NEW ISSUE – FULL BOOK ENTRY **RATING: S&P: "AA-"**
(See "RATING" herein)

In the opinion of Nixon Peabody LLP, Special Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the County described herein, the interest component of Base Rental Payments paid by the County under the Lease Agreement and received by the owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Special Counsel is also of the opinion that such interest component is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Special Counsel is further of the opinion that such interest component is exempt from personal income taxes of the State of California (the "State") under present State law. See "TAX MATTERS" herein regarding certain other tax considerations.

$19,940,000
MONO COUNTY
CERTIFICATES OF PARTICIPATION
SERIES 2018 A
(MONO COUNTY CIVIC CENTER)

Dated: Date of Delivery **Due: As shown on inside cover page**

The Certificates evidence direct, fractional undivided interests of the Owners thereof in the Base Rental Payments (which include principal components and interest components) to be made by Mono County, California (the "County") for the use of certain real property (the "Property") pursuant to a Lease Agreement, dated as of December 1, 2018 (the "Lease Agreement"), by and between the County, as lessee, and the County of Mono Economic Development Corporation (the "Corporation"), as lessor. The proceeds of the Certificates will be used to (i) provide funds to finance certain costs of the construction of the Mono County Civic Center Project and capitalized interest relating thereto, and (ii) pay the costs incurred in connection with the execution and delivery of the Certificates. See "THE PROJECT." The County has covenanted under the Lease Agreement to make all Base Rental Payments and Additional Rental Payments (collectively, the "Rental Payments") provided for therein, to include all such Rental Payments as a separate line item in its annual budgets, and to make the necessary annual appropriations for all such Rental Payments. See "SECURITY AND SOURCES OF PAYMENT."

Capitalized terms used on this cover page and not otherwise defined shall have the meanings ascribed to them elsewhere in this Official Statement. See in particular APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Pursuant to the Trust Agreement, the County agrees to establish and maintain with the Trustee the Reserve Fund. However, as of the date of issuance of the Certificates, the County will not fund the Reserve Fund.

The County's obligation to make Rental Payments is subject to abatement in whole or in part during any period in which, by reason of material damage to, or destruction or condemnation of, the Project, or any defect in title to the Project, there is substantial interference with the County's right to use and occupy any portion of the Project. See "RISK FACTORS – *Abatement*."

Interest represented by the Certificates is payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2019. See "THE CERTIFICATES" herein. The Certificates will be initially delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Certificates. The Certificates will be delivered in denominations of $5,000 and any integral multiple thereof. Principal and interest payments evidenced by the Certificates are payable directly to DTC by U.S. Bank National Association, as trustee (the "Trustee"). Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Certificates. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM."

The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES – *Prepayment Provisions*."

THE OBLIGATION OF THE COUNTY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

The Certificates will be offered when, as and if executed and delivered and received by the Underwriter, subject to the approval by Nixon Peabody LLP, Special Counsel to the County. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. Certain legal matters will be passed upon for the County by Nixon Peabody LLP, as Disclosure Counsel to the County, and for the County and the Corporation by County Counsel. It is anticipated that the Certificates in definitive form will be available for delivery to DTC on or about December 20, 2018.

BRANDIS TALLMAN LLC

Dated: December 6, 2018

$19,940,000
MONO COUNTY
CERTIFICATES OF PARTICIPATION
(MONO COUNTY CIVIC CENTER)

MATURITY SCHEDULE

Maturity Date (October 1)	Principal Amount	Interest Rate	Yield	CUSIP No.†
2020	$ 330,000	2.000%	1.840%	609741AR4
2021	345,000	4.000	1.910	609741AS2
2022	360,000	5.000	1.990	609741AT0
2023	375,000	5.000	2.070	609741AU7
2024	395,000	5.000	2.150	609741AV5
2025	415,000	5.000	2.230	609741AW3
2026	435,000	5.000	2.320	609741AX1
2027	460,000	5.000	2.420	609741AY9
2028	485,000	5.000	2.490	609741AZ6
2029	510,000	5.000	2.620 [c]	609741BA0
2030	535,000	5.000	2.740 [c]	609741BB8
2031	560,000	5.000	2.830 [c]	609741BC6
2032	590,000	5.000	2.920 [c]	609741BD4
2033	620,000	5.000	3.010 [c]	609741BE2
2034	650,000	3.500	3.670	609741BF9
2035	670,000	3.500	3.730	609741BG7
2036	695,000	3.750	3.780	609741BH5
2037	725,000	5.000	3.250 [c]	609741BJ1
2038	765,000	5.000	3.290 [c]	609741BK8

$1,350,000 – 3.875% Term Certificates due October 1, 2043, Yield 4.000%; CUSIP†: 609741BN2
$3,055,000 – 5.000% Term Certificates due October 1, 2043, Yield 3.450% [c]; CUSIP†: 609741BL6
$5,615,000 – 5.000% Term Certificates due October 1, 2048, Yield 3.520% [c]; CUSIP†: 609741BM4

[c] Priced to the first optional call date on October 1, 2028 at par.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the County, the Underwriter or their respective agents or counsel assumes responsibility for the accuracy of such numbers.

MONO COUNTY, CALIFORNIA

BOARD OF SUPERVISORS

Bob Gardner, *Chair*, *District Three*
John Peters, *Vice-Chair*, *District Four*
Stacy Corless, *District Five*
Jennifer Halferty, *District One*
Fred Stump, *District Two*

COUNTY OFFICIALS

Leslie Chapman, *County Administrative Officer*
Janet Dutcher, *Finance Director – Auditor-Controller Treasurer-Tax Collector*
Stacey Simon, *County Counsel*
Shannon Kendall, *Clerk-Recorder-Registrar – Clerk Recorder*

COUNTY OF MONO ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS

Bob Gardner, *President*
John Peters, *Vice-President*
Shannon Kendall, *Secretary*
Janet Dutcher, *Chief Financial Officer*

SPECIAL SERVICES

Special Counsel and Disclosure Counsel
Nixon Peabody LLP
Los Angeles, California

Trustee
U.S. Bank National Association
Los Angeles, California

Municipal Advisor
KNN Public Finance, LLC
Oakland, California

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information set forth herein has been obtained from the County and from other sources and is believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the County's forecasts in any way. Neither the County nor the Corporation is obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur or do not occur.

The County maintains a website, however, the information presented therein is not a part of this Official Statement and should not be relied on in making an investment decision with respect to the Certificates.

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OFFICIAL STATEMENT

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(MONO COUNTY CIVIC CENTER)

INTRODUCTION

This Official Statement (which includes the cover page, inside cover page and appendices hereto) (the "Official Statement"), provides certain information concerning the sale and delivery of the Mono County Certificates of Participation Series 2018 A (Mono County Civic Center) evidencing direct, fractional undivided interests of the owners thereof in base rental payments to be made by Mono County, California. This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and in the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Certificates (as defined herein) to potential investors is made only by means of the entire Official Statement. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Trust Agreement or the Lease Agreement shall have the same meanings assigned to such terms therein. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS."

General

This Official Statement is provided to furnish information in connection with the execution, delivery and sale of $19,940,000 aggregate principal amount of Certificates of Participation Series 2018 A (Mono County Civic Center) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Master Trust Agreement, dated as of December 1, 2018 (the "Trust Agreement"), by and among Mono County (the "County"), the County of Mono Economic Development Corporation (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee").

Proceeds of the Certificates will be used to (i) provide funds to finance certain costs of the construction of the Mono County Civic Center Project (the "Project") and capitalized interest relating thereto, and (ii) pay the costs incurred in connection with the execution and delivery of the Certificates. See "THE PROJECT" and "ESTIMATED SOURCES AND USES OF FUNDS." The County will lease the Project to the Corporation pursuant to a Ground Lease, dated as of December 1, 2018 (the "Ground Lease") by and between the County and the Corporation. The Corporation will sublease the Project back to the County pursuant to a Lease Agreement, dated as of December 1, 2018 (the "Lease Agreement") by and between the Corporation and the County. See "THE PROJECT" herein. The Certificates are payable solely from and secured by certain lease payments ("Base Rental Payments") to be made by the County to the Corporation pursuant to the Lease Agreement. The County has covenanted under the Lease Agreement to make all Base Rental Payments and Additional Rental Payments (collectively, the "Rental Payments") provided for therein, to include all such Rental Payments as a separate line item in its annual budgets, and to make the necessary annual appropriations for all such Rental Payments. See "SECURITY AND SOURCES OF PAYMENT" and "THE PROJECT."

Interest with respect to the Certificates is payable on April 1 and October 1 of each year, commencing on April 1, 2019. The Certificates will mature in the amounts and on the dates and bear interest at the rates shown on the inside cover page of this Official Statement. See "THE CERTIFICATES."

The County

Incorporated in 1861, the County is located on the eastern side of the Sierra Nevada Mountains. Inyo County borders to the south, Alpine, Tuolumne, Mariposa, Madera and Fresno counties to the west, and the state of Nevada to the north and east. The County comprises approximately 3,049 square miles of land space, with approximately 2,848 square miles, or 93.4 percent, owned by public entities, which include the federal government (Inyo National Forest, Toiyabe National Forest, Bureau of Land Management), the State of California, local government, and the City of Los Angeles (Department of Water and Power). The population of the County was 13,822 as of January 1, 2018. The County's General Fund budget for Fiscal Year 2017-18 included revenues of approximately $36.3 million and a beginning available unassigned fund balance of approximately $4.5 million. The General Fund budget for Fiscal Year 2018-19 includes revenues of approximately $35.7 million and a beginning available unassigned fund balance of approximately $8.8 million. See "THE COUNTY," "COUNTY FINANCIAL INFORMATION" and APPENDIX A – "GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY."

Security and Sources of Payment

The Certificates will be executed and delivered pursuant to the Trust Agreement and will evidence direct, fractional undivided interests in the Base Rental Payments to be made by the County under the Lease Agreement for the use of the Project. See "THE PROJECT." The Trustee and the Corporation will enter into an Assignment Agreement, dated as of December 1, 2018 (the "Assignment Agreement") by and between the Trustee and the Corporation, pursuant to which the Corporation will assign to the Trustee for the benefit of the Certificate Owners all of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments due under the Lease Agreement.

The County will covenant under the Lease Agreement to take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. See "SECURITY AND SOURCES OF PAYMENT – *Sources of Funds for Rental Payments; Covenant to Budget and Appropriate Funds*." Rental Payments are subject to complete or partial abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Project, or any defect in title to the Project, there is substantial interference with the County's right to use and occupy any portion of the Project. See "RISK FACTORS."

THE OBLIGATION OF THE COUNTY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

For more complete and detailed information, see "SECURITY AND SOURCES OF PAYMENT." For a discussion of certain risks associated with the County's ability to make Base Rental Payments for the Project, see "RISK FACTORS."

No Funding of Reserve Fund

Pursuant to the Trust Agreement, the County agrees to establish and maintain with the Trustee the Reserve Fund. However, as of the date of issuance of the Certificates, the County will not fund the Reserve Fund.

Description of the Certificates

The Certificates will be executed and delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of the Certificates will not receive certificates representing their ownership interests in the Certificates purchased. The Certificates will be delivered in denominations of $5,000 and any integral multiple thereof. Principal and interest payments evidenced by the Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Certificates. See "THE CERTIFICATES – *General*" and APPENDIX E – "BOOK-ENTRY ONLY SYSTEM."

The Certificates are subject to prepayment as described herein. See "THE CERTIFICATES – *Prepayment Provisions*."

For a more complete description of the Certificates and the basic documentation pursuant to which they are being sold and delivered, see "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." The summaries and descriptions in this Official Statement of the Trust Agreement, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Continuing Disclosure Agreement and other agreements relating to the Certificates are qualified in their entirety by the respective form thereof and the information with respect thereto included in such documents.

Offering and Delivery of the Certificates

The Certificates are offered when, as and if executed, delivered and received by the Underwriter, subject to approval by Special Counsel and the satisfaction of certain other conditions. It is anticipated that the Certificates will be available in book-entry form for delivery through DTC on or about December 20, 2018.

Certificate Owners' Risks

Certain events could affect the ability of the County to make the Base Rental Payments when due. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Certificates.

Abatement

Under the Lease Agreement, the obligation of the County to make Rental Payments is subject to abatement in whole or in part during any period in which, by reason of material damage to, or destruction or condemnation of, the Project, or any defect in title to the Project, there is substantial interference with the County's right to use and occupy any portion of the Project or any portion thereof. The amount of the abatement will be such that the resulting Rental Payments do not exceed the fair rental value of the portions of the Project as to which there is no such substantial interference. See "SECURITY AND SOURCES OF PAYMENT – *Abatement*" and "RISK FACTORS – *Abatement*." Abatement of Rental Payments under the

Lease Agreement, to the extent payment is not made from alternative sources as set forth below, would result in all Certificate Owners receiving less than the full amount of principal and interest evidenced by the Certificates.

To the extent proceeds of insurance are available, Rental Payments (or a portion thereof) may be made during periods of abatement in amounts in excess of the annual fair rental value of that portion of the Project available for use and occupancy by the County. The Lease Agreement insurance requirement does not include any requirement that the County obtain earthquake and flood insurance. Consequently, insurance coverage does not eliminate flood or earthquake risks with respect to the Project.

Tax Matters

For a summary of the opinion of Nixon Peabody LLP, Special Counsel, see "TAX MATTERS" herein and APPENDIX D – "PROPOSED FORM OF OPINION OF SPECIAL COUNSEL."

Continuing Disclosure

The County has agreed to provide through the Electronic Municipal Market Access ("EMMA") website maintained by the Municipal Securities Rulemaking Board ("MSRB") certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT" herein for a description of the specific nature of the annual report and notices of enumerated events and a summary description of the terms of the disclosure agreement pursuant to which such reports are to be made.

Other Information

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. The descriptions herein of the Trust Agreement, the Ground Lease, the Lease Agreement, the Assignment Agreement, and any other agreements relating to the Certificates are qualified in their entirety by reference to such documents, and the descriptions herein of the Certificates are qualified in their entirety by the form thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." Copies of the documents are on file and available for inspection at the office of the Trustee at U.S. Bank National Association, 633 W. Fifth Street, 24th Floor, Los Angeles, California 90071.

THE CERTIFICATES

General

The Certificates evidence and represent direct, fractional undivided interests of the Owners thereof in the principal and interest components of Base Rental Payments to be made by the County pursuant to the Lease Agreement. The Certificates will be dated as of their initial date of delivery and will be executed and delivered in denominations of $5,000 or integral multiples thereof. The interest components evidenced by the Certificates will be due and payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2019.

Interest evidenced by the Certificates will be computed on the basis of a 360-day year consisting of twelve, 30-day months. The Base Rental Payments evidenced by the Certificates will be payable no later than the second Business Day next preceding each Interest Payment Date, the principal components of which will be payable in the amounts and at the times, and the interest components of which will be calculated at the rates per annum, all as set forth on the inside cover page of this Official Statement.

The Certificates will be subject to the DTC Book-Entry System of registration, transfer and payment, and each Certificate will initially be registered in the name of Cede & Co., as nominee. As part of such Book-Entry System, DTC has been appointed securities depository for the Certificates, and registered ownership may not thereafter be transferred except as provided in the Trust Agreement. The Certificates are being delivered in book-entry form only. Purchasers will not receive securities certificates representing their interests in the Certificates. Rather, in accordance with the Book-Entry System, purchasers of Certificates will have beneficial ownership interests in the purchased Certificates through DTC Participants. For more information concerning the Book-Entry System, see APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" herein.

While the Certificates are subject to the Book-Entry System, payments of principal and interest evidenced by the Certificates will be made by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its DTC Participants for subsequent disbursement to beneficial owners of the Certificates as described herein. See APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" herein.

Exchange and Transfer

The following provisions regarding the exchange and transfer of the Certificates apply only during any period in which the Certificates are not subject to the Book-Entry System. While the Certificates are subject to the Book-Entry System, their exchange and transfer will be effected through DTC and the DTC Participants and will be subject to the procedures, rules and requirements established by DTC.

Each Certificate is transferable by the Owner thereof, in person or by such Owner's attorney duly authorized in writing, at the Principal Office of the Trustee on the Registration Books, upon surrender of such Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificate shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates evidencing principal in the same aggregate amount and having the same stated Principal Payment Date. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Each Certificate may be exchanged at the Principal Office of the Trustee for Certificates evidencing principal in a like aggregate amount and having the same stated Principal Payment Date in such Authorized Denominations as the Owner thereof may request. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to transfer or exchange any Certificate during the period commencing on the date five days before the date of selection of Certificates for prepayment and ending on the date of mailing notice of such prepayment, nor shall the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

Prepayment Provisions

Optional Prepayment. The Certificates maturing on or before October 1, 2028 are not subject to optional prepayment prior to their stated Principal Payment Dates. The Certificates maturing on and after October 1, 2029 are subject to optional prepayment prior to their stated Principal Payment Dates on any date on or after October 1, 2028, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to the Lease Agreement from any source of available funds, any such prepayment to be at a price equal to the principal evidenced by the Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

Mandatory Sinking Account Payment. The Certificates bearing interest at 3.875% with a stated Principal Payment Date of October 1, 2043 are subject to prepayment prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each October 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Prepayment Date (October 1)	Principal To Be Prepaid
2039	$225,000
2040	250,000
2041	275,000
2042	300,000
2043 (maturity)	300,000

If some but not all of the principal evidenced by the Certificates bearing interest at 3.875% with a stated Principal Payment Date of October 1, 2043 is prepaid as set forth in the paragraph above, the principal evidenced by the Certificates bearing interest at 3.875% with a stated Principal Payment Date of October 1, 2043 to be prepaid pursuant to this subsection on any subsequent October 1 shall be reduced by the aggregate principal evidenced by such Certificates so prepaid as set forth in the paragraph above, such reduction to be allocated among prepayment dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates payable on such prepayment dates are abated pursuant to the Lease Agreement as a result of the event that caused such Certificates to be prepaid as set forth in the paragraph above in amounts of Authorized Denominations.

The Certificates bearing interest at 5.000% with a stated Principal Payment Date of October 1, 2043 are subject to prepayment prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each October 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Prepayment Date (October 1)	Principal To Be Prepaid
2039	$575,000
2040	590,000
2041	605,000
2042	620,000
2043 (maturity)	665,000

If some but not all of the principal evidenced by the Certificates bearing interest at 5.000% with a stated Principal Payment Date of October 1, 2043 is prepaid as set forth in the paragraph above, the principal evidenced by the Certificates bearing interest at 5.000% with a stated Principal Payment Date of October 1, 2043 to be prepaid pursuant to this subsection on any subsequent October 1 shall be reduced by the aggregate principal evidenced by such Certificates so prepaid as set forth in the paragraph above, such reduction to be allocated among prepayment dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates payable on such prepayment dates are abated pursuant to the Lease Agreement as a result of the event that caused such Certificates to be prepaid as set forth in the paragraph above in amounts of Authorized Denominations.

The Certificates with a stated Principal Payment Date of October 1, 2048 are subject to prepayment prior to their stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each October 1 specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such Certificates to be so prepaid and the dates therefor shall be as follows:

Prepayment Date (October 1)	Principal To Be Prepaid
2044	$1,015,000
2045	1,065,000
2046	1,120,000
2047	1,175,000
2048 (final maturity)	1,240,000

If some but not all of the principal evidenced by the Certificates with a stated Principal Payment Date of October 1, 2048 is prepaid as set forth in the paragraph above, the principal evidenced by the Certificates with a stated Principal Payment Date of October 1, 2048 to be prepaid pursuant to this subsection on any subsequent October 1 shall be reduced by the aggregate principal evidenced by such Certificates so prepaid as set forth in the paragraph above, such reduction to be allocated among prepayment dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates payable on such prepayment dates are abated pursuant to the Lease Agreement as a result of the event that caused such Certificates to be prepaid as set forth in the paragraph above in amounts of Authorized Denominations.

Extraordinary Prepayment. The Certificates are subject to extraordinary prepayment on any date prior to their stated Principal Payment Dates, in whole or in part, in Authorized Denominations, from and to the extent of any insurance proceeds or condemnation award paid with respect to all or a portion of the Project remaining after payment therefrom of all reasonable expenses incurred in the collection thereof (the "Net Proceeds") received with respect to all or a portion of the Project and deposited by the Trustee in the Prepayment Fund in accordance with the Trust Agreement, at a prepayment price equal to the principal evidenced by the Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

Selection of Certificates for Prepayment. Whenever less than all the Outstanding Certificates are to be prepaid on any one date, the Trustee will select the Certificates to be prepaid (a) with respect to any extraordinary prepayment of Certificates, among Certificates with different stated Principal Payment Dates in proportion to the amount by which the principal components of the Base Rental Payments evidenced by such Certificates are abated pursuant to the Lease Agreement, and (b) with respect to any optional prepayment of Certificates, as directed in a Written Request of the County, and by lot among Certificates with the same stated Principal Payment Date in any manner that the Trustee deems fair and appropriate, which decision will be final and binding upon the County, the Corporation and the Owners.

Notice of Prepayment. The Trustee will mail (by first class mail) notice of any prepayment to the respective Owners of any Certificates designated for prepayment at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for prepayment. Such notice will state the date of the notice, the prepayment date, the prepayment place and the prepayment price and will designate the CUSIP numbers, if any, the Certificate numbers and the stated Principal Payment Date or Principal Payment Dates of the Certificates to be prepaid (except in the event of prepayment of all of the Certificates in whole), and will require that such Certificates be then surrendered at the Principal Office of the Trustee for prepayment at the prepayment price, giving notice also that further interest evidenced by such Certificates will not accrue from and after the date fixed for prepayment. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the prepayment of the Certificates or the cessation of accrual of interest evidenced thereby from and after the date fixed for prepayment.

While the Certificates are subject to the Book-Entry System, the Trustee will be required to give notice of prepayment only to DTC as provided in the letter of representations, and the Trustee will not be required to give any such notice of prepayment to any other person or entity. DTC and the DTC Participants will have sole responsibility for providing any such notice of prepayment to the beneficial owners of the Certificates to be prepaid. Any failure at DTC to notify any DTC Participant, or any failure of a DTC Participant to notify the beneficial owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under "*Effect of Prepayment*."

With respect to any notice of any optional prepayment of Certificates, unless at the time such notice is given the Certificates to be prepaid will be deemed to have been paid within the meaning of and effect of the Trust Agreement regarding defeasance of Certificates, such notice will state that such prepayment is conditional upon receipt by the Trustee, on or prior to the date fixed for such prepayment, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the prepayment price of, and accrued interest evidenced by, the Certificates to be prepaid, and that if such moneys will not have been so received said notice will be of no force and effect and such Certificates will not be required to be prepaid. In the event a notice of prepayment of Certificates contains such a condition and such moneys are not so received, the prepayment of Certificates as described in the conditional notice of prepayment will not be made and the Trustee will, within a reasonable time after the date on which such prepayment was to occur, give notice to the Persons and in the manner in which the notice of prepayment was given, that such moneys were not so received and that there will be no prepayment of Certificates pursuant to such notice of prepayment.

Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof a new Certificate or Certificates evidencing the unprepaid principal evidenced by the Certificate surrendered.

Effect of Prepayment. If notice of prepayment has been duly given as aforesaid and moneys for the payment of the prepayment price of the Certificates to be prepaid are held by the Trustee, then on the prepayment date designated in such notice, the Certificates so called for prepayment will become payable at the prepayment price specified in such notice; and from and after the date so designated, interest evidenced by the Certificates so called for prepayment will cease to accrue, such Certificates will cease to be entitled to any benefit or security under the Trust Agreement and the Owners of such Certificates will have no rights in respect thereof except to receive payment of the prepayment price thereof, and such moneys will be pledged to such prepayment. The Trustee will, upon surrender for payment of any of the Certificates to be prepaid, pay such Certificates at the prepayment price thereof.

All Certificates prepaid as provided above will be canceled by the Trustee and will not be redelivered.

SECURITY AND SOURCES OF PAYMENT

Nature of the Certificates

Each Certificate evidences a direct, fractional undivided interest in the principal component of the Base Rental Payment due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Base Rental Payments.

The Corporation, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners all of the Corporation's right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the County under and pursuant to the Lease Agreement. The County will pay Base Rental Payments directly to the Trustee, as assignee of the Corporation. See "*Base Rental Payments*" below.

Base Rental Payments

For the use and possession of the Project, the Lease Agreement requires the County to make Base Rental Payments. The County is required to pay to the Trustee, for deposit into the Base Rental Payment Fund, not later than the second Business Day next preceding each Interest Payment Date, an amount sufficient to pay the Base Rental Payment then due.

Pursuant to the Trust Agreement, the Trustee will (i) on each Interest Payment Date, deposit in the Interest Fund that amount of moneys representing the portion of the Base Rental Payments designated as the interest component coming due on such Interest Payment Date; and (ii) on each Principal Payment Date and each Mandatory Sinking Account Payment Date, deposit in the Principal Fund that amount of moneys representing the portion of the Base Rental Payments designated as the principal component coming due on such Principal Payment Date or Mandatory Sinking Account Payment Date. Moneys in the Principal Fund will be used by the Trustee for the purpose of paying the principal evidenced by the Certificates when due and payable at their stated Principal Payment Date or upon earlier prepayment from Mandatory Sinking Account Payments to provide for the payment of the interest and principal evidenced by the Certificates.

THE OBLIGATION OF THE COUNTY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Sources of Funds for Rental Payments; Covenant to Budget and Appropriate Funds

The County has covenanted under the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Project, administrative costs of the Corporation relating to the Project, fees and expenses of the Trustee, insurance premiums and other amounts payable under the Lease Agreement or the Trust

Agreement), due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

Abatement

Base Rental Payments are paid by the County in each Rental Period for the County's right to use and occupy the Project for such Rental Period. The obligation of the County to pay Rental Payments will be abated, during any period in which, by reason of material damage to, or destruction or condemnation of, the Project, or any defect in title to the Project, there is substantial interference with the County's right to use and occupy any portion of the Project, Rental Payments will be abated proportionately, and the County waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The County and the Corporation will, in a reasonable manner and in good faith, determine the amount of such abatement; provided, however, that the Rental Payments due for any Rental Period will not exceed the annual fair rental value of that portion of the Project available for use and occupancy by the County during such Rental Period. The County and the Corporation will provide the Trustee with a certificate setting forth the amount of abatement and the basis therefor. Such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Project, ending with the substantial completion of the work of repair or replacement of the Project, or the portion thereof so damaged or destroyed. Notwithstanding the foregoing, to the extent that Net Proceeds of rental interruption insurance are available for the payment of Rental Payments, Rental Payments will not be abated as provided in above but, rather, will be payable by the County as a special obligation payable solely from such Net Proceeds. For a discussion regarding capitalized interest and abatement should the Project not be completed within three months after the scheduled completion date thereof, see "THE PROJECT."

The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the County. For a description of abatement resulting from condemnation of all or part of the Project, see APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – *Rental Abatement*."

It is not possible to predict the circumstances under which such an abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Project is substantially higher or lower than its value at the time of the execution and delivery of the Certificates. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Certificates.

If damage, destruction, title defect or eminent domain proceedings with respect to the Project result in abatement of the Rental Payments related to such Property and if such abated Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest evidenced by the Certificates during the period that the Project is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Trust Agreement, no remedy is available to the Certificate Owners for nonpayment under such circumstances.

Action on Default

Should the County default under the Lease Agreement, the Trustee, as assignee of the Corporation under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the County, or may retain the Lease Agreement and hold the County liable for all Rental Payments thereunder on an annual basis. Rental Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – *Events of Default and Remedies*" and "– TRUST AGREEMENT – *Events of Default*."

Additional Rental Payments

The Lease Agreement requires the County to pay, as Additional Rental Payments thereunder in addition to the Base Rental Payments, such amounts as will be required for the payment of the following: (i) all taxes and assessments of any type or nature charged to the Corporation or the County with respect to or affecting the Project or the respective interests or estates of the Corporation or the County therein; (ii) insurance premiums for all insurance required under the Lease Agreement; and (iii) all other payments not constituting Base Rental Payments required to be paid by the County pursuant to the provisions of the Lease Agreement including all expenses, compensation and indemnification of the Trustee payable by the County under the Trust Agreement and any amounts with respect to the Lease Agreement or the Certificates required to be rebated to the federal government, and all other payments required to be paid by the County under the Lease Agreement or the Trust Agreement.

Insurance

The Lease Agreement requires the County to cause to be maintained casualty insurance insuring the Project against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake and flood), subject to a $25,000 loss deductible provision, in an amount equal to the full insurable value of the Project. The casualty insurance required by the Lease Agreement may be maintained in the form of self-insurance by the County, in compliance with the terms of the Lease Agreement. Additionally, the County will insure the property against earthquake and flood risks, casualty events that are optional but not required by the Lease Agreement.

The Lease Agreement requires the County to cause to be maintained, throughout the term of the Lease Agreement, rental interruption insurance to cover the Corporation's (or its assignee's) loss of rental income from the Project caused by perils covered by the casualty insurance described above in an amount not less than two times the maximum remaining scheduled Base Rental Payments in any Rental Period. The County's obligation to maintain such rental interruption insurance may not be satisfied by self-insurance.

The County is also required to obtain certain public liability and property damage insurance coverage in protection of the County and worker's compensation insurance as described under APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – *Insurance*."

The County is required under the Lease Agreement to obtain title insurance on the Project, in an aggregate amount of not less than the aggregate principal evidenced by the Certificates, subject only to Permitted Encumbrances, as defined in the Lease Agreement.

No Funding of Reserve Fund

Pursuant to the Trust Agreement, the County agrees to establish and maintain with the Trustee the Reserve Fund. However, as of the date of issuance of the Certificates, the County will not fund the Reserve Fund.

Amounts held or to be held in the Reserve Fund or reserve account established for any other series of bonds or certificates or any reserve fund credit policy for any other series of bonds or certificates will not be used or drawn upon to pay principal or interest evidenced by the Certificates.

Additional Certificates

The Trust Agreement provides that the Trustee, the Corporation and the County may by a Supplemental Trust Agreement provide for the execution and delivery of Additional Certificates evidencing and representing additional principal and interest components of Base Rental Payments. The Trust Agreement contains a number of specific conditions which must be met prior to the execution and delivery of any such Additional Certificates, the proceeds of which may be used for any lawful purpose of the County. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — TRUST AGREEMENT – *Additional Certificates*."

Addition or Deletion of Property Constituting the Site or the Project. The Lease Agreement provides that the Corporation and the County may add any real property to, or may delete any real property from, the Site by amending the Ground Lease, and may add or delete any improvement from the Project by amending the Lease Agreement. The Lease Agreement specifies a number of conditions which must be met prior to such addition or deletion. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — LEASE AGREEMENT – *Substitution or Release of the Property*."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Certificates are shown below.

Sources	
Principal Amount of Certificates	$19,940,000.00
Net Original Issue Premium	2,266,116.55
Total Sources	$22,206,116.55
Uses	
Project Fund	$20,500,000.00
Capitalized Interest Fund(1)	1,360,352.71
Costs of Issuance Fund(2)	345,763.84
Total Uses	$22,206,116.55

(1) To fund capitalized interest on the Certificates through three months after the scheduled completion of the Project.

(2) Includes legal, rating agency, printing costs, underwriter's discount, municipal advisor, trustee and other miscellaneous costs of issuance.

THE PROJECT

The Certificates are being issued by the County to, among other things, provide funds to finance certain costs of the Project. The total estimated cost of the Project is $20,500,000.

The Project consists of the construction of a 33,000 square foot pre-fabricated County Administrative Office Building (the "Building"), parking for approximately 110 vehicles, and related access improvements. The Project is located in the Town of Mammoth Lakes. The Project is being constructed on a portion of a larger property that was originally acquired in 2006 for the purposes of a multi-agency Civic Center. The County is one of four agencies (including the Town of Mammoth Lakes, the Judicial Council of California, and the Southern Mono Healthcare District) that originally held fee title to different portions of the property. The County's Project is the most recent development on the property, following the construction of the Mono Superior Court in 2010, additional hospital parking in 2016, and the Mammoth Police Station in 2017. Anticipated future developments include the Town of Mammoth Lakes Administrative Office Building, and an expansion of Mammoth Hospital.

The County now owns in fee two parcels created from the original property and upon which the Project will be constructed. The parcels are subject to easements for water, sewer, electrical, communications, cable, street access and drainage ditches in favor of other public entities and private cable and electric providers.

The Project will provide for the consolidation of all County departments currently providing services in various leased spaces within the Town of Mammoth Lakes, including the Board of Supervisors, County Administration, County Counsel, Information Technology, Public Works, Community Development, Probation, District Attorney, Economic Development, Behavioral Health, Social Services and Public Health. The Project will increase efficiency and effectiveness of County operations by co-locating departments and other public agencies, and will greatly improve the convenience, safety, and confidentiality of services to the public.

A Request for Proposals from Design-Build Entities for the Project was distributed on February 26, 2018, and the successful proposal was submitted by Roebbelen Contracting of El Dorado Hills. A Design-Build Contract between Mono County and Roebbelen Contracting was finalized on August 8, 2018, with a contract limit of $20,500,000 (including contingency of $1,759,000). Construction is expected to start in April 2019, and the Project is estimated to be available for occupancy in March 2020. The Building will be delivered using the Design-Build delivery method.

During the construction period, the Project will be subject to all of the ordinary construction risks and possible delays applicable to similar projects. Such risks include, but are not limited to: (i) increased materials costs, labor costs or failure of contractors to perform within contract price, potentially resulting in insufficient funding; (ii) inclement weather affecting contractor performance and timeliness of completion, which could affect the costs and availability of, or delivery schedule for, equipment, components, materials, labor or subcontractors; (iii) natural disasters (including earthquake), operating risks or hazards or other unexpected conditions or events adversely affecting the progress of work; (iv) contractor claims or nonperformance; (v) work stoppages or slowdowns; (vi) failure of contractors to meet schedule terms; and (vii) the discovery of hazardous materials on the Project property or other issues regarding compliance with applicable environmental standards, which can arise at any time during the construction.

The Lease Agreement provides that the obligation of the County to make Base Rental Payments with respect to the Project is dependent upon substantial completion of construction of the Project for beneficial use and occupancy. Design work on the Project has begun but construction has not commenced. Interest on the Certificates will be capitalized for three (3) months beyond the scheduled completion date for the Project. The scheduled Base Rental Payments due under the Lease Agreement, together with capitalized interest on the Certificates, are calculated, in the aggregate, to be sufficient to pay the principal of and interest on the Certificates. If the Project is not completed by the date to which interest has been capitalized for the Project, Base Rental Payments or any part thereof, not delivered will be proportionately abated until such time as the Project is ready for beneficial use and occupancy. There can be no assurance that completion of the construction of the Project will not be delayed, preventing the beneficial use and occupancy by the date to which interest will be capitalized.

An abatement of Base Rental Payments is not an event of default and no remedy is available under the Lease Agreement to the Certificate holders for nonpayment under such circumstances. See "SECURITY AND SOURCES OF PAYMENT— *Abatement*."

Substitution or Release

The Lease Agreement provides that, upon compliance with certain conditions specified therein, the County may release from the Lease Agreement any portion of the Project or substitute alternate real property for all or any portion of the Project, subject to the following conditions, among others, precedent to such substitution or release: (a) an independent certified real estate appraiser selected by the County shall have found that the Project, as constituted after such substitution or release, (i) has an annual fair rental value greater than or equal to 105% of the maximum amount of Base Rental Payments payable by the County in any Rental Period, (ii) has a replacement value at least equal to the aggregate amount of principal evidenced by the Certificates then outstanding, and (iii) has a remaining useful life equal to or greater than the remaining term of the Certificates; (b) the County shall have provided the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest evidenced by the Certificates to be included in gross income for federal income tax purposes; and (c) the County shall have certified to the Corporation that the substituted real property is of approximately the same degree of essentiality to the County as the portion of the Project for which it is being substituted. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LEASE AGREEMENT – *Substitution or Release of the Property*."

The County has not granted any security interest in the Project for the benefit of the Certificates, and there is no remedy of foreclosure on the Project upon the occurrence of an Event of Default under the Trust Agreement or the Lease Agreement. For a discussion of remedies upon an Event of Default under the Trust Agreement or the Lease Agreement, see "RISK FACTORS – *Limited Recourse on Default*" and "*– Limitations on Remedies*."

