1,074,952	(92,964)	501,959	517,229	(217,497)	(983,446)
<b>2006-07</b>	134,817	1,289,321	0	679,429	628,899	0	0
<b>2007-08</b>	148,749	1,494,755	0	518,443	744,745	0	0
<b>2008-09</b>	105,026	1,651,183	0	509,504	832,471	0	0
<b>2009-10</b>	120,633	1,673,140	0	349,063	874,007	0	0
<b>2010-11</b>	101,414	1,559,622	0	448,180	802,561	0	0
<b>2011-12</b>	117,111	1,520,974	0	431,197	783,012	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, 2012**

<b>County Date of Formation:</b>	April 21, 1861	
<b>Form of Government:</b>	General Law County under California Constitution 1849	
<b>Area:</b>	3,030 Square Miles	
<b>County Road Mileage:</b>	684.42	
<b>Fire Protection:</b>	No county-wide fire district, each community has its own special fire protection district	
<b>Public Protection:</b>	Sworn Sheriff/Jail Personnel	44
	Non-Sworn Sheriff/Jail Personnel	4
	Number of Stations	3
	Number of Employees	<b>48</b>
	Full-Time <i>(Includes Public Protection Employees)</i>	295
	Part-Time	28
	Total	<b>323</b>
	<b><u>November-10</u></b>	
<b>Elections:</b>	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 Informantion  
June 30, 2012**

<b>Population:</b>	<b><u>FY Year</u></b>	<b><u>County</u></b>	<b><u>Incorporated</u></b>	<b><u>Total</u></b>
	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
	1991		***	10,243
	1992		***	10,403
	1993		***	10,365
	1994		***	11,179
	1995		***	10,745
	1996		***	10,550
	1997		***	10,410
	1998		***	10,022
	1999		***	10,223
	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
	2012	5,819	8,209	14,028

\*\*\* No Data Kept for these years