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BASE RENTAL PAYMENTS

The Lease Agreement requires that Base Rental Payments be made on or before each Base Rental Deposit Date, which is the second Business Day next preceding each of the following Interest Payment Dates:

Base Rental Payment Schedule

Period Ending	Principal Component	Interest Component	Semi-Annual Base Rental Payment	Fiscal Year Base Rental Payment
April 1, 2019	$	$263,715.21	$263,715.21	$
June 30, 2019	–	–	–	263,715.21
October 1, 2019	–	469,987.50	469,987.50	–
April 1, 2020	–	469,987.50	469,987.50	–
June 30, 2020	–	–	–	939,975.00
October 1, 2020	330,000	469,987.50	799,987.50	–
April 1, 2021	–	466,687.50	466,687.50	–
June 30, 2021	–	–	–	1,266,675.00
October 1, 2021	345,000	466,687.50	811,687.50	–
April 1, 2022	–	459,787.50	459,787.50	–
June 30, 2022	–	–	–	1,271,475.00
October 1, 2022	360,000	459,787.50	819,787.50	–
April 1, 2023	–	450,787.50	450,787.50	–
June 30, 2023	–	–	–	1,270,575.00
October 1, 2023	375,000	450,787.50	825,787.50	–
April 1, 2024	–	441,412.50	441,412.50	–
June 30, 2024	–	–	–	1,267,200.00
October 1, 2024	395,000	441,412.50	836,412.50	–
April 1, 2025	–	431,537.50	431,537.50	–
June 30, 2025	–	–	–	1,267,950.00
October 1, 2025	415,000	431,537.50	846,537.50	–
April 1, 2026	–	421,162.50	421,162.50	–
June 30, 2026	–	–	–	1,267,700.00
October 1, 2026	435,000	421,162.50	856,162.50	–
April 1, 2027	–	410,287.50	410,287.50	–
June 30, 2027	–	–	–	1,266,450.00
October 1, 2027	460,000	410,287.50	870,287.50	–
April 1, 2028	–	398,787.50	398,787.50	–
June 30, 2028	–	–	–	1,269,075.00
October 1, 2028	485,000	398,787.50	883,787.50	–
April 1, 2029	–	386,662.50	386,662.50	–
June 30, 2029	–	–	–	1,270,450.00
October 1, 2029	510,000	386,662.50	896,662.50	–
April 1, 2030	–	373,912.50	373,912.50	–
June 30, 2030	–	–	–	1,270,575.00
October 1, 2030	535,000	373,912.50	908,912.50	–
April 1, 2031	–	360,537.50	360,537.50	–
June 30, 2031	–	–	–	1,269,450.00
October 1, 2031	560,000	360,537.50	920,537.50	–
April 1, 2032	–	346,537.50	346,537.50	–
June 30, 2032	–	–	–	1,267,075.00
October 1, 2032	590,000	346,537.50	936,537.50	–

Period Ending	Principal Component	Interest Component	Semi-Annual Base Rental Payment	Fiscal Year Base Rental Payment
April 1, 2033	–	331,787.50	331,787.50	–
June 30, 2033	–	–	–	1,268,325.00
October 1, 2033	620,000	331,787.50	951,787.50	–
April 1, 2034	–	316,287.50	316,287.50	–
June 30, 3034	–	–	–	1,268,075.00
October 1, 2034	650,000	316,287.50	966,287.50	–
April 1, 2035	–	304,912.50	304,912.50	–
June 30, 2035	–	–	–	1,271,200.00
October 1, 2035	670,000	304,912.50	974,912.50	–
April 1, 2036	–	293,187.50	293,187.50	–
June 30, 2036	–	–	–	1,268,100.00
October 1, 2036	695,000	293,187.50	988,187.50	–
April 1, 2037	–	280,156.25	280,156.25	–
June 30, 2037	–	–	–	1,268,343.75
October 1, 2037	725,000	280,156.25	1,005,156.25	–
April 1, 2038	–	262,031.25	262,031.25	–
June 30, 2038	–	–	–	1,267,187.50
October 1, 2038	765,000	262,031.25	1,027,031.25	–
April 1, 2039	–	242,906.25	242,906.25	–
June 30, 2039	–	–	–	1,269,937.50
October 1, 2039	800,000	242,906.25	1,042,906.25	–
April 1, 2040	–	224,171.88	224,171.88	–
June 30, 2040	–	–	–	1,267,078.13
October 1, 2040	840,000	224,171.88	1,064,171.88	–
April 1, 2041	–	204,578.13	204,578.13	–
June 30, 2041	–	–	–	1,268,750.01
October 1, 2041	880,000	204,578.13	1,084,578.13	–
April 1, 2042	–	184,125.00	184,125.00	–
June 30, 2042	–	–	–	1,268,703.13
October 1, 2042	920,000	184,125.00	1,104,125.00	–
April 1, 2043	–	162,812.50	162,812.50	–
June 30, 2043	–	–	–	1,266,937.50
October 1, 2043	965,000	162,812.50	1,127,812.50	–
April 1, 2044	–	140,375.00	140,375.00	–
June 30, 2044	–	–	–	1,268,187.50
October 1, 2044	1,015,000	140,375.00	1,155,375.00	–
April 1, 2045	–	115,000.00	115,000.00	–
June 30, 2045	–	–	–	1,270,375.00
October 1, 2045	1,065,000	115,000.00	1,180,000.00	–
April 1, 2046	–	88,375.00	88,375.00	–
June 30, 2046	–	–	–	1,268,375.00
October 1, 2046	1,120,000	88,375.00	1,208,375.00	–
April 1, 2047	–	60,375.00	60,375.00	–
June 30, 2047	–	–	–	1,268,750.00
October 1, 2047	1,175,000	60,375.00	1,235,375.00	–
April 1, 2048	–	31,000.00	31,000.00	–
June 30, 2048	–	–	–	1,266,375.00

Period Ending	Principal Component	Interest Component	Semi-Annual Base Rental Payment	Fiscal Year Base Rental Payment
October 1, 2048	1,240,000	31,000.00	1,271,000.00	–
June 30, 2049	–	–	–	1,271,000.00
	$19,940,000	$18,054,040.23	$37,994,040.23	$37,994,040.23

THE COUNTY

Introduction

The County is centrally located in the eastern Sierra-Nevada Mountain range. Inyo County borders to the south, Alpine, Tuolumne, Mariposa, Madera and Fresno counties to the west, and the state of Nevada to the north and east. Mammoth Lakes, a growing community and a center of winter sports activities, is located in the southern part of the County. Located in the high desert region on the eastern flank of the Sierra-Nevada Mountain range, Mono County can be geographically characterized as having rugged terrain with steep mountains, narrow valleys, and deserts. In addition, numerous rivers, streams and lakes are scattered throughout the County. Generally speaking, topographic elevations range from 5,000 feet in the lower valleys and up to 14,000 feet in the White Mountains at the southeastern corner of the County.

Other than the Town of Mammoth Lakes, the County's only incorporated area which year-round population is 7,000, the remainder of the County consists of small communities ranging in population from less than 300 to about 1,200 people. The majority of population centers in the County are found along the Highway 395 corridor, which trends north-south in the western portion of the County. Communities in this area include, from north to south: Topaz, Coleville, Walker, Bridgeport, Mono City, Lee Vining, June Lake, Mammoth Lakes, Crowley Lake, Swall Meadows, Tom's Place, and Paradise Valley. Additional population areas include the Tri-Valley communities of Benton, Chalfant, and White Mountain Estates along Highway 6 in the southeast corner of the County. The remainder of the County is largely uninhabited.

The 2010 census estimates the total Mono County population to be 14,202, which represents a countywide population growth of 1,349 residents, or 10.5 percent, over the population of 12,853 measured in the 2000 census. This represents an average annual population growth of 2.44 percent during that period. The County's population as of January 1, 2018 is estimated to be 13,822 which represents a loss of 380 residents since the 2010 census.

Approximately 94 percent of Mono County is public land administered by the U.S. Forest Service, the Bureau of Land Management, the State of California, the Los Angeles Department of Water and Power, and local government. Tourism and recreation are major contributors to the County's economy. The scenic and recreational attributes of this public land help support tourism and recreation as the major industry in the county. Approximately 38.5 percent of all employment is directly associated with this industry. Annually, more than 1.5 million visitors stay in Mono County on average for three days, generating $369.6 million for the local economy and $16 million in local taxes. The majority of these visitors travel to and through the county on the state highway system. Major attractions include Mammoth and June Mountain ski areas, Yosemite National Park, Mono Lake, Devils Postpile National Monument, Bodie State Historic Park, and the many lakes, streams and backcountry attractions accessed through the County communities. Mammoth Lakes, together with June Lake, is Mono County's most visited destination and is home to one of the largest ski resorts in North America.

See APPENDIX A – "GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY" for additional information regarding the County.

Government and Administration

The County was incorporated in 1861. The City of Bridgeport is the County seat. The County is a general law county and is governed by a five-member Board of Supervisors (the "Board") elected to serve four-year terms. Other elected officials include the Assessor, District Attorney, and Sheriff-Coroner.

The County government functions as a local government body to serve the needs of its residents. As geographical and political subdivisions of the state, counties serve a dual role: providing municipal services in the unincorporated areas and acting as administrative agents for state and federal government programs and services for all eligible residents County-wide. As a general-law county, Mono County is bound by state law as to the number and duties of County elected officials. The County has five districts that are approximately equal in population with boundaries adjusted every ten years following the federal census. Policymaking and legislative authority are vested in the Board. The Board provides overall direction to the County and its responsibilities include adopting the budget, approving contracts, setting policies and passing ordinances. Board members are elected to four-year staggered terms, and each member represents one of the County's five districts. The County has three elected department heads: Assessor, District Attorney, and Sheriff-Coroner. The County Administrative Officer appoints all other department heads except for the position of County Counsel where the Board is the appointing authority.

During Fiscal Year 2016-17, the County employed 281 full-time equivalent employees to provide a full range of services to its residents. The County's principal functions include seven major areas: general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The State and Federal governments mandate certain minimum levels of services in the public assistance and health areas. Most services performed by the County are provided for all residents, regardless of whether those residents live in the County's one incorporated town or in the unincorporated areas. Every County resident directly or indirectly benefits from these services.

Financial and Accounting Information

Included in operations are various component units, which provide specific services County-wide or to distinct geographic areas within the County. The governmental reporting entity consists of the County and its component units. Component units are legally separate organizations for which the Board is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's governing board, and either (i) the County's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to or impose a financial burden on the County. The following four component units, although legally separate entities, are part of the primary government for financial reporting purposes: Community Service Area #1 – Crowley, Community Service Area #5 – Bridgeport, Community Service Area #2 – Benton, and the County of Mono Economic Development Corporation.

The County's financial accounts are maintained in accordance with the uniform accounting system for counties prescribed by the State Controller in compliance with Section 25253 of the Government Code of the State of California. The financial transactions are organized into funds to transparently disclose and separate the various activities and transactions of the County and to evidence compliance with finance-related constraints. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The various funds are grouped into three broad fund categories – governmental, proprietary (including enterprise funds and internal service type funds) and fiduciary as described below under the caption "COUNTY FINANCIAL INFORMATION" and in APPENDIX B – "COUNTY COMPREHENSIVE

ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017." Emphasis is on major governmental and enterprise funds, with the remaining governmental and proprietary funds aggregated by fund type and reported as nonmajor funds.

The County reports the following major governmental funds:

- The ***General Fund*** is the County's primary operating fund and 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, recreation and cultural services and general administration.

- The ***Road Fund*** provides for maintenance and construction of roadways. Revenues consist primarily of the County's share of state highway users tax supplemented by federal and state funds.

- The ***Realignment Fund*** accounts for State realigned activities pursuant to Assembly Bill 109 and other associated legislation transferring responsibility from the State of California to the County for supervision, custody and needs of certain realigned offenders. Revenues are generated from sales taxes and vehicle license fees that are restricted to expenditure for specific social, health, mental health and public safety programs.

- The ***Mental Health Services Act Fund*** accounts for Proposition 63 funding passed in 2004 to expand and further develop mental health services in the County. It uses state funding to provide services such as wellness center programs, school programs, community garden projects and community social events.

The County reports the following major enterprise funds:

- The ***Solid Waste Fund*** accounts for revenues and expenses incurred in providing waste collection services at transfer stations throughout the County and waste disposal services at three County landfills. Operations include the permitting, monitoring and maintenance of the County's three active landfills, as well as three closed landfills, and implementation of recycling programs throughout the County in an effort to maintain and enhance diversion efforts.

- The ***Airport Fund*** accounts for the operation and maintenance of the County's two airports that include Bryant Field and Lee Vining Airport. Airport operations include applying for and administering grants to complete Airport Capital Improvement Programs and administration of leases and sub-leases on airport property.

The County reports the following additional fund types:

- The ***Internal Service Funds*** account for financing of goods or services provided by one department to other County departments on a cost reimbursement basis, and as an effective means of financing shared activities. Activities include the County's copier pool which purchases and maintains copy machines, technology refresh pool which accounts for the replacement of county desktop computers, laptops, servers and the licensing of installed software applications, self-insurance programs, and the County's motor pool which purchases and maintains vehicles. Department user fees include a capital replacement charge to provide financing for replacing internally utilized assets at the end of their respective useful lives.

- The ***Investment Trust Fund*** accounts for the assets of legally separate entities, which invest in the County Treasurer's investment pool. These entities include school districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for the County's one incorporated town. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- ***Agency Funds*** account for assets held by the County as an agent for various individuals, the State of California, or other local governments. These funds are custodial in nature and do not involve measurement of results or operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

COUNTY FINANCIAL INFORMATION

Financial Statements

The County's Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2017 (the "Mono County 2017 CAFR"), which has been audited by CliftonLarsonAllen LLP, Certified Public Accountants, Roseville, California, is included in this Official Statement as APPENDIX B – "COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017." The County has not requested nor has CliftonLarsonAllen LLP given consent to the inclusion in such appendix of its report on such financial statements, nor have such accountants reviewed or performed any audit procedures in connection with the preparation of this Official Statement. The County reports that there has been no material adverse change in the County's financial position since June 30, 2017.

The financial information presented herein was compiled from the Mono County 2017 CAFR and information from the County Department of Finance. The financial and statistical information set forth herein does not purport to be a summary of the Mono County 2017 CAFR. The Mono County 2017 CAFR should be read in its entirety. The financial information summarized herein is for information purposes only and does not constitute the complete financial statements of the County.

The following table shows the County General Fund Balance Sheet for Fiscal Years ended June 30, 2014 through June 30, 2018.

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Table 1
Mono County
General Fund Balance Sheet
Fiscal Years Ended June 30, 2014 Through June 30, 2018(1)(2)

	2014(3)	2015(3)	2016	2017	2018(1)
ASSETS					
Cash and investments	$ 7,435,838	$ 12,475,615	$ 10,010,528	$ 10,225,917	$ 10,206,158
Accounts receivables	937,358	939,627	1,088,632	1,165,825	269,242
Due from other governments	2,499,470	1,971,343	2,471,074	2,229,018	2,408,540
Taxes receivable	276,389	364,454	373,354	282,924	996,208
Loans receivable	--	--	--	660,227	887,327
Due from other funds	1,526,481	1,157,419	9,268	133,336	131,326
Advances to other funds	--	--	855,000	660,000	564,013
Prepaid expenses	19,953	72,203	57,083	90,847	68,665
Inventories	1,266	1,266	1,266	1,266	1,266
Total Assets	$ 12,696,755	$ 16,981,927	$ 14,866,205	$ 15,449,360	$ 15,532,745
LIABILITIES					
Accounts payable	$ 223,497	$ 596,779	$ 734,898	$ 841,100	$ 613,850
Salaries and benefits payable	2,328,049	2,171,484	2,258,754	227,693	832,999
Due to other funds	--	--	51,896	--	--
Deposits from others	800	800	800	800	800
Unearned revenues	1,211,328	1,230,218	1,227,183	--	10,300
Total Liabilities	$ 3,763,674	$ 3,999,281	$ 4,273,531	$ 1,069,593	$ 1,457,949
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	$ 1,061,773	$ 1,245,084	$ 955,484	$ 893,807	$ 895,708
FUND BALANCE					
Nonspendable	$ 21,219	$ 73,469	$ 913,349	$ 1,412,340	$ 1,521,271
Restricted	3,010,167	5,795,284	--	--	--
Assigned(4)	--	--	4,707,990	7,530,512	2,803,552
Unassigned(4)	4,839,922	5,868,809	4,015,851	4,543,108	8,854,265
Total Fund Balance	**$ 7,871,308**	**$ 11,737,562**	**$ 9,637,190**	**$ 13,485,960**	**$ 13,179,088**

(1) Figures for Fiscal Year 2017-18 are unaudited actuals.

(2) This statement is a summary statement only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement. The Mono County audited financial statements for Fiscal Year ended June 30, 2017 appear in the Mono County 2017 CAFR attached as Appendix B attached hereto. The County's Comprehensive Annual Financial Reports, including audited financial statements, for prior years can be found on the County's website found at www.monocounty.ca.gov. Information on such website is not incorporated herein by reference.

(3) Includes balances and activities of the Mental Health Services Act, Behavioral Health, Public Health, Social Services, and Disaster Assistance Funds which were reclassified as special revenue funds beginning with the Fiscal Year ended June 30, 2016 and are no longer included in general fund balances.

(4) The substantial increase in unassigned fund balance and the corresponding decrease in assigned fund balance for the year ended June 30, 2018, is the direct result of a change in the County's budget process. See "COUNTY FINANCIAL INFORMATION – *Budgetary Process*."

See "Table 5 –Mono County – General Fund Budgets."

Source: Mono County Comprehensive Annual Financial Reports.

The following table shows the County General Fund Statement of Actual Revenues, Expenditures and Changes in Fund Balance for Fiscal Years ended June 30, 2014 through June 30, 2018.

Table 2
Mono County
General Fund Statement of Actual Revenues, Expenditures and Changes in Fund Balance
Fiscal Years Ended June 30, 2014 Through June 30, 2018[(1)(2)]

	2014[(3)]	2015[(3)]	2016	2017	2018[(1)]
Revenues:					
Taxes	$21,063,331	$21,724,168	$23,495,253	$24,095,792	$25,201,433
Licenses and permits	657,676	648,972	368,745	314,098	340,140
Fines, forfeitures and penalties	604,848	696,509	750,906	797,918	1,069,705
Use of money and property	125,356	125,658	105,494	158,688	279,589
Intergovernmental	13,558,723	12,357,819	4,773,034	4,811,271	3,515,808
Charges for services	4,906,902	5,116,577	3,097,371	2,972,213	3,377,545
Other revenues	45,775	74,863	129,503	44,428	28,383
Total Revenues	40,962,611	40,744,566	32,720,306	33,194,408	33,812,603
Expenditures:					
General government	12,104,519	10,147,713	8,893,616	10,440,806	11,313,941
Public protection	15,170,225	14,186,823	15,370,785	15,713,083	17,548,604
Public ways and facilities	650,894	–	–	–	–
Health and sanitation	8,874,618	8,531,304		3,678,113	4,009,376
Public assistance	3,965,880	4,254,460	46,849	46,849	172,746
Education	35,567	39,164	39,784	41,847	25,566
Recreation and culture	25,316	–	–	–	–
Debt service	–	122	–	–	23,969
Total Expenditures	40,827,019	37,159,586	28,122,385	29,920,698	33,094,202
Other Financing Sources (Uses):					
Proceeds from issuance of debt	–	–	--	–	224,000
Sale of capital assets	926	6,650	--	–	–
Transfers in	2,080,413	2,355,645	1,351,342	1,481,946	1,558,679
Transfers out	(5,279,201)	(2,025,683)	(2,115,831)	(2,458,348)	(2,807,952)
Total Other Financing Sources (Uses)	(3,197,862)	336,612	(764,489)	(976,402)	(1,025,273)
Net Changes in Fund Balance	(3,062,270)	3,921,592	3,833,432	2,297,308	(306,872)
Fund Balance, Beginning of Year	10,933,578	7,871,308	11,737,562	9,637,190	13,485,960
Prior period adjustments	–	–	(51,896)	1,551,462	–
Reclassifications	–	(55,338)	(5,881,908)	–	–
Fund Balance, End of Year	**$ 7,871,308**	**$11,737,562**	**$ 9,637,190**	**$13,485,960**	**$13,179,088**

(1) Figures for Fiscal Year 2017-18 are unaudited actuals.

(2) This statement is a summary statement only. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement. The Mono County audited financial statements for Fiscal Year ended June 30, 2017 appear in the Mono County 2017 CAFR attached as Appendix B attached hereto. The County's Comprehensive Annual Financial Reports, including audited financial statements, for prior years can be found on the County's website found at www.monocounty.ca.gov. Information on such website is not incorporated herein by reference.

(3) Includes balances and activities of the Mental Health Services Act, Behavioral Health, Public Health, Social Services, and Disaster Assistance Funds which were reclassified as special revenue funds beginning with the Fiscal Year ended June 30, 2016 and are no longer included in general fund balances.

Source: Mono County Comprehensive Annual Financial Reports.

Budgetary Process

The County is required by State law to adopt a balanced budget by October 2 of each fiscal year. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for the General Fund, most special revenue funds, capital project funds, the debt service fund, and all proprietary funds. The County maintains budgetary controls to assure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Unencumbered annual appropriations lapse at year-end. The legal level of control for appropriations is exercised at the budget unit level within each fund. Appropriations beyond that level may only be adjusted during the year with approval of the Board. Management may make adjustments at their discretion below that level. Such adjustments by the Board and management are reflected in the revised budgetary data presented in the financial statements. Prior to adoption of the budget, a public hearing is held to receive comments.

In previous years, the Board approved a tentative budget no later than June 30 of each year which established the legal authority for spending until a final budget was adopted on or before October 2. The compelling reason for using a tentative budget followed by formal budget development during the months of July, August and September, was the delay in determining an accurate carryover fund balance, an amount usually not known until late August, and the need to legally balance each year's budgetary deficit spending using the carryover.

Starting with the Fiscal Year 2018-19 budget, the Board and County management seek to adopt a structurally balanced budget where recurring revenues are equal to recurring expenditures, such that reliance on carryover fund balance to finance on-going operations is eliminated. Once the carryover fund balance is known, additional requested capital and other one-time expenditures are added to appropriate some share of the carryover funds by adopting a budget amendment planned for September or October of each year. While not structurally balanced, the Fiscal Year 2018-19 budget adopted by the Board in June using this initial process was balanced, as required by law, using $1.5 million of carryover fund balance.

On October 2, 2018, the Board approved funding additional expenditures of $4.7 million from carryover fund balance, including adding $1.5 million to reserves, but not all of the additional appropriations were considered capital or one-time spending. While the funding of ongoing operations from carryover fund balance is not intended, using this new budgetary process the County recognizes the budgeting process requires give and take, which means making tough strategic choices about funding priorities. With the strategic priority of fiscal resiliency, the County is moving towards adopting a structurally balanced budget in June rather than waiting until September or October when carryover fund balance is known. While it became necessary this first year to postpone certain critical expenditures that enhance County fiscal health or fulfill mandates until the later budget revision, the County is working to better identify and implement strategic priorities and become more precise in projecting long term revenues and expenditures. As this occurs, critical expenditures and value-added programs will be included in the structurally balanced budget by making small consistent improvements, along with commitment and discipline towards this process over time.

General Reserve

As of June 30, 2018, the County's General Fund balance includes $2,218,959 as the general reserve. The general reserve is set by the Board during each year's budget adoption. County policy recommends a reserve balance of five percent to 15 percent of General Fund expenditures. Once established, spending of the reserve balance is only allowed for a legally declared emergency. Otherwise, the general reserve may only be established, cancelled, increased, or decreased at the time the budget is adopted. The chart below outlines the changes in the County's general reserve balance over the past several years.

Table 3
Mono County
General Reserve
Fiscal Years Ended June 30, 2008 Through June 30, 2019

Fiscal Year Ended June 30	Additions (Deletions)	General Reserve Balance
2008	—	$4,894,128
2009	$815,103	5,709,231
2010	(1,178,104)	4,531,127
2011	(2,282,615)	2,248,512
2012	(633,158)	1,615,354
2013	128,100	1,743,454
2014	804,598	2,548,052
2015	(937,557)	1,610,495
2016	52,596	1,663,091
2017	275,860	1,938,951
2018	280,008	2,218,959
2019[1]	500,000	2,718,959

(1) Projected balance.
Source: Mono County Department of Finance.

Economic Stabilization

With the Fiscal Year 2016-17, the County established an economic stabilization reserve within the General Fund balance for the purpose of accumulating resources to offset future revenue losses during an economic downturn and to provide contingency funding for sustaining County services during the next recession. The chart below outlines the changes in the County's economic stabilization reserve balance since inception.

Table 4
Mono County
Economic Stabilization Reserve
Fiscal Years Ended June 30, 2017 Through June 30, 2019

Fiscal Year Ended June 30	Additions (Deletions)	Economic Stabilization Reserve Balance
2017	$1,123,832	$ 1,123,832
2018	681,360	1,805,192
2019[1]	1,024,180	2,829,372

(1) Projected balance.
Source: Mono County Department of Finance

General Fund Budgets

Historic

Set forth in the following table is a summary statement of the final General Fund Budgets for Fiscal Years ended June 30, 2014 through June 30, 2018.

Table 5
Mono County
General Fund Budgets
Fiscal Years Ended June 30, 2014 Through June 30, 2018[(1)]

	2014[(2)] Final Budget	2015 Final Budget	2016 Final Budget	2017 Final Budget	2018[(3)] Final Budget
Revenues:					
Taxes	$21,055,854	$ 20,276,000	$ 20,185,657	$ 21,516,000	$ 23,153,000
Licenses and permits	598,288	326,700	325,694	360,400	321,500
Fines, forfeitures and penalties	532,950	527,950	528,625	617,375	697,375
Use of money and property	100,420	32,800	38,500	54,800	176,113
Intergovernmental	13,232,772	3,651,435	5,362,171	5,612,346	5,227,654
Charges for services	4,526,785	3,858,896	5,236,978	4,537,237	4,141,168
Other revenues	1,196,272	300,144	342,003	155,636	10,500
Long-term debt proceeds	--	--	--	--	224,000
Sale of capital assets	--	1,500	--	--	--
Transfers in	3,357,801	1,583,175	2,031,649	1,971,602	2,400,472
Total Revenues	44,601,142	30,558,600	34,051,277	34,825,396	36,351,782
Expenditures:					
General government	12,989,840	11,192,220	13,324,553	15,818,671	17,228,098
Public protection	17,074,809	16,063,097	18,955,931	19,128,957	20,317,745
Public ways and facilities	665,326	--	--	--	--
Health and sanitation	9,429,530	3,947,486	3,938,778	4,220,468	4,365,679
Public assistance	4,583,997	221,432	87,000	88,617	172,072
Education	37,510	39,164	--	--	25,000
Recreation and culture	146,300	--	--	--	--
Transfers out	3,461,005	2,173,353	--	--	--
Contingency	--	--	12,620	99,633	10,552
Total Expenditures	48,388,317	33,636,752	36,318,882	39,356,346	42,119,146
Net change in budgetary fund balance	(3,787,175)	(3,078,152)	(2,267,605)	(4,530,950)	(5,767,364)
Budgetary fund balance, beginning	10,933,578	767,249	4,111,008	9,385,071	10,336,468
Budgetary fund balance, ending	$ 7,146,403	$ (2,310,903)	1,843,403	$ 4,854,121	$ 4,569,104

(1) This statement is a summary statement only. Changes in formatting were necessary for maintaining consistency from year to year. The complete audited financial statements of the County, including the notes to the audited financial statements, are an integral part of and necessary to a complete understanding of this statement. The Mono County audited financial statements for Fiscal Year ended June 30, 2017 appear in the Mono County 2017 CAFR attached as Appendix B attached hereto. The County's Comprehensive Annual Financial Reports, including audited financial statements, for prior years can be found on the County's website found at www.monocounty.ca.gov. Information on such website is not incorporated herein by reference.

(2) Includes balances and activities of the Mental Health Services Act, Behavioral Health, Public Health, Social Services, and Disaster Assistance Funds which were reclassified as special revenue funds beginning with the Fiscal Year ended June 30, 2016 and are no longer included in general fund balances.

(3) Unaudited; subject to adjustment and revision.

Source: Mono County Comprehensive Annual Financial Reports.

Fiscal Year 2018-19 – Appropriations

The Board adopted the Fiscal Year 2018-19 Budget (the "Fiscal Year 2018-19 Adopted Budget") on June 12, 2018. Budgeted appropriations for the General Fund total $37.2 million for Fiscal Year 2018-19, supporting a County-wide workforce of 317.55 authorized positions. The General Fund supports 14 departments which encompass most County services and basic governmental functions including public safety and criminal justice, emergency medical services, land use, recreation, environment, administration and finance. Including the phase II budget amendment approved by the Board on October 2, 2018, appropriations decreased by $150,748 over the Fiscal Year 2017 adopted budget. Following is an overview and highlights of the adopted budget for the General Fund:

Fiscal Year 2018-19 – Revenues

Estimated General Fund revenues total $36.4 million for Fiscal Year 2018-19. Revenue from taxes is the largest revenue source estimated at $24.3 million and represent the bulk of the County's discretionary monies. The County's public safety and administrative activities are the largest recipients of these revenues and rely on these monies as the primary means of supporting their programs. Revenue from charges for services total an estimated $4.3 million and represent the second largest source for General Fund Departments. Other sources of funding include: federal and state ($4 million); transfers ($1.6 million), which mostly include operating transfers received from realignment funds; revenue from license, permit, and franchise fees ($291,400); and fines, forfeitures, and penalties ($810,000).

Estimated changes in major budgetary resources compared to Fiscal Year 2017-18 are summarized below:

- Property Tax Revenue. Property tax sourced revenue sustained steep reductions through the economic downturn and its aftermath, declining $1.9 million, or 10.7%, from peak to trough. This decline was a defining factor behind six years of budget reductions following the onset of the recession. Since that time, assessed values have nearly recovered to pre-2008 levels. For forecasting purposes, the County Administrative Office assumes assessed values for Fiscal Year 2018-19 will increase by 2.0% as allowed by the State Board of Equalization under Proposition 13 because of CPI growth and another 2.15% resulting from roll corrections, ownership changes, and typical valuation corrections. This yields approximately $706,000 in increased revenue. Annual growth of 2% to 4% is projected for the two out years of the forecast, which produce annual revenue gains of approximately $354,000 to $709,000.

- Fund Balance. Beyond any growth in annual revenue, the County also has funding held in reserve. The County established these reserves in prior budgets and by contributing to reserves when operating surpluses are realized. The County has two reserves. The General Reserve is projected at $2.7 million for responding to natural disasters or other local emergencies. The Economic Stabilization Reserve is projected at $2.8 million for offsetting revenue losses and sustaining critical County programs during an economic downturn.

Fiscal Year 2018-19 – Cost Drivers

The County's revenue growth has not kept pace with escalating costs. Departments that operate on a cost-reimbursement basis, such as Social Services and Health, can pass along much of the increased cost to the federal and State government or other sources. Other departments cannot, and rely on augmentations of General Fund contributions to meet increased costs. Over the last several budget cycles, departments have eroded operational flexibility as they have eliminated vacant positions and pursued other savings opportunities to absorb rising costs and keep their budgets balanced. Following is a discussion of ongoing cost drivers that are affecting the budget.

Pension contributions are expected to continue increasing in future years. Since Fiscal Year 2014-15, the County's contributions toward employee pensions have increased due to changes in CalPERS' actuarial methodology. These changes include:

- Future changes in amortization and rate smoothing policies to accelerate paying down large unfunded liabilities.
- Adoption of new demographic assumptions that show retirees are living longer, and thus requiring higher lifetime payout of benefits.
- Approval of a new funding risk mitigation policy to incrementally lower the "discount rate," which represents CalPERS' expected annual rate of return on investments.

Based on actuarial data, the County's contributions to CalPERS increase $563,906, or 13.37%, in Fiscal Year 2017-18. Future years are expected to increase at a much higher rate, due to the implementation of a discount rate reduction from 7.5% to 7.0%, to be phased in over three years, effective July 1, 2018, and the CalPERS Board decision to reduce the amortization period from thirty years to twenty beginning with the Fiscal Year 2021-22. CalPERS' decision to lower the discount rate is due to changes in market conditions, including actual realization at lower rates of return, greater volatility, and a desire to close the cash flow funding gap. The decision to shorten the amortization period is primarily to ensure financial solvency of the pension plan to meet future retirement obligations. CalPERS has provided public agencies with estimates of potential future cost increases.

On January 19, 2017, CalPERS released a Circular Letter regarding discount rate changes. The letter provided information to public agency employers to calculate projected pension cost increases in future years which included low and high ranges. Circular 200-027-18 was published on April 26, 2018 to inform CalPERS employers about the change in amortization policy.

In Fiscal Year 2011-12, a County 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 became recorded as a General Fund liability wherein previously this was a cost blended in with the normal employer's CalPERS rate. See "COUNTY FINANCIAL INFORMATION – *Outstanding Long Term Debt.*"

State of Funding of Counties

Counties are the principal agents for providing services on behalf of the State, particularly in the areas of public health, welfare, judicial and corrections programs, as well as providers of local services in a variety of areas, including law enforcement, roads, libraries, agriculture, child support and various social service programs. Substantial portions of many of these services are implementations of State mandated programs and State administered federal programs supported by State and federal revenues. Currently, approximately 21.84% of the County's General Fund revenues are derived from State and federal agencies. The tension between counties and the State is often the adequacy of State provided revenue for State mandated programs. Historically, the County has been able to reduce expenditures when necessary to match available funding sources, as required by law. The financial condition of the State has an impact on the level of these revenues.

As to discretionary General Fund expenditures however, currently approximately 17% of the County's Fiscal Year 2018-19 General Fund Budget consists of payments from the State of California.

From time to time in the past, the State has experienced financial difficulties which resulted in reduced funding for local governments, including counties. There can be no assurances that potential future state financial difficulties will not materially adversely affect the County's financial condition. Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the "DOF"), http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at http://www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on counties in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriter, and neither the County nor the Underwriter takes any responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Property Taxes

The County collects property taxes against all property on the secured roll in two annual installments and on the unsecured roll in a single installment. Property taxes are derived on the basis of an ad valorem tax levied against the current assessed valuation of property in the County. Ad valorem property taxes are projected to contribute approximately $17 million to General Fund revenues, equating to approximately 46% of total General Fund non-program revenues for Fiscal Year 2018-19.

The assessed valuation of property in the County is established by the County Assessor except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at the full value of the property as defined in Article XIIIA of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – *Article XIIIA of the California Constitution" in this Official Statement*.

Taxes are levied for each fiscal year on taxable real and personal property, which is situated in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The secured roll is that part of the assessment roll containing State-assessed property and property the taxes on which are a lien on real property sufficient in the opinion of the County Assessor to secure payment of the taxes. Other property is assessed on the "unsecured roll." Property taxes on the secured roll are due in two installments on November l and February 1 of each fiscal year and, if unpaid, become delinquent on December 10 and April 10 respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted after 5:00 p.m. on June 30th of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of one and one-half percent per month to the time of redemption plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of the January l lien date and become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

Assessed Valuation

The following table represents a ten-year history of assessed valuation in the County. The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIIIA of the California Constitution.

Table 6
Mono County
Assessed Value of Taxable Property
(In Thousands of Dollars)

Fiscal Year Ended June 30	Secured Roll(1)	Unsecured Roll(2)	Exemptions(3)	Net Assessed Valuations	Percentage Change
2009	$ 6,077,844	$ 354,042	$ 43,685	$ 6,388,201	—
2010	5,656,315	897,720	54,438	6,499,597	1.74%
2011	5,255,407	881,140	55,020	6,081,527	(6.43)
2012	5,129,027	675,957	57,004	5,747,980	(5.48)
2013	5,072,813	575,835	58,574	5,590,074	(2.75)
2014	5,128,486	398,473	59,899	5,467,060	(2.20)
2015	5,241,684	398,352	60,322	5,579,714	2.06
2016	5,381,852	397,894	62,257	5,717,489	2.47
2017	5,474,199	401,736	63,206	5,812,729	1.67
2018	5,624,767	406,262	64,067	5,966,962	2.65
2019(4)	5,777,118	418,118	65,260	6,129,976	2.73

(1) Secured property is generally the real property, which is defined as land, mineral, timber, and improvements such as buildings, structures, crops, trees and vines. Also included in secured roll are unitary properties, including railroads and utilities, which cross the County and are assessed by the State Board of Equalization.
(2) Unsecured property is generally personal property, including machinery, equipment, office tools, supplies, mobile homes, and aircraft.
(3) Exempt properties include numerous full and partial exclusions/exemptions provided.
(4) Fiscal Year 2018-19 reflects data to date, final assessed values may change by the end of the tax year.
Source: Mono County Property Tax System.

Tax Levies, Collections and Delinquencies

The County levies and collects all property taxes for property falling within its taxing boundaries. The County has not adopted the alternative method of secured property tax apportionment known as the Teeter Plan, which provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at fiscal year-end.

The table below sets forth the levies, collections and percent of collections and levies for property taxes in the County for the last ten fiscal years.

Table 7
Mono County
Property Tax Levies and Collections
(In Thousands of Dollars)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year[1]	Collected within the Fiscal Year of the Levy[2]		Collections in Subsequent Years[3]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$61,511	$58,102	94.46%	$3,408	$61,510	99.99%
2010	65,208	57,969	88.90	7,214	65,183	99.96
2011	61,210	54,658	89.30	6,519	61,177	99.95
2012	58,030	54,847	94.52	3,150	57,997	99.94
2013	56,893	55,986	98.41	883	56,869	99.96
2014	54,989	53,288	96.91	1,657	54,945	99.92
2015	56,118	54,051	96.32	2,022	56,073	99.92
2016	57,736	55,635	96.36	2,023	57,658	99.86
2017	58,487	56,905	97.30	1,464	58,369	99.80
2018	60,059	59,698	99.40	124	59,822	99.61

(1) Includes Secured, Unsecured, and Unitary Taxes levied for the County itself, school districts, cities and special districts under the supervision of their own governing boards. Includes adjustments to the tax rolls from the levy date to delinquency date.
(2) Includes amounts collected by the County on behalf of itself, school districts, cities and special districts under the supervision of their own governing boards.
(3) Includes adjustments to the levy. Taxes levied less collections to date equal the delinquent taxes receivable.
Source: Mono County Property Tax System.

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The following table represents the ten largest taxpayers of local secured property taxes within the County as of June 30, 2018.

Table 8
Mono County
Ten Largest Taxpayers
Fiscal Year Ended June 30, 2018

Taxpayer	Type of Business	Taxable Assessed Value ($'000)	Rank	Percentage of Total County Assessed Value
City of Los Angeles	Government	$319,157	1	5.21%
Southern California Edison	Utility	93,966	2	1.53
Magma Energy Incorporated	Utility	82,425	3	1.34
IW Mammoth Holdings	Developer	50,787	4	.83
Ormat	Utility	35,671	5	.59
Mammoth Pacific	Utility	27,955	6	.46
Snowcreek Investment Company	Developer	22,049	7	.36
Metric Mammoth, LLC	Restaurant Facilities	16,434	8	.27
JPK Mammoth Village Owner	Commercial Facilities	15,540	9	.25
Vons Company, Inc	Retail Store	13,506	10	.22
Total		**677,490**		**11.06**

Source: Mono County Property Tax Software.

Transient Occupancy Tax

Tourism is a major economic sector in the County and represents an important revenue stream. Approximately 38.5 percent of all employment is directly associated with this industry. The County collects Transient Occupancy Tax ("TOT") revenues from hotel operators, AirBnB, VRBO, HomeAway and other home rental sites for the privilege of occupancy in any hotel as a percentage of the rent charged by the operator. The tax constitutes a debt owed by the transient to the County which is extinguished only by payment to the operator or to the County. The rate for the County is 12%.

Annually, an estimated 1.5 million visitors visit Mono County and stay on average approximately three days, generating $16 million in lodging and retail sales taxes countywide. The County is a destination of choice for many travelers from not only the U.S., but from countries across the globe. For this reason, economic conditions both in the U.S. and abroad influence these revenues. In 2017, TOT receipts increased by 7.2% over the previous year and have increased by 29.85% over the last three years. These increases are due largely to the increased number of international travelers to the County. TOT revenues reached an all-time high of $3.56 million in Fiscal Year 2017-18. In addition to local tax revenues, in 2016, tourism contributed 3,839 full time jobs to the local economy, 48.1% of the County's total employment.

Table 9
Mono County
Transient Occupancy Tax Receipts
Fiscal Years Ended June 30, 2009 Through June 30, 2018

Fiscal Year Ended June 30	TOT Receipts	Growth Rate
2009	$2,504,045	—
2010	2,357,411	(5.86)%
2011	2,326,471	(1.31)
2012	2,472,355	6.27
2013	2,416,503	(2.26)
2014	2,590,571	7.20
2015	2,741,890	5.84
2016	3,025,975	10.36
2017	3,321,117	9.75
2018	3,560,345	7.20

Source: Mono County Transient Occupancy Tax Statistics.

Sales Taxes

The State collects a tax on retail transactions within the County and rebates 1% to the County. Sales and use taxes contributed $597,336 to the County's General Fund revenues in the Fiscal Year ended June 30, 2018, equating to 1.6% of total General Fund revenues for that fiscal year. The County receives a share of sales tax revenues generated from taxable sales in the unincorporated areas of the County. The following table illustrates, for unincorporated areas of the County only, the historical sales tax receipts to the General Fund for the Fiscal Years 2011-12 through 2017-18, the estimated sales tax receipts for Fiscal Year 2018-19, and the computed annual rate of change for such periods.

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Table 10
Mono County
Historical Taxable Sales and Sales Tax Receipts for Unincorporated Areas
Fiscal Years Ending June 30, 2012 Through June 30, 2019

Fiscal Year Ended June 30	Taxable Sales[1]	Sales Tax Receipts[1]	Growth Rate of Sales Tax Receipts[4]
2012	$ 43,488,933	$ 326,167	–
2013	55,277,200	414,579	12.74%
2014	64,500,800	483,756	14.04
2015	42,451,733	318,388	(0.60)
2016[2]	56,784,400	567,844	11.73
2017	58,537,500	585,375	10.24
2018	59,733,600	597,336	9.03
2019[3]	63,000,000	630,000	8.58

(1) Taxable sales and sales tax receipts reflect point-of-sale transactions only for the unincorporated county area.
(2) End of the State's triple-flip swap that redirected 25% of the County's sales tax revenues for repayment of state bonds.
(3) 2018-19 taxable sales and sales tax receipts are estimated.
(4) Average annual growth rate of sales tax receipts since Fiscal Year 2011-12.
Source: County Department of Finance.

Among the information set forth in APPENDIX A – "GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY" is a profile of total taxable sales within the County for the past five years on a calendar year basis as reported by the State Board of Equalization. The Taxpayer Transparency and Fairness Act of 2017 restructured the State Board of Equalization into three separate entities: the State Board of Equalization, the California Department of Tax and Fee Administration ("CDTFA") and the Office of Tax Appeals. The CDTFA handles most of the taxes and fees previously collected by the Board of Equalization, including sales and use tax as of July 1, 2017.

Outstanding Long-Term Debt

As of June 30, 2018, the County was obligated to make payments for debt service on approximately $2.9 million of then currently outstanding aggregate principal amount of long-term bond, note, and loan obligations.

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The following table summarizes the County's long-term debt outstanding at fiscal year end June 30, 2018.

Table 11
Mono County
Long-Term Debt Outstanding
For the Year Ended June 30, 2018

Summary of Long-Term Liabilities

	Maturity	Interest Rates	Principal Installments	Date of Issue	Amount Authorized	Outstanding June 30, 2018
Pension obligation bonds	2023	4.36%	$116,300 - $762,900	2012	$ 4,612,900	$ 696,600
Note payable to Mono County Investment Pool for Innoprise Financial System	2019	1.25%	$10,903 - $43,536	2015	356,302	68,195
Note payable to Mono County Investment Pool for elections equipment	2022	2.5%	$21,169 - $23,673	2017	224,000	202,831
					$ 5,193,202	$ 967,626
Business-type activities						
Solid Waste refunded certificates of participation for closure-postclosure activities	2025	4.29%	$189,000 - $316,100	2011	$ 3,609,000	$ 1,945,900
					$ 3,609,000	$ 1,945,900

Source: Mono County Department of Finance.

In 2003, California legislation mandated that all agencies with less than 100 active members in a single plan enroll in a risk-sharing pool in order to establish less volatile employer contribution rates for smaller units. At the time of joining a risk-sharing pool, a "Side Fund" was created to account for the difference between the funded status of the County's plan and the funded status of the risk pool. Mono County's safety related plans had such a side fund, considered by CalPERS to be treated as loans for which interest was assessed at 7.75% per year. The pension obligation bonds disclosed in Table 11 were issued by the County to refinance the side fund (CalPERS debt) at a rate less than that assessed by CalPERS. The County realized combined total savings of $522,660 as result of this debt issuance. See the PENSION OBLIGATIONS section.

For additional information regarding the long-term debt outstanding of the County, see APPENDIX B – "COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017."

Investments of County Funds; County Pool

All funds in the County Treasurer's Pooled Investments (the "County Pool") are invested by the County Treasurer, according to Sections 53601 and 53635, *et seq*. of the California Government Code and the County's Investment Policy (the "Investment Policy"), amended and approved by the Board on September 11, 2018, prepared by the County Treasurer. The Investment Policy is submitted to the Board for review and approval on an annual basis, and the Treasurer presents a performance review of the County Pool to the Board on a quarterly basis. The County Pool represents moneys deposited by the County, Town of Mammoth Lakes, and school and special districts within the County. The Investment Policy requires that all investments comply with the California Government Code, and provides that the County Treasurer will establish and define authorized investments as well as credit, marketability, maturity and diversification criteria for the investments. The stated goal of the Investment Policy, in order of priority, is to minimize risk to principal (Safety), provide available cash to meet anticipated needs (Liquidity), and maximize earnings (Return). The County Treasurer or her designee reviews the investment records, the contents of the County Pool, and the specific financial institutions with whom investments have been made.

The total amortized book value of the County Pool as of June 30, 2018 was $93,638,816 spread among 143 separate investments of which 44.5% (approximately $41,700,000) represented the County's share with the remaining balance belonging to the Town of Mammoth Lakes, school, community college, special districts, and trust and agency funds held for the benefit of third parties. The market value was $92,068,408 and was 98.323% of the amortized book value. The County Pool's weighted average yield was 1.7564%, and its earned income for the quarter ended June 30, 2018 was $433,750. The weighted average maturity of the portfolio was 659 days. Approximately 22.17% (approximately $20,700,000 book value) of the County Pool was in cash or invested in instruments with one-day maturities. Approximately 46.2% (approximately $43,200,000 amortized book value) of the County Pool was invested in various U. S. Treasury and federal agency securities. Approximately 9.2% (approximately $8,600,000 par value) of the County Pool consisted of corporate notes rated A3 or better. The County Pool contains no reverse repurchase agreements and does not engage in securities lending. The pool contains no inverse floating rate instruments.

Pension Obligations

Plan Description

The County's defined benefit pension plans – the Miscellaneous Plan of Mono County ("County MP" or "Miscellaneous Plan") and the Safety Plan of Mono County ("County SP" or "Safety Plan") – provide pensions for all qualified permanent and probationary full-time general and public safety employees, respectively, of the County and Mono County Superior Court (non-judicial employees). The County MP is an agent multiple-employer defined benefit pension plan while the County SP is a cost-sharing multiple-employer defined benefit plan. Both plans are administered by the California Public Employees' Retirement System ("CalPERS"), which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries. Benefit provisions and other requirements are established by State statutes within the Public Employees Retirement Law and County resolution.

CalPERS is a contributory plan deriving funds from employee and employer contributions as well as earnings from investments. Changes in actuarial assumptions and benefit levels in the recent past have significantly increased pension cost estimates. Current required contributions are determined by reference to the June 30, 2017 actuarial valuations provided by CalPERS in July 2018 (the "2018 CalPERS Report"), using the entry age normal actuarial cost method. For much of the remainder of this section, disclosure information is obtained from the CalPERS actuarial valuation up through and as of June 30, 2015, which is applicable to the Fiscal Year 2017-18 County contributions. Where possible, subsequent additional actuarial information is included for CalPERS valuations as of June 30, 2016 and 2017.

Benefits Provided

The Miscellaneous Plan and the Safety Plan provide retirement, disability, annual cost of living adjustments, and death benefits. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Alternatively, employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement.

Service related disability benefits are provided to Safety Plan members based on final compensation. Nonservice related disability benefits are provided to members of both plans. The benefit is based on final compensation, multiplied by service, which is determined as follows:

- service is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or

- service is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service.

Death benefits are based upon a variety of factors including whether the participant was retired at time of death.

Annual cost-of-living adjustments ("COLAs") are provided in all plans beginning the second calendar year after the year of retirement based upon the Bureau of Labor Statistics Average Consumer Price Index for All Urban Consumers and is subject to a maximum of 2% per annum.

There are two classes of employees under each plan: Classic (employees who joined CalPERS prior to January 1, 2013) and PEPRA (Public Employees' Pension Reform Act of 2013 – employees who joined CalPERS on or after January 1, 2013). Benefit levels vary within the classic class based on prior agreement reached between certain employee groups and the Board. Therefore, the classic class is further divided into tiers. The classic level is closed for new entrants in all plans except as transfers from other reciprocal agencies.

The Mono MP includes Mono County Superior Court administrative employees. In accordance with the Trial Court Fund Act, Court employees are no longer employees of the County, but of the State instead. The Public Employees Retirement Law (PERL) provides that in counties contracting with CalPERS, the trial court and the County participate in CalPERS via a joint contract. California law requires the combining of assets and liabilities of a county and a trial court for purposes of setting the employer contribution rates for both the county and the trial court. Additionally, the County and the trial court provide a single benefit package to eligible employees. The Court's share of the Mono MP is estimated at approximately five to six percent.

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

Beginning with Fiscal Year 2017-18, CalPERS began assessing the County MP employer contributions toward the plan's unfunded liability in dollar amounts instead of through a contribution rate. This change is intended to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. In such instances, financing the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Although employers will be invoiced at the beginning of the fiscal year for their unfunded liability payment, the plan's normal cost contribution will continue to be assessed as a percentage of payroll. The County SP separated normal cost contributions which continue to be paid as a percentage of payroll from the plan's unfunded liability beginning with Fiscal Year 2015-16.

Below is a summary of the Plan's provisions, benefits, and contribution amounts/rates in effect for Fiscal Year 2017-18, which is determined from the CalPERS June 30, 2015 actuarial valuation.

	Miscellaneous Plan		
Employee Class	**Classic Tier 1**	**Classic Tier 2**	**PEPRA**
Benefit Formula	2.7% @ 55	2.5% @ 55	2% @ 62
Benefit Vesting	5 years of service	5 years of service	5 years of service
Final Average Compensation Period	12 months	12 months	36 months
Retirement Eligibility Age	50-55	50-55	52-67
Employee contribution as a percentage of payroll	8.000%	8.000%	6.250%
Employer contribution as a percentage of payroll	10.445%	10.445%	10.445%
Unfunded Accrued Liability Annual Payment(1)	$2,047,977	--	--
Status	Closed	Closed	Open

(1) Includes $120,314, or 5.87%, allocable to the Mono County Superior Court, an entity legally separate from the County of Mono.
Source: Mono County Department of Finance.

	Safety Plan - Sheriff		
Employee Class	**Classic Tier 1**	**Classic Tier 2**	**PEPRA**
Benefit Formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit Vesting	5 years of service	5 years of service	5 years of service
Final Average Compensation Period	12 months	12 months	36 months
Retirement Eligibility Age	50	55	57
Employee contribution as a percentage of payroll	9.000%	9.000%	11.500%
Employer contribution as a percentage of payroll	19.723%	16.842%	11.990%
Unfunded Accrued Liability Annual Payment	$394,463	--	$98
Status	Closed	Closed	Open

Source: Mono County Department of Finance.

Employee Class	**Safety Plan – Peace Officer** **Classic Tier 1**	 **Classic Tier 2**	 **PEPRA**
Benefit Formula	3% @ 50	3% @ 50	2.7% @ 57
Benefit Vesting	5 years of service	5 years of service	5 years of service
Final Average Compensation Period	12 months	12 months	36 months
Retirement Eligibility Age	50	50	57
Employee contribution as a percentage of payroll	9.000%	9.000%	11.500%
Employer contribution as a percentage of payroll	19.723%	19.723%	11.990%
Unfunded Accrued Liability Annual Payment	$286,344	--	$560
Status	Closed	Closed	Open

Source: Mono County Department of Finance.

Employee Class	**Safety Plan - EMS** **Classic Tier 1**	 **Classic Tier 2**	 **PEPRA**
Benefit Formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit Vesting	5 years of service	5 years of service	5 years of service
Final Average Compensation Period	12 months	12 months	36 months
Retirement Eligibility Age	50	50	57
Employee contribution as a percentage of payroll	9.000%	9.000%	11.500%
Employer contribution as a percentage of payroll	19.723%	15.928%	11.990%
Unfunded Accrued Liability Payment	$171,121	$2,578	$166
Status	Closed	Closed	Open

Source: Mono County Department of Finance.

Employees Covered

Listed below are the number of employees covered by the County MP. Census information providing the number of employees covered by the County SP is not available.

Inactive Employees or beneficiaries currently receiving benefits	314
Inactive employees entitled to but not yet receiving benefits (Transferred + Terminated)	213
Active employees	188
Total	715

Annual Pension Cost

For Fiscal Year 2017-18, the County's required and actual contribution was $4,782,691. The table below sets forth the annual pension costs to the County for the past six years.

Table 12
Mono County
Annual CalPERS Costs

Fiscal Year Ending June 30	Annual Actual Employer Contribution[1]	Percentage of Employer Contribution
2013	$4,007,305	100%
2014	4,081,861	100
2015	3,859,035	100
2016	3,898,725	100
2017	4,341,934	100
2018	4,890,690	100

(1) Includes actual contributions paid or accrued to CalPERS for the Mono SP and the Mono MP, excluding court employees.
Source: Mono County Department of Finance, Mono County CAFRs 2013-2017.

Actuarial Cost Method

The required contribution for Fiscal Year 2017-18 was determined as part of the June 30, 2015 actuarial valuation using the Entry Age Normal Cost Method. Under this method, projected benefits are determined for all members and the associated liabilities are spread in a manner that produces level annual cost as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost.

The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years. The actuarial accrued liability for members currently receiving benefits and for members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

Amortization of Unfunded Actuarial Accrued Liability

The excess of the total actuarial accrued liability over the market value of plan assets is called the unfunded actuarial accrued liability (the "UAAL"). Each year's funding requirements are determined by combining the normal cost and an amortization payment toward the unfunded liability. Commencing with the June 30, 2013 valuation, all new gains or losses are tracked and amortized over a fixed 30-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. All changes in liability due to plan amendments (other than Golden Handshakes (as hereinafter defined)) are amortized over a 20-year period with no ramp. Changes in actuarial assumptions or changes in actuarial methodology are amortized over a 20-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. Changes in unfunded accrued liability due to a Golden Handshake will be amortized over a period of 5 years. As used above, a Golden Handshake is the practice of offering an employee up to two years of unearned credit for retirement in exchange for taking an early retirement, as authorized under California law.

Asset Valuation Method

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuations that set the employer contribution for Fiscal Year 2015-16, CalPERS employs a policy that amortizes all gains and losses over a fixed 30-year period. The increase or decrease in the rate is then spread directly over a 5-year period. This method is referred to as "direct rate smoothing." CalPERS no longer uses an actuarial value of assets and only uses the market value of assets. The direct rate smoothing method is equivalent to a method using a 5-year asset smoothing period with no actuarial value of asset corridor and a 25-year amortization period for gains and losses.

Employer Contribution History

The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The table below provides a recent history of the required employer contributions for the plans, as determined by the annual actuarial valuation.

Table 13
Mono County
Employer Contributions - Pension Plans

	Miscellaneous Plan(1)				**Safety Plan**(2)			
Fiscal Year Ended June 30	Employer Normal Cost Rate	Employer Unfunded Rate	Employer Unfunded Liability Payment(3)	Total Employer Contribution Rate	Employer Normal Cost Rate	Employer Unfunded Rate	Employer Unfunded Liability Payment(3)	Total Employer Contribution Rate
2015	11.205%	10.252%	N/A	21.457%	17.453%	10.645%	N/A	28.098%
2016	10.983	11.559	N/A	22.542	18.524	7.601	$1,088,022	26.125
2017	10.942	12.918	N/A	23.860	19.536	10.133	855,330	29.669
2018	10.445	17.078	$2,047,977	27.523	19.723	13.000	690,285	32.723
2019	10.732	18.168	2,355,936	28.900	20.556	19.855	575,693	40.411

(1) Includes balances allocable to Superior Court employees.
(2) Contribution rates shown are derived from the Mono County Safety Plan for Tier 1 members. Employer unfunded liability payment amounts are for all safety tier members combined.
(3) Beginning with Fiscal Year 2017-18, for the County MP and with Fiscal Year 2015-16 for the County SP, CalPERS collects employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. This change addresses potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Financing the unfunded liability as a percentage of payroll could lead to further underfunding of the plans. Although employers are invoiced at the beginning of the fiscal year for their unfunded liability payment, the plan's normal cost contribution will continue to be collected as a percentage of payroll. Employer unfunded rate for Fiscal Year 2017-18 and 2018-19 is calculated based on actuarial projected payroll amounts.
Source: CalPERS Annual Valuation reports for Mono County Miscellaneous and Safety Plans.

See also Note 7 to the Comprehensive Annual Financial Report included in APPENDIX B hereto.

Funded Status and Funding Progress

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The table below shows a 6-year analysis of the funded status for the County MP, including the market value of assets, the funded ratio, and the annual covered payroll as of June 30.

Valuation Date	Entry Age Normal Accrued Liability	Market Value of Assets	Unfunded/ (Overfunded) Liability	Present Value of Projected Benefits	Covered Payroll	Funded Ratio
06/30/11	$ 80,864,947	$ 56,723,555	$ 24,141,392	$ 100,194,289	$ 13,860,315	70.1%
06/30/12	84,619,424	56,344,041	28,275,383	102,264,946	14,229,381	66.6
06/30/13	89,125,001	62,641,110	26,483,891	106,664,019	14,184,594	70.3
06/30/14	97,022,458	72,882,577	24,139,881	114,196,632	13,999,958	75.1
06/30/15	101,050,599	72,925,413	28,125,186	116,513,502	13,103,589	72.2
06/30/16	104,580,850	71,568,268	33,012,582	119,975,069	12,938,764	68.4
06/30/17	110,900,360	77,878,484	33,021,876	128,561,836	13,883,958	70.2

Source: PERS Actuarial Reports.

Similar information for the County SP is no longer available because the County SP is included in among CalPERS pooled-basis plans. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709, or www.calpers.ca.gov. Information on such website is not incorporated herein by reference.

Actuarial Methods and Assumptions

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014, the CalPERS Board of Administration (the "CalPERS Board") adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that at the time of adoption supports a discount rate assumption of 7.5 percent. The CalPERS Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies seen in CalPERS membership and expected continued improvements. The new actuarial assumptions were first used in the June 30, 2014 valuation to set the Fiscal Year 2016-17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions is amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with CalPERS Board policy.

In 2012, PERS lowered the discount rate from 7.75 percent to 7.5 percent, which resulted in additional contribution increases to employers. On December 21, 2016, the CalPERS Board of Administration voted to further lower the discount rate from 7.5 percent to 7.0 percent, phased incrementally over the following three years to give employers more time to prepare for the changes in contribution costs. The discount rate was lowered to better match current investment earnings results and ensure the long-term sustainability of the pension fund.

The projected future employer contribution rates for the County are as follows. Projected future employer contribution rates are shown based on the 2018 CalPERS Annual Valuation Report with a valuation date as of June 30, 2017.

Fiscal Year Ended June 30	Safety Plan Employer Normal Cost Rate(1)	Safety Plan Employer Unfunded Actuarial Liability	Miscellaneous Plan Employer Normal Cost Rate	Miscellaneous Plan Employer Unfunded Actuarial Liability
2019	20.556%	$1,088,022	10.732%	$ 2,355,936
2020	21.927	1,345,373	11.200	2,711,000
2021	23.300	1,531,400	12.200	2,969,000

(1) Rate shown applicable to County SP tier 1 members
Source: CalPERS Actuarial Report as of June 30, 2016 and 2017.

Other Post-Employment Benefits

Plan Description

The County administers a postemployment healthcare plan, a single-employer defined benefit post-employment healthcare plan. The County established a post-employment health benefit ("OPEB") trust with the Public Agency Retirement Services, 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 are eligible to receive County contributions into an Internal Revenue Code Section 401(a) Plan established by the County. Currently, 175 retirees and 26 employees, not yet retired, meet the eligibility requirements for the pre-2002 hire health care retirement benefits. This is a closed group with no new members added or eligible. The County has a two-part system for acknowledging this liability. 1) The County budgets for the full 3% match of employee salaries to match the 3% maximum County obligation under the 401(a) plan. The excess not paid to participating employees remains in the retirement trust fund to pay on-going retiree costs. 2) The County budgets for the annual required contribution with payments first going to fund current retiree costs and the remainder in trust to fund future retiree costs.

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 2016-17, the County contributed $3,108,215, or 145% of the Annual OPEB cost, to the Post Employment Benefit Plan.

The 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 Fiscal Year 2016-17 ARC is $2,064,918. More recent information is not available in a comparable format because of the change in accounting reporting requirements mandated by GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

The following are the components of the County's annual OPEB cost for the Fiscal Year ended June 30, 2017:

Annual Required Contribution (ARC)	$ 2,064,918
Interest on net OPEB obligation actuarial estimate	(276,769)
Amortization of net OPEB obligation actuarial estimate	353,680
Annual OPEB cost (expense)	2,141,829
Contributions made	(3,108,215)
Increase (decrease) in net OPEB obligation	(966,386)
Net OPEB asset, beginning of year	(4,428,309)
Net OPEB asset, end of year	$(5,394,695)

Annual OPEB Cost and Net OPEB Obligation

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 asset for Fiscal Year 2016-17 and the prior two fiscal years is set forth in the following table.

Table 14
Mono County
Annual OPEB Cost

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
2015	$ 1,501,197	172%	$ 3,311,944
2016	1,553,266	172	4,776,826
2017	2,141,829	145	5,394,695

Source: Mono County 2017 CAFR.

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Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of January 1, 2016, the plan's most recent actuarial valuation date, and as of June 30, 2017 using a valuation prepared for purposes of implementing the provision of GASB Statement 75, was as follows:

	January 1, 2016 Actuarial Valuation[(1)]	June 30, 2017 GASB 75 Disclosure Report[(2)]
Actuarial accrued liability (AAL)	$ 33,863,468	$34,382,436
Actuarial value of plan assets	14,369,915	17,480,128
Unfunded actuarial accrued liability (UAAL)	19,493,553	16,902,308
Funded ratio (actuarial value of plan assets/AAL)	42.43%	50.8%
Covered payroll (active Plan members)	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A

(1) Mono County OPEB valuation, as of January 1, 2016
(2) Mono County Actuarial Valuation of OPEB under GASB 74/75. The County Department of Finance received this report, dated August 21, 2018, for the sole purpose of determining the disclosures required by GASB Statement 75. This information will be used to prepare certain disclosures about the plan in the County's Fiscal Year 2017-18 CAFR.

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. See APPENDIX B – "COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017."

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, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.25% investment rate of return, an inflation rate of 2.5% per year, and assumed medical inflation of 8% graded down to 6% 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, 2017, was 21 years.

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Table 15
Retiree Healthcare Plan
Schedule of Funding Progress
(dollars in thousands)

Valuation Date (Jan. 1)	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Actuarial Funded Ratio	Annual Covered Payroll
2010	$ 27,643	$ 3,567	$24,076	12.9%	N/A
2012	26,703	7,315	19,388	27.4	N/A
2014	25,895	11,908	13,987	46.0	N/A
2016	33,863	14,370	19,493	42.4	N/A

Source: Mono County 2017 CAFR, Required Supplementary Information.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement No. 75 are effective for the County's fiscal years ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The County has not determined the effect, if any, on the financial statements.

Statement of Direct and Overlapping Debt

Contained within the County are numerous overlapping local agencies providing public services. These local agencies have outstanding debt issued in the form of general obligation, lease revenue and special assessment bonds and other obligations. Set forth below is a statement of direct and overlapping debt as of October 1, 2018 (the "Debt Statement") prepared by California Municipal Statistics, Inc. The Debt Statement is included for general information purposes only. Neither the County nor the Underwriter has reviewed the Debt Statement for completeness or accuracy and makes no representations in connection therewith.

The Debt Statement generally includes long term obligations sold in the public credit markets by public agencies other than the County whose boundaries overlap the boundaries of the County in whole or in part. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases long term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency. Self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations, if any, are excluded from the debt statement.

Table 16
Mono County
Direct and Overlapping Debt (As of October 1, 2018)

2018-19 Assessed Valuation: $6,143,783,369 (Includes unitary utility)

OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable [1]	Debt
Kern Community College School Facilities Improvement District – Mammoth Campus	100%	$4,844,392
Eastern Sierra Unified School District	100	11,274,503
Mammoth Unified School District	100	5,764,061
Round Valley School District	34.751	307,199
Southern Mono Hospital District	100	14,769,555
Town of Mammoth Lakes Community Facilities District No. 2001-1	100	6,053,012
City and Special District 1915 Act Bonds	100	1,192,387
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$44,205,109
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Mono County Pension Obligation Bonds	**100%**	**$ 696,600**
Kern Community College District Certificates of Participation	5.107	1,537,973
Kern Community College District Benefit Obligations	5.107	3,973,757
Town of Mammoth Lakes Certificates of Participation	100	3,061,000
Town of Mammoth Lakes Judgment Obligation Bonds	100	22,985,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$32,254,330
COMBINED TOTAL DEBT		$76,459,439[2]

Ratios to 2018-19 Assessed Valuation:
Direct Debt ($696,600)
Total Direct and Overlapping Tax and Assessment Debt
Combined Total Debt

(1) 2017-18 ratios.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Labor Relations

There are five formal labor units, listed in Table 17 below, representing County employees. Supervisors, management, confidential employees, certain attorneys and certain other employees are not represented by an exclusive bargaining agent. Salaries and benefits are determined through a process of "meet and confer" with representatives from each of these classifications. All employees' salaries are subject to periodic renegotiation.

Table 17
Mono County
Labor Relations

Bargaining Unit	Labor Organization	Number of Employees[1]	Contract Expiration
MCDSA	Deputy Sheriffs' Association	18	12/31/2021
MCPSO	Public Safety Officers' Association	13	12/31/2022
MCPRA	Paramedic Rescue Association	23	6/30/2018[2]
MCDPOA	Deputy Probation Officers Association	8	6/30/2019
MCPE	Mono County Public Employees	177	12/31/2018[3]

(1) Full time equivalents are based on filled positions, calendar year 2018.
(2) Currently in negotiations.
(3) Negotiations anticipated to begin in November 2018.
Source: Mono County.

The County is nearing the end of a year-long process of conducting a salary survey that includes quantifying the comparable wage amounts, after adjustment for cost-of-living factors, affecting members of the Mono County Public Employees group, which expects to commence bargaining negotiations in December 2018, and the unrepresented at-will employees. In anticipation of potential wage increases resulting from ultimate adoption of the salary survey results, the County's Fiscal Year 2018-19 adopted budget included a five percent increase to all affected wages.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Certificates. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

Rental Payments Not County Debt

The obligation of the County to make the Rental Payments, including the Base Rental Payments, does not constitute a debt of the County or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Lease Agreement to pay the Rental Payments from any source of legally available funds and the County has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Rental Payments in its annual budgets and to make necessary annual appropriations therefor. The County is currently liable and may become liable on other obligations payable from general revenues, some of which may have a priority over the Rental Payments.

The County has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Rental Payments may be decreased. In the event the County's revenue sources are less than its total obligations, the County could choose to fund other activities before making Rental Payments and other payments due under the Lease Agreement.

No Liability of Corporation to the Owners

Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Abatement

In the event of substantial interference with the County's right to use and occupy any portion of the Project by reason of material damage to, or destruction or condemnation of, the Project, or any defect in title to the Project, Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT – *Abatement*." In the event that such portion of the Project, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the funds and accounts established under the Trust Agreement, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient or unavailable to provide for complete repair or replacement of such portion of the Project or prepayment of the Certificates, there could be insufficient funds to make payments to Owners in full.

The scheduled Base Rental Payments due under the Lease Agreement, together with capitalized interest on the Certificates, are calculated, in the aggregate, to be sufficient to pay the principal of and interest on the Certificates. If the Project is not completed by the date to which interest has been capitalized for the Project, Base Rental Payments or any part thereof, not delivered will be proportionately abated until such time as the Project is ready for beneficial use and occupancy. There can be no assurance that completion of the construction of the Project will not be delayed, preventing the beneficial use and occupancy by the date to which interest will be capitalized.

Natural Disasters and Seismic Considerations

The County, like all California communities, may be subject to unpredictable seismic activity, wildfires, flood, or other natural disasters. Seismic activity, wildfires, floods and other natural disasters represents a potential risk for damage to buildings, roads, bridges and other property within the County.

The areas at and surrounding the Project, like those in much of California, may be subject to unpredictable seismic activity. In addition, land susceptible to seismic activity may be subject to liquefaction during the occurrence of such event. Generally, within the State, some level of seismic activity occurs on a regular basis. During the past 150 years, California has experienced several major and numerous minor earthquakes.

Absence of Earthquake and Flood Insurance

The County is not required by the Lease Agreement to maintain earthquake or flood coverage with respect to the Project however, the County currently has coverage and expects to maintain such coverage.

Limited Recourse on Default

If the County defaults on its obligations to make Rental Payments, the Trustee, as assignee of the Corporation, may (subject to the restrictions described below) retain the Lease Agreement and hold the

County liable for all Rental Payments on an annual basis and will have the right to re-enter and re-let the Project. In the event such re-letting occurs, the County would be liable for any resulting deficiency in Rental Payments. Alternatively, the Trustee may terminate the Lease Agreement with respect to the Project and proceed against the County to recover damages pursuant to the Lease Agreement.

Due to the specialized nature of the Project, no assurance can be given that the Trustee will be able to re-let any portion of the Project so as to provide rental income sufficient to make payments of principal and interest evidenced by the Certificates in a timely manner, and the Trustee is not empowered to sell the Project for the benefit of the Owners of the Certificates. In addition, due to the governmental function of the Project, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. Any suit for money damages would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Moreover, there can be no assurance that such re-letting will not adversely affect the exclusion of any interest component of Base Rental Payments from federal or state income taxation. The Trustee is not empowered to sell the Project and use the proceeds of such sale to prepay the Certificates or pay debt service thereon.

No Acceleration Upon Default

In the event of a default, there is no available remedy of acceleration of the Rental Payments due over the term of the Lease Agreement. The County will only be liable for Rental Payments on an annual basis, and the Trustee would be required to seek a separate judgment in each fiscal year for that fiscal year's Rental Payments.

Limitations on Remedies

The rights of the Owners of the Certificates are subject to the limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Certificates, and the obligations incurred by the County, may become subject to the federal bankruptcy code (Title 11, United States Code) (the "Bankruptcy Code") and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the U.S. Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State. Bankruptcy proceedings, or the exercise of powers by the Federal or State government, if initiated, could subject the Owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Bankruptcy

In addition to the limitations on remedies contained in the Trust Agreement and the Lease Agreement, the rights and remedies in the Lease Agreement may be limited by and are subject to the provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Under Chapter 9 of the Bankruptcy Code, which governs bankruptcy proceedings of public entities such as the County, no involuntary bankruptcy petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the County.

The filing of a bankruptcy petition results in a stay against enforcement of remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the County could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. In the event of rejection of a lease by a debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Trust Agreement, the Trustee holds Base Rental Payments for the benefit of the Owners of the Certificates, but Trustee's interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the County. The Project itself is not subject to any security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a County bankruptcy and a subsequent rejection of the Lease Agreement by the County, the Trustee, as assignee of the Corporation, would have a claim for damages against the County. The Trustee's claim would constitute a secured claim only to the extent of Base Rental Payments in the possession of the Trustee; the balance of such claim would be unsecured.

Bankruptcy proceedings would subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Certificates. In a bankruptcy case, the amount recovered by Owners could be affected by whether the Lease Agreement is determined to be a "true lease" or a loan or other financing arrangement (a "financing lease"), and Owners' recovery could be reduced in either case. If the Lease Agreement is determined by the bankruptcy court to constitute a "true lease" (rather than a financing lease), the County could choose not to perform under the Lease Agreement by rejecting it and the claim of the Owners could be substantially limited pursuant to Section 365 of the Bankruptcy Code to a fraction of the scheduled amount of Base Rental Payments, and that reduced claim amount could be impaired as an unsecured claim under a plan of adjustment. If a bankruptcy court were to treat the Lease Agreement as a financing lease then, under a plan of adjustment, the priority, payment terms, collateral, payment dates, payment sources, covenants and other terms or provisions of the Lease Agreement and the Certificates may be altered. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. For example, the amount of the Base Rental Payments from the County might be substantially reduced because of the power of the bankruptcy court under the Bankruptcy Code to adjust secured claims to the value of their collateral, which, as described above, could be limited to the Base Rental Payments held by the Trustee. In addition there can be a substantial disparity in treatment based on the nature of the Project. Whether the Lease Agreement is characterized by the bankruptcy court as a true lease or a financing lease, either scenario could result in the Owners not receiving the full amount of the principal and interest components of Base Rental Payments.

In a bankruptcy of the County, if a material unpaid liability is owed to the CalPERS or any other pension system (collectively the "Pension Systems") on the filing date, or accrues thereafter, such circumstances could create additional uncertainty as to the County's ability to make Base Rental Payments or other Rental Payments if the Lease Agreement is rejected. Given that municipal pension systems in California are usually administered pursuant to state constitutional provisions and, as applicable, other state and/or municipal law, the Pension Systems may take the position, among other possible arguments, that their claims enjoy a higher priority than all other claims, that Pension Systems have the right to enforce payment by injunction or other proceedings outside of a County bankruptcy case, and that Pension System claims cannot be the subject of adjustment or other impairment under the Bankruptcy Code because that would purportedly constitute a violation of state statutory, constitutional and/or municipal law. It is uncertain how a bankruptcy judge in a County bankruptcy would rule on these matters.

Substitution or Release of Property

The Lease Agreement provides that, upon satisfaction of certain conditions specified therein, the County may release from the Lease Agreement any portion of the Project or substitute alternate real property for all or any portion of the Project. Although the Lease Agreement requires (except as provided under the caption "THE PROJECT") that the Project, as constituted after such substitution or release, among other things (i) has an annual fair rental value greater than or equal to 105% of the maximum amount of the Base Rental Payments coming due in the then current Rental Period or any subsequent Rental Period, and (ii) has a fair replacement value at least equal to the aggregate amount of principal evidenced by the Certificates then Outstanding, the Lease Agreement does not require that such property have an annual fair rental value equal to 100% of the annual fair rental value of the property comprising the Project at the time of substitution or release. Thus, a portion of the real property comprising the Project could be replaced with less valuable property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Rental Payments were to occur subsequent to such substitution or release. See "THE PROJECT" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –LEASE AGREEMENT – *Substitution or Release of the Property*." Notwithstanding any such substitution or release, there will be no reduction in or abatement of the Rental Payments due from the County under the Lease Agreement solely as a result of such substitution or release.

No Limitation on Incurring Additional Obligations

Neither the Lease Agreement nor the Trust Agreement contains any limitations on the ability of the County to enter into other obligations that may constitute additional claims against its General Fund revenues. To the extent that the County incurs additional obligations, the funds available to make Base Rental Payments may be decreased. The County is currently liable on other obligations payable from General Fund revenues. See "COUNTY FINANCIAL INFORMATION – *Outstanding Long-Term Debt*" above.

The Trust Agreement provides that the Trustee, the Corporation and the County may by a Supplemental Trust Agreement provide for the execution and delivery of Additional Certificates evidencing and representing additional principal and interest components of Base Rental Payments. The Trust Agreement contains a number of specific conditions which must be met prior to the execution and delivery of any such Additional Certificates, the proceeds of which may be used for any lawful purpose of the County. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS — TRUST AGREEMENT – *Additional Certificates*."

Cash Management

To the extent the Board makes needed budget adjustments and maintains a balanced budget, the County has numerous internal or external means to manage its cash flow, including but not limited to interfund borrowing, intrafund borrowing and tax and revenue anticipation notes. If the County does not take required actions and the budget is out of balance, the cash requirements of the County may exceed available cash flow. The ability of the County to borrow on an interim basis to meet any cash shortfalls also may be limited if the budget remains out of balance for a sustained period of time. The County has the legal authority to issue "warrants" in place of cash to meet various types of expenditures or appropriations as an additional means to manage its cash flow. See "COUNTY FINANCIAL INFORMATION."

Limitation on Revenues

The County receives a significant portion of its annual funding from subventions by the State. As a result, decreases in the revenues received by the State can affect subventions made by the State to the County and other counties in the State. The potential impact of State budget actions for future fiscal years on the County in particular, and other counties in the State generally, is uncertain at this time. See "COUNTY FINANCIAL INFORMATION – *State Funding of Counties*."

There are limitations on the ability of the County to increase revenues. The ability of the County to increase the ad valorem property taxes (which have historically been an important source of revenues for counties in California) is limited pursuant to Article XIIIA of the State Constitution, which was enacted in 1978. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – *Article XIIIA of the California Constitution*."

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the "DOF"), http://www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at http://www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on counties in the State, may be found at the website of the State Treasurer, http://www.treasurer.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriter, and neither the County nor the Underwriter takes any responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

The County also receives a significant portion of its revenue from federal sources. Actions taken by Congress and federal executive branch agencies including, without limitation, reductions in federal spending, could materially reduce the revenues received by the County.

Changes in Law

There can be no assurance that the State Legislature will not at some future time enact legislation that will amend or create laws resulting in a reduction of moneys available to pay the Rental Payments. Similarly, the California electorate could adopt initiatives or the State Legislature could adopt legislation with the approval of the electorate amending the State Constitution which could have the effect of reducing moneys available to pay the Rental Payments.

Climate Change

The change in the earth's average atmospheric temperature, generally referred to as "climate change", is expected to, among other things, increase the frequency and severity of extreme weather events and cause substantial flooding. The County cannot predict the timing, extent, or severity of climate change and its impact on the County's operations and finances, but such impact could be material and adverse.

Cybersecurity

The County relies on a large and complex technology environment to conduct its operations. The County and its departments face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. No assurances can be given that the County's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County's computer and information technology systems could impact its operations and damage the County's digital networks and systems, and the costs and/or impacts on operation resulting therefrom could be materials.

Drought

The State of California recently experienced several consecutive years of below-average rain and snow, causing severe drought conditions in all 58 counties. On January 17, 2014, Governor Brown proclaimed a state of emergency due to the severe drought conditions faced by the State. On March 27, 2015, Governor Brown signed emergency legislation that mandated reductions in residential use and expedited $1 billion for drought and water infrastructure projects, including emergency food aid, drinking water, water recycling, conservation awareness, and flood protection. Water year 2017 has seen above-average precipitation and snowpack, and on April 7, 2017, Governor Brown issued Executive Order B-40-17, officially ending the drought state of emergency in all California counties except Fresno, Kings, Tulare, and Tuolumne.

Because the County is located at the eastern base of the Sierra Nevada Mountains (the source of water for much of Southern California) it receives significant runoff and groundwater recharge. Accordingly, the County has not experienced extreme effects of drought to the same degree as other regions of the State. All but one of the ten groundwater basins in the County are ranked as low or very low priority by the California Department of Water Resources.

Hydrology in the western United States and the quantity of groundwater supplies are subject to cyclical changes, changes in climate and rainfall and levels of use. The County can make no assurances as to the reliability or adequacy of future supplies to meet future demands. Groundwater aquifers, upon which much of the County's agriculture depends, recover much more slowly than surface water and are limited by how much and how fast water can recharge. Unlike surface water, which can recover during a few days of heavy precipitation, groundwater aquifer recovery often takes years or decades. Excessive, long-term groundwater over-use resulting in groundwater depletion can cause subsidence and permanent loss of groundwater storage as well as water quality degradation and seawater intrusion. These long-term impacts on groundwater have not been remedied by the recent weather.

Minimal Available Land Owned in the County

The County comprises 3,049 square miles of land space, with approximately 2,848 square miles, or 93.4 percent, owned by public entities, which include the federal government (Inyo National Forest, Toiyabe National Forest, Bureau of Land Management), the State of California, local government, and the City of Los Angeles (Department of Water and Power).

Payments in Lieu of Taxes (PILT)

Federal and state agencies hold ownership title to a substantial portion of real property within the County and are not obligated to pay property taxes as required for private ownership, resulting in a loss of revenue to the County's taxing jurisdictions. As of 2017, the Federal Government retained ownership of 2,677.6 square miles, or 85.5%, and the State of California had ownership of 117.5 square miles, or 3.75%.

In lieu of the payment of property taxes, the Federal government is obligated by law (Public Law 97-258) to make payments to local governments that help offset losses in property taxes due to non-taxable Federal lands within the County's boundaries. While payment is mandated by law, the County is dependent upon Congress to appropriate funding each fiscal year to satisfy payment of this obligation. The County's most recent Federal related PILT receipt was $1,318,592, received on July 2, 2018.

Similarly, the State of California has a PILT program established to offset the adverse impacts to County property tax revenues that result when the state holds ownership of real property. Unlike the Federal program, payment to counties by the State is permissive and payment has been suspended a number of times in past years when the state was struggling with budget deficits. The County's most recent state related PILT receipt was $15,756, received on November 6, 2018.

Tourism

Tourism is a major economic sector in the County and represents an important revenue stream. Approximately 38.5 percent of all employment is directly associated with this industry. Economic conditions both in the U.S. and abroad influence these revenues. If economic conditions in the State, United States or abroad diminish, it is highly likely that the tourist industry would be adversely affected, thereby having an adverse impact on County finances.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA, as amended, limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-third of the voters on such indebtedness, and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 assessed value. All taxable property is now shown at full market value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution. In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January l, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January l, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in June 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Article XIIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Board adopted the annual appropriation limit for Fiscal Year 2017-18 of $652,012,213. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the 2017-18 Adopted Budget, the funds subject to limitation total $211,769,126 (total General Operating Budget minus non-proceeds of taxes and debt service) and are $440,243,087 below the Article XIIIB limit.

Proposition 1A

Proposition 1A (2004), proposed by the State Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A (2004) generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A (2004) provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A (2004) also provides that if the State reduces the Vehicle License Fee ("VLF") rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A (2004) requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986 general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIIIA of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal. 4th 220 (1995) (the "Santa Clara Case"), upheld the constitutionality of the portion of Proposition 62 requiring a two-thirds vote in order for a local government or district to impose a special tax, and, by implication, upheld a parallel provision requiring a majority vote in order for a local government or district to impose any general tax. The decision in the Santa Clara Case did not address the question of whether it should be applied retroactively. On June 4, 2001, the California Supreme Court released *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* ("*La Habra*"). In this decision, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. The portion of the County's taxes subject to Proposition 62, including the County's transient occupancy tax, is in compliance with Proposition 62 requirements. The County is of the opinion that Proposition 62 will not materially impact any existing or future taxes, fees and assessments collected by the County. No revenues collected by the County have been challenged under Proposition 62.

Right to Vote on Taxes Initiative – Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the California Constitution, which contain a number of provisions affecting the ability of the County to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote and taxes for specific purposes, even if deposited in the County's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the Board to raise revenues for the General Fund, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements. In addition, Article XIIID contains new provisions relating to how local agencies may levy and maintain "assessments" for municipal services and programs. "Assessment" is defined to mean any levy or charge upon real property for a special benefit conferred upon the real property. This definition applies to landscape and maintenance assessments for open space areas, street medians, street lights and parks.

Article XIIID also contains several new provisions affecting "fees" and "charges," defined for purposes of Article XIIID to mean "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new and existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, or fees for electrical and gas service, which are not treated as "property related" for purposes of Article XIIID, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area.

In addition to the provisions described above, Article XIIIC removes many of the limitations on the initiative power in matters of reducing or repealing any local tax, assessment, fee or charge. No assurance can be given that the voters of the County will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the County's General Fund. "Assessment," "fee" and "charge" are not defined in Article XIIIC, and it is not clear whether the definitions of these terms in Article XIIID (which are generally property related as described above) would be applied to Article XIIIC. If the Article XIIID definitions are not held to apply to Article XIIIC, the initiative power could potentially apply to revenue sources which currently constitute a substantial portion of General Fund revenues. No assurance can be given that the voters of the County will not, in the future, approve initiatives which repeal, reduce or prohibit the future imposition or increase of local taxes, assessments, fees or charges.

The County has a Solid Waste Division of Public Works, which oversees six Transfer Stations and one Municipal Solid Waste Landfill. These operations are funded primarily through Gate Fees collected at each site, and Parcel Fees that are imposed on all waste-generating parcels within the County. Franchise Fees and sales of recyclable material provide additional revenue. All revenues and related expenditures are run through the Solid Waste Enterprise Fund.

In addition to the Solid Waste Enterprise Fund, the County has several enterprise funds which are self-supporting. These funds are supported by fees, charges for services, and grant revenue. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the provisions of Proposition 218, the County may have to decide whether to curtail service, support any deficiencies with monies from the General Fund, or both.

The County does not own, operate or maintain any water supply systems or wastewater treatment systems. All of these systems within the County are owned, operated and maintained by separate Public Utility Districts, Mutual Water Companies or Water Districts.

In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the provisions of Proposition 218, the County may have to decide whether to support any deficiencies in these enterprise funds with monies from the General Fund or to curtail service, or both. In the case of an operating deficiency within a special district within the County, the County may likewise elect to support any deficiencies with monies from the General Fund or, in the case of special districts operated by the County official as ex officio directors of such district, elect to curtail service, or both. The County is unable to predict whether the courts will interpret any of the County's service charges to be property-related fees or charges under Proposition 218.

Proposition 26

On November 2, 2010, the voters of the State approved Proposition 26, known as the "Supermajority Vote to Pass New Taxes and Fees Act" ("Proposition 26"). Proposition 26, among other things, amends Article XIII C to the California Constitution principally to define what constitutes a "tax" under the limitations and requirements of that provision. Article XIIIC imposes limitations on local governments like the County when imposing certain taxes, including a requirement that the local government submit certain taxes to the electorate for its approval. Before Proposition 26, Article XIIIC did not define the term "tax." Proposition 26 broadly defines a tax under Article XIIIC to include "any levy, charge, or exaction of any kind imposed by a local government." Proposition 26 lists several exceptions to the definition of "tax," which include (a) a charge for a specific benefit or privilege, which does not exceed the reasonable costs of providing the benefit or privilege, (b) a charge for a government service or product, which does not exceed the reasonable costs of providing the service or product, (c) a charge for the reasonable regulatory costs of issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement thereof, (d) a charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property, (e) a fine, penalty, or other monetary charge imposed as a result of a violation of law, (f) a charge imposed as a condition of property development, and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID.

It appears that Proposition 26 does not apply retroactively to local government. Thus, even if a fee enacted by the County prior to November 3, 2010 does not fit within any of Proposition 26's exceptions, it will nonetheless remain valid provided that the legislation authorizing it is not amended so as to extend or increase the fee. The County does not believe that it has enacted, extended or increased any fees since passage of Proposition 26 that would not be exempt from Proposition 26 or that would require voter approval pursuant to Proposition 26.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 62, 22, 26 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County's revenues or its ability to expend its revenues.

THE CORPORATION

The Corporation was organized in September 2001, as a nonprofit public benefit corporation pursuant to the Nonprofit Public Corporation Law of the State. The Corporation is a separate legal entity from the County. It is governed by a five-member Board of Directors consisting of the Board of Supervisors of the County. The Corporation has no employees. Except as expressly provided in the Trust Agreement, the Corporation will not have any obligation or liability to the Owners of the Certificates with respect to the payment when due of the Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

TAX MATTERS

Federal Income Taxes

The Code imposes certain requirements that must be met subsequent to the execution and delivery of the Certificates for the interest component of Base Rental Payments made by the County and received by owners of the Certificates to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest component of Base Rental Payments evidenced by the Certificates to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Certificates. Pursuant to the Trust Agreement and the Tax and Nonarbitrage Certificate executed by the County in connection with the execution and delivery of the Certificates (the "Tax Certificate"), the County has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest component of Base Rental Payments evidenced by the Certificates from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the County has made certain representations and certifications in the Tax Certificate. Special Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Special Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the County described above, the interest component of Base Rental Payments evidenced by the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Code. Special Counsel is also of the opinion that such interest component is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. However, it is noted that solely for taxable years beginning before January 1, 2018, the interest component of Base Rental Payments evidenced by the Certificates is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations under the Code.

In rendering these opinions, Special Counsel has relied upon representations and covenants of the County in the Tax Certificate concerning the property financed with Certificate proceeds, the investment and use of Certificate proceeds and the rebate to the federal government of certain earnings thereon. In addition, Special Counsel has assumed that all such representations are true and correct and that the County will comply with such covenants. Special Counsel has expressed no opinion with respect to the exclusion of the interest component of Base Rental Payments evidenced by the Certificates from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the County fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Special Counsel.

Original Issue Discount

Special Counsel is further of the opinion that the excess of the principal amount of any maturity of the Certificates over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Certificates was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a "Tax-Exempt Discount Certificate" and collectively, the "Tax-Exempt Discount Certificates") constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as the interest component of Base Rental Payments evidenced by the Certificates. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Tax-Exempt Discount Certificate and the basis of each Tax-Exempt Discount Certificate acquired at such price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Tax-Exempt Discount Certificates, even though there will not be a corresponding cash payment. Owners of the Tax-Exempt Discount Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Tax-Exempt Discount Certificates.

Original Issue Premium

Certificates sold at prices in excess of their principal amounts are "Premium Certificates." An initial purchaser with an initial adjusted basis in a Premium Certificate in excess of its principal amount will have amortizable certificate premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable certificate premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Certificate based on the purchaser's yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Certificate, an initial purchaser who acquires such obligation with an amortizable certificate premium is required to decrease such purchaser's adjusted basis in such Premium Certificate annually by the amount of amortizable certificate premium for the taxable year. The amortization of certificate premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Certificates. Owners of the Premium Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Certificates.

Ancillary Federal Tax Matters

Ownership of the Certificates may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Certificates. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid with respect to tax-exempt obligations such as the Certificates is subject to information reporting to the Internal Revenue Service ("IRS") in a manner similar to interest paid on taxable obligations. In addition, the interest component of Base Rental Payments evidenced by the Certificates may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Special Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX D. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Certificates, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

California Personal Income Taxes

Special Counsel is also of the opinion that the interest component of Base Rental Payments made by the County and received by owners of the Certificates is exempt from State of California personal income taxes under present state law. Special Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Certificates nor as to the taxability of the interest component of Base Rental Payments evidenced by the Certificates under the laws of any jurisdiction other than the State of California.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest component of Base Rental Payments evidenced by the Certificates for federal or state income tax purposes, and thus on the value or marketability of the Certificates. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest component of Base Rental Payments evidenced by the Certificates from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Certificates may occur. Prospective purchasers of the Certificates should consult their own tax advisors regarding the impact of any change in law on the Certificates. Special Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Certificates may affect the tax status of interest on the Certificates.

Special Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Certificates, or the interest thereon, if any action is taken with respect to the Certificates or the proceeds thereof upon the advice or approval of other counsel.

IN ALL EVENTS, ALL INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES.

CERTAIN LEGAL MATTERS

Certain legal matters are subject to the approving opinion of Nixon Peabody LLP, Los Angeles, California, Special Counsel to the County. A complete copy of the proposed form of Special Counsel opinion is contained in APPENDIX D. Special Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Copies of this opinion will be available at the time of delivery of the Certificates. Payment of the fees and expenses of Special Counsel is contingent upon the sale and delivery of the Certificates. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. Certain legal matters will be passed upon for the County by Nixon Peabody LLP, Los Angeles, California, as Disclosure Counsel to the County, and for the County and the Corporation by County Counsel.

MUNICIPAL ADVISOR

KNN Public Finance, LLC (the "Municipal Advisor") is serving as municipal advisor to the County and provides financial recommendation and guidance to the County with respect to the preparation for sale of the Certificates, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Certificates. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement.

RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P"), has assigned a rating of "AA-" to the Certificates. Such rating reflects only the views of such rating agency, and an explanation of the significance of the rating may be obtained by contacting them at: Standard & Poor's, 55 Water Street, New York, New York 10041. Such rating is not a recommendation to buy, sell or hold the Certificates. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Certificates.

CONTINUING DISCLOSURE

The County has agreed to provide, or cause to be provided, certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. For a complete listing of items of information which will be provided in the Annual Report, see APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT." Such information is to be provided by the County not later than nine (9) months after the end of the County's fiscal year (which currently would be April 1), commencing with the report for the 2017-18 Fiscal Year. The Annual Report will be filed by KNN Public Finance, LLC, acting as Dissemination Agent, on behalf of the County through the Electronic Municipal Market Access ("EMMA") website of the MSRB, or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Securities and Exchange Commission

Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

In the past five years, the County has not been subject to the continuing disclosure requirements of Rule 15c2-12.

LITIGATION

Absence of Material Litigation Relating to the Certificates

At the time of delivery of and payment for the Certificates, the County will certify that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental or public entity pending or, to the best knowledge of the County, threatened against the County (i) which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates, the Lease Agreement, the Ground Lease, the Trust Agreement or the Assignment Agreement, (ii) contesting the validity of the Certificate Purchase Agreement, the Lease Agreement, the Ground Lease, the Trust Agreement or the Continuing Disclosure Agreement, the powers of the County to enter into or perform its obligations under the Certificate Purchase Agreement, the Lease Agreement, the Ground Lease or the Trust Agreement, or the existence or powers of the County, or (iii) which, if determined adversely to the County, would materially impair the County's ability to meet its obligations under the Lease Agreement or materially and adversely affect the County's financial condition.

Other Claims and Litigation

The County has other claims pending against it. The aggregate amount of the uninsured liabilities of the County which may result from such claims will not, in the opinion of the County, materially affect the County's finances or impair its ability to make Rental Payments under the Lease Agreement.

FINANCIAL INTEREST

The fees of Special Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the execution and delivery of the Certificates. From time to time, Nixon Peabody LLP represents Brandis Tallman, LLC on matters unrelated to the Certificates.

UNDERWRITING

The Certificates are to be purchased by Brandis Tallman, LLC (the "Underwriter"). The Underwriter has agreed to purchase the Certificates at a price of $22,102,571.55 (reflecting a par amount of $19,940,000 less an underwriter's discount of $103,545.00 from the public offering price shown on the inside cover page of this Official Statement plus net original issue premium of $2,266,116.55). The purchase agreement related to the Certificates provides that the Underwriter will purchase all the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase agreement, including the approval of certain legal matters by Special Counsel and certain other conditions. The Certificates may be offered and sold to certain dealers (including dealers depositing said Certificates into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the documents are on file and available for inspection at the office of the Trustee at 633 W. Fifth Street, 24th Floor, Los Angeles, California 90071.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or Owners of any of the Certificates.

The execution and delivery of this Official Statement has been duly authorized by the County.

MONO COUNTY, CALIFORNIA

By: /s/ Leslie Chapman
County Administrative Officer

APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE COUNTY

Population

Between 2013 and 2017 the County's population decreased by approximately 2.5% compared to the State's growth of 3.4%. The following table details the yearly population growth in the County and the State.

Table A-1
Mono County Population Trends
Calendar Years 2013 through 2017
(As of January 1)

	Mono County		State of California	
Year	Population	% Change	Population	% Change
2013	14,059	-	38,238,492	-
2014	13,942	(0.8)%	38,572,211	0.9%
2015	13,851	(0.7)	38,915,880	0.9
2016	13,654	(1.4)	39,189,035	0.7
2017	13,713	0.4	39,523,613	0.9

Source: California Department of Finance, Demographic Research Unit.

Economy

Following is a table which summarizes key economic indicators with respect to the County for the years 2013 through 2017:

Table A-2
Mono County Key Economic Indicators
Calendar Years 2013 through 2017

	2013	2014	2015	2016	2017
Population	14,059	13,942	13,851	13,654	13,713
Employment	7,660	7,680	7,760	7,940	8,190
Unemployment	710	580	510	450	380
Unemployment rate	8.5%	7.0%	6.1%	5.4%	4.4%

Sources: Data derived from California Department of Finance, Demographic Research Unit (Population); Employment Development Department, Labor Market Information Division (Employment, Unemployment).

Employment

The following table indicates labor patterns for the County, the State and the nation.

Table A-3
Labor Force, Employment And Unemployment
Yearly Average for Years 2013 through 2017

Year, Area	Labor Force	Civilian Employment	Unemployment Rate
2013			
Mono County	8,370	7,660	8.5%
California	18,596,800	16,933,300	8.9
United States	155,389,000	143,929,000	7.4
2014			
Mono County	8,260	7,680	7.0%
California	18,811,400	17,397,100	7.5
United States	155,922,000	146,305,000	6.2
2015			
Mono County	8,260	7,760	6.1%
California	18,981,800	17,798,600	6.2
United States	157,130,000	148,834,000	5.3
2016			
Mono County	8,390	7,940	5.4%
California	19,102,700	18,048,800	5.5
United States	159,187,000	151,436,000	4.9
2017			
Mono County	8,570	8,190	4.4%
California	19,312,000	18,393,100	4.8
United States	160,320,000	153,337,000	4.4

Sources: California State Employment Development Department, Labor Market Information Division; U.S. Department of Labor, Bureau of Labor Statistics.

Per Capita Personal Income

The following table summarizes per capita personal income for the County, the State and the nation for the years 2012 through 2016.

Table A-4
Per Capita Personal Income
For the Years 2012 through 2016

Year, Area	Per Capita Income
2012	
Mono County	$40,828
California	48,369
United States	44,200
2013	
Mono County	$42,978
California	48,570
United States	44,462
2014	
Mono County	$44,808
California	51,344
United States	46,494
2015	
Mono County	$46,353
California	54,718
United States	48,451
2016(1)	
Mono County	$48,166
California	56,734
United States	49,246

(1) Most recent calendar year data available.
Sources: U.S. Department of Commerce and Bureau of Economic Analysis.

Largest Employers

The following table lists the major employers within the County.

Table A-5
Mono County
Major Employers – 2018

Company	Type of Entity
Annett's Mono Village	Resorts
Coleville High School	Schools
Double Eagle Resort	Restaurants
Eastern Sierra School District	School District

June Mountain Ski Area	Skiing Centers & Resorts
Juniper Springs Resort	Resorts
Mammoth Hospital	Hospitals
Mammoth Lakes Fire Dept	Fire Departments
Mammoth Mountain Inn	Resorts
Mammoth Pacific LP	Geothermal Exploration
Mammoth Ranger District Ctr	Government Offices-US
Mammoth Reservations Inc.	Vacation Rentals
Mammoth Resorts	Resorts
Mammoth Snowmobile Adventures	Snowmobile-Renting & Leasing
Mammoth Unified School Dist.	School Districts
Mono County Office of Edu	Schools
Mono County	Government Offices-County
Mountainside Grill	Restaurants
Sierra Nevada Lodge	Resorts
Tamarack Lodge & Resort	Resorts
Village Lodge Mammoth	Hotels & Motels
Vons	Grocers-Retail
Westin Monache Resort Mammoth	Hotels & Motels

Sources: America's Labor Market Information System (ALMIS) Employer Database, 2017 2nd Edition; Employer information provided by Infogroup, Omaha, NE.

Commercial Activity

As of 2017, taxable transactions in the County exceeded $63 million. A history of taxable transactions is shown below.

Table A-6
Mono County
Taxable Transactions 2013 – 2017
(In Thousands)

	2013	2014	2015	2016	2017(1)
Eating and Drinking Group	$ 1,176	$ 7,723	$ 7,688	$ 8,547	$ 9,672
Gasoline Stations	2,411	14,125	14,539	15,372	14,275
All Other Retail Stores Group	2,113	6,391	5,932	7,489	8,924
Retail Stores Totals	5,700	28,239	28,159	31,408	32,871
All Other Outlets	13,900	25,541	29,593	28,475	30,180
Total All Outlets	$ 19,600	$ 53,780	$ 57,752	$ 59,883	$ 63,052

(1) Most recent calendar year data available.
Source: Taxable Sales, California State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, the HdL Companies.

Agriculture

The following table provides a summary of agricultural production within the County for the years 2013 through 2017:

Table A-7
Mono County
Agricultural Production

	2013	2014	2015	2016	2017
Fruit and Nut Crops	$47,775	$44,100	$38,800	$43,300	$44,200
Forest Products	23,280	87,400	34,400	59,000	70,100
Field Crops	22.922.400	22,349,000	17,239,000	13,869,000	15,380,000
Row Crops	1845000	0	0	0	0
Nursery Products	0	0	0	20,000	20,000
Livestock & Poultry	23,644,970	14,466,000	13,930,000	13,796,000	15,755,000
Totals	$48,503,425	$36,946,500	$31,242,000	$27,787,300	$31,269,300

Source: Mono County Agricultural Commission.

Education

Public school education is available through Eastern Sierra Unified School District and Mammoth Unified School District. The table below shows public school enrollment for the past four Fiscal Years.

Table A-8
Mono County
Public School Enrollment
For Fiscal Years 2014-15 through 2017-18

	2014-15	2015-16	2016-17	2017-18
K – 8	1,181	1,133	1,152	1,148
9 – 12	930	948	846	742
Total	2,111	2,081	1,998	1,890

Source: California Department of Education, Educational Demographic Unit.

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APPENDIX B

COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017

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COUNTY OF MONO
STATE OF CALIFORNIA

Comprehensive Annual Financial Report

For the Year Ended June 30, 2017

Prepared by the Department of Finance

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DEPARTMENT OF FINANCE
AUDITOR-CONTROLLER
COUNTY OF MONO

Stephanie M. Butters
Assistant Finance Director
Auditor-Controller

Janet Dutcher, CPA, CGFM
Director of Finance

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

March 27, 2018

To the Board of Supervisors and Citizens of Mono County:

The Comprehensive Annual Financial Report (CAFR) of the County of Mono (County) for the fiscal year ended June 30, 2017, is hereby submitted in compliance with Section 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The independent auditor's report is located at the front of the financial section of this report. CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean" opinion) on the County's financial statements for the fiscal year ended June 30, 2017.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Incorporated in 1861, Mono County is a rural county located on the eastern side of the Sierra Nevada Mountains. The County has an area of 3,103 square miles and a total population of 13,981 (*2016 US Census Statistics*). Other than Mammoth Lakes, the County's only incorporated area which boasts a year round population of 7,000, the remainder of the County consists of small communities ranging in population from less than 300 to about 1,200 people. The northern part of the County encompasses the small towns of Topaz, Walker and Coleville. Bridgeport, the County seat, is 35 miles south of these small communities. The central part of the County includes the communities of Lee Vining, June Lakes, Crowley Lake, the Wheeler Crest communities, and of course, Mammoth Lakes. In the southeast sector lie Benton and Chalfont. During periods of heavy recreational usage, the Town of Mammoth Lakes population approaches 35,000.

Approximately 94 percent of Mono County is public land administered by the U.S. Forest Service, the Bureau of Land Management, the State of California, and the Los Angeles Department of Water and Power. The scenic and recreational attributes of this public land help support tourism and recreation as the major industry in the county. Approximately 80 percent of all employment is directly, or indirectly, associated with this industry. Annually, more than 6 million visitor-days of use occur on public lands in Mono County. The majority of these visitors travel to and through the county on the state highway system. Major attractions include Mammoth and June Mountain ski areas, Yosemite National Park, Mono Lake, Devils Postpile National Monument, Bodie State Historic Park, and the many lakes, streams and backcountry attractions accessed through Mono County communities.

The County government functions as a local government body to serve the needs of its residents. As geographical and political subdivisions of the state, counties serve a dual role; providing municipal services in the unincorporated areas and acting as administrative agents for state and federal government programs and services. As a general-law county, Mono County is bound by state law as to the number and duties of County elected officials. The County has five districts that are approximately equal in population with boundaries adjusted every ten years following the federal census. Policymaking and legislative authority are vested in the County Board of Supervisors (the Board). The Board provides overall direction to the County and its responsibilities include adopting the budget, approving contracts, setting policies and passing ordinances. Board members are elected to four-year staggered terms, and each member represents one of the County's five districts. The County has three elected department heads: Assessor, District Attorney, and Sheriff-Coroner. The County Administrative Officer (CAO) appoints other department heads except for the position of County Counsel for the Board of Supervisors is the appointing authority.

The County employed 281 full-time equivalent employees in FY 2016-2017 in order to provide a full range of services to its residents. The County's principal functions include seven major areas: general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services. The State and Federal governments mandate certain minimum levels of services in the public assistance and health areas. The majority of services performed by the County are provided for all residents, regardless of whether those residents live in the County's one incorporated town or in the unincorporated areas. Every County resident directly or indirectly benefits from these services.

Included in operations are various component units, which provide specific services County-wide or to distinct geographic areas within the County. The governmental reporting entity consists of the County and its component units. Component units are legally separate organizations for which the Board is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's governing board, and either (i) the County's ability to impose its will on the organization or (ii) the potential for the organization to provide a financial benefit to or impose a financial burden on the County. The following four component units, although legally separate entities, are considered to be part of the primary government for financial reporting purposes: Community Service Area #1 – Crowley, Community Service Area #5 – Bridgeport, Community Service Area #2 – Benton and the County of Mono Economic Development Corporation.

The County is required by State law to adopt a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. Budgets are adopted for most governmental and proprietary funds. The County maintains budgetary controls to assure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the general and special revenue funds are included in the annually appropriated budget. Unencumbered annual appropriations lapse at year-end. The legal level of control for appropriations is exercised at the department level within each fund. Appropriations beyond that level may only be adjusted during the year with approval of the Board. Management may make adjustments at their discretion below that level. Such adjustments by the Board and management are reflected in the revised budgetary data presented in the financial statements.

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Mono County Finance Department, P.O. Box 556, Bridgeport, California 93517.

FINANCIAL AND ECONOMIC INDICATORS

State Government

The County is a political subdivision of the State of California and as such, its government is subject to State subventions and regulations. Therefore, the County's financial health is closely tied to the financial condition of the State government. The County cannot predict whether the State will encounter budgetary difficulties in the current or future fiscal years. The County also cannot predict the impact future budgets will have on the County's finances and operations. Current and future State budgets will be affected by national and State economic conditions and other factors outside the County's control.

Mono County Economy

The Mono County economy is stable and experiencing slow but steady growth. Property and real property transfer taxes since fiscal year 2012-2013 have increased at rates between 1.96% and 2.6%. This growth is anticipated to continue into fiscal year 2017-2018 and fiscal year 2018-2019. The delinquency rate associated with current secured property tax collections is at its lowest in history, dropping from 4.32% at June 30, 2016 to 1.14% at June 30, 2017. Sales tax collections increased 7.94% in 2017 and are estimated to continue increasing at a rate of 4% to 8%. Tourism is a major economic sector in Mono County and represents an important revenue stream. The County also saw continued growth in transient occupancy tax (TOT) with revenues exceeding $3.3 million, an increase of 9.5%. Program revenues essential to departments' ability to maintain public services continues to hold steady. Building permit activity is 35% of pre-recessionary levels but shows some signs of conservative growth. With several large residential developments in progress, the local economy is expected to improve in the near-term and position the County favorably for future growth.

MAJOR INITIATIVES

The County completed many initiatives in FY 2016-2017 while maintaining core services during the year. The following highlights represent a partial list of the many accomplishments and on-going initiatives of the Mono County organization in FY 2016-2017:

- Total property tax collections increased to 97.12%, from 94%, of total billed in FY 2016-2017. Of the $1.9 million, or 2.88%, of uncollected taxes remaining, only $764,000, or 1.14%, was delinquent as of June 30, 2017.
- Automated Form 700 (Economic Disclosure) processing.
- Implemented E-Recording in the Clerk-Recorders Office.
- Continued to refine the selection of alternatives for housing South County Offices.
- Successfully negotiated a new contract with the Mono County Deputy Sheriffs' Association.
- Awarded $25 million SB 844 State grant to construct a new jail facility in Bridgeport.
- Initiated a Community Development Block Grant to fund ADA improvements to Mono County parks facilities and a childcare program operated by the Mono County First-Five Commission.
- Received an initial issuer rating of AA3 from Moody's.
- Completed system-wide inventory and assessment of all mountaintop and base station infrastructure.
- Sheriff implemented new technology, WatchGuard body-warn cameras that integrate with in-car video.
- Reorganized Emergency Medical Services as a new department. This activity previously was located under Public Health.
- Conducted a three phase Multi-Casualty Incident (MCI) statewide training and exercise.
- Field 165 allegations of child and elder/dependent adult abuse and neglect, of which 111 were investigated. Responded timely to over 95% of all reports. Complied 100% with required face-to-face contacts with CPS/APS clients.
- Conducted review of transient rental policies and enforcement strategies with the Planning Commission, RPAC/CAC and the Board of Supervisors.
- Completed the Thermal Biomass Facility, constructed by Mono County Public Works. This project received a 2017 CSAC Challenge award.
- Completed Stock Drive realignment.

ACCOUNTING AND BUDGETARY POLICIES

The County maintains accounting controls, which are designed to safeguard assets, and the reliability of financial records for financial statement presentation. These controls include systems 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 this framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The County's budget must balance expenditure appropriations with resources. Any deviation from a balanced budget is not permitted by the California State Government Code, which states: "In the recommended, adopted and final budgets the funding sources shall equal the financing uses" (Government Code 29009). The County establishes a general reserve account striving to maintain a balance at 5% to 15% of annual general fund expenditures. The general reserve is available upon adoption of a resolution by the Board of Supervisors for spending related to natural disasters, public health crisis, destruction of public facilities and other calamities. A contingency appropriation of 1% of General Fund appropriations is included in each year's budget as a means to accommodate unexpected increases in expenditures, which could not have reasonably been anticipated at the time the budget was developed.

The objectives of the County's debt policy include using debt when appropriate and at levels the County can afford. Long-term debt is not to be used to finance ongoing operational costs. Before considering debt financing, other sources of funding such as pay as you go or grant funding is explored. The County uses self-supporting debt first before considering general fund obligated debt. Annual debt service, excluding self-supporting debt, is limited to 7% of annual general fund discretionary revenue. Efforts are undertaken to maintain and improve the County's bond ratings so borrowing costs are minimized and access to credit is preserved.

Cash temporarily idle during the fiscal year was invested with the County Treasury pooled cash. This investment pool is composed of deposits and investments allowed by California Government Code and the Mono County investment policy. The pooled investment 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, California Municipalities, Negotiable Certificates of Deposit (CD), Corporate Bonds and the State Local Agency Investment Fund (LAIF).

PROSPECTS FOR THE FUTURE

Mono County continues to balance moderate increases in tax revenues against keeping up with the costs of providing services. The growth in property values for the past five years has averaged a 6.54% increase. Federal and State revenues have begun to rebound. However, budget challenges are ahead. The County expects increases in personnel costs resulting from salary alignment with the market, health care premium increases and escalation of required pension retirement contributions.

ACKNOWLEDGMENTS

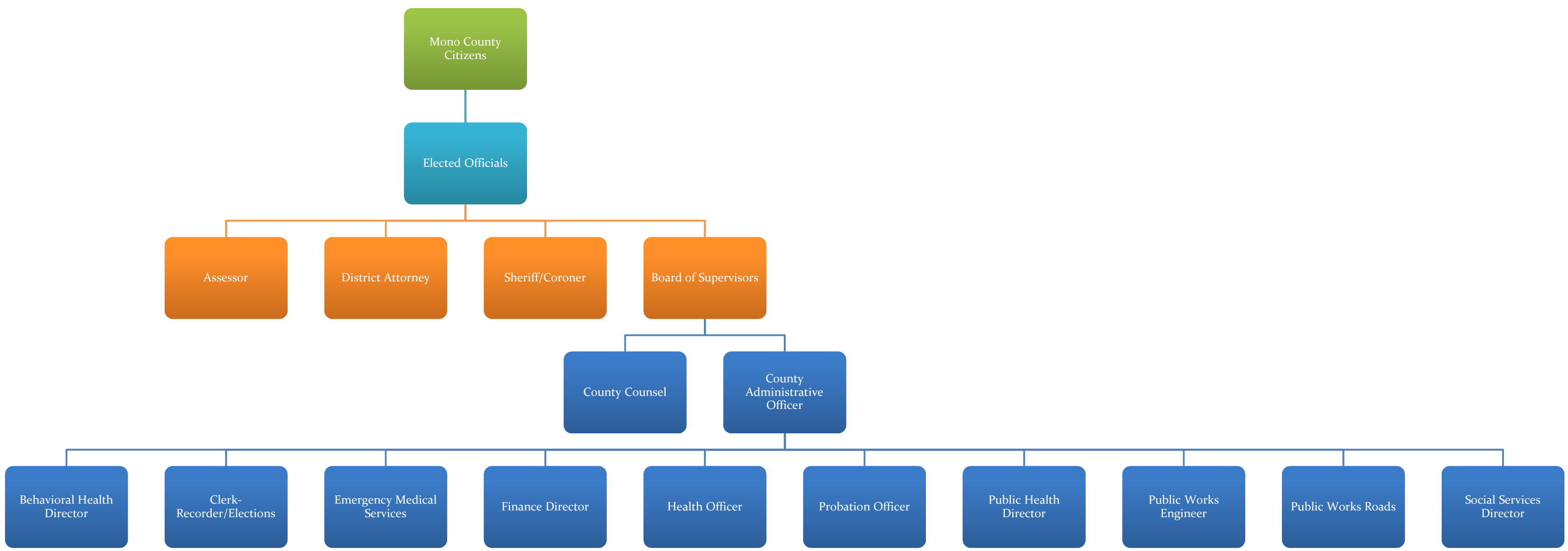
The preparation of this CAFR was achieved through the combined efforts of numerous individuals. We are especially grateful to the Finance Department staff for their outstanding efforts and many hours, which helped us further our objectives of timely and accurate financial reporting. We would also like to thank all the County departments who participated in its preparation and the Board for its leadership, responsibility, and action that ensure the general fiscal health and integrity of the County.

Respectfully submitted this XX day of March, 2018,

Janet Dutcher

JANET DUTCHER, CPA, CGFM
Finance Director
County of Mono

Mono County Organization Chart
Elected and Appointed Officials



COUNTY OF MONO
DIRECTORY OF PUBLIC OFFICIALS
March 27, 2018

DEPARTMENT	DEPARTMENT OFFICIAL
ELECTED OFFICIALS	
Assessor	Barry Beck
Board of Supervisors	
District #1	Vacant
District #2	Fred Stump
District #3	Bob Gardner, Chair
District #4	John Peters
District #5	Stacy Corless
District Attorney	Tim Kendall
Sheriff- Coroner	Ingrid Braun
Combined Court	Stan Eller
Superintendent of Schools	Stacey Alder
APPOINTED OFFICIALS	
County Administrative Officer	Leslie Chapman
County Counsel	Stacey Simon
Behavioral Health Director	Robin Roberts
Clerk-Recorder/Clerk of the Board	Shannon Kendall
EMS Chief	Chris Mokracek
Finance Director	Janet Dutcher, CPA, CGFM
Health Officer	Tom Boo, MD
Probation Chief	Karin Humiston
Public Health Director	Sandra Pearce
Public Works Director	Anthony Dublino, interim
Social Services Director	Kathy Peterson

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

A member of Nexia International

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Mono as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior period adjustments

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Members of the Board of Supervisors
County of Mono

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
March 27, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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The management of the County of Mono (County) offers readers of the County's annual financial report this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017. It should be read in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The County's net position was $37,177,296 at June 30, 2017 and exceeded the prior year by $7,335,666 (24.58%), primarily due to changes in the net pension.
- The County's overall assets exceeded its liabilities at the close of the most recent fiscal year by $37,177,296 (net position). Of this amount, $41,627,605 is invested in Capital Assets net of debt; $20,402,067 is restricted for various programs; and ($24,852,376) is unrestricted for governmental activities. The unrestricted deficit is due to the implementation of GASB 68 and the required reporting of the net pension liability.
- As of June 30, 2017, the County's governmental funds reported combined ending fund balances of $35,001,390, an increase of $7,143,377, or 25.64%, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the governmental type funds was $4,243,880, or 9.06% of total general government expenditures, an 8.27% decrease in unassigned fund balance from last year.
- Total long-term liabilities in the Solid Waste enterprise fund increased by $367,336 during the fiscal year. Closure/post closure costs increased by $572,211. The net pension liability is included and increased by $253,722 from the prior fiscal year. Advances from other funds and refunded certificates of participation decreased by $431,800 due to payments issued.
- In September 2010 and September 2011, the Board of Supervisors authorized interest free inter-fund loans from General Reserves to the Solid Waste Enterprise fund totaling $1,950,000 to be repaid over 10 years (final payments due 2021 and 2022). The Solid Waste enterprise fund has been making the payments as scheduled and the balance owing to the General Fund is now $660,000 and is reflected in Internal Balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, using accounting methods similar to those of a private-sector business, that is, using the accrual basis of accounting. The financial statements demonstrate Mono County's 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. These statements provide both long-term and short-term information about the County's overall financial status.

The *Statement of Net Position* presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information on expenses and revenues to show how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues 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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities include the solid waste program, airport fund, cemetery fund and campground fund. In 2009 two internal service funds were created to develop self-sustaining funds for operation and replacement of equipment. These two internal service funds, Motor Pool and Copier Pool, are considered governmental activities. Two more internal service funds were established at the end of fiscal year 2013, the Tech Refresh and Insurance Pool. These two internal service funds provide for the regular updating of County computer equipment and the distribution of insurance costs, both liability and workers' compensation.

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 are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented, for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 255 individual funds, including 186 fiduciary funds, organized according to type (governmental, fiduciary, or proprietary). On the financial statements for governmental funds, information is presented separately for four major funds: General Fund, the Road Fund, the Realignment Fund, and the Mental Health Services Act Fund. Data from the other non-major 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 Other Supplementary Information section of this report.

The County adopts an annual appropriated budget for its General Fund and most special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are included in the government-wide financial statements as business-type. The County uses enterprise funds to account for its solid waste program, airport, cemetery and campground funds.

Internal service funds are included in the government-wide financial statements under governmental activities as they predominantly benefit governmental rather than business-type functions. These funds are used to accumulate and allocate costs internally among the County's various internal functions. The County uses internal service funds to account for its motor pool, copier pool, insurance pool, and tech refresh pool.

Proprietary fund statements provide separate information for solid waste and airport, major enterprise funds. The non-major enterprise funds, cemetery and campground are aggregated into a single column. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and all of 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.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information (RSI) that includes budgetary comparisons for the General Fund and the major special revenue funds. The schedule of changes in net pension liability, schedule of the County's retirement plan contributions and schedule of OPEB funding progress are also presented as RSI.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, internal service funds, and non-major component units are presented immediately following the required supplementary information.

Following the combining statements, an unaudited statistical section is presented for the benefit of the readers of the comprehensive annual financial report. The objectives of the statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to the financial statements, and required supplementary information to understand and assess a government's economic condition.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. Prior year assets and liabilities are shown below for the purpose of providing comparative data on a government-wide level.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 48,694,317	$ 44,993,534	$ 6,407,888	$ 4,861,884	$ 55,102,205	$ 49,855,418
Capital assets	35,036,545	37,058,137	6,591,060	6,416,220	41,627,605	43,474,357
Total Assets	83,730,862	82,051,671	12,998,948	11,278,104	96,729,810	93,329,775
Deferred outflows of resources						
Deferred pensions	10,588,868	3,901,710	219,142	59,015	10,808,010	3,960,725
Current and other liabilities	2,438,834	7,388,554	614,746	223,416	3,053,580	7,611,970
Long term liabilities	54,102,836	45,077,438	11,056,698	10,347,379	65,159,534	55,424,817
Total Liabilities	56,541,670	52,465,992	11,671,444	10,570,795	68,213,114	63,036,787
Deferred inflows of resources						
Deferred pensions	2,109,352	4,352,742	38,058	59,341	2,147,410	4,412,083
Net investment in capital assets	35,036,545	37,058,137	6,591,060	6,349,553	41,627,605	43,407,690
Restricted	20,397,419	19,407,068	4,648	30,222	20,402,067	19,437,290
Unrestricted	(19,765,256)	(27,330,558)	(5,087,120)	(5,672,792)	(24,852,376)	(33,003,350)
Total Net Position	$ 35,668,708	$ 29,134,647	$ 1,508,588	$ 706,983	$ 37,177,296	$ 29,841,630

The County's net position was $37,177,296 as of June 30, 2017, an increase of $7,335,666, or 24.58%, during the fiscal year, primarily due to changes to net pension liability, as described in the following paragraphs.

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. The only capital related debt, found in the Solid Waste program, was paid in full during the 2016-17 fiscal year. As of June 30, 2017, the County did not have any capital related debt.

Restricted net position represents resources that are subject to external restrictions on how they may be used. The County's restricted net position of $20,402,067 or 54.88% of total net position is comprised of the following resources:

- Road projects – 4.96% of total net position
- Health and social services – 44.2% of total net position
- County service areas – 10.88% of total net position
- Community development – 3.08% of total net position
- Grant programs – 36.86% of total net position
- Endowment – .02% of total net position

During the fiscal year ended June 30, 2017, restricted net position increased $964,777 or 4.96%.

*Unrestricted net positio*n (deficit) is ($24,852,376) or (66.85%) of total net position. The majority of the deficit is due to financial reporting for the *net pension liability*.

The following table presents the activities that accounted for the changes in net position for governmental and business-type activities. The Primary Government (Governmental and Business-type activities) increased net position by $7,335,666, or 24.58%, to $37,177,296 for the year ended June 30, 2017.

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Fees, Fines & Charges for Services	$ 6,816,510	$ 6,999,158	$ 3,064,851	$ 2,885,906	$ 9,881,361	$ 9,885,064
Operating grants	20,243,272	21,422,359	62,799	40,000	20,306,071	21,462,359
Capital grants	598,587	4,054,304	464,976	22,884	1,063,563	4,077,188
General revenues:						
Property taxes	20,369,909	19,992,544	--	--	20,369,909	19,992,544
Sales and use taxes	585,375	643,086	--	--	585,375	643,086
Other taxes	3,349,252	3,058,934	--	--	3,349,252	3,058,934
Interest/Investment earnings	300,085	190,778	59,468	43,356	359,553	234,134
Total Revenues	52,262,990	56,361,163	3,652,094	2,992,146	55,915,084	59,353,309
Expenses:						
General government	10,149,677	8,527,686	--	--	10,149,677	8,527,686
Public protection	18,037,087	17,026,030	--	--	18,037,087	17,026,030
Public ways and facilities	6,465,642	7,655,712	--	--	6,465,642	7,655,712
Health and Sanitation	8,568,557	8,564,376	--	--	8,568,557	8,564,376
Public assistance	4,628,204	4,407,906	--	--	4,628,204	4,407,906
Education	41,847	39,784	--	--	41,847	39,784
Recreation and culture	104,422	104,588	--	--	104,422	104,588
Interest and fiscal charges	182,838	112,476	--	--	182,838	112,476
Solid Waste Landfill	--	--	2,490,582	1,778,162	2,490,582	1,778,162
Airport	--	--	326,819	426,882	326,819	426,882
Campgrounds	--	--	32,240	22,590	32,240	22,590
Cemeteries	--	--	14,828	15,703	14,828	15,703
Total Expenses	48,178,274	46,438,558	2,864,469	2,243,337	51,042,743	48,681,895
Change in net position before transfers	4,084,716	9,922,605	787,625	748,809	4,872,341	10,671,414
Transfers	(13,980)	--	13,980	--	--	--
Change in net position	4,070,736	9,922,605	801,605	748,809	4,872,341	10,671,414
Net position - beginning	29,134,647	22,003,319	706,983	(41,826)	29,841,630	21,961,493
Prior period adjustment	2,463,325	(2,791,277)	--		2,463,325	(2,791,277)
Net position - beginning, as restated	31,597,972	19,212,042	706,983	(41,826)	32,304,955	19,170,216
Net position, ending	$ 35,668,708	$ 29,134,647	$ 1,508,588	$ 706,983	$ 37,177,296	$ 29,841,630

Analysis of Governmental Activities

Governmental Activities increased the County's net position by $4,084,716 before transfers, a decrease of $5,837,889 over the prior year, accounting for 55.68% of the County's total increase in net position. Business-type activities contributed to the increase in net position by $787,625 before transfers, and accounts for 10.74% of the County's total increase in net position. The remaining total increase in net position is a prior period adjustment in the amount of $2,463,325, or 33.58% of the total increase in net position.

Revenues: Revenues for the County's governmental activities had an overall decrease from the prior year of $4,098,173, or 7.27%, to $52,262,990. Revenues are divided into two categories: Program Revenues and General Revenues.

Program Revenues includes revenues such as fees, fines, and charges for services as well as operating and capital grants. Program revenues decreased overall by $4,817,452, or 14.83%, from the prior year to $27,658,369. Of the total decrease, $3,013,625 represents road projects funded with capital grants and completed last year. Operating grants decreased by $1,156,288 mostly due to last year's receipt of disaster assistance.

General Revenues include property taxes, sales and use taxes, other taxes/revenues, and interest/investment earnings. General revenues increased by $719,279, or 3.01%, from the prior year to $24,604,621. Increases occurred in property tax receipts and transient occupancy tax as well as higher earnings on investments.

Expenses: Governmental activities had an increase in total expenses of $1,739,716, or 3.75%. Approximately $770,000 is the result of increases in salaries and benefits. Depreciation on governmental assets decreased by approximately $170,000. The remaining $1.1 million is an increase in services and supplies.

Analysis of Business-Type Activities

Business-type activities change in net position before transfers was $787,625 as of June 30, 2017. The change in net position before transfers of $787,625 accounts for 10.74% of the County's total increase in net position.

Revenues for the County's Business-Type Activities had an increase from the prior year of $659,948 before transfers, or 22.06%, to $3,652,094. Expenses increased over the prior year by $621,132, or 27.69%, to $2,864,469, attributable mainly to Solid Waste landfill closure/post-closure costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds

The County's general governmental functions are contained in the General Fund, Special Revenue, Capital Project and Debt Service 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, 2017, the County's governmental funds reported combined ending fund balances of $35,001,390, an increase of $7,143,377, or 25.64%, in comparison with the prior year (for more information see Note 9 – Net Position/Fund Balances). The components of fund balance are as follows:

- Nonspendable fund balance, $2,785,592, consists of amounts that are not spendable in form or are legally or contractually required to be maintained intact and consists of:

  - Advances - $660,000
  - Prepaid expenses - $161,556
  - Inventories - $391,946
  - Loans Receivable - $1,572,090

- Restricted fund balance, $19,395,685, consists of amounts with constraints put on their use by externally imposed creditors, grantors, laws, regulations and enabling legislation and consist of amounts restricted to:

  - Road projects - $1,011,875
  - Health and social services - $8,342,884
  - County service areas - $2,219,210
  - Community development - $598,287
  - Grant programs - $7,223,429

- Committed fund balance, $360,239, consists of amounts that have been committed to specific purposes by the Board of Supervisors and consists of amounts committed to:

    - Disaster assistance (Round Fire) - $360,239

- Assigned fund balance, $8,215,994, represents amounts intended for use as determined by the Board of Supervisors and consists of amounts assigned to:

    - Eliminate projected FY 17/18 budgetary deficit - $5,659,577
    - Capital projects - $2,469,710
    - Tourism - $86,707

- Unassigned fund balance, $4,243,880, represents the residual classification for the General Fund and negative amounts from other governmental funds, if any.

Unassigned fund balance represents approximately 12.12% (a decrease over last year) of the total governmental 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: 1) reflects inventories and the amount due from other funds that are long-term in nature and does not represent spendable resources, 2) liquidates contractual commitments of the prior period, and 3) provides funds for any type of disaster. In addition, funds may not be available to meet general obligations because the terms of the revenue/funds may be restricted, committed, or assigned by Board of Supervisors or other prevailing law.

General Fund

The General Fund is the main operating fund of the County. At June 30, 2017, unassigned fund balance of the general fund was $4,543,108 while total fund balance reached $13,485,960. As measures of this fund's liquidity, it is useful to note that unassigned fund balance represents 15.18% of total fund expenditures, while total fund balance represents 33.69% of that same amount.

Other Major Governmental Funds

As compared with the prior year, the total fund balances of the remaining governmental funds increased by 12.45%, or $2,382,744, to $21,515,430, after restatement, with the following significant changes:

- The Realignment Fund had a fund balance of $6,178,977 which was all restricted. This was a $1.3 million increase over the prior year.

- The Mental Health Services Act Fund had a fund balance of $5,740,721, an increase of $844,307 over the prior year. The Mental Health Service Act Fund had an increase in fund balance, all restricted, due to an increase in state revenues received.

- The other major governmental funds unassigned fund balance of negative $299,228 reflects delays in funding reimbursement for expenditure driven programs once the expenditures have been made. The general fund covers this deficit while waiting for reimbursement.

Revenues:

Revenues for governmental funds totaled $51,558,615 for fiscal year 2016-17, which represents a decrease of 11.49% from fiscal year 2015-16.

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 2017		FY 2016		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	$ 24,304,536	47.14%	$ 23,694,564	40.68%	$ 609,972	2.57%
Licenses and permits	608,659	1.18%	660,820	1.13%	(52,161)	-7.89%
Fines, forfeitures & penalties	958,741	1.86%	907,136	1.56%	51,605	5.69%
Use of money & property	354,810	0.69%	224,169	0.38%	130,641	58.28%
Intergovernmental	20,553,809	39.86%	27,441,774	47.11%	(6,887,965)	-25.10%
Charges for services	4,009,240	7.78%	4,234,113	7.27%	(224,873)	-5.31%
Other	768,820	1.49%	1,087,375	1.87%	(318,555)	-29.30%
Total	$ 51,558,615	100%	$ 58,249,951	100%	$ (6,691,336)	-11.49%

- Taxes – Tax revenues include a multitude of taxes including sales taxes, transient occupancy taxes and property taxes. Mono County relies on tourism to bring in sales tax and transient occupancy taxes and while those numbers fell dramatically in past years due to the economic downturn, we have now seen an increase in these types of revenues. Tax revenues in the general fund increased by $600,539 or 2.56%, over the prior fiscal year due to the continued gradual recovery of the real estate market, which in turn increased real estate values and therefore county property tax revenues, and increased tourism.

- Licenses and permits – Licenses and permits had a decrease of $52,161, or 7.89% over the prior fiscal year.

- Use of money and property – Better interest rates and higher cash balances resulted in higher earnings for 2016-17, resulting in an increase of $130,641, or 58.28% over the prior fiscal year.

- Intergovernmental Revenues – These types of revenues decreased by $6,887,965, or 25.10%. The biggest decrease was in the Road fund due to the completion of road projects and no further federal and state funding being received.

- Charges for services – A decrease of $224,873, or 5.31%, in these types of revenues can be partly attributed to a decrease in use of services, reduced late penalties and fees on property tax revenue, and reduced general administration service fees.

Expenditures:

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

Expenditures Classified by Function - Governmental Funds

	FY 2017		FY 2016		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	$ 10,663,979	22.74%	$ 9,241,315	19.12%	$ 1,422,664	15.39%
Public protection	17,473,535	37.26%	17,237,927	35.66%	235,608	1.37%
Public ways and facilities	4,117,296	8.78%	7,102,319	14.69%	(2,985,023)	-42.03%
Health and sanitation	8,634,747	18.41%	8,999,912	18.62%	(365,165)	-4.06%
Public assistance	4,791,676	10.22%	4,581,365	9.48%	210,311	4.59%
Education	41,847	0.09%	39,784	0.08%	2,063	5.19%
Debt Service, Principal	798,573	1.70%	647,700	1.34%	150,873	23.29%
Debt service, Interest and other costs	88,791	0.19%	115,754	0.24%	(26,963)	-23.29%
Capital outlay	286,063	0.61%	378,428	0.78%	(92,365)	-24.41%
Total Expenditures	$ 46,896,507	100%	$ 48,344,504	100%	$ (1,447,997)	-3.00%

- General government – An increase of $1,422,664, or 15.39%, in expenditures partially resulting from filling vacant positions as well as salary increases according to negotiated union contracts and benefit increases such as medical and retirement costs.
- Public protection – This expenditure group had an increase of $235,608, or 1.37%.
- Public ways and facilities – Many road and transportation projects are grant funded. There was a $2,985,023, or 42.03%, decrease in public ways and facilities expenditures due primarily to a road projects completed in the prior fiscal year.
- Public assistance – FY 2016-17 saw an 4.59% increase over the prior fiscal year, or $210,311. Public assistance can fluctuate widely depending upon availability of State and Federal funding and 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.
- Debt service – The County refunded the PERS Side fund late in fiscal year 2012. Every year until the refunded PERS Side fund debt has been repaid there will be a shift between increased principal payments and interest payments. Principal payments will go up and interest payments will go down.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Enterprise funds include the solid waste program, airport fund, cemetery fund and campground fund. Additionally, there are four internal service funds that are presented in aggregate: Motor Pool, Copier Pool, Tech Refresh Pool and Insurance Pool. Factors affecting the financial results of these funds were discussed earlier in the business-type activities of Mono County.

- The total net position of County enterprise funds increased by $801,605 after transfers in the current fiscal year to $1,508,588. The solid waste enterprise fund increased their net position by $601,936, decreasing their deficit net position from the prior fiscal year. The airport enterprise fund increased their net position from the prior fiscal year by $189,746, primarily due to capital contributions for the Bryant Field road realignment project.

- The total net position of internal service funds decreased by $1,139,618 from $3,330,113 to $2,190,495 primarily due to changes in the insurance pool within cash balances held with fiscal agents and claims liability increases.

General Fund Budgetary Highlights

The Board adopted their initial budget September 6, 2016, after much hard work and public hearings. This initial adopted budget allowed for revenues of $34,419,971 and expenditures of $39,107,471. The gap was met through prior year fund balance. A mid-year budget review occurred in February 2017 that resulted in no change to fund balance in the General Fund. As of June 30, 2017, the overall budget changes for the general fund resulted in an increase of $405,425 in revenues and an increase in expenditures of $248,875.

CAPITAL ASETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its Governmental Activities, as of June 30, 2017, totals $35,036,545 (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 governmental net investment in capital assets for the current period was $2,021,592, or 5.46% (net of accumulated depreciation). Current depreciation for governmental type funds is $3,123,747. Business-type function assets had an increase of $174,840, or 2.72%. Business-type activities total $330,589 in current year depreciation and total assets net of depreciation is $6,591,060.

The county both purchases and constructs capital assets throughout the year. When a capital project will be completed in a subsequent fiscal year, related current year expenditures are recorded as Construction in progress (CIP). In the year of completion, a project's CIP is allocated to the appropriate capital asset classification(s). As of June 30, 2017, total CIP decreased by $524,955, consisting of $820,811 in transfers due to project completion and transfers/disposals and $295,856 in CIP additions due to new projects. More detailed discussion can be found in Note 4 in the Notes to the Financial Statements section in this report.

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	$ 6,793,617	$ 6,793,617	$ 328,423	$ 286,135	$ 7,122,040	$ 7,079,752
Construction in progress	1,452,021	1,976,976	--	--	1,452,021	1,976,976
Infrastructure	94,283,897	93,754,058	463,141	--	94,747,038	93,754,058
Structures & improvements	18,621,557	18,577,483	7,730,944	7,730,944	26,352,501	26,308,427
Equipment	18,026,793	17,275,185	1,532,463	1,532,463	19,559,256	18,807,648
Intangibles	1,148,577	1,148,577	--	--	1,148,577	1,148,577
Accumulated Depreciation	(105,289,917)	(102,467,759)	(3,463,911)	(3,133,322)	(108,753,828)	(105,601,081)
Total	$ 35,036,545	$ 37,058,137	$ 6,591,060	$ 6,416,220	$ 41,627,605	$ 43,474,357

The County elected to report its general infrastructure assets beginning July 1, 2003, and hired a consultant to value the infrastructure. The County has maintained and updated is initial valuation as necessary to keep current. It is important to note, assets are valued at their acquisition cost and not as a market value or replacement cost.

Debt Administration

At June 30, 2017, the County Governmental activities had total long-term liabilities outstanding of $54,102,836:

Long Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Pension obligation bonds	$ 1,459,500	$ 2,161,600	$ --	$ --	$ 1,459,500	$ 2,161,600
Compensated absences	3,042,040	3,192,000	51,440	78,237	3,093,480	3,270,237
Net pension liability	46,661,293	38,065,504	1,021,034	767,312	47,682,327	38,832,816
Claims liability	2,940,003	1,658,334	--	--	2,940,003	1,658,334
Refunded certificates of participation	--	--	2,182,700	2,406,000	2,182,700	2,406,000
Loan payable	--	--	--	66,667	--	66,667
Landfill postlcosure cost	--	--	7,601,374	7,029,163	7,601,374	7,029,163
Total	$ 54,102,836	$ 45,077,438	$ 10,856,548	$ 10,347,379	$ 64,959,384	$ 55,424,817

Total governmental long-term liabilities increased by $9,025,398, or 20.02%, during the fiscal year ended June 30, 2017 largely in part to adjustments in net pension liability. Claims liability also increased by $1,281,669, or 77.29%, over the prior fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The County's Net Position increased by $7,335,666, after restatements, from 2015-16 to 2016-17.
- The unemployment rate for Mono County annualized for 2016 was 5.4% and for 2017 was 4.4%. The State's average unemployment rate as of Dec 2017 was 4.5%. The unemployment rate for Mono County dropped by 1% when compared to 2016. Mono County's scenic and recreational attributes help support tourism and recreation which is the major industry and directly affects the employment rate.
- Property tax values have stabilized and are expected to increase at a moderate pace of about 2 to 4% annually. The Assessor continues to monitor Prop 8 values and the delinquency rate continues to decrease as properties affected by the economic downturn are continuing to recover. Total assessed valuations in Mono County increased 2.45% from the 2016 to the 2017 total roll value.
- In 2016-17, certain MOU negotiations resulted in salary adjustments (increases), such as pay increases, COLAs and step-increases, but also included slight increases in employee participation for health benefits.
- For 2017-18, the employer payment of the PERS unfunded liability will increase by $540,653, or 18.62% from the previous year. In addition to the normal cost rate that will be going up an average of 1% for each employee group, the lump sum payment due for the unfunded liability for 2017-18 is $815,462.
- Road Funding for 2017-18 is expected to continue to encounter declining transportation related revenues and increasing road maintenance needs, even with the passing of new legislation for an increase in gas tax revenues, SB 1, the Road Maintenance and Rehabilitation Program. A General Fund subsidy of $650,000 to the County's Road Fund is budgeted for 2017-18 as a way to counter the shortfall, a decrease of $200,000 from 2016-17.
- For revenue, transient occupancy tax (TOT) again reached an all-time high of over $3.3 million for the fiscal year ended June 30, 2017 due to tourism, a major economic industry in Mono County. Sales tax continues to look strong with a 3.09% increase in the 2016-17 fiscal year and collections are estimated to increase 3% annually through 2018. The cost of living adjustment for property taxes effective 1-1-2017 is set at 2% creating cautious optimism for the future.

These factors plus others were considered in preparing the County's budget for the 2017-18 fiscal year.

The 2017-18 adopted budget is sufficient to:

- Provide core services and programs that enhance the quality of life for our citizens and guests;

- Allocate an amount of $250,000 to the General Fund Reserves to continue towards funding the policy minimum as well as $660,000 allocated to the Economic Stabilization Fund to fund future personnel actions and/or other unfunded projects;

- Provide for contingencies in the adopted amount of $420,000;

- Invest approximately $750,000 in new equipment and equipment repairs to comply with requirements set forth by the California Air Resource Board (CARB);

- Provide funding for a grant match obligation for a new County jail that will provide education programs to inmates and medical services to both inmates and community members;

- Maintain Mono County's commitment to the Senior Services Program and Local Fire Chief's Association; and

- Partially fund the gap caused by reduced road revenues and provide minimal funding for road maintenance and repairs in the contribution amount to the Road Fund of $650,000.

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS
GOVERNMENT WIDE FINANCIAL STATEMENTS

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COUNTY OF MONO

Statement of Net Position

June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	$ 31,327,910	$ 2,759,381	$ 34,087,291
Cash with fiscal agent	53,117	74,497	127,614
Restricted cash	-	3,235,582	3,235,582
Accounts receivable	1,196,959	336,316	1,533,275
Due from other governments	4,454,083	-	4,454,083
Taxes receivable	282,924	-	282,924
Deposits with others	3,199,037	-	3,199,037
Prepaid expense	161,556	-	161,556
Inventories	391,946	2,112	394,058
Loans receivable	1,572,090	-	1,572,090
Other assets - Other Post Employment Benefits	5,394,695	-	5,394,695
Internal balances	660,000	(660,000)	-
Capital assets:			
Nondepreciable	8,245,638	328,423	8,574,061
Depreciable, net	26,790,907	6,262,637	33,053,544
Total Assets	83,730,862	12,338,948	96,069,810
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts related to pensions	10,588,868	219,142	10,808,010
LIABILITIES			
Accounts payable	2,008,360	126,626	2,134,986
Salaries and benefits payable	289,118	12,664	301,782
Interest payable	5,325	15,606	20,931
Deposits from others	800	-	800
Unearned revenue	135,231	-	135,231
Long-term liabilities:			
Portion due or payable within one year	5,488,416	264,850	5,753,266
Portion due or payable after one year	48,614,420	10,591,698	59,206,118
Total Liabilities	56,541,670	11,011,444	67,553,114
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts related to pensions	2,109,352	38,058	2,147,410
NET POSITION			
Net investment in capital assets	35,036,545	6,591,060	41,627,605
Restricted	20,397,419	4,648	20,402,067
Unrestricted	(19,765,256)	(5,087,120)	(24,852,376)
Total Net Position	$ 35,668,708	$ 1,508,588	$ 37,177,296

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Activities

For the Year Ended June 30, 2017

		Program Revenues		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION / PROGRAM ACTIVITIES				
Primary Government				
Governmental Activities:				
General government	$ 10,149,677	$ 2,902,867	$ 1,682,565	$ -
Public protection	18,037,087	1,470,947	5,418,670	-
Public ways and facilities	6,465,642	495,210	2,069,837	512,397
Health and sanitation	8,568,557	1,822,308	6,130,805	-
Public assistance	4,628,204	125,178	4,940,302	86,190
Education	41,847	-	1,093	-
Recreation and culture	104,422	-	-	-
Interest on long-term debt	182,838	-	-	-
Total Governmental Activities	48,178,274	6,816,510	20,243,272	598,587
Business-Type Activities				
Solid Waste	2,490,582	3,014,267	20,000	-
Airport	326,819	8,525	42,799	464,976
Campgrounds	32,240	39,197	-	-
Cemeteries	14,828	2,862	-	-
Total Business-type Activities	2,864,469	3,064,851	62,799	464,976
Total Primary Government	$ 51,042,743	$ 9,881,361	$ 20,306,071	$ 1,063,563

GENERAL REVENUES AND TRANSFERS

Taxes:

Property

Sales and use

Transient occupancy

Unrestricted investment earnings

Transfers

Total General Revenues

CHANGES IN NET POSITION

Net Position - Beginning of Year, restated

NET POSITION, END OF YEAR

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
			FUNCTION / PROGRAM ACTIVITIES
			Primary Government
			Governmental Activities:
$ (5,564,245)	$ -	$ (5,564,245)	General government
(11,147,470)	-	(11,147,470)	Public protection
(3,388,198)	-	(3,388,198)	Public ways and facilities
(615,444)	-	(615,444)	Health and sanitation
523,466	-	523,466	Public assistance
(40,754)	-	(40,754)	Education
(104,422)	-	(104,422)	Recreation and culture
(182,838)	-	(182,838)	Interest on long-term debt
(20,519,905)	-	(20,519,905)	Total Governmental Activities
			Business-Type Activities
-	543,685	543,685	Solid Waste
-	189,481	189,481	Airport
-	6,957	6,957	Campgrounds
-	(11,966)	(11,966)	Cemeteries
-	728,157	728,157	Total Business-type Activities
(20,519,905)	728,157	(19,791,748)	Total Primary Government
			GENERAL REVENUES AND TRANSFERS
			Taxes:
20,369,909	-	20,369,909	Property
585,375	-	585,375	Sales and use
3,349,252	-	3,349,252	Transient occupancy
300,085	59,468	359,553	Unrestricted investment earnings
(13,980)	13,980	-	Transfers
24,590,641	73,448	24,664,089	Total General Revenues
4,070,736	801,605	4,872,341	**CHANGES IN NET POSITION**
31,597,972	706,983	32,304,955	Net Position - Beginning of Year, restated
$ 35,668,708	$ 1,508,588	$ 37,177,296	**NET POSITION, END OF YEAR**

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS

COUNTY OF MONO

Balance Sheet
Governmental Funds
June 30, 2017

	General	Road	Realignment	Mental Health Services Act
ASSETS				
Cash and investments	$ 10,225,917	$ 771,922	$ 5,595,634	$ 5,561,234
Accounts receivable	1,165,825	13,028	-	-
Due from other governments	2,229,018	329,725	730,339	181,060
Taxes receivable	282,924	-	-	-
Due from other funds	133,336	-	-	-
Advances to other funds	660,000	-	-	-
Prepaid expenses	90,847	-	-	3,087
Inventories	1,266	390,680	-	-
Loans receivable	660,227	-	-	-
Total Assets	$ 15,449,360	$ 1,505,355	$ 6,325,973	$ 5,745,381
LIABILITIES				
Accounts payable	$ 841,100	$ 54,246	$ -	$ 3,953
Salaries and benefits payable	227,693	48,554	-	707
Due to other funds	-	-	-	-
Deposits from others	800	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	1,069,593	102,800	-	4,660
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	893,807	-	146,996	-
FUND BALANCES				
Nonspendable	1,412,340	390,680	-	3,087
Restricted	-	1,011,875	6,178,977	5,737,634
Committed	-	-	-	-
Assigned	7,530,512	-	-	-
Unassigned	4,543,108	-	-	-
Total Fund Balances	13,485,960	1,402,555	6,178,977	5,740,721
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,449,360	$ 1,505,355	$ 6,325,973	$ 5,745,381

See accompanying notes to the basic financial statements.

Other Governmental	Total	
		ASSETS
$ 8,227,369	$ 30,382,076	Cash and investments
17,106	1,195,959	Accounts receivable
983,941	4,454,083	Due from other governments
-	282,924	Taxes receivable
168,244	301,580	Due from other funds
-	660,000	Advances to other funds
67,622	161,556	Prepaid expenses
-	391,946	Inventories
911,863	1,572,090	Loans receivable
$ 10,376,145	$ 39,402,214	Total Assets
		LIABILITIES
$ 1,042,327	$ 1,941,626	Accounts payable
6,508	283,462	Salaries and benefits payable
301,580	301,580	Due to other funds
-	800	Deposits from others
135,231	135,231	Unearned revenues
1,485,646	2,662,699	Total Liabilities
		DEFERRED INFLOWS OF RESOURCES
697,322	1,738,125	Unavailable revenues
		FUND BALANCES
979,485	2,785,592	Nonspendable
6,467,199	19,395,685	Restricted
360,239	360,239	Committed
685,482	8,215,994	Assigned
(299,228)	4,243,880	Unassigned
8,193,177	35,001,390	Total Fund Balances
$ 10,376,145	$ 39,402,214	Total Liabilities, Deferred Inflows of Resources and Fund Balances

See accompanying notes to the basic financial statements.

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COUNTY OF MONO

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds and Activities

June 30, 2017

Fund balance - total governmental funds	$ 35,001,390
Amounts reported for governmental activities in the statement of net position are different because:	
Certain amounts are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	
Other post employment benefit asset	5,394,695
Deferred outflow amounts related to pensions	10,520,384
Deferred inflow amounts related to pensions	(2,097,458)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	33,770,150
Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	1,738,125
Internal service funds are used by management to charge the cost of motor pool, copier pool, insurance and other activities to individual funds. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the statement of net position.	2,190,495
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	(1,459,500)
Compensated absences	(3,042,040)
Net pension liability	(46,342,208)
Interest payable	(5,325)
Net position of governmental activities	$ 35,668,708

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General	Road	Realignment	Mental Health Services Act
REVENUES				
Taxes	$ 24,095,792	$ -	$ -	$ -
Licenses and permits	314,098	9,976	-	-
Fines, forfeitures and penalties	797,918	57,218	-	-
Use of money and property	158,688	10,987	56,674	55,498
Intergovernmental	4,811,271	2,192,655	3,390,618	1,707,654
Charges for services	2,972,213	426,918	-	-
Other revenues	44,428	-	-	-
Total Revenues	33,194,408	2,697,754	3,447,292	1,763,152
EXPENDITURES				
Current:				
General government	10,440,806	-	-	-
Public protection	15,713,083	-	-	-
Public ways and facilities	-	3,683,714	-	-
Health and sanitation	3,678,113	-	-	898,845
Public assistance	46,849	-	-	-
Education	41,847	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other related costs	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	29,920,698	3,683,714	-	898,845
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,273,710	(985,960)	3,447,292	864,307
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	1,924	-	-
Transfers in	1,481,946	850,000	-	-
Transfers out	(2,458,348)	-	(2,127,222)	(20,000)
Total Other Financing Sources and (Uses)	(976,402)	851,924	(2,127,222)	(20,000)
NET CHANGES IN FUND BALANCES	2,297,308	(134,036)	1,320,070	844,307
Fund Balances, Beginning of Year, restated	11,188,652	1,536,591	4,858,907	4,896,414
FUND BALANCE, END OF THE YEAR	$ 13,485,960	$ 1,402,555	$ 6,178,977	$ 5,740,721

See accompanying notes to the basic financial statements.

Other Governmental	Total	
		REVENUES
$ 208,744	$ 24,304,536	Taxes
284,585	608,659	Licenses and permits
103,605	958,741	Fines, forfeitures and penalties
72,963	354,810	Use of money and property
8,451,611	20,553,809	Intergovernmental
610,109	4,009,240	Charges for services
724,392	768,820	Other revenues
10,456,009	51,558,615	Total Revenues
		EXPENDITURES
		Current:
193,173	10,633,979	General government
1,760,452	17,473,535	Public protection
433,582	4,117,296	Public ways and facilities
4,057,789	8,634,747	Health and sanitation
4,744,827	4,791,676	Public assistance
-	41,847	Education
		Debt service:
798,573	798,573	Principal
88,791	88,791	Interest and other related costs
286,063	286,063	Capital outlay
12,363,250	46,866,507	Total Expenditures
(1,907,241)	4,692,108	Excess (Deficiency) of Revenues Over (Under) Expenditures
		OTHER FINANCING SOURCES (USES)
-	1,924	Proceeds from sale of capital assets
2,821,498	5,153,444	Transfers in
(561,854)	(5,167,424)	Transfers out
2,259,644	(12,056)	Total Other Financing Sources and (Uses)
352,403	4,680,052	**NET CHANGES IN FUND BALANCES**
7,840,774	30,321,338	Fund Balances, Beginning of Year, restated
$ 8,193,177	$ 35,001,390	**FUND BALANCE, END OF THE YEAR**

See accompanying notes to the basic financial statements.

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COUNTY OF MONO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
Governmental Funds and Activities
For the Year Ended June 30, 2017

Net change to fund balances - total governmental funds		$ 4,680,052
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets, infrastructure, and other related capital	714,274	
Less: current year depreciation	(2,662,752)	(1,948,478)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds (unavailable revenues). In the statement of activities, revenues have been reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year.		288,050
Pension contributions made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the statement of net position.		4,218,785
Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repayments		702,100
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 the governmental funds.		
Change in compensated absences	149,960	
Change in accrued interest	2,426	152,386
Other post employment benefits are reported as an expenditure when contributions are made in the governmental funds, but are other assets for contributions made in excess of required amounts.		966,386
Changes to the net pension liability and pension related deferred outflows or inflows of resources do not provide or require the use of current financial resources and therefore are not reported as exenditures in governmental funds.		(3,848,927)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds activities is reported with governmental activities.		(1,139,618)
Change in net position of governmental activities		$ 4,070,736

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Fund Net Position

Proprietary Funds

June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets:					
Cash and investments	$ 2,512,329	$ 157,993	$ 89,059	$ 2,759,381	$ 945,834
Cash with fiscal agent	74,497	-	-	74,497	53,117
Accounts receivable	332,282	-	4,034	336,316	1,000
Deposits with others	-	-	-	-	3,199,037
Inventory	-	2,112	-	2,112	-
Total Current Assets	2,919,108	160,105	93,093	3,172,306	4,198,988
Noncurrent Assets:					
Restricted cash in Treasury	3,235,582	-	-	3,235,582	-
Capital assets:					
Non-depreciable	52,800	275,623	-	328,423	-
Depreciable, net	794,368	5,468,269	-	6,262,637	1,266,395
Total Noncurrent Assets	4,082,750	5,743,892	-	9,826,642	1,266,395
Total Assets	7,001,858	5,903,997	93,093	12,998,948	5,465,383
DEFERRED OUTFLOWS					
Deferred amounts related to pensions	219,142	-	-	219,142	68,484
LIABILITIES					
Current Liabilities:					
Accounts payable	110,032	14,141	2,453	126,626	66,734
Salaries and benefits payable	12,664	-	-	12,664	5,656
Interest payable	15,606	-	-	15,606	-
Advances from other funds	195,000	-	-	195,000	-
Refunded certificates of participation	236,800	-	-	236,800	-
Compensated absences	28,050	-	-	28,050	-
Claims liability	-	-	-	-	2,940,003
Total Current Liabilities	598,152	14,141	2,453	614,746	3,012,393
Noncurrent Liabilities:					
Advances from other funds	465,000	-	-	465,000	-
Refunded certificates of participation	1,945,900	-	-	1,945,900	-
Compensated absences	23,390	-	-	23,390	-
Closure and post closure liability	7,601,374	-	-	7,601,374	-
Net pension liability	1,021,034	-	-	1,021,034	319,085
Total Noncurrent Liabilities	11,056,698	-	-	11,056,698	319,085
Total Liabilities	11,654,850	14,141	2,453	11,671,444	3,331,478
DEFERRED INFLOWS					
Deferred amounts related to pensions	38,058	-	-	38,058	11,894
NET POSITION					
Net investment in capital assets	847,168	5,743,892	-	6,591,060	1,266,395
Restricted	-	-	4,648	4,648	-
Unrestricted	(5,319,076)	145,964	85,992	(5,087,120)	924,100
Total Net Position	$ (4,471,908)	$ 5,889,856	$ 90,640	$ 1,508,588	$ 2,190,495

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	$ 2,998,551	$ 7,325	$ 42,059	$ 3,047,935	$ 2,724,592
Total Operation Revenues	2,998,551	7,325	42,059	3,047,935	2,724,592
OPERATING EXPENSES					
Salaries and benefits	771,984	-	-	771,984	347,590
Services and supplies	1,013,659	28,872	47,068	1,089,599	3,185,582
Closure and post closure costs	572,211	-	-	572,211	-
Depreciation and amortization	32,642	297,947	-	330,589	460,996
Total Operating Expenses	2,390,496	326,819	47,068	2,764,383	3,994,168
OPERATING INCOME (LOSS)	608,055	(319,494)	(5,009)	283,552	(1,269,576)
NON-OPERATING REVENUES (EXPENSES)					
Interest income	58,251	1,465	952	60,668	10,517
Interest expense	(100,086)	-	-	(100,086)	-
Operating grants	20,000	42,799	-	62,799	-
Miscellaneous	15,716	-	-	15,716	81,750
Gain (loss) on sale of capital assets	-	-	-	-	37,691
Total Non-Operating Revenues (Expenses)	(6,119)	44,264	952	39,097	129,958
Income (Loss) Before Capital Contributions and Transfers	601,936	(275,230)	(4,057)	322,649	(1,139,618)
Capital contributions	-	464,976	-	464,976	-
Transfers in	-	-	13,980	13,980	-
CHANGE IN NET POSITION	601,936	189,746	9,923	801,605	(1,139,618)
Net Position, Beginning of Year	(5,073,844)	5,700,110	80,717	706,983	3,330,113
NET POSITION, END OF YEAR	$ (4,471,908)	$ 5,889,856	$ 90,640	$ 1,508,588	$ 2,190,495

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers	$ 2,970,351	$ 7,325	$ 38,480	$ 3,016,156	$ -
Cash receipts from internal fund services provided	-	-	-	-	2,723,592
Cash paid to employees for services	(770,164)	-	-	(770,164)	(327,612)
Cash paid to suppliers for goods and services	(1,008,959)	(56,164)	(46,170)	(1,111,293)	(2,167,240)
Net Cash Provided (Used) by Operating Activities	1,191,228	(48,839)	(7,690)	1,134,699	228,740
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payment on advances from other funds	(195,000)	-	-	(195,000)	-
Miscellaneous receipts	15,716	-	-	15,716	81,750
Operating grants	20,000	42,799	-	62,799	-
Transfers from other funds	-	-	13,980	13,980	-
Repayment of debt not attributable to capital purposes	(223,300)	-	-	(223,300)	-
Interest paid	(103,216)	-	-	(103,216)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(485,800)	42,799	13,980	(429,021)	81,750
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants	-	464,976	-	464,976	-
Payments related to the acquisition of capital assets	-	(505,430)	-	(505,430)	(387,882)
Repayment of loan used to purchase capital assets	(66,667)	-	-	(66,667)	-
Proceeds from the sale of capital assets	-	-	-	-	37,691
Net Cash Provided (Used) by Capital and Related Financing Activities	(66,667)	(40,454)	-	(107,121)	(350,191)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	58,251	1,465	952	60,668	10,517
Net Cash Provided by Investing Activities	58,251	1,465	952	60,668	10,517
Net Increase (Decrease) in Cash and Cash Equivalents	697,012	(45,029)	7,242	659,225	(29,184)
Cash and Cash Equivalents, Beginning of Year	5,125,396	203,022	81,817	5,410,235	1,028,135
Cash and Cash Equivalents, End of Year	$ 5,822,408	$ 157,993	$ 89,059	$ 6,069,460	$ 998,951
Reconciliation of Cash and Cash Equivalents to the Statement of Fund Net Position					
Cash and investments	$ 2,512,329	$ 157,993	$ 89,059	$ 2,759,381	$ 945,834
Cash with fiscal agent	74,497	-	-	74,497	53,117
Restricted cash in Treasury	3,235,582	-	-	3,235,582	-
Total Cash and Cash Equivalents	$ 5,822,408	$ 157,993	$ 89,059	$ 6,069,460	$ 998,951

continued

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Solid Waste	Airport	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 608,055	$ (319,494)	$ (5,009)	$ 283,552	$ (1,269,576)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	32,642	297,947	-	330,589	460,996
Changes in assets and liabilities					
Receivables	(28,200)	-	(3,579)	(31,779)	(1,000)
Deposits with others	-	-	-	-	(304,977)
Deferred outflows	(71,252)	-	-	(71,252)	(22,111)
Accounts payable	4,700	(27,292)	898	(21,694)	41,650
Accrued salaries and benefits	(43,695)	-	-	(43,695)	(15,121)
Claims liability	-	-	-	-	1,281,669
Closure and postclosure liability	572,211	-	-	572,211	-
Liability for compensated absences	(26,797)	-	-	(26,797)	-
Net pension liability	253,722	-	-	253,722	78,483
Deferred inflows	(110,158)	-	-	(110,158)	(21,273)
Net Cash Provided (Used) by Operating Activities	$ 1,191,228	$ (48,839)	$ (7,690)	$ 1,134,699	$ 228,740

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

	Investment Trust	Agency
ASSETS		
Pooled Cash and investments	$ 41,095,635	$ 6,520,551
Total Assets	41,095,635	6,520,551
LIABILITIES		
Agency funds held for others	-	6,520,551
Total Liabilities	-	6,520,551
NET POSITION		
Net position held in trust for investment pool participants	41,095,635	-
Total Net Position	$ 41,095,635	$ -

See accompanying notes to the basic financial statements.

COUNTY OF MONO

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2017

	Investment Trust
ADDITIONS	
Contributions	$ 68,411,998
Investment income	461,946
Total Additions	68,873,944
DEDUCTIONS	
Distributions	66,684,133
Total Deductions	66,684,133
CHANGE IN NET POSITION	2,189,811
Net Position, Beginning of Year	38,905,824
NET POSITION, END OF THE YEAR	$ 41,095,635

See accompanying notes to the basic financial statements.

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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 rational for presentation of the financial statement and information contained in this document.

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the County of Mono (the County) conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The more significant of the County's accounting policies are described below.

A. **The Reporting Entity**

The County is a legal subdivision of the State of California whereby it can exercise the powers specified by the constitution and statutes of the State of California. The County operates under an Administrator-Board of Supervisors form of government with legislative and executive control held by an elected five member Board of Supervisors. Major services provided by the County to its citizens include public protection, public ways and facilities, health and sanitation, public assistance, education, culture and recreation, and general services. In addition, the County administers various special districts governed by the Board and provides services to other special districts governed by independent local boards. These special districts are located within the boundaries of the County and were established under various sections of the California Government Code. The County provides fiscal agent and accounting services to many of these districts.

These financial statements present the County (the primary government) and its component units, entities for which the government considers itself financially accountable. Reporting for component units on the County's financial statements is either blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations because the County's Board generally is their governing body. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year end.

Blended Component Units

There are four entities which meet the criteria of a blended component unit. These dependent entities 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. The County of Mono Economic Development Corporation is also a blended component unit. The governing body of the Corporation is the County's governing body. The Corporation was formed to assist with financing public improvements of the County.

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 position and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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.

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 goods or services are provided by the fund as part of its principal activity and result from exchange transactions. 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. Operating expenses include the costs of providing services and delivering goods. All other expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

- The ***General Fund*** is the County's primary operating fund and 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, recreation and cultural services and general administration.

- The ***Road Fund*** provides for maintenance and construction of roadways. Revenues consist primarily of the County's share of state highway users tax supplemented by federal and state funds.

- The ***Realignment Fund*** accounts for State realigned revenues generated from sales taxes and vehicle license fees that are restricted to expenditure for specific social, health, mental health and public safety programs..

- The ***Mental Health Services Act Fund*** accounts for Proposition 63 funding passed in 2004 to expand and further develop mental health services in the County. It uses state funding to provide services such as wellness center programs, school programs, community garden projects and community social events.

The County reports the following major enterprise funds:

- The ***Solid Waste Fund*** accounts for revenues and expenses incurred in providing waste collection services at transfer stations throughout the County and waste disposal services at three County landfills. The Division oversees the permitting, monitoring and maintenance of the County's three active landfills, as well as three closed landfills. The Division also oversees and implements recycling programs throughout the County in an effort to maintain and enhance diversion efforts.

- The ***Airport Fund*** accounts for the operation and maintenance of the County's two airports that include Bryant Field and Lee Vining Airport. Airport operations include applying for and administering grants to complete Airport Capital Improvement Programs and administration of leases and sub-leases on airport property.

The County reports the following additional fund types:

- ***Internal Service Funds*** account for financing of goods or services provided by one department to other County departments on a cost reimbursement basis. Activities include the County's copier pool which purchases and maintains copy machines, technology refresh pool which accounts for the replacement of county desktop computers, laptops, servers and other technology items, self-insurance programs, and the County's motor pool which purchases and maintains vehicles.

- The ***Investment Trust Fund*** accounts for the assets of legally separate entities, which invest in the County Treasurer's investment pool. These entities include school districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for the County's one incorporated town. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

- ***Agency Funds*** account for assets held by the County as an agent for various individuals or other local governments. These funds are custodial in nature and do not involve measurement of results or operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

C. **Basis of Accounting**

The government-wide, proprietary and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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 taxes 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. Licenses, permits, fines, forfeitures, and other revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. 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.

Agency funds apply the accrual basis of accounting but do not have a measurement focus.

D. **Cash and Investments**

The County follows the practice of pooling cash and investments of all funds with the County Treasurer. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and External Investment Pools"* and GASB Statement No. 72, *"Fair Value Measurement and Application"*, investments generally are stated at fair value in the statement of net position and balance sheet and the corresponding changes in the fair value of investments are recognized in the year in which the change occurred. The fair value of investments is determined annually. Interest earned on pooled investments is apportioned quarterly to certain participating funds based on each fund's respective average daily balance for that quarter with all remaining interest deposited in the County's General 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.

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 and investments to be cash equivalents.

E. **Restricted Cash and Investments**

Restricted assets in the enterprise funds represent cash and investments held to finance closure and postclosure costs as required by state and federal laws and regulations.

F. **Inventory**

Inventories consist of materials and supplies held for consumption and are valued at cost. Inventory consists of expendable supplies held for consumption. The cost is recorded as expenditures at the time individual inventory items are consumed. Inventories in the governmental funds are equally offset by a corresponding nonspendable fund balance amount, which indicates that inventories do not represent expendable available resources.

G. **Receivables, Unavailable Revenue and Unearned Revenue**

The County uses a 60-day time period for recognizing accruals in the governmental funds. Receivables are reported net of uncollectible amounts. Total uncollectible amounts are related to delinquent property taxes in the amount of $186,050 and is recorded in the General Fund. Governmental funds report unavailable revenue in connection with these receivables not considered available within the 60-day period. Governmental and enterprise funds report unearned revenue in connection with resources received, but eligibility requirements have not been satisfied.

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 unearned revenue.

H. **Notes Receivable**

The notes receivable balances in the General Fund and the Housing Fund balance sheet consist of loans made with funds provided to the County under the U.S. Department of Housing and Urban Development programs, primarily the

Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME). The loans are made to carry out activities for affordable housing, and are reported at the outstanding principle balance.

Generally, notes are deferred with all principal and interest due on the earlier of the due date of the note or sale or transfer of the property. Any repayment of principal or interest applicable to the CDBG and HOME programs is treated as program revenue. A loan committee approves the loans and deferral of payments.

I. **Prepaid Expenses/Items and Deposits**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. Payments made in advance of the receipt of goods or property is recorded as deposits. The cost of prepaid expense is recorded an expense when consumed rather than when purchased. Prepaid expenses and deposits in the governmental fund financial statements are equally offset by a corresponding nonspendable fund balance amount, which indicates that prepaid expenses and deposits do not represent expendable available resources.

J. **Capital Assets**

Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure (e.g. roads, bridges, sidewalks, and similar items), and intangible assets (e.g. land easements and computer software). Assets that are purchased or constructed are reported at historical costs or at estimated historical cost is actual cost is not available. Donated capital assets are valued at their estimated acquisition value on the date of donation.

Normal maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital outlays are recorded as expenditures in the governmental funds and as additions to capital assets in the proprietary and the government-wide financial statements, in accordance with the County's capitalization policy. 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) in the government-wide statements and proprietary funds using the straight-line method over the lesser of the capital lease period or their estimated useful lives.

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 four networks of infrastructure assets – roads, lighting, drainage, and flood control.

K. **Deferred Outflows/Inflows of Resources**

The County recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position that is applicable to a future reporting period.

L. **Net Position/Fund Balance**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

When both restricted and unrestricted net position are available, the County considers restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, governmental funds report fund balance in the following categories based primarily on the extent to which the county is bound to honor constraints on how specific amounts can be spent:

- *Nonspendable fund balance* – Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact.

- *Restricted fund balance* – Amounts with constraints placed on their use that are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments. Constraints may also be imposed by law through constitutional provisions or enabling legislation.

- *Committed fund balance* – Amounts that can only be used for specific purposes determined by formal action of the Board of Supervisors and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur prior to the end of the reporting period. The amount subject to the constraint may be determined in the subsequent period.

- *Assigned fund balance* – Amounts that are constrained by the County's intent to use resources for specific purposes. Intent can be expressed by the Board of Supervisors or by an official or body designated for that purpose. This is also the classification for residual fund balance in all governmental funds other than the General Fund.

- *Unassigned fund balance* – The residual classification for the County's General Fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if the expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes (i.e., deficit fund balance).

The Board of Supervisors establishes, modifies or rescinds fund balance commitments by passage of a resolution or an ordinance, each resulting in equally binding constraints.

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.

M. **Property Tax Revenue**

Property taxes, including tax rates, are regulated by the State and are administered locally by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. 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. 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. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

All general property taxes are allocated to the various taxing entities per the legislation implementing Article XIII of the California Constitution (commonly referred to as Proposition 13). 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). General property taxes are based on a flat one percent rate applied to the property's assessed value. Absence the change in valuation described above, taxable values on properties can rise at a maximum rate of two percent per year. The method of allocation used by the County is subject to review by the State of California. The County recognizes property tax revenues in the period for which the taxes are levied subject to the availability criteria in the governmental funds financial statements.

N. **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 nonspendable fund balance amount in the applicable governmental funds 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.

O. Compensated Absences

Under the terms of union contracts, the County grants employees vacation and sick leave in varying amounts depending upon their respective bargaining unit. Vacation pay is subject to certain maximum accumulations and is payable upon termination. Sick leave may be accumulated without limitation and is payable upon termination at varying amounts depending on bargaining unit and length of service.

Because vacation, sick leave and other compensated absence balances do not require the use of current financial resources, no liability is recorded within the governmental funds. However, this liability is reflected in the government-wide statement of net position. In proprietary funds, the liability for compensated absences is recorded in the period that the benefits accrue to employees.

P. Pensions

In the government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The County recognizes a net pension liability for each qualified pension plan in which it participated, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the County's fiscal year-end or the County's proportionate share thereof in the case of a cost-sharing multiple-employer plan.

Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows or outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows or outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retires, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose.

Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows or outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Q. 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.

R. Implementation of Governmental Accounting Standards Board (GASB) Statements

The requirements of the following GASB Statements are effective for the purpose of implementation, if applicable to the County, for the fiscal year ended June 30, 2017:

GASB Statement No. 77, *Tax Abatement Disclosures,* is effective for fiscal years beginning after December 15, 2015. (FY 2016/17) The objective of this Statement is to provide transparency in financial statements prepared by state and local governments in conformity with generally accepted accounting principles, provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability.

S. Future Pronouncements

The County is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB Statements:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for fiscal years beginning after June 15, 2017. (FY 2017/18) The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for reporting periods beginning after December 15, 2015. (FY 2017/18) The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for reporting periods beginning after June 15, 2018. (FY 2018/19) The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

GASB Statement No. 84, *Fiduciary Activities*, is effective for reporting periods beginning after December 15, 2018 (FY 2019/20). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 85, *Omnibus*, is effective for reporting periods beginning after June 15, 2017 (FY 2018/19). The objective of this Statement is to address practice issues that have been identified during implementation of application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is effective for reporting periods beginning after June 15, 2017 (FY 2018/19). The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, is effective for reporting periods beginning after December 15, 2019 (FY 2020/21). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments.

NOTE 2: **CASH AND INVESTMENTS**

Total County cash and investments at June 30, 2017 were as follows:

Imprest cash	$	770
Cash on hand		5,026
Deposits in bank		3,866,612
Deposits held by fiscal agents external to the pool		127,614
		4,000,022
Investments:		
In Treasurer's pool		81,066,651
Total Cash and Investments	$	85,066,673

Cash and investments were presented in the County's financial statements as follows:

Primary government	$	37,450,487
Investment trust fund		41,095,635
Agency funds		6,520,551
	$	85,066,673

Investments

The County's cash and investments are invested by the County Treasurer, in accordance with investment policy guidelines and California Government Code. The objectives of the policy, in order of priority, include safety of principal, liquidity and yield. The policy addresses the soundness of financial institutions in which the County will deposit funds, types of investment instruments permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments. A copy of the county investment policy is available upon request from the Mono County Treasurer at P.O Box 556, Bridgeport CA 93517-0556. The Treasury Oversight Committee has oversight for all monies deposited into the Treasury Pool. The Committee requires an annual audit to ensure the County's Investment Portfolio complies with its policy and California Government Code Section 53601.

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.

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. Not addressed in the table are investments with external agents external to the pool. A separate investment policy governs these investments.

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
State of California Notes & Bonds	5 years	None	None
Notes & Bonds of Other 49 States	5 years	None	None
Supranational Bonds	5 years	30%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper - Selected Agencies	270 days	40%	10%
Commercial or Savings Bank and Credit Union	N/A	30%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program	N/A	None	None

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

	Interest Rates	Maturities	Par	Fair Value	WAM (Years)
Investments in Investment Pool					
Federal Agency Issues - Coupon	1.06%-2.375%	11/19/18-4/27/22	$ 32,775,000	$ 32,763,078	3.28
U.S. Treasuries	2.375%	6/30/18	500,000	507,519	1.00
Medium Term Corporate Bonds	1.0%-5.45%	12/15/17-3/15/22	7,000,000	7,176,735	1.96
Negotiable Certificates of Deposit	0.7%-2.35%	8/29/17-5/3/22	10,735,000	10,734,388	1.92
Municipal Bonds	0.0%-4.75%	8/1/17-4/1/22	8,010,000	8,095,708	1.74
Treasury Loans	1.25%	6/30/2019	150,228	150,228	2.00
LAIF	Variable	On-Demand	21,638,995	21,638,995	0.00
Total investments in investment pool			$ 80,809,223	$ 81,066,651	1.94

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The general rule is the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County manages its exposure to declines in fair values by purchasing a combination of shorter term and longer-term investments and by timing maturities to provide the necessary cash flow and liquidity needed for operations. The benchmark used by the County is to limit the weighted average maturity (WAM) of its investment portfolio to two years or less in accordance with its investment policy.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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 impose 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 pooled investments at June 30, 2017.

	Quality Rating Range	% of Portfolio
Federal Agency Issues - Coupon	AAA to Aa1	40.41%
U.S. Treasuries	AAA	0.63%
Medium Term Corporate Bonds	AAA to A1	8.85%
Negotiable Certificates of Deposit	Unrated	13.24%
Municipal Bonds	Aa1 to A1	9.99%
Treasury Loans	Unrated	0.19%
LAIF	Unrated	26.69%
Total		100.00%

The County investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (Other than U.S. Treasury securities, mutual funds or external investment pools) that represent 5 percent or more of the total County pooled investments are as follows:

Issuer	Investment Type	Percentage Holdings	Amount
Federal National Mortgage Association	Federal Agency Obligations	21.24%	$ 17,218,458
Federal Home Loan Mortgage Corporation	Federal Agency Obligations	8.97%	7,274,330

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal to at least 110% of the total amount deposited by the public agencies.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

The County considered none of its deposits or investments at June 30, 2017, unnecessarily 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 Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

The County's total investment in the Local Agency Investment Fund (LAIF), managed by the Treasurer for the State of California was $21,638,995. The total amount invested by all public agencies in LAIF at June 30, 2017, was $77.6 billion, the majority of which is invested in non-derivative financial products. The average maturity of PMIA investments was 194 days as of June 30, 2017. The value of pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the pooled treasury's portion in the pool.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of and for the fiscal year ended June 30, 2017:

Statement of Net Position		
Net position held for pool participants	$	84,939,059
Equity of external pool participants	$	41,095,635
Equity of internal pool participants		43,843,424
Total net position	$	84,939,059
Statement of Changes in Net Position		
Net position at July 1, 2016	$	77,051,293
Net change in investments by pool participants		7,887,766
Net position at June 30, 2017	$	84,939,059

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy based on the valuation inputs used to measure the fair value of the asset, as follows:

- Level 1: Investments reflect prices quoted in active markets for identical assets.

- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

- Level 3: Investments reflect prices based upon unobservable sources which reflect the County's own assumptions about the inputs market participants would use in pricing the asset. Unobservable inputs are developed based on the best information available in the circumstances and may include the County's own data.

The County's investments measured at fair value as of June 30, 2017 are as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in Investment Pool				
Federal Agency Issues - Coupon	$ 32,763,078	$ -	$ 32,763,078	$ -
U.S. Treasuries	507,519		507,519	
Medium Term Corporate Bonds	7,176,735	-	7,176,735	-
Negotiable Certificates of Deposit	10,734,388	-	10,734,388	-
Municipal Bonds	8,095,708	-	8,095,708	-
Total investments measured at fair value	59,277,428	$ -	$ 59,277,428	$ -
Investments measured at amortized cost:				
Treasury Loans	150,228			
LAIF	21,638,995			
Total investments in Investment Pool	$ 81,066,651			

NOTE 3: INTERFUND TRANSACTIONS

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 133,336
Nonmajor Governmental Funds	Nonmajor Governmental Funds	168,244
		$ 301,580

The above balances reflect temporary loans to cover cash deficits at June 30 and the time lag between the dates when transactions are recorded and payments are made between funds.

Advances to/from other funds:

Advances to/from other funds represent interfund loans not anticipated to be paid within the subsequent year.

Receivable Fund	Payable Fund	Amount
General Fund	Solid Waste Fund	$ 660,000
		$ 660,000

The above represents two interest-free loans provided to the Solid Waste Fund. During the 2010/11 budget year, the Board of Supervisors approved an interest-free loan to the Mono County Solid Waste Enterprise Fund of $1,200,000, as the Solid Waste Enterprise Fund reorganized and adjusted expenses and revenues (fee restructure). Repayment is amortized over ten (10) years, with zero percent (0%) interest and a repayment amount of $30,000 quarterly, or $120,000 annually. Final payment is scheduled for June 30, 2020. The balance of this loan as of June 30, 2017, was $360,000.

The Board of Supervisors approved a second loan during the 2011/12 budget year for $750,000. Repayment term is amortized over ten (10) years, with zero percent (0%) interest and a repayment amount of $18,750 quarterly, or $75,000 annually. Final payment is scheduled for June 30, 2021. The balance of this loan as of June 30, 2017, was $300,000.

Transfers:

Transfers are indicative of funding for capital projects, debt service, subsidies of various County operations and re-allocations of special revenues.

Transfer from	Transfer to	Amount
General Fund	Road	$ 850,000
	Nonmajor Governmental Funds	1,594,368
	Nonmajor Enterprise Funds	13,980
		2,458,348
Realignment Fund	General Fund	1,219,455
	Nonmajor Governmental Funds	907,767
		2,127,222
Mental Health Services Act	Nonmajor Governmental Funds	20,000
Nonmajor Governmental Funds	General Fund	262,491
	Nonmajor Governmental Funds	299,363
		561,854
	Total	$ 5,167,424

NOTE 4: CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Transfers	Retirements	Balance June 30, 2017
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 6,793,617	$ --	$ --	$ --	$ 6,793,617
Construction in progress	1,976,976	295,856	(804,693)	(16,118)	1,452,021
Total capital assets, not being depreciated	8,770,593	295,856	(804,693)	(16,118)	8,245,638
Capital assets, being depreciated:					
Infrastructure	93,754,058	--	529,839	--	94,283,897
Structures and improvements	18,577,483	44,074	--	--	18,621,557
Equipment	17,275,185	778,343	274,854	(301,589)	18,026,793
Intangibles	1,148,577	--	--	--	1,148,577
Total capital assets, being depreciated	130,755,303	822,417	804,693	(301,589)	132,080,824
Less accumulated depreciation for:					
Infrastructure	(78,484,297)	(1,924,604)	--	--	(80,408,901)
Structures and improvements	(8,381,753)	(505,076)	--	--	(8,886,829)
Equipment	(14,482,215)	(678,351)	--	301,589	(14,858,977)
Intangibles	(1,119,494)	(15,716)	--	--	(1,135,210)
Total accumulated depreciation	(102,467,759)	(3,123,747)	--	301,589	(105,289,917)
Total capital assets, being depreciated, net	28,287,544	(2,301,330)	804,693	--	26,790,907
Governmental activities capital assets, net	$ 37,058,137	$ (2,005,474)	$ --	$ (16,118)	$ 35,036,545
Business-Type Activities					
Capital assets, not being depreciated:					
Land	$ 286,135	$ 42,288	$ --	$ --	$ 328,423
Total capital assets, not being depreciated	286,135	42,288	--	--	328,423
Capital assets, being depreciated:					
Infrastructure	--	463,141	--	--	463,141
Structures and improvements	7,730,944	--	--	--	7,730,944
Equipment	1,532,463	--	--	--	1,532,463
Total capital assets, being depreciated	9,263,407	463,141	--	--	9,726,548
Less accumulated depreciation for:					
Infrastructure	--	--	--	--	--
Structures and improvements	(1,583,285)	(328,887)	--	--	(1,912,172)
Equipment	(1,550,037)	(1,702)	--	--	(1,551,739)
Total accumulated depreciation	(3,133,322)	(330,589)	--	--	(3,463,911)
Total capital assets, being depreciated, net	6,130,085	132,552	--	--	6,262,637
Business-type activities capital assets, net	$ 6,416,220	$ 174,840	$ --	$ --	$ 6,591,060

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	$	53,696
Public protection		157,218
Public ways and facilities		2,291,966
Health and sanitation		54,230
Public assistance		1,219
Recreation and culture		104,422
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset		460,996
Total Depreciation Expense - Governmental Functions	$	3,123,747

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

Solid Waste	$	32,642
Airport		297,947
Total Depreciation Expense - Business-Type Functions	$	330,589

NOTE 5: LONG-TERM LIABILITIES

Operating Leases

The County has commitments under long-term operating lease agreements for office space. Total rent expense under operating lease agreements during the year ended June 30, 2017 was $1,078,466. The lease with Sierra Center Mall ends October 31, 2019 and future minimum lease payments beyond this date have been removed from the below schedule as the lease is unlikely to be renewed as of that date.

Future minimum lease payments required under these operating leases at June 30, 2017, is as follows:

Year Ending June 30:	Governmental Activities
2018	1,110,820
2019	1,188,577
2020	636,198
2021	680,732
2022	728,383
	$ 4,344,710

The following is a summary of long-term liabilities transactions for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Governmental Activities					
Pension obligation bonds	$ 2,161,600	$ -	$ (702,100)	$ 1,459,500	$ 762,900
Compensated absences	3,192,000	1,601,997	(1,751,957)	3,042,040	1,785,513
Net pension liability	38,065,504	11,826,592	(3,230,803)	46,661,293	-
Claims liability	1,658,334	3,021,103	(1,739,434)	2,940,003	2,940,003
Total Governmental Activities Long-term liabilities	$ 45,077,438	$ 16,449,692	$ (7,424,294)	$ 54,102,836	$ 5,488,416
Business-type Activities					
Refunded certificates of participation	$ 2,406,000	$ -	$ (223,300)	$ 2,182,700	$ 236,800
Loan payable	66,667	-	(66,667)	-	-
Net pension liability	767,312	312,737	(59,015)	1,021,034	-
Compensated absences	78,237	37,091	(63,888)	51,440	28,050
Landfill postclosure cost	7,029,163	572,211	-	7,601,374	-
Total Business-type Activities Long-term liabilities	$ 10,347,379	$ 922,039	$ (412,870)	$ 10,856,548	$ 264,850

Claims and judgments are paid from the self-insurance fund held by a third party administrator and County funds are charged directly for their appropriate insurance cost. In the Governmental activities, the liabilities for compensated absences and net pension liability are primarily liquidated by the County's general fund and several special revenue funds.

As of June 30, 2017, annual debt service requirements to maturity are as follows:

Year Ending June 30	Governmental Activities Bonds Payable	
	Principal	Interest
2018	$ 762,900	$ 52,561
2019	116,300	30,921
2020	127,200	25,412
2021	138,800	19,390
2022	151,100	12,823
2023	163,200	6,628
	$ 1,459,500	$ 147,735

	Business-Type Activities	
	Certificates of Participation	
Year Ending June 30	Principal	Interest
2018	$ 236,800	$ 93,638
2019	245,200	83,479
2020	253,400	72,960
2021	266,400	62,089
2022	279,100	50,661
2023-2025	901,800	78,636
	$ 2,182,700	$ 441,463

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

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2017
Governmental activities						
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	$ 4,612,900	$ 1,459,500
Business-type activities						
2011 Refunding of COPS 2001A (to refund 2001 Series A Certificates of Participation; to finance closure of four County landfills)	03/11	05/11 - 05/25	4.29%	$189,000 - $316,100	3,609,000	2,182,700

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 $7,601,374 reported as closure and postclosure liability in the Solid Waste Fund at June 30, 2017, 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, 2017	Landfill Closure and Postclosure Liability at June 30, 2017
Benton Crossing	$ 4,605,540	$ 2,193,418	$ 6,798,958	2,253,100	857,732	1,395,368	61.93%	$ 4,210,665
Pumice Valley	1,935,033	1,747,103	3,682,136	347,112	230,040	117,072	33.73%	1,241,886
Walker	1,567,700	1,180,748	2,748,448	340,716	275,728	64,988	19.07%	524,235
Benton*	--	763,280	763,280	--	--	--	100.00%	490,000
Bridgeport*	--	943,976	943,976	--	--	--	100.00%	636,300
Chalfant*	--	739,232	739,232	--	--	--	100.00%	498,288
Total	$ 8,108,273	$ 7,567,757	$ 15,676,030	2,940,928	1,363,500	1,577,428	53.64%	$ 7,601,374

* Landfills are closed and tracking of statistics is no longer required or useful. Total estimated costs for closed landfills is the unamortized cost.

The County will recognize the remaining estimated cost of closure and postclosure care of $7,252,756 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. 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, 2017, cash and investments of $3,235,582 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.

NOTE 7: EMPLOYEES' RETIREMENT PLAN

Plan Description

All qualified permanent and probationary employees of Mono County and Mono County Superior Court (non-judicial employees) are eligible to participate in the County's separate Safety (sheriff, emergency medical services and certain district attorney members) or Miscellaneous (all others) Plans. The County's Safety Plan is a cost-sharing multiple-employer defined benefit plan while the Miscellaneous Plan is an agent multiple-employer defined benefit pension plan. The County's Safety and Miscellaneous Plans are part of the California Public Employees Retirement System (CalPERS), a public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and other requirements are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

The County's Miscellaneous plan includes the local Court employees. In accordance with the Trial Court Fund Act, Court employees are no longer employees of the County, but of the State instead. The Public Employees Retirement Law (PERL) provides that in counties contracting with CalPERS Board, the trial court and County participate in CalPERS by a joint contract. California law requires the combining of assets and liabilities of a county and a trial court contracting with CalPERS for purposes of setting the employer contribution rates for both the county and the trial court. Additionally, the County and the trial court provide a single benefit package to eligible employees. Accordingly, the Court's proportion of the collective pension amounts have been excluded from the County's net pension liability and related deferred inflows and outflows of resources.

Benefits Provided

CalPERs provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members upon retirement, disability or death of members. Retirement benefits are based on years of service, final average compensation, and retirement age. Employees terminating before accruing five years of retirement service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within a prescribed period. Non-vested employees who terminate service are entitled to withdraw their accumulated contributions plus accrued interest. Employees who terminate service after earning five years of retirement service credit may leave their contributions on deposit and elect to take a deferred retirement. Differences between expected and actual experience for vested and non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

Service related disability benefits are provided to safety members and are based on final compensation. Non-service related disability benefits are provided to both safety and miscellaneous members. The benefit is based on final compensation, multiplied by *service*, which is determined as follows:

- *service* is CalPERS credited service, for members with less than 10 years of service or greater than 18.518 years of service; or
- *service* is CalPERS credited service plus the additional number of years that the member would have worked until age 60, for members with at least 10 years but not more than 18.518 years of service.

Death benefits are based upon a variety of factors including whether the participant was retired or not.

Annual cost-of-living adjustments (COLAs) after retirement are provided in all plans. COLAs are granted to retired members each May based upon the Bureau of Labor Statistics Average Consumer Price Index for All Urban Consumers for the previous calendar year and is subject to a maximum of 2% per annum.

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

	Miscellaneous		
	Tier 1	Tier 2	Tier 3
Hire Date	Prior to June 1, 2012	On or after June 1, 2012	On or after Jan. 1, 2013
Benefit formula	2.5%@55	2.7%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as % of eligible compensation	2.00%-2.50%	2.00%-2.75%	1.00%-2.50%
Required employee contribution rates	8%	8%	6.25%
Required employer contribution rates	23.86%	23.86%	23.86%
Status	Open	Open	Open

	Safety				
	Peace Officer	Peace Officer	Sheriff	Sheriff	Fire
	Tier 1	Tier 2	Tier 1	Tier 2	Tier 1
Hire Date	Prior to July 1, 2004	Prior to Jan. 1, 2013	Prior to Jan. 1, 2013	On or after Dec. 27, 2012	Prior to July 1, 2007
Benefit formula	3%@50	3%@50	3%@50	3%@55	3%@50
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50	55	50
Monthly benefits, as % of eligible compensation	3.00%	2.50%	3.00%	3.00%	3.00%
Required employee contribution rates	9.00%	9.00%	9.00%	9.00%	9.00%
Required employer contribution rates	19.54%	19.54%	19.54%	16.66%	19.54%
Status	Open	Open	Open	Open	Open

	Fire	Peace Officer	Sherif	Fire
	Tier II	Pepra - Tier 3	Pepra - Tier 3	Pepra - Tier 3
Hire Date	On or after July 1, 2007/ Prior to Jan. 1, 2013	On or after Jan 1. 2013	On or after Jan 1. 2013	On or after Jan 1. 2013
Benefit formula	2%@50	2.7%@57	2.7%@57	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50	57	57	57
Monthly benefits, as % of eligible compensation	2.00%	2.70%	2.70%	2.70%
Required employee contribution rates	9.00%	11.50%	11.50%	11.50%
Required employer contribution rates	15.74%	12.08%	12.08%	12.08%
Status	Open	Open	Open	Open

Employees Covered

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

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	310
Inactive employees entitled to but not yet receiving benefits	203
Active employees	189
	702

Contributions

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

For the year ended June 30, 2017, contributions recognized as part of pension expense for the plan were as follows:

	Employer Contributions		
	Total	Miscellaneous	Safety
Governmental activities:			
Governmental funds	$ 3,212,298	$ 1,864,190	$ 1,348,108
Motor Pool ISF	18,505	18,505	-
Total governmental activities	3,230,803	1,882,695	1,348,108
Business type activities			
Solid Waste fund	59,015	59,015	-
	$ 3,289,818	$ 1,941,710	$ 1,348,108

Pension Liabilities

As of June 30, 2017, the County reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Total	Miscellaneous	Safety
Governmental Activities:			
Governmental funds	$ 46,342,208	$ 28,901,466	$ 17,440,742
Motor Pool ISF	319,085	319,085	-
Total governmental activities	46,661,293	29,220,551	17,440,742
Business type activities			
Solid Waste fund	1,021,034	1,021,034	-
Total Mono County	47,682,327	$ 30,241,585	$ 17,440,742
Courts	1,870,566		
	$ 49,552,893		

The County's net pension liability for the Miscellaneous Plan is the plan's liability accounted for separately from all other CalPERS plans. The County's net pension liability for the Safety Plan is the Plan's proportionate share of the net pension liability. The net pension liability of each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures.

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

Plan	Plan's Proportion to Total Pool @ June 30, 2015	Plan's Proportion to Total Pool @ June 30, 2016	Plan's Proportionate Share of Net Pension Liability
Safety	0.32974%	0.33674%	$ 17,440,742

Actuarial Assumptions

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

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of the 2010 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

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

Asset Class	Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11-60 (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100.0%		

(1) An expected inflation rate of 2.5% used for this period
(2) An expected inflation rate of 3.0% used for this period

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	$ 95,137,670	$ 69,891,594	$ 25,246,076
Changes in the year:			
Service cost	2,051,985	-	2,051,985
Interest on total pension liability	7,049,937	-	7,049,937
Differences between expected and actual experience	(546,942)	-	(546,942)
Contributions from the employer	-	2,484,077	(2,484,077)
Contributions from employees	-	853,869	(853,869)
Net Investment Income	-	356,637	(356,637)
Benefit payments, including refunds of employee contributions	(4,871,095)	(4,871,095)	-
Administrative expense	-	(41,913)	41,913
Proportional differences between County Courts shares	(1,025,139)	(1,118,338)	93,199
Net Changes	2,658,746	(2,336,763)	4,995,509
Balance at June 30, 2017	$ 97,796,416	$ 67,554,831	$ 30,241,585

The County's share of the Miscellaneous Plan determined at June 30, 2017 is 94.1749 percent of the Plan's total pension liability and fiduciary net position. The remaining 5.8251 percent of the Plan's total pension liability and fiduciary net position represents the Mono County Superior Court's share.

Sensitivity of the Net Pension Liability to Change in the Discount Rate

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

	Miscellaneous	Safety	Total
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	$ 42,308,638	$ 26,408,114	$ 68,716,752
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	$ 30,241,585	$ 17,440,742	$ 47,682,327
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	$ 20,180,274	$ 10,079,448	$ 30,259,722

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

For the year ended June 30, 2017, the County recognized pension expense of $789,669. Pension expense represents the change in the net pension liability during the measurement period, adjusted the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 4,341,934	$ -
Changes in assumptions	-	889,104
Differences between actual and expected experiences	-	835,650
Adjustment due to differences in proportions	366,514	422,656
Net differences between projected and actual earnings on pension plan investments	6,099,562	-
Total	$ 10,808,010	$ 2,147,410

The deferred outflows of resources of $4,341,934 results from pension contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2018	$ (497,841)
2019	509,681
2020	2,718,132
2021	1,588,694
	$ 4,318,666

NOTE 8: **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Description

The County administers a postemployment healthcare plan, a single-employer defined benefit post employment healthcare plan. The County established a 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 are eligible to receive County contributions into an Internal Revenue Code Section 401(a) Plan established by the County. Currently, 175 retirees and 26 employees, not yet retired, meet the eligibility requirements for the pre-2002 hire health care retirement benefits. This is a closed group with no new members added or eligible. The County has a two-part system for acknowledging this liability. 1) The County budgets for the full 3% match of employee salaries to match the 3% maximum payable under the 401(a) plan. The excess not paid to participating employees remains in the retirement trust fund to pay on-going retiree costs. 2) The County budgets for the annual required contribution with payments first going to fund current retiree costs and the remainder in trust to fund future retiree costs.

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 2016-17, the County contributed $3,108,215, or 145% of the Annual OPEB cost, 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 Plan:

Annual Required Contribution	$ 2,064,918
Interest on prior year Net OPEB obligation	(276,769)
Adjustment to ARC	353,680
Annual OPEB cost	2,141,829
Contributions made	(3,108,215)
Change in OPEB benefit	(966,386)
Net OPEB asset - beginning of year	(4,428,309)
Net OPEB asset - end of year	$ (5,394,695)

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 Asset is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2015	$ 1,501,197	172%	$ 3,311,944
6/30/2016	1,553,266	172%	4,776,826
6/30/2017	2,141,829	145%	5,394,695

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of January 1, 2016, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 33,863,468
Actuarial value of plan assets	14,369,915
Unfunded actuarial accrued liability (UAAL)	19,493,553
Funded ratio (actuarial value of plan assets/AAL)	42.43%
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, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.25% investment rate of return, an inflation rate of 2.5% per year, and assumed medical inflation of 8% graded down to 6% 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, 2017, was 21 years.

NOTE 9: NET POSITION/FUND BALANCES

Fund balances at June 30, 2017 were classified as follows:

	General Fund	Road Fund	Realignment Fund	Mental Health Services Act	Other Governmental Funds	Total
Nonspendable:						
Advances to other funds	$ 660,000	$ -	$ -	$ -	$ -	$ 660,000
Prepaids and inventory	92,113	390,680	-	3,087	67,622	553,502
Loans Receivable	660,227	-	-	-	911,863	1,572,090
Total Nonspendable	1,412,340	390,680	-	3,087	979,485	2,785,592
Restricted for:						
Road projects	-	1,011,875	-	-	-	1,011,875
Health and social services	-	-	-	5,737,634	2,605,250	8,342,884
County service areas	-	-	-	-	2,219,210	2,219,210
Community development	-	-	-	-	598,287	598,287
Grant programs	-	-	6,178,977	-	1,044,452	7,223,429
Total Restricted	-	1,011,875	6,178,977	5,737,634	6,467,199	19,395,685
Committed:						
Disaster assistance	-	-	-	-	360,239	360,239
Assigned:						
Eliminate projected FY 17/18 budgetary deficit	5,659,577	-	-	-	-	5,659,577
Capital projects	1,784,228	-	-	-	685,482	2,469,710
Tourism	86,707	-	-	-	-	86,707
Total Assigned	7,530,512	-	-	-	685,482	8,215,994
Unassigned	4,543,108	-	-	-	(299,228)	4,243,880
Total Fund Balance	$ 13,485,960	$ 1,402,555	$ 6,178,977	$ 5,740,721	$ 8,193,177	$ 35,001,390

During this year's budget process, the County Board of Supervisors re-established a general reserve of $1,938,951 in the General Fund. This general reserve is subject to the provisions of Government Code sections 29085, 29086 and 29127, whereby appropriation from the general reserve may be used only in cases of certain emergency situations. Because this stabilization arrangement does not meet the criteria described in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, to be reported within the restricted or committed fund balance categories, it has been classified as unassigned in these statements.

Net Position from governmental activities as of June 30, 2017 was restricted for the following purposes:

Road projects	$ 1,011,875
Health and social services	9,016,846
County service areas	2,219,210
Community development	628,863
Grant programs	7,520,625
	$ 20,397,419

Net position from business-type activities as of June 30, 2017 was restricted for future cemetery maintenance in the amount of $4,648.

Deficit Fund Equity

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

Fund	Deficit	Management's Plan(s)
Special Revenue Funds:		
Bioterrorism	$ 122,647	The deficit results from delayed recognition of revenues collected after the measurement period of 60 days. The deficit will be eliminated in the following year when revenues are collected and recognized.
Debt Service Fund	80,427	The Debt Service fund makes payment on Pension Obligation Bonds issued to eliminate the Safety Plan's sidefund with CalPERS. Payments are funded by a contribution rate applied to the salaries in the departments whose employees are active participants in the Plan. Contribution rates were underestimated resulting in this deficit. The deficit will be eliminated by adjusting next year's contribution rate.
Enterprise Funds:		
Solid Waste	4,471,908	The deficit in the Solid Waste Fund results from accelerated closure and postclosure costs that exceed current user fees. The deficit will be eliminated through the collection of future user fees.

Restatements of Fund Balance / Net Position

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balance / net position. Restatements as of the beginning of the fiscal year were made to correct the reporting of prior year revenues and expenses / expenditures.

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

	Government-Wide Statements	Governmental Funds	
	Governmental Activities	General	Other Governmental Funds
Fund balance / net position, June 30, 2016, after reclassification	$ 29,134,647	$ 9,637,190	$ 6,928,911
Corrections:			
Reverse deferral of Federal Property Tax In Lieu payments to the following fiscal year	1,215,510	1,215,510	-
Record HOME and CDBG Revolving loans receivable	1,247,815	335,952	911,863
Total corrections	2,463,325	1,551,462	911,863
Fund balance / net position, July 1, 2016, after reclassification and as restated	$ 31,597,972	$ 11,188,652	$ 7,840,774

NOTE 10: **RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The County has established an internal service fund (ISF) to account for and finance risks for general liability and workers' compensation. The County retains the risk of loss 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, a joint powers agency, established to provide coverage for workers' compensation and general liability exposures and to pay for the administration of the program. The agreement for the formation of Trindel provides that the system will be self-sustaining through member premiums and will reinsure through a commercial company for claims in excess of self-insured retention. Trindel retains a self-insured retention of $125,000 for workers' compensation and $100,000 for general liability. Excess insurance coverage is provided for risk of loss above the self-insured retention. Trindel Insurance Fund is classified as a claims-servicing or account pool, wherein the County retains the risk of loss and is considered self-insured with regard to liability coverage for general and property liability and workers' compensation.

The County holds a deposit with Trindel Insurance from which claims are paid. At June 30, 2017, the balance of the deposit was $3,199,037. Each member of Trindel pays an annual premium to the insurance system that is evaluated each year based on the number of personnel, estimated payroll and an experience factor.

The County is a member of the California State Association of Counties Excess Insurance Authority (CSACEIA), a joint powers authority. CSACEIA, along with other commercial carriers, increases the coverage for general liability to $15 million. In addition, CSACEIA, along with other commercial carriers, covers replacement cost on property up 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.

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

All funds of the County participate in the program and make payments to the Self-Insurance internal service fund based on historical cost and actuarial estimates of the amounts needed to pay prior and current year claims and to allow accrual of estimated incurred but not reported claims. The total historical and actuarially determined claims liability at June 30, 2017 is $2,940,003.

Changes in the County's claims liability amount for the fiscal years ending June 30, 2017 and, 2016 were as follows:

Fiscal Year Ended	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
2016	$ 1,383,097	$ 1,290,072	$ (1,014,835)	1,658,334
2017	1,658,334	3,021,103	(1,739,434)	2,940,003

NOTE 11: **COMMITMENTS AND CONTINGENCIES**

Tax Abatements

The County provides property tax abatements through the Williamson Act Lands Program. The Williamson Act Lands Program enrolls land in Williamson Act contracts whereby the land is restricted to agricultural, open space, or recreational uses in exchange for reduced property tax assessments. Participation in the program is voluntary.

Under the provisions of these contracts, land parcels are assessed for property tax purposes at a rate consistent with their actual use, rather than potential market value of the property. The minimum contract is ten years and automatically renews until a nonrenewal or cancellation process is initiated. Under the nonrenewal process, the annual tax assessment increases over a defined period of time until the assessment reflects the market value of the property. Under the cancellation process, a significant one-time cancellation fee is assessed based upon a certain percentage of the unrestricted, current fair market value of the property.

No other commitments were made by the County as part of the Williamson Act contracts. For the fiscal year ended June 30, 2017, the Williamson Act Lands Program tax abatements were approximately $83,200.

Litigation

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.

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF MONO

Required Supplementary Information
For the Year Ended June 30, 2017

Schedule of Changes in net Pension Liability and Related Ratios

Miscellaneous Plan – Agent Multiple-Employer Defined Benefit Pension Plan

Last 10 Fiscal Years*

	Miscellaneous Plan		
	Reporting Fiscal Year *(Measurement Date)*		
	June 30, 2017 *(June 30, 2016)*	June 30, 2016 *(June 30, 2015)*	June 30, 2015 *(June 30, 2014)*
Total Pension Liability			
Service cost	$ 2,051,985	$ 2,249,307	$ 2,502,844
Interest on total pension liability	7,049,937	6,751,199	6,656,474
Changes of assumptions	-	(1,548,943)	-
Differences between expected and actual experience	(546,942)	(1,521,848)	-
Proportional differences between County and Court shares	(1,025,139)	(481,953)	-
Benefit payments, including refunds of employee contributions	(4,871,095)	(4,719,903)	(4,502,141)
Net change in total pension liability	2,658,746	727,859	4,657,177
Total pension liability, beginning	95,137,670	94,409,811	89,752,634
Total pension liability, ending	$ 97,796,416	$ 95,137,670	$ 94,409,811
Plan Fiduciary Net Position			
Contributions - employer	$ 2,484,077	$ 2,408,009	$ 2,568,003
Contributions - employee	853,869	904,733	1,305,551
Net investment income	356,637	1,518,061	10,459,289
Benefit payments, including refunds of employee contributions	(4,871,095)	(4,719,903)	(4,502,141)
Proportional differences between County and Court shares	(1,118,338)	-	-
Administrative expense	(41,913)	(77,107)	-
Net change in plan fiduciary net position	(2,336,763)	33,793	9,830,702
Plan fiduciary net position, beginning	69,891,594	69,857,801	60,027,099
Plan fiduciary net position, ending	$ 67,554,831	$ 69,891,594	$ 69,857,801
Net pension liability, ending	$ 30,241,585	$ 25,246,076	$ 24,552,010
Plan fiduciary net percentage as a percentage of the total pension liability	69.08%	73.46%	73.99%
Covered payroll	$ 11,631,908	$ 12,381,959	$ 12,796,381
Net pension liability as a percentage of covered payroll	259.99%	203.89%	191.87%

**Fiscal year 2015 (measurement date June 30, 2014) was the first year of implementation.*
Additional years will be presented as they become available.

COUNTY OF MONO

Required Supplementary Information
For the Year Ended June 30, 2017

Schedule of Pension Plan Contributions

Miscellaneous Plan – Agent Multiple-Employer Defined Benefit Pension Plan

	Miscellaneous Plans		
	Reporting Fiscal Year		
*Last 10 Fiscal Years**	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$ 2,779,024	$ 2,484,077	$ 2,408,009
Contributions in relation to the actuarially determined contributions	2,779,024	2,484,077	2,408,009
Contributions deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 11,647,209	$ 11,631,908	$ 12,381,959
Contributions as a percentage of covered payroll	23.86%	21.36%	19.45%

**Fiscal year 2015 (measurement date June 30, 2014) was the first year of implementation.*
Additional years will be presented as they become available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions as of June 30 two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2013 Funding Valuation Report
Asset valuation method	Market value of assets. See the June 30, 2013 report for details.
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50% Net of pension plan investment and administrative expense; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Required Supplementary Information
For the Year Ended June 30, 2017

Schedule of Proportionate Share of the Net Pension Liability / (Asset) and Related Ratios as of the Measurement Date

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

	Safety Plans		
	Reporting Fiscal Year (Measurement Date)		
Last 10 years*	June 30, 2017 *(June 30, 2016)*	June 30, 2016 *(June 30, 2015**)*	June 30, 2015 *(June 30, 2014**)*
Proportion of the net pension liability	0.33674%	0.32974%	0.18612%
Proportionate share of the net pension liability	$ 17,440,742	$ 13,586,740	$ 11,581,122
Covered payroll	$ 4,741,246	$ 5,575,424	$ 5,969,340
Proportionate share of the net pension liability as percentage of covered payroll	367.85%	243.69%	194.01%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	78.39%	81.26%

**Fiscal year 2015 (measurement date June 30, 2014) was the first year of implementation.*
Additional years will be presented as they become available.

Schedule of Pension Plan Contributions

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

	Safety Plans		
		Reporting Fiscal Year	
Last 10 fiscal years*	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	$ 1,562,910	$ 1,414,648	$ 1,451,026
Contributions related to the actuarially determined contribution	1,562,910	1,414,648	1,451,026
Contribution deficiency (excess)	$ -	$ -	$ -
County's covered payroll	$ 4,741,246	$ 5,575,424	$ 5,969,340
Contributions as a percentage of covered payroll	32.96%	25.37%	24.31%

**Fiscal year 2015 (measurement date June 30, 2014) was the first year of implementation.*
Additional years will be presented as they become available.
***Restated.*

COUNTY OF MONO

Required Supplementary Information
For the Year Ended June 30, 2017

Other Post-Employment Benefits (OPEB)

Schedule of Funding Progress

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):

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Asset Value	Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
1/1/2010	$ 27,643	$ 3,567	$ 24,076	12.9%	n/a	n/a
1/1/2012	26,703	7,315	19,388	27.4%	n/a	n/a
1/1/2014	25,895	11,908	13,987	46.0%	n/a	n/a
1/1/2016	33,863	14,370	19,493	42.4%	n/a	n/a

COUNTY OF MONO

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 21,344,000	$ 21,516,000	$ 23,816,858	$ 2,300,858
Licenses and permits	360,400	360,400	314,098	(46,302)
Fines, forfeitures and penalties	617,375	617,375	797,918	180,543
Use of money and property	54,800	54,800	122,553	67,753
Intergovernmental	5,550,796	5,612,346	4,746,926	(865,420)
Charges for services	4,311,895	4,537,237	4,398,271	(138,966)
Other revenues	209,103	155,636	44,428	(111,208)
Transfers in	1,971,602	1,971,602	1,481,946	(489,656)
Total Revenues	34,419,971	34,825,396	35,722,998	897,602
Expenditures				
General government				
Board of Supervisors	517,005	517,005	502,143	14,862
Administrative Officer	909,441	983,848	836,042	147,806
Department of Finance	2,207,065	2,237,065	2,122,728	114,337
General Fund Operating Transfers	3,389,120	3,407,120	3,224,269	182,851
Assessor	1,247,805	1,247,805	983,056	264,749
County Counsel	1,024,144	1,024,144	853,633	170,511
Election Division	223,267	436,117	369,943	66,174
Information Technology	1,709,495	1,760,259	1,668,647	91,612
IT - Radio	307,692	307,692	307,692	-
Public Works	820,663	820,663	773,633	47,030
County Facilities	2,604,716	2,604,716	2,394,582	210,134
Economic Development	472,237	472,237	462,887	9,350
Total general government	15,432,650	15,818,671	14,499,255	1,319,416
Public protection				
County MOE	709,132	709,132	722,968	(13,836)
Public Defender	628,000	678,000	685,109	(7,109)
Grand Jury	8,300	8,300	6,387	1,913
District Attorney - Prosecution	1,908,754	1,908,754	1,738,035	170,719
DA - Justice Administration Grant	236,000	236,000	113,459	122,541
Victim/Witness	143,508	143,508	141,361	2,147
Sheriff	5,461,445	5,461,445	5,138,752	322,693
Boating Law Enforcement	152,821	152,821	131,370	21,451
Search and Rescue	24,225	36,225	38,208	(1,983)
Court Security	553,268	553,268	415,594	137,674
Jail	2,902,450	2,902,450	2,562,303	340,147
Emergency Services	322,096	322,096	333,434	(11,338)
Adult Probation Services	1,567,154	1,567,154	1,480,884	86,270
Juvenile Probation Services	339,507	339,507	154,285	185,222
Agricultural Commissioner	220,000	220,000	200,702	19,298
County Clerk / Recorder	764,218	764,218	556,043	208,175
Animal Control	524,349	525,460	515,375	10,085
Planning & Transportation	1,189,007	1,214,007	1,002,020	211,987

continued

COUNTY OF MONO

Budgetary Comparison Schedule (continued)

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Expenditures (continued)				
Public protection (continued)				
Housing Development	789,778	789,778	85,178	704,600
Code Enforcement	139,595	139,595	130,062	9,533
Planning Commission	13,589	13,589	9,936	3,653
LAFCO	10,869	10,869	9,221	1,648
Building Inspector	374,281	432,781	244,439	188,342
Total public protection	18,982,346	19,128,957	16,415,125	2,713,832
Health and sanitation				
Bridgeport Clinic	124,500	124,500	31,037	93,463
Paramedic Program	4,095,968	4,095,968	3,784,844	311,124
Total health and sanitation	4,220,468	4,220,468	3,815,881	404,587
Public assistance				
Veterans' Services Officer	45,617	45,617	46,849	(1,232)
Farm Advisor	43,000	43,000	41,847	1,153
Total public assistance	88,617	88,617	88,696	(79)
Contingency	383,390	99,633	-	99,633
Total expenditures	39,107,471	39,356,346	34,818,957	4,537,389
Net Change in Fund Balances	(4,687,500)	(4,530,950)	904,041	5,434,991
Budgetary Fund Balances - Beginning of Year, restated	9,385,071	9,385,071	9,385,071	-
Budgetary Fund Balances - End of Year	$ 4,697,571	$ 4,854,121	$ 10,289,112	$ 5,434,991

Reconciliation of Budgetary Inflows and Outflows to GAAP Revenues and Expenditures

Sources/inflows of resources	
Actual amounts available for appropriation from the budgetary comparison schedule	$ 35,722,998
Differences - budget to GAAP:	
Revenues from sub-funds combined with the General Fund for financial reporting purposes are not budgeted as available for appropriation for budgetary purposes	368,843
Federal property in lieu of tax is an inflow of budgetary resources in the year following receipt but for financial reporting purposes is reported in the year received	47,357
A87 cost reimbursement is a budgetary resource but is not current-year revenue for financial reporting purposes	(1,462,844)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(1,481,946)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 33,194,408

continued

COUNTY OF MONO

Budgetary Comparison Schedule (continued)
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Reconciliation of Budgetary Inflows and Outflows to GAAP Revenues and Expenditures (Continued)				
Uses/outflows of resources:				
Actual charges to appropriations from the budgetary comparison schedule above				$ 34,818,957
Differences - budget to GAAP:				
Expenditures from sub-funds combined with the General Fund for financial reporting purposes are not budgeted as charges to appropriations for budgetary purposes				669,746
A87 cost reimbursement reported as a reduction of expenditures for financial reporting purposes but is not budgeted as a charge to appropriations for budgetary purposes				(1,462,844)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes				(4,105,161)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental fund				$ 29,920,698

COUNTY OF MONO

Budgetary Comparison Schedule
Road Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Licenses and permits	$ 10,000	$ 10,000	$ 9,976	$ (24)
Fines, forfeitures and penalties	45,000	45,000	57,218	12,218
Use of money and property	-	-	10,987	10,987
Intergovernmental	2,282,311	2,282,311	2,192,655	(89,656)
Charges for services	500,000	500,000	426,918	(73,082)
Other financing sources	3,000	3,000	1,924	(1,076)
Transfers in	850,000	850,000	850,000	-
Total Revenues	3,690,311	3,690,311	3,549,678	(140,633)
Expenditures				
Public ways and facilities	4,405,762	4,420,262	3,683,714	736,548
Total Expenditures	4,405,762	4,420,262	3,683,714	736,548
Net Change in Fund Balances	(715,451)	(729,951)	(134,036)	595,915
Fund Balances - Beginning of Year	1,536,591	1,536,591	1,536,591	-
Fund Balances - End of Year	$ 821,140	$ 806,640	$ 1,402,555	$ 595,915

Reconciliation of Budgetary Inflows and Outflows to GAAP Revenues and Expenditures

Sources/inflows of resources	
Actual amounts available for appropriation from the budgetary comparison schedule	$ 3,549,678
Differences - budget to GAAP:	
Other financing sources are inflows of budgetary resources but are not revenues for financial reporting purposes	(1,924)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(850,000)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 2,697,754

COUNTY OF MONO

Budgetary Comparison Schedule

Mental Health Services Act

For the Year Ended June 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues				
Use of money and property	$ 26,067	$ 26,067	$ 55,498	$ 29,431
Intergovernmental	1,225,230	1,225,230	1,707,654	482,424
Total Revenues	1,251,297	1,251,297	1,763,152	511,855
Expenditures				
Health and sanitation	1,250,026	1,550,026	898,845	651,181
Transfers out	-	-	20,000	(20,000)
Total Expenditures	1,250,026	1,550,026	918,845	631,181
Net Change in Fund Balances	1,271	(298,729)	844,307	1,143,036
Fund Balances - Beginning of Year	4,896,414	4,896,414	4,896,414	-
Fund Balances - End of Year	$ 4,897,685	$ 4,597,685	$ 5,740,721	$ 1,143,036

Reconciliation of Budgetary Inflows and Outflows to GAAP Revenues and Expenditures

Uses/outflows of resources:	
Actual charges to appropriations from the budgetary comparison schedule above	$ 918,845
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(20,000)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental fund	$ 898,845

COUNTY OF MONO

Budgetary Comparison Schedule

Realignment

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Use of money and property	$ 20,000	$ 20,000	$ 56,674	$ 36,674
Intergovernmental	3,097,750	3,097,750	3,390,618	292,868
Total Revenues	3,117,750	3,117,750	3,447,292	329,542
Expenditures				
Transfers out	2,769,108	2,769,108	2,127,222	641,886
Total Expenditures	2,769,108	2,769,108	2,127,222	641,886
Net Change in Fund Balances	348,642	348,642	1,320,070	971,428
Fund Balances - Beginning of Year	4,858,907	4,858,907	4,858,907	-
Fund Balances - End of Year	$ 5,207,549	$ 5,207,549	$ 6,178,977	$ 971,428

Reconciliation of Budgetary Inflows and Outflows to GAAP Revenues and Expenditures

Uses/outflows of resources:	
Actual charges to appropriations from the budgetary comparison schedule above	$ 2,127,222
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(2,127,222)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental fund	$ -

COUNTY OF MONO

Required Supplementary Information
For the Year Ended June 30, 2017

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year. A tentative budget approved no later than June 30, of each year establishes the legal authority for county spending in the following fiscal year until a final budget is adopted on or before October 2nd. Prior to adoption of the final budget, a public hearing is held to receive comments prior to adoption.

From the effective date of the budget, which is adopted and controlled at the department 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 a four-fifths majority vote during the fiscal year. Department heads may, upon approval of the Finance Director, 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 required supplementary information section of this financial report. Appropriations lapse at year end.

Budgets are adopted for the General Fund, most special revenue funds, capital project funds and the debt service fund. Accounting principles applied for purposes of developing data on a budgetary basis are materially the same as those used to present financial statements in conformity with GAAP, except that transfers are regarded as inflows of resources for budgetary purposes and not revenues for GAAP financial statement presentation purposes and transfers out are considered outflows of resources for budgetary purposes but not expenditures for GAAP financial statement presentation purposes. Federal payment in lieu of taxes (PILT) revenue is reported in the year received for GAAP financial statement presentation purposes but reported in the following year for budgetary purposes.

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

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

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

Debt Service Funds are used to account for and report the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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COUNTY OF MONO

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue				
	Public Health	Behavioral Health	Social Services	CDBG	Disaster Assistance Fund
ASSETS					
Cash and investments	$ 215,700	$ 588,892	$ 1,726,359	$ -	$ 776,461
Accounts receivable	5,706	1,020	320	-	-
Due from other governments	193,783	117,420	75,947	208,292	-
Due from other funds	168,244	-	-	-	-
Prepaid expenses	10,240	14,567	39,803	-	-
Loans receivable	-	-	-	911,863	-
Total Assets	$ 593,673	$ 721,899	$ 1,842,429	$ 1,120,155	$ 776,461
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 42,649	$ 31,830	$ 125,646	$ 74,861	$ 416,222
Accrued salaries and benefits	1,806	1,050	3,252	-	-
Due to other funds	-	-	-	133,336	-
Unearned revenues	135,231	-	-	-	-
Total Liabilities	179,686	32,880	128,898	208,197	416,222
Deferred inflows of Resources					
Unavailable revenues	188,591	114,634	49,836	94,513	-
Fund Balance					
Nonspendable	10,240	14,567	39,803	911,863	-
Restricted	215,156	559,818	1,623,892	-	-
Committed	-	-	-	-	360,239
Assigned	-	-	-	-	-
Unassigned	-	-	-	(94,418)	-
Total Fund Balances	225,396	574,385	1,663,695	817,445	360,239
Total Liabilities, Deferred Inflows and Fund Balances	$ 593,673	$ 721,899	$ 1,842,429	$ 1,120,155	$ 776,461

continued

COUNTY OF MONO

Combining Balance Sheet (continued)

Nonmajor Governmental Funds

June 30, 2017

	Special Revenue				
	Geothermal	Bio Terrorism	Fish and Game	Tobacco	Emergency Medical Services
ASSETS					
Cash and investments	$ 257,252	$ -	$ 9,471	$ 13,201	$ 195,430
Accounts receivable	-	-	-	-	-
Due from other governments	71,898	175,199	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	1,736	-	929	-
Loans receivable	-	-	-	-	-
Total Assets	$ 329,150	$ 176,935	$ 9,471	$ 14,130	$ 195,430
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 66,502	$ 7,517	$ -	$ 2,247	$ -
Accrued salaries and benefits	-	-	-	-	-
Due to other funds	-	168,244	-	-	-
Unearned revenues	-	-	-	-	-
Total Liabilities	66,502	175,761	-	2,247	-
Deferred inflows of Resources					
Unavailable revenues	-	123,821	-	-	-
Fund Balance					
Nonspendable	-	1,736	-	929	-
Restricted	262,648	-	9,471	10,954	195,430
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(124,383)	-	-	-
Total Fund Balances	262,648	(122,647)	9,471	11,883	195,430
Total Liabilities, Deferred Inflows and Fund Balances	$ 329,150	$ 176,935	$ 9,471	$ 14,130	$ 195,430

continued

COUNTY OF MONO

Combining Balance Sheet (continued)

Nonmajor Governmental Funds

June 30, 2017

	Special Revenue			
	Mitigation Fee	County Service Areas	Development Impact	Various Restricted Grants
ASSETS				
Cash and investments	$ 121,557	$ 2,222,689	$ 214,082	$ 951,070
Accounts receivable	-	-	-	10,060
Due from other governments	-	-	-	139,252
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	347
Loans receivable	-	-	-	-
Total Assets	$ 121,557	$ 2,222,689	$ 214,082	$ 1,100,729
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ 3,079	$ -	$ 24,419
Accrued salaries and benefits	-	400	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	-	3,479	-	24,419
Deferred inflows of Resources				
Unavailable revenues	-	-	-	125,927
Fund Balance				
Nonspendable	-	-	-	347
Restricted	121,557	2,219,210	214,082	950,036
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	121,557	2,219,210	214,082	950,383
Total Liabilities, Deferred Inflows and Fund Balances	$ 121,557	$ 2,222,689	$ 214,082	$ 1,100,729

continued

COUNTY OF MONO

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2017

	Total Special Revenue	Capital Projects: Miscellaneous Capital Improvements	Capital Projects: Criminal Justice Facility	Debt Service: Debt Service Fund	Total
ASSETS					
Cash and investments	$ 7,292,164	$ 683,985	$ 84,945	$ 166,275	$ 8,227,369
Accounts receivable	17,106	-	-	-	17,106
Due from other governments	981,791	2,150	-	-	983,941
Due from other funds	168,244	-	-	-	168,244
Prepaid expenses	67,622	-	-	-	67,622
Loans receivable	911,863	-	-	-	911,863
Total Assets	$ 9,438,790	$ 686,135	$ 84,945	$ 166,275	$ 10,376,145
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 794,972	$ 653	$ -	$ 246,702	$ 1,042,327
Accrued salaries and benefits	6,508	-	-	-	6,508
Due to other funds	301,580	-	-	-	301,580
Unearned revenues	135,231	-	-	-	135,231
Total Liabilities	1,238,291	653	-	246,702	1,485,646
Deferred inflows of Resources					
Unavailable revenues	697,322	-	-	-	697,322
Fund Balance					
Nonspendable	979,485	-	-	-	979,485
Restricted	6,382,254	-	84,945	-	6,467,199
Committed	360,239	-	-	-	360,239
Assigned	-	685,482	-	-	685,482
Unassigned	(218,801)	-	-	(80,427)	(299,228)
Total Fund Balances	7,503,177	685,482	84,945	(80,427)	8,193,177
Total Liabilities, Deferred Inflows and Fund Balances	$ 9,438,790	$ 686,135	$ 84,945	$ 166,275	$ 10,376,145

COUNTY OF MONO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue				
	Public Health	Behavioral Health	Social Services	CDBG	Disaster Assistance Fund
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and permits	274,525	-	-	-	-
Fines, forfeitures and penalties	1,019	7,332	-	-	-
Use of money and property	2,401	5,445	16,490	482	8,414
Intergovernmental	2,032,787	998,130	3,318,989	113,779	-
Charges for services	212,965	144,595	116,330	-	-
Miscellaneous	2,641	-	6,580	-	244,751
Total Revenues	2,526,338	1,155,502	3,458,389	114,261	253,165
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public protection	-	-	-	-	-
Public ways and facilities	-	-	-	-	433,582
Health and sanitation	2,492,256	1,384,456	-	-	-
Public assistance	-	-	4,321,968	351,067	-
Debt service					
Principal	-	-	-	-	-
Interest and issuance cost	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	2,492,256	1,384,456	4,321,968	351,067	433,582
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,082	(228,954)	(863,579)	(236,806)	(180,417)
OTHER FINANCING SOURCES (USES)					
Transfers in	9,219	72,728	1,383,781	-	-
Transfers out	(31,251)	-	(26,735)	(44,612)	-
Total Other Financing Sources (Uses)	(22,032)	72,728	1,357,046	(44,612)	-
NET CHANGE IN FUND BALANCES	12,050	(156,226)	493,467	(281,418)	(180,417)
Fund Balances, Beginning of Year	213,346	730,611	1,170,228	1,098,863	540,656
FUND BALANCES, END OF THE YEAR	$ 225,396	$ 574,385	$ 1,663,695	$ 817,445	$ 360,239

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue				
	Geothermal	Bio Terrorism	Fish and Game	Tobacco	Emergency Medical Services
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	-	-	10,216	-	82,538
Use of money and property	2,701	(1,008)	149	148	1,696
Intergovernmental	-	328,820	-	150,000	-
Charges for services	-	-	-	-	-
Miscellaneous	391,955	-	-	-	-
Total Revenues	394,656	327,812	10,365	150,148	84,234
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public protection	375,185	452,607	8,901	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	148,471	32,606
Public assistance	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and issuance cost	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	375,185	452,607	8,901	148,471	32,606
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,471	(124,795)	1,464	1,677	51,628
OTHER FINANCING SOURCES (USES)					
Transfers in	-	31,251	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	31,251	-	-	-
NET CHANGE IN FUND BALANCES	19,471	(93,544)	1,464	1,677	51,628
Fund Balances, Beginning of Year	243,177	(29,103)	8,007	10,206	143,802
FUND BALANCES, END OF THE YEAR	$ 262,648	$ (122,647)	$ 9,471	$ 11,883	$ 195,430

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Mitigation Fee	County Service Area	Development Impact	Various Restricted Grants
REVENUES				
Taxes	$ -	$ 208,744	$ -	$ -
Licenses and permits	-	-	-	10,060
Fines, forfeitures and penalties	-	-	-	2,500
Use of money and property	1,266	24,644	2,229	7,906
Intergovernmental	-	-	-	996,709
Charges for services	-	129,882	-	6,337
Miscellaneous	-	11,180	308	66,577
Total Revenues	1,266	374,450	2,537	1,090,089
EXPENDITURES				
Current				
General government	-	193,173	-	-
Public protection	-	-	-	923,759
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	71,792
Debt service				
Principal	-	-	-	-
Interest and issuance cost	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	193,173	-	995,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,266	181,277	2,537	94,538
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	55,393
Transfers out	-	(206,058)	-	(41,818)
Total Other Financing Sources (Uses)	-	(206,058)	-	13,575
NET CHANGE IN FUND BALANCES	1,266	(24,781)	2,537	108,113
Fund Balances, Beginning of Year	120,291	2,243,991	211,545	842,270
FUND BALANCES, END OF THE YEAR	$ 121,557	$ 2,219,210	$ 214,082	$ 950,383

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

		Capital Projects		Debt Services	
	Total Special Revenue	Miscellaneous Capital Improvements	Criminal Justice Facility	Debt Service Fund	Total
REVENUES					
Taxes	$ 208,744	$ -	$ -	$ -	$ 208,744
Licenses and permits	284,585	-	-	-	284,585
Fines, forfeitures and penalties	103,605	-	-	-	103,605
Use of money and property	72,963	-	-	-	72,963
Intergovernmental	7,939,214	309,397	203,000	-	8,451,611
Charges for services	610,109	-	-	-	610,109
Miscellaneous	723,992	400	-	-	724,392
Total Revenues	9,943,212	309,797	203,000	-	10,456,009
EXPENDITURES					
Current					
General government	193,173	-	-	-	193,173
Public protection	1,760,452	-	-	-	1,760,452
Public ways and facilities	433,582	-	-	-	433,582
Health and sanitation	4,057,789	-	-	-	4,057,789
Public assistance	4,744,827	-	-	-	4,744,827
Debt service					
Principal	-	-	-	798,573	798,573
Interest and issuance cost	-	-	-	88,791	88,791
Capital outlay	-	168,008	118,055	-	286,063
Total Expenditures	11,189,823	168,008	118,055	887,364	12,363,250
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,246,611)	141,789	84,945	(887,364)	(1,907,241)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,552,372	346,679	-	922,447	2,821,498
Transfers out	(350,474)	(162,692)	-	(48,688)	(561,854)
Total Other Financing Sources (Uses)	1,201,898	183,987	-	873,759	2,259,644
NET CHANGE IN FUND BALANCES	(44,713)	325,776	84,945	(13,605)	352,403
Fund Balances, Beginning of Year	7,547,890	359,706	-	(66,822)	7,840,774
FUND BALANCES, END OF THE YEAR	$ 7,503,177	$ 685,482	$ 84,945	$ (80,427)	$ 8,193,177

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges; or where the County has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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COUNTY OF MONO

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2017

	Campgrounds	Cemeteries	Total
ASSETS			
Current Assets			
Pooled cash and investments	$ 68,009	$ 21,050	$ 89,059
Accounts receivable	2,828	1,206	4,034
Total Assets	70,837	22,256	93,093
LIABILITIES			
Current Liabilities			
Accounts payable	2,453	-	2,453
Total Liabilities	2,453	-	2,453
NET POSITION			
Restricted	-	4,648	4,648
Unrestricted	68,384	17,608	85,992
Total Net Position	$ 68,384	$ 22,256	$ 90,640

COUNTY OF MONO

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2017

	Campgrounds	Cemeteries	Total
OPERATING REVENUES			
Charges for services	$ 39,197	$ 2,862	$ 42,059
Total Operating Revenues	39,197	2,862	42,059
OPERATING EXPENSES			
Services and supplies	32,240	14,828	47,068
Total Operating Expenses	32,240	14,828	47,068
Operating Income (loss)	6,957	(11,966)	(5,009)
NON-OPERATING REVENUES (EXPENSES)			
Interest income (expenses)	722	230	952
Total Non-Operating Revenues	722	230	952
Income (Loss) Before Transfers	7,679	(11,736)	(4,057)
Transfers In	-	13,980	13,980
CHANGE IN NET POSITION	7,679	2,244	9,923
Net Position, Beginning of Year	60,705	20,012	80,717
NET POSITION, END OF YEAR	$ 68,384	$ 22,256	$ 90,640

COUNTY OF MONO

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2017

	Campgrounds	Cemeteries	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	$ 36,824	$ 1,656	$ 38,480
Cash paid to suppliers for goods and services	(31,342)	(14,828)	(46,170)
Net Cash Provided (Used) by Operating Activities	5,482	(13,172)	(7,690)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers received from other funds	-	13,980	13,980
Net Cash Provided by Noncapital Financing	-	13,980	13,980
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	722	230	952
Net Cash Used in Capital and Related Financing Activities	722	230	952
Net Increase (Decrease) in Cash and Cash Equivalents	6,204	1,038	7,242
Cash and Cash Equivalents, Beginning of Year	61,805	20,012	81,817
Cash and Cash Equivalents, End of Year	$ 68,009	$ 21,050	$ 89,059
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ 6,957	$ (11,966)	$ (5,009)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
Receivables	(2,373)	(1,206)	(3,579)
Payables	898	-	898
Net Cash Provided (Used) by Operating Activities	$ 5,482	$ (13,172)	$ (7,690)

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

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COUNTY OF MONO

Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Copier Pool	Motor Pool	Insurance Pool	Tech Refresh Pool	Total
ASSETS					
Current Assets					
Pooled cash and investments	$ 65,463	$ 775,953	$ 34,593	$ 69,825	$ 945,834
Cash with fiscal agent	-	-	53,117	-	53,117
Deposits with others	-	-	3,199,037	-	3,199,037
Accounts receivable	-	1,000	-	-	1,000
Total Current Assets	65,463	776,953	3,286,747	69,825	4,198,988
Noncurrent Assets					
Capital assets:					
Depreciable, net	84,692	1,181,703	-	-	1,266,395
Total Assets	150,155	1,958,656	3,286,747	69,825	5,465,383
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts related to pensions	-	68,484	-	-	68,484
LIABILITIES					
Current Liabilities					
Accounts payable	19,413	40,986	910	5,425	66,734
Salaries and benefits payable	-	5,656	-	-	5,656
Claims Liability	-	-	2,940,003	-	2,940,003
Total Current Liabilities	19,413	46,642	2,940,913	5,425	3,012,393
Long-term Liabilities					
Net pension liability	-	319,085	-	-	319,085
Total Liabilities	19,413	365,727	2,940,913	5,425	3,331,478
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts related to pensions	-	11,894	-	-	11,894
NET POSITION					
Net investment in capital assets	84,692	1,181,703	-	-	1,266,395
Unrestricted	46,050	467,816	345,834	64,400	924,100
Total Net Position	$ 130,742	$ 1,649,519	$ 345,834	$ 64,400	$ 2,190,495

COUNTY OF MONO

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017

	Copier Pool	Motor Pool	Insurance Pool	Tech Refresh Pool	Total
OPERATING REVENUES					
Charges for services	91,796	771,724	1,809,322	51,750	2,724,592
TotalOperating Revenues	91,796	771,724	1,809,322	51,750	2,724,592
OPERATING EXPENSES					
Salaries and benefits	-	260,687	86,903	-	347,590
Services and supplies	60,589	310,616	2,777,421	36,956	3,185,582
Depreciation	22,587	438,409	-	-	460,996
Total Operating Expenses	83,176	1,009,712	2,864,324	36,956	3,994,168
Operating Income (Loss)	8,620	(237,988)	(1,055,002)	14,794	(1,269,576)
NON-OPERATING REVENUES (EXPENSES)					
Interest income (expense)	323	7,318	2,179	697	10,517
Sale of capital assets	-	37,691	-	-	37,691
Miscellaneous	22	36,955	44,773	-	81,750
Total Non-Operating Revenues	345	81,964	46,952	697	129,958
CHANGE IN NET POSITION	8,965	(156,024)	(1,008,050)	15,491	(1,139,618)
Net Position, Beginning of Year	121,777	1,805,543	1,353,884	48,909	3,330,113
NET POSITION, END OF YEAR	$ 130,742	$ 1,649,519	$ 345,834	$ 64,400	$ 2,190,495

COUNTY OF MONO

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2017

	Copier Pool	Motor Pool	Insurance Pool	Tech Refresh Pool	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from interfund services provided	$ 91,796	$ 770,724	$ 1,809,322	$ 51,750	$ 2,723,592
Cash paid to employees for services	-	(238,161)	(89,451)	-	(327,612)
Cash paid to suppliers for goods and services	(46,575)	(273,800)	(1,801,066)	(45,799)	(2,167,240)
Net Cash Provided (Used) by Operating Activities	45,221	258,763	(81,195)	5,951	228,740
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Other revenues	22	36,955	44,773	-	81,750
Net Cash Provided (Used) by Noncapital Financing	22	36,955	44,773	-	81,750
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments related to the acquisition of capital assets	(20,340)	(367,542)	-	-	(387,882)
Sale of capital assets	-	37,691	-	-	37,691
Net Cash Provided (Used) by Capital and Related Financing Activities	(20,340)	(329,851)	-	-	(350,191)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	323	7,318	2,179	697	10,517
Net Cash Provided by Investing Activities	323	7,318	2,179	697	10,517
Net Increase (Decrease) in Cash and Cash Equivalents	25,226	(26,815)	(34,243)	6,648	(29,184)
Cash and Cash Equivalents, Beginning of Year	40,237	802,768	121,953	63,177	1,028,135
					-
Cash and Cash Equivalents, End of Year	$ 65,463	$ 775,953	$ 87,710	$ 69,825	$ 998,951
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 8,620	$ (237,988)	$ (1,055,002)	$ 14,794	$ (1,269,576)
Adjustments to reconcile operating income (loss) to net cash					
Depreciation	22,587	438,409	-	-	460,996
Changes in assets and liabilities					
Accounts receivable	-	(1,000)	-	-	(1,000)
Deposits with others	-	-	(304,977)	-	(304,977)
Deferred outflows	-	(22,111)	-	-	(22,111)
Claims liability	-	-	1,281,669	-	1,281,669
Accrued salaries and benefits	-	(12,573)	(2,548)	-	(15,121)
Payables	14,014	36,816	(337)	(8,843)	41,650
Net Pension liability	-	78,483	-	-	78,483
Deferred inflows	-	(21,273)	-	-	(21,273)
Net Cash Provided (Used) by Operating Activities	$ 45,221	$ 258,763	$ (81,195)	$ 5,951	$ 228,740

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INVESTMENT TRUST FUND

The Investment Trust Fund accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

COUNTY OF MONO

Combining Statement of Fiduciary Net Position

Investment Trust Fund

June 30, 2017

	Local Districts	School Funds	Total
ASSETS			
Pooled cash and investments	$ 17,657,513	$ 23,438,122	$ 41,095,635
Total Assets	$ 17,657,513	$ 23,438,122	$ 41,095,635
NET POSITION			
Net position held in trust for investment pool participants	$ 17,657,513	$ 23,438,122	$ 41,095,635

COUNTY OF MONO

Combining Statement of Changes in Fiduciary Net Position

Investment Trust Fund

For the Year Ended June 30, 2017

	Local Districts	School Districts	Total
Additions			
Contributions	$ 25,200,624	$ 43,211,374	$ 68,411,998
Investment income	193,605	268,341	461,946
Total Additions	25,394,229	43,479,715	68,873,944
Deductions:			
Distribution from pooled investment	23,721,380	42,962,753	66,684,133
Change in Net Position	1,672,849	516,962	2,189,811
Beginning net position held in trust for pool participants	15,984,664	22,921,160	38,905,824
Ending net position held for pool participants	$ 17,657,513	$ 23,438,122	$ 41,095,635

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STATISTICAL SECTION (UNAUDITED)

COUNTY OF MONO

Tax Levies and Collections
General Fund Secured Roll
1992-93 through 2016-17

Fiscal Year	Secured & Unsecured Tax Levy	Current Taxes Collected	Percent of Levy	Delinquent Collections	Total Collections	Percent of Levy Collected
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%
2012-13	15,368,593	15,038,334	97.85%	340,237	15,378,571	100.06%
2013-14	15,889,566	14,384,146	90.53%	435,043	14,819,189	93.26%
2014-15	16,152,775	15,713,842	97.28%	205,656	15,919,498	98.56%
2015-16	16,486,505	16,415,898	99.57%	199,666	16,615,564	100.78%
2016-17	16,911,949	16,484,906	97.47%	170,941	16,655,848	98.49%

** 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 2016-17
AB-8 VALUES

Fiscal Year		Real Property Inc. HOPTR	% Chg		Personal Property	% Chg		Total	% Chg
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%*
2012-13		4,957,878,484	*-0.14%*		360,781,678	*-12.74%*		5,318,660,162	*-1.10%*
2013-14		4,911,028,555	*-0.94%*		383,101,102	*6.19%*		5,294,129,657	*-0.46%*
2014-15		4,990,657,506	*1.62%*		392,756,377	*2.52%*		5,383,413,883	*1.69%*
2015-16		5,106,845,276	*2.33%*		389,673,020	*-0.79%*		5,496,518,296	*2.10%*
2016-17		5,244,471,009	*2.69%*		394,428,705	*1.22%*		5,638,899,714	*2.59%*

COUNTY OF MONO
Property Tax Allocation Collection

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

Distribution:

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

COUNTY OF MONO
TAX RATES
2016-17

TAX AREAS 051-000 THRU 051-013/ 051-019 THRU 051-034		PERCENTAGE
PROP 13 (1% Limit)		1.000000
ESUSD BOND Current		0.060000
	Total	**1.060000**
TAX AREAS: 051-014 THRU 051-018		
PROP 13 (1% Limit)		1.000000
ESUSD BOND Current		0.060000
	Total	**1.060000**
TAX AREAS: 010-000, 010-002, 010-003,010-004, 010-006, 010-008, 010-011, 010-012		
PROP 13 (1% Limit)		1.000000
Mammoth-Kern SFID		0.027345
Mammoth Unified Bond '98, '00 & '01		0.030227
Southern Mono Hospital Bond Redemption		0.014208
Southern Mono Hospital Bond Current		0.029228
	Total	**1.101007**
TAX AREAS: 010-001,010-005,010-007,010-009,010-010		
PROP 13 (1% Limit)		1.000000
Mammoth-Kern SFID		0.027345
Mammoth Unified Bond '98, '00 & '01		0.030227
Southern Mono Hospital Bond Redemption		0.014208
Southern Mono Hospital Bond Current		0.029228
	Total	**1.101007**
TAX AREAS: 010-013, 059-000, 059-005, 059-007, 059-012		
PROP 13 (1% Limit)		1.000000
Mammoth Unified Bond '98, '00 & '01		0.030227
Southern Mono Hospital Bond Redemption		0.014208
Southern Mono Hospital Bond Current		0.029228
	Total	**1.073662**
TAX AREAS: 060-000		
PROP 13 (1% Limit)		1.000000
Round Valley Bond (Determined by Inyo County)		0.032456
Bishop HS Bond (Determined by Inyo County)		0.008974
Southern Mono Hospital Bond Redemption		0.014208
Southern Mono Hospital Bond Current		0.029228
	Total	**1.084866**
TAX AREAS: 060-001 THRU 060-006		
PROP 13 (1% Limit)		1.000000
Round Valley Bond (Determined by Inyo County)		0.032456
Bishop HS Bond (Determined by Inyo County)		0.008974
	Total	**1.041430**
Unitary Tax Rate		
Unitary 1% Ad Valorem		1.000000
Unitary Debt Service Rate		0.348909
	Total	**1.348909**

COUNTY OF MONO

Distribution of Pooled Property Tax
1992-93 through 2016-17

Fiscal Year	County	Town of Mammoth Lakes	Schools Library and ERAF	Special Districts	Total
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%
2012-13	29.96%	4.30%	40.18%	25.56%	100.00%
2013-14	30.01%	4.29%	42.22%	23.48%	100.00%
2014-15	30.00%	4.30%	40.54%	25.16%	100.00%
2015-16	29.99%	4.30%	42.21%	23.50%	100.00%
2016-17	29.99%	4.30%	42.22%	23.49%	100.00%

COUNTY OF MONO

Tax Collections

1992-93 through 2016-17

	General Fund		Secured and Unsecured			
Fiscal Year	County General Fund Secured	County General Fund Unsecured	Town of Mammoth	School Districts and Augmentation Fund	Special Districts	Totals
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
2012-13*	14,814,123 **	1,122,030 **	2,286,660 **	22,419,290 **	12,544,531 **	53,186,634
2013-14*	14,697,811 **	1,149,583 **	2,269,698 **	22,354,923 **	12,476,495 **	52,948,509
2014-15*	14,935,887 **	1,146,281 **	2,341,781 **	21,402,568 **	14,014,837 **	53,841,353
2015-16*	15,801,348	1,164,420	2,369,745	22,847,929	12,844,465	55,027,908
2016-17	15,725,094	1,177,187	2,424,093 **	22,859,891 **	14,200,279 **	56,386,544

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

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

The lien or assessment date is the first Monday in January

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

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

COUNTY OF MONO

Miscellaneous Statistical Informantion
June 30, 2017

County Date of Formation:	April 21, 1861	
Form of Government:	General Law County under California Constitution 1849	
Area:	3,030 Square Miles	
County Road Mileage:	684.42	
Fire Protection:	No county-wide fire district, each community has its own special fire protection district	
Public Protection:	Sworn Sheriff/Jail Personnel	44
	Non-Sworn Sheriff/Jail Personnel	4
	Number of Stations	3
	Number of Employees	**48**
	Percentage of Public Protection Personnel	17.08%
Countywide Employees	Total of Full-time & Part-time	**281**
	(Includes Public Protection Employees)	
	(Does not include Court Employees)	
	November 8, 2016 General Elections	
Elections:	Number of Registered Voters	6,498
	Number of Votes Cast Last General Election	5,485
	Percentage of Registered Voters Voting	84.41%

COUNTY OF MONO

Miscellaneous Statistical Informantion
June 30, 2017

Population:	FY Year	County	Incorporated	Total
(Bodie Only)	1879	8,000		8,000
	1910	2,042		2,042
	1920	960		960
	1930	1,360		1,360
	1940	2,299		2,299
	1950	2,115		2,115
	1960	2,213		2,213
	1970	4,016		4,016
	1980	8,577		8,577
	1990		***	10,350
	2000		***	10,293
*Department of Finance as of 1/1/** *	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
	2013	6,186	8,307	14,493
	2014	6,045	8,098	14,143
	2015	6,285	8,410	14,695
	2016	5,697	8,024	13,721
	2017	5,711	8,002	13,713

*** No Data Kept for these years

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected provisions of the Ground Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement is made subject to all of the provisions of such documents. This summary discussion does not purport to be a complete statement of said provisions and is qualified in its entirety by reference to the full terms of the Ground Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement, copies of which may be obtained from the Trustee.

DEFINITIONS

"**Additional Certificates**" means Additional Certificates executed and delivered by the Trustee pursuant to the Trust Agreement.

"**Additional Rental Payments**" means all amounts payable by the County as Additional Rental Payments pursuant to the Lease Agreement.

"**Assignment Agreement**" means the Assignment Agreement, dated as of December 1, 2018, by and between the Corporation and U.S. Bank National Association, as Trustee.

"**Authorized Corporation Representative**" means the President, the Vice President, the Chief Financial Officer/Treasurer and the Secretary of the Corporation, and any other Person authorized by the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to the Trust Agreement.

"**Authorized County Representative**" means the County Administrative Officer of the County, the Auditor-Controller of the County, the Treasurer of the County, the Director of Finance and any other Person authorized by the Board of Supervisors of the County to act on behalf of the County under or with respect to the Trust Agreement.

"**Authorized Denominations**" means $5,000 and whole multiples thereof.

"**Base Rental Deposit Date**" means the second Business Day next preceding each Interest Payment Date.

"**Base Rental Payment Fund**" means the fund by that name established in accordance with the Trust Agreement.

"**Base Rental Payment Schedule**" means the schedule of Base Rental Payments payable by the County pursuant to and attached to the Lease Agreement.

"**Base Rental Payments**" means all amounts payable to the Corporation by the County as Base Rental Payments pursuant to the Lease Agreement.

"**Beneficial Owners**" means those Persons for whom the Participants have caused the Depository to hold Book-Entry Certificates.

"**Book-Entry Certificates**" means the Certificates registered in the name of the nominee of DTC, or any successor securities depository for the Certificates, as the registered owner thereof pursuant to the terms and provisions of the Trust Agreement.

"**Business Day**" means a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city in which the Principal Office of the Trustee is located are authorized or required by law to be closed, or (c) a day on which the New York Stock Exchange is closed.

"**Cede & Co.**" means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Certificates.

"**Certificate Purchase Agreement**" means the Certificate Purchase Agreement, dated December 6, 2018, by and between the Purchaser and the County relating to the Certificates.

"**Certificates**" means, collectively, the Series 2018 Certificates and any Additional Certificates.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Continuing Disclosure Agreement**" means the Continuing Disclosure Agreement, dated as of December 1, 2018, by and between the County and KNN Public Finance, LLC, as Dissemination Agent, as originally executed in connection with the Certificates and as it may from time to time be amended in accordance with the provisions thereof.

"**Corporation**" means the County of Mono Economic Development Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State, and its successors.

"**Costs of Issuance**" means all the costs of executing and delivering the Certificates, including, but not limited to, printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel (including the Trustee's first annual administrative fee), fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

"**Costs of Issuance Fund**" means the fund by that name established in accordance with the Trust Agreement.

"**County**" means Mono County, a county and political subdivision of the State organized and existing under the laws of the State, and its successors.

"**Defeasance Securities**" means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or (b) obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity.

"**Delivery Date**" means December 20, 2018.

"**Depository**" means the securities depository acting as Depository pursuant to the Trust Agreement.

"**DTC**" means The Depository Trust Company, New York, New York and its successors.

"**Event of Default**" means, with respect to the Trust Agreement, any event or circumstance specified in the Trust Agreement as an Event of Default and, with respect to the Lease Agreement, any event or circumstance specified in the Lease Agreement as an Event of Default.

"**Fair Rental Value**" means, with respect to the Property, the annual fair rental value thereof.

"**Fiscal Year**" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the County.

"**Fitch**" means Fitch Ratings, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

"**Ground Lease**" means the Ground Lease, dated as of December 1, 2018, by and between the County and the Corporation, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

"**Independent Insurance Consultant**" means a nationally recognized independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the County is to be self-insured, as may from time to time be designated by the County.

"**Interest Fund**" means the fund by that name established in accordance with the Trust Agreement.

"**Interest Payment Date**" means April 1 and October 1 of each year commencing April 1, 2019.

"**Lease Agreement**" means the Lease Agreement, dated as of December 1, 2018, by and between the County and the Corporation, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"**Letter of Representations**" means the letter of the County delivered to and accepted by the Depository on or prior to the delivery of the Certificates as Book-Entry Certificates setting forth the basis on which the Depository serves as depository for such Book-Entry Certificates, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

"**Mandatory Sinking Account Payment**" means the principal evidenced by the Certificates required to be paid on each Mandatory Sinking Account Payment Date pursuant to the Trust Agreement.

"**Mandatory Sinking Account Payment Date**" means a date on which a Mandatory Sinking Account Payment is required to be paid pursuant to the Trust Agreement.

"**Moody's**" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

"**Net Proceeds**" means any insurance proceeds or condemnation award in excess of $50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

"**Nominee**" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Trust Agreement.

"**Opinion of Counsel**" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the County and satisfactory to and approved by the Trustee.

"**Outstanding**," when used as of any particular time with reference to Certificates, means, subject to the provisions of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT— MISCELLANEOUS—Disqualified Certificates," all Certificates except (a) Certificates previously canceled by the Trustee or delivered to the Trustee for cancellation, (b) Certificates paid or deemed to have been paid within the meaning of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT— DEFEASANCE—Discharge of Trust Agreement" and (c) Certificates in lieu of which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—TERMS AND CONDITIONS OF CERTIFICATES—Certificates Mutilated, Lost, Destroyed or Stolen."

"**Owner**" means any Person who shall be the registered owner of any Outstanding Certificate as indicated in the Registration Books.

"**Participating Underwriter**" has the meaning ascribed thereto in the Continuing Disclosure Agreement.

"**Participants**" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Certificates as securities depository.

"**Permitted Encumbrances**" means with respect to the Property, as of any particular time (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of the Lease Agreement, permit to remain unpaid, (b) the Lease Agreement, (c) the Ground Lease, (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the County, (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Delivery Date, and (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date which the County certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Certificates by the Trust Agreement.

"**Permitted Investments**" means the following:

(1) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America);

(2) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Rural Economic Community Development Administration
- U.S. Maritime Administration
- Small Business Administration

- U.S. Department of Housing & Urban Development (PHAs)
- Federal Housing Administration
- Federal Financing Bank;

(3) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System;

(4) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances and bank deposit products (so long as such products have the same payment priority as short term certificates of deposit) with domestic commercial banks (which may include the Trustee and its affiliates) which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase (ratings on holding companies are not considered as the rating of the bank), or which are fully insured by the Federal Deposit Insurance Corporation;

(5) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;

(6) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P, including a fund for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee provide investment advisory or other management services;

(7) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or

(b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (1) or (2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(8) Municipal obligations rated "Aa/AA1" or general obligations of states with a rating of "A2/A" or higher by both Moody's and S&P;

(9) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed

corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "Aa3" by Moody's and "AA-" by S&P; provided, that, by the terms of the investment agreement:

(a) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice;

(b) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(c) the Trustee or the County receive the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(d) the investment agreement shall provide that if during its term (i) the provider's rating by either Moody's or S&P falls below "Aa3" or "AA-," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Trustee or a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody's and S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A3" or "A-," respectively, the provider must, at the direction of the County or the Trustee, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee;

(e) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(f) the investment agreement must provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the County or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Trustee.

"**Person**" means an individual, corporation, firm, association, partnership, limited liability company, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"**Prepayment Fund**" means the fund by that name established in accordance with the Trust Agreement.

"**Principal Fund**" means the fund by that name established in accordance with the Trust Agreement.

"**Principal Office**" means (a) the Trustee's corporate trust office in San Francisco, California, except for purposes of the presentation and surrender of Certificates for payment, transfer or exchange, such office shall be the corporate trust agency or operations office of the Trustee, or (b) any other office designated by the Trustee.

"**Principal Payment Date**" means a date on which the principal component of the Base Rental Payments evidenced by the Certificates is scheduled to become due and payable pursuant to the Lease Agreement, other than by reason of a Mandatory Sinking Account Payment.

"**Project**" means the construction of the Mono County Civic Center Project.

"**Project Costs**" means all costs of acquiring, constructing, rehabilitating and installing the Project, including but not limited to:

(a) all costs which the County shall be required to pay to a seller or any other Person under the terms of any contract or contracts for the purchase of the Project;

(b) all costs which the County shall be required to pay a contractor or any other Person for the acquisition, construction, rehabilitation and installation of the Project;

(c) obligations of the County incurred for services (including obligations payable to the County for actual out-of-pocket expenses of the County) in connection with the acquisition, construction, rehabilitation and installation of the Project, including Costs of Issuance and reimbursement to the County for all advances and payments made in connection with the Project prior to or after delivery of the Certificates;

(d) the actual out-of-pocket costs of the County for test borings, surveys, estimates and preliminary investigations therefor, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction, rehabilitation and installation of the Project, including administrative expenses under the Lease Agreement and hereunder relating to the acquisition, construction, rehabilitation and installation of the Project; and

(e) any sums required to reimburse the County for advances made by the County for any of the above items or for any other costs incurred and for work done by the County which are properly chargeable to the Project.

"**Project Fund**" means the fund by that name established in accordance with the Trust Agreement.

"**Property**" means the real property described in the Lease Agreement, and any improvements thereto, subject to the provisions of the Lease Agreement relating to the termination of the term of the Lease Agreement with respect to portions of such real property and improvements thereto.

"**Purchaser**" means Brandis Tallman, LLC, as underwriter and purchaser of the Certificates pursuant to the Certificate Purchase Agreement.

"**Rebate Fund**" means the fund by that name established in accordance with the Trust Agreement. "Rebate Requirement" has the meaning ascribed thereto in the Tax Certificate.

"**Record Date**" means, with respect to any Interest Payment Date, the fifteenth day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"**Registration Books**" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Certificates pursuant to the Trust Agreement.

"**Rental Payments**" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"**Rental Period**" means the period from the Delivery Date through June 30, 2018 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Lease Agreement.

"**Reserve Account**" means the reserve account established pursuant to Trust Agreement, which account may secure one or more Series of Certificates as provided in the Supplemental Trust Agreement amending the Trust Agreement with respect to the Certificates should a deposit to the Reserve Fund ever be necessary or otherwise authorizing the issuance of a Series of Additional Certificates providing for the establishment thereof.

"**Reserve Facility**" means any line of credit, letter of credit, insurance policy, surety bond or similar instrument, in form reasonably satisfactory to the County, that (a) names the County as beneficiary thereof, (b) provides for payment on demand, (c) cannot be terminated by the issuer thereof so long as any of the Certificates secured by such Reserve Facility remain Outstanding, (d) is issued by an obligor, the obligations of which under the Reserve Facility are, at the time such Reserve Facility is substituted for all or part of the moneys on deposit in the applicable Reserve Account, rated in one of the two highest rating categories (without regard to any modifier) by any one rating agency then rating the Certificates secured by such Reserve Facility, and (e) is deposited with the Trustee pursuant to the Trust Agreement.

"**Reserve Fund**" means the fund by that name established pursuant to the Trust Agreement.

"**Reserve Fund Requirement**" means, with respect to any Series of Certificates, such amount, if any, as shall be specified in the Supplemental Trust Agreement amending the Trust Agreement with respect to the Certificates should a deposit to the Reserve Fund ever be necessary or otherwise authorizing the issuance of a Series of Additional Certificates; provided, however, that in no event shall any Reserve Fund Requirement exceed an amount permitted by the Code. As of the initial execution of the Certificates, the Reserve Fund Requirement is $0.

"**Series**" means the Series 2018 Certificates executed, authenticated and delivered on the date of initial execution and delivery of Trust Agreement and any Additional Certificates issued pursuant to a Supplemental Trust Agreement and identified as a separate Series of Certificates.

"**Series 2018 Certificates**" means the Mono County Certificates of Participation, Series 2018 A (Mono County Civic Center) executed and delivered by the Trustee pursuant to the Trust Agreement.

"**Series 2018 Certificates Capitalized Interest Account**" means the account by that name established within the Interest Fund in accordance with the Trust Agreement.

"**S&P**" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

"**State**" means the State of California.

"**Supplemental Trust Agreement**" means any supplemental trust agreement that modifies or amends the provisions of the Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized under the Trust Agreement.

"**Tax Certificate**" means the Tax Certificate executed by the County at the time of execution and delivery of the Certificates relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"**Tax-Exempt**" means, with respect to interest on any obligations of a state or local government, including the interest component of the Certificates, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"**Trust Agreement**" means the Master Trust Agreement, dated as of December 1, 2018, by and among U.S. Bank National Association, as Trustee, the Corporation and the County, as originally executed and as it may from time to time be modified or amended by any Supplemental Trust Agreement.

"**Trustee**" means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as Trustee under the Trust Agreement, or any successor thereto as Trustee under the Trust Agreement, substituted in its place as provided in the Trust Agreement.

"**Verification Report**" means, with respect to the deemed payment of Certificates pursuant to the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT--DEFEASANCE--Certificates Deemed To Have Been Paid," a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT--DEFEASANCE--Certificates Deemed To Have Been Paid."

"Written Certificate" and "**Written Request**" or "**Certificate of the County**" of the County mean, respectively, a written certificate or written request signed in the name of the County by an Authorized County Representative. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

GROUND LEASE

Lease of Property. The County leases to the Corporation, and the Corporation leases from the County, for the benefit of the Owners of the Certificates, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of the Ground Lease.

Quiet Enjoyment. The parties intend that the Property will be leased back to the County pursuant to the Lease Agreement for the term thereof. Subject to any rights the County may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the County covenants and agrees that it will not take any action to prevent the Corporation from having quiet and peaceable possession and enjoyment of the Property during the term of the Ground Lease and will, at the request of the Corporation and at the County's cost, to the extent that it may lawfully do so, join in any legal action in which the Corporation asserts its right to such possession and enjoyment.

Waste. The Corporation agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Further Assurances and Corrective Instruments. The County and the Corporation agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements to the Ground Lease and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property leased by the Ground Lease or intended so to be or for carrying out the expressed intention of the Ground Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

Waiver of Personal Liability. (a) All liabilities under the Ground Lease on the part of the Corporation shall be solely liabilities of the Corporation as a nonprofit public benefit corporation, and the County releases each and every director, officer and employee of the Corporation of and from any personal or individual liability under the Ground Lease. No director, officer or employee of the Corporation shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the County or to any other party whomsoever for anything done or omitted to be done by the Corporation under the Ground Lease.

(b) All liabilities under the Ground Lease on the part of the County shall be solely liabilities of the County as a city and municipal corporation, and the Corporation releases each and every member, officer and employee of the County of and from any personal or individual liability under the Ground Lease. No member, officer or employee of the County shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the Corporation or to any other party whomsoever for anything done or omitted to be done by the County under the Ground Lease.

Taxes. The County covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Assignment, Selling and Subleasing. The Ground Lease may be assigned or sold, and the Property may be subleased, as a whole or in part, by the Corporation, without the necessity of obtaining the consent of the County, if an event of default occurs under the Lease Agreement. The Corporation shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the County a true and correct copy of such assignment, sublease or sale, as the case may be.

Restrictions on County. The County agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Ground Lease.

Improvements. Title to all improvements made on the Property during the term of the Ground Lease shall vest in the County.

Term. The term of the Ground Lease shall commence as of the date of commencement of the term of the Lease Agreement and shall remain in full force and effect from such date to and including October 1, 2048, unless such term is extended or sooner terminated as provided in the Ground Lease; provided, however, that, so long as no Event of Default shall have occurred and be continuing under the Lease Agreement, upon the filing of a Written Certificate of the County stating that the Courthouse Project has been completed and that all costs of the Courthouse Project have been paid, the term of the Ground Lease with respect to the Other Property shall terminate, unless such term is sooner terminated as provided in the Ground Lease, and, from and after the date of such termination, the description of the Other Property set forth in the Ground Lease shall be deemed to have been deleted therefrom and the term "Property" shall, for all purposes of the Ground Lease, be deemed not to include the Other Property.

Extension; Early Termination. If, on October 1, 2048, the Certificates shall not be fully paid, or provision therefor made in accordance with the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFEASANCE," or the Trust Agreement shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, then the term of the Ground Lease shall be automatically extended until the date upon which all Certificates shall be fully paid, or provision therefor made in accordance with the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT— DEFEASANCE," and the Trust Agreement shall be discharged by its terms, except that the term of the Ground Lease shall in no event be extended more than ten years. If, prior to October 1, 2048, all Certificates shall be fully paid, or provisions therefor made in accordance with the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFEASANCE," and the Trust Agreement shall be discharged by its terms, the term of the Ground Lease shall end simultaneously therewith.

Assignment. The Corporation and County acknowledge that the Corporation has assigned its right, title and interest in and to the Ground Lease to the Trustee pursuant to the Assignment Agreement. The County consents to such assignment.

LEASE AGREEMENT

LEASE OF PROPERTY; TERM

Lease of Property. (a) The Corporation leases to the County and the County leases from the Corporation the Property, on the terms and conditions set forth in the Lease Agreement, and subject to all Permitted Encumbrances.

(b) The leasing of the Property by the County to the Corporation pursuant to the Ground Lease shall not effect or result in a merger of the County's leasehold estate in the Property as lessee under the Lease Agreement and its leasehold or fee estate, as applicable, in the Property as lessor under the Ground Lease, and the Corporation shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and of the Lease Agreement. The Lease Agreement shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by the County to the Corporation pursuant to the Ground Lease is and shall be independent of the Lease Agreement; the Lease Agreement shall not be an assignment or surrender of the leasehold interest in the Property granted to the Corporation under the Ground Lease.

Occupancy; Term. (a) The County shall take possession of the Property on the Delivery Date.

(b) The term of the Lease Agreement shall commence on the Delivery Date and shall end on the Scheduled Termination Date, unless such term is extended or sooner terminated as provided in the Lease Agreement.

(c) If all of the Property shall be taken under the power of eminent domain, and the County does not elect to cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE— Substitution or Release of the Property," as provided in the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN—Eminent Domain" but, rather, elects to deliver or cause to be delivered any award made in eminent domain proceedings for such taking to the Trustee for the application to the prepayment, pursuant to the Trust Agreement, of all or a portion of the Outstanding Certificates, as provided in the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN—Eminent Domain," then, on the date that possession thereof shall be so taken, the term of the Lease Agreement shall terminate.

(d) If, prior to the Scheduled Termination Date, all Certificates shall be fully paid, or deemed paid in accordance with the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT— DEFEASANCE," then, on the date of such payment or deemed payment, the term of the Lease Agreement shall terminate.

(e) If on the Scheduled Termination Date, the Rental Payments payable under the Lease Agreement shall have been abated at any time and for any reason, then the term of the Lease Agreement shall be extended until the date upon which all such Rental Payments shall have been paid in full, except that the term of the Lease Agreement shall in no event be extended more than ten years beyond the Scheduled Termination Date.

(f) Upon the termination of the term of the Lease Agreement (other than as provided in the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—DEFAULTS AND REMEDIES— Events of Defaults and Remedies"), and the first date upon which the Certificates are no longer Outstanding, all right, title and interest in and to the Property shall vest in the County. Upon any such termination or expiration, the Corporation shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

RENTAL PAYMENTS

Rental Payments. (a) Rental Payments, consisting of Base Rental Payments and Additional Rental Payments, shall be paid by the County to the Corporation for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

(b) The obligation of the County to make the Rental Payments, including the Base Rental Payments, does not constitute a debt of the County or of the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

(c) If the term of the Lease Agreement shall have been extended pursuant to the Lease Agreement, the obligation of the County to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of the Lease Agreement, as so extended.

Base Rental Payments. (a) The County, subject to the provisions of the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement," shall pay Base Rental Payments to the Corporation in the amounts at the times specified in the Base Rental Payment Schedule. A portion of the Base Rental Payments shall constitute principal components and a portion of the Base Rental Payments shall constitute interest components, as specified in the Base Rental Payment Schedule. The interest components of the Base Rental Payments shall be paid by the County as and constitute interest paid on the principal components of the Base Rental Payments.

(b) If the term of the Lease Agreement shall have been extended pursuant to the Lease Agreement, the obligation of the County to pay Rental Payments shall continue to and including the date of termination of the Lease Agreement as so extended. Upon such extension, the principal and interest components of the Base Rental Payments shall be established so that the principal components will in the aggregate be sufficient to pay all extended and unpaid principal components and the interest components will in the aggregate be sufficient to pay all extended and unpaid interest components; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Additional Rental Payments. (a) The County shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(i) all taxes and assessments of any type or nature charged to the Corporation or the County attributable to the Property or affecting the Property or the respective interests or estates of the Corporation or the County therein;

(ii) insurance premiums for all insurance required pursuant to the Lease Agreement; and

(iii) all other payments not constituting Base Rental Payments required to be paid by the County pursuant to the provisions of the Lease Agreement.

(b) Amounts constituting Additional Rental Payments payable under the Lease Agreement shall be paid by the County directly to the person or persons to whom such amounts shall be payable. The County shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Corporation to the County stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Payment Provisions. Each installment of Base Rental Payments payable under the Lease Agreement shall be paid in lawful money of the United States of America to or upon the order of the Trustee, as the assignee of the Corporation at the Principal Office of the Trustee, or such other place or entity as the Trustee shall designate. Each Base Rental Payment shall be deposited with the Trustee, as assignee Corporation no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the County when due and payable under the terms of the Lease Agreement shall bear interest from the date when the same is due under the Lease Agreement until the same shall be paid a rate equal to the highest rate of interest evidenced by any of the Outstanding Certificates. Notwithstanding any dispute between the Corporation and the County, the County shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due under the Lease Agreement or refunded at the time of such determination. Amounts required to be deposited by the County with the Trustee pursuant to this section on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Appropriations Covenant. The County shall take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the County contained in the Lease Agreement shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the County.

Rental Abatement. (a) Except as otherwise specifically provided in this section, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the County waives the benefits of California Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The County and the Corporation shall, in a reasonable manner and in good faith, determine the amount of such abatement; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the County during such Rental Period. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed.

(b) Notwithstanding the foregoing, to the extent that Net Proceeds of rental interruption insurance are available for the payment of Rental Payments, Rental Payments shall not be abated as provided in paragraph (a) of this section but, rather, shall be payable by the County as a special obligation payable solely from such Net Proceeds.

Prepayment. (a) The County may prepay all or a portion of the Base Rental Payments which are payable on or after October 1, 2029, from any source of available funds, on any date on or after October 1, 2028, by paying (i) all or a portion, as elected by the County, of the principal components of such Base Rental Payments, and (ii) the accrued but unpaid interest component of such Base Rental Payments to be prepaid to the date of such prepayment.

(b) The County may prepay, from any source of available funds, all or any portion of the Base Rental Payments by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in the Trust Agreement sufficient to make such Base Rental Payments when due or to make such Base Rental payments through a specified date on which the County has a right to prepay such Base Rental Payments pursuant to paragraph (a) above, and to prepay such Base Rental Payments on such prepayment date, at a prepayment price determined in accordance with paragraph (a) above.

(c) If less than all of the Base Rental Payments are prepaid pursuant to this section then, as of the date of such prepayment pursuant to paragraph (a) above, or the date of a deposit pursuant to paragraph (b) above, the principal and interest components of the Base Rental Payments shall be recalculated in order to take such prepayment into account, which recalculated amounts the County shall provide to the Trustee in a Written Certificate of the County. The County agrees that if, following a partial prepayment of Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the County shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the County shall not be entitled to any reimbursement of such Base Rental Payments.

(d) If all of the Base Rental Payments are prepaid in accordance with the provisions of the Lease Agreement then, as of the date of such prepayment pursuant to paragraph (a) above, or deposit pursuant to paragraph (b) above, the term of the Lease Agreement shall be terminated.

(e) Prepayments of Base Rental Payments made pursuant to this section shall be applied to the prepayment of Certificates as provided in the Trust Agreement.

QUIET ENJOYMENT; MAINTENANCE; ALTERATIONS; LIENS

Quiet Enjoyment. The parties to the Lease Agreement mutually covenant that the County, by keeping and performing the covenants and agreements contained in the Lease Agreement, shall at all times during the term of the Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Corporation.

Net-Net-Net Lease. The Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the County agrees that the Rental Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the County and the Corporation.

Right of Entry. The Corporation shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Corporation's rights or obligations under the Lease Agreement, and for all other lawful purposes.

Maintenance and Utilities. Throughout the term of the Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County or any assignee or sublessee thereof. In exchange for the Rental Payments, the Corporation agrees to provide only the Property.

Additions to Property. Subject to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—QUIET ENJOYMENT; MAINTENANCE; ALTERATIONS; LIENS—Mechanics', Etc. Liens," the County and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the County or such sublessee, and the Corporation shall not have any interest therein. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made pursuant to this section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications and improvements.

Installation of County's Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the County or such sublessee, and the Corporation shall have no interest therein. The County or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items; and the Property, upon completion of any installations, modifications or removals made pursuant to this section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such installations, modifications or removals. Nothing in the Lease Agreement shall prevent the County or any sublessee from purchasing items to be installed pursuant to this section under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Mechanics', Etc. Liens. In the event the County shall at any time during the term of the Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Corporation's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the County desires to contest any such lien, it may do so as long as such contest is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment.

Other Liens. The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Corporation at its option (after first giving the County ten days' written notice to comply therewith and failure of the County to so comply within such ten-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Corporation shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained in the Lease Agreement, or from its obligation under the Lease Agreement to perform such agreements and covenants. The Corporation shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

INSURANCE; NET PROCEEDS; EMINENT DOMAIN

Public Liability and Property Damage Insurance; Workers' Compensation Insurance. (a) The County shall maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard comprehensive general liability insurance policy or policies in protection of the County, the Corporation and their respective board members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of $500,000 for damage to property (subject to a deductible clause of not to exceed $100,000) resulting from a single accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the County. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid. The County's obligations under this paragraph may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN—Self-Insurance."

(b) The County shall maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake and flood) to the full insurable value of the Property, subject to a $100,000 loss deductible provision. Full insurable value shall not be less than the aggregate amount of principal evidenced by the Outstanding Certificates. The Net Proceeds of such casualty insurance shall be applied as provided in the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN—Damage or Destruction." The County's obligations under this paragraph may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN—Self-Insurance."

(c) The County shall maintain rental interruption insurance to cover the Corporation's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to paragraph (b) of this section in an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The Net Proceeds of such rental interruption insurance shall be applied to the payment of Rental Payments during the period in which, as a result of the damage or destruction to the Property that resulted in the receipt of such Net Proceeds, there is substantial interference with the County's right to the use or occupancy of the Property. The County's obligations under this paragraph may not be satisfied by self-insurance.

(d) The insurance required by this section shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of the County's professionally certified risk manager or an Independent Insurance Consultant, to be adequate for the purposes of the Lease Agreement.

Title Insurance. The County shall provide, at its own expense, one or more CLTA title insurance policies for the Property, in the aggregate amount of not less than the aggregate amount of principal evidenced by the Outstanding Certificates. Said policy or policies shall insure (a) the fee interest of the County in the Property (b) the Corporation's ground leasehold estate in the Property under the Ground Lease, and (c) the County's leasehold estate under the Lease Agreement in the Property, subject only to Permitted Encumbrances; provided, however, that one or more of said estates may be insured through an endorsement to such policy or policies. The Net Proceeds of such title insurance shall be applied as provided as provided in the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN—Title Insurance."

Additional Insurance Provision; Form of Policies. (a) The County shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN—Public Liability and Property Damage Insurance; Workers' Compensation Insurance." All such policies shall contain a standard lessee clause in favor of the Trustee and the general liability insurance policies shall be endorsed to show the Trustee as an additional insured. All such policies shall provide that the Trustee shall be given 30 days' notice of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

(b) The County shall cause to be delivered to the Trustee, on or before August 15 of each year, commencing August 15, 2018, a schedule of the insurance policies being maintained in accordance herewith and a Written Certificate of the County stating that such policies are in full force and effect and that the County is in full compliance with the requirements of the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN." The Trustee shall be entitled to rely upon said Written Certificate of the County as to the County's compliance with the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN." The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Self-Insurance. Any self-insurance maintained by the County pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN" shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by the County's professionally certified risk manager or by an Independent Insurance Consultant;

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on a bi-annual basis by the County's professionally certified risk manager or by an Independent Insurance Consultant and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of the County's professionally certified risk manager or such Independent Insurance Consultant, as applicable; and

(c) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by the County's professionally certified risk manager or by an Independent Insurance Consultant, shall be maintained.

Damage or Destruction. (a) If the Property or any portion thereof shall be damaged or destroyed, the County shall, within 30 days of the occurrence of the event of damage or destruction, notify the Trustee in writing of the County's determination as to whether or not such damage or destruction will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT— RENTAL PAYMENTS—Rental Abatement."

(b) If the County determines that such damage or destruction will not result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement," the County shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof.

(c) If the County determines that such damage or destruction will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading

"LEASE AGREEMENT— RENTAL PAYMENTS—Rental Abatement," then the County shall (i) apply sufficient funds from the Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of such damage or destruction and other legally available funds to the repair or replacement of the Property or the portions thereof which have been damaged or destroyed to the condition that existed prior to such damage or destruction, provided that, within 40 days of the occurrence of the event of damage or destruction, the County delivers to the Trustee a Written Certificate of the County (A) certifying that the County has sufficient funds to so complete such repair or replacement of the Property or such portions thereof and identifying such funds and the location thereof, and (B) stating that such funds will not be used for any other purpose until such repair or replacement is completed, (ii) within 60 days of the occurrence of the event of damage or destruction, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of, the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE— Substitution or Release of the Property," or (iii) within 60 days of the occurrence of the event of damage or destruction, deliver sufficient funds from such Net Proceeds and other legally available funds to the Trustee for the application to the prepayment, pursuant to the Trust Agreement (A) of all of the Outstanding Certificates, or (B) of such portion of the Outstanding Certificates as shall result in (I) the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the County delivered to the Trustee, being at least equal to 105% of the maximum amount of the Base Rental Payments coming due in the then current Rental Period or any subsequent Rental Period, and (II) the fair replacement value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, as certified in a Written Certificate of the County delivered to the Trustee, being at least equal to the aggregate amount of principal evidenced by the Certificates then Outstanding.

Title Insurance. (a) If a defect in title to the Property results in the creation of a right to receive Net Proceeds under any policy of title insurance with respect to the Property or any portion thereof, the County shall, within 30 days of the creation of such right, notify the Trustee in writing of the County's determination as to whether or not such title defect will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement."

(b) If the County determines that such title defect will not result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement," such Net Proceeds shall be remitted to the County and used for any lawful purpose thereof.

(c) If the County determines that such title defect will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement," then the County shall (i) within 60 days of the creation of such right to receive such Net Proceeds, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of, the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE— Substitution or Release of the Property," or (ii) immediately upon receipt thereof, deliver or cause to be delivered such Net Proceeds to the Trustee for the application to the prepayment, pursuant to the Trust Agreement, of all or a portion of the Outstanding Certificates.

Eminent Domain. (a) If all or a portion of the Property shall be taken under the power of eminent domain, the County shall, no later than 45 days prior to the day that possession thereof shall be so taken, notify the Trustee in writing of the County's determination as to whether or not such taking will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement."

(b) If the County determines that such taking will not result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement." any award made in eminent domain proceedings for such taking shall be remitted to the County and used for any lawful purpose thereof.

(c) If the County determines that such taking will result in a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS— Rental Abatement," then the County shall (i) no later than 45 days prior to the day that possession thereof shall be so taken, cause alternate real property to be substituted for all or a portion of the Property pursuant to, and in accordance with the provisions of, the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE— Substitution or Release of the Property," or (ii) immediately upon receipt thereof, deliver or cause to be delivered any award made in eminent domain proceedings for such taking to the Trustee for the application to the prepayment, pursuant to the Trust Agreement, of all or a portion of the Outstanding Certificates.

REPRESENTATIONS; COVENANTS

Representations of the County. The County represents and warrants (a) that the County has the full power and authority to enter into, to execute and to deliver the Lease Agreement and the Trust Agreement and to perform all of its duties and obligations under the Lease Agreement and thereunder, and has duly authorized the execution and delivery of the Lease Agreement and the Trust Agreement, and (b) the Property will be used in the performance of essential governmental functions.

Representation of the Corporation. The Corporation represents and warrants that the Corporation has the full power and authority to enter into, to execute and to deliver the Lease Agreement and the Trust Agreement, and to perform all of its duties and obligations under the Lease Agreement and thereunder, and has duly authorized the execution and delivery of the Lease Agreement and the Trust Agreement.

Recordation. The County shall record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement.

Use of the Property. The County will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Lease Agreement. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Corporation, adversely affect the estate of the Corporation in and to any of the Property or its interest or rights under the Lease Agreement.

<u>Other Liens</u>. The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Corporation at its option (after first giving the County ten days' written notice to comply therewith and failure of the County to so comply within such ten-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Corporation shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained in the Lease Agreement, or from its obligation under the Lease Agreement to perform such agreements and covenants. The Corporation shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

<u>Taxes</u>. (a) The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Corporation or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the term of the Lease Agreement as and when the same become due.

(b) After giving notice to the Corporation, the County or any sublessee may, at the County's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the County or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the County or such sublessee shall promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation.

<u>No Liability; Indemnification</u>. (a) The Corporation and its directors, officers, agents and employees, shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the County shall, at its expense, indemnify and hold the Corporation and the Trustee and all directors, members, officers, employees and agents thereof harmless against and from any and all claims by or on behalf of Person arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The County also covenants and agrees, at its expense, to pay and indemnify and save the Corporation and the Trustee and all directors, officers, employees and agents thereof harmless against and from any and all claims arising from (i) any condition of the Property and the adjoining sidewalks and passageways, (ii) any breach or default on the part of the County in the performance of any covenant or agreement to be performed by the County pursuant to the Lease Agreement, (iii) any act or negligence of licensees in connection with their use, occupancy or operation of the Property, or (iv) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this section, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Corporation or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the County, upon notice from the Corporation or the Trustee or such director, member, officer or employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Corporation or the Trustee or such director, member, officer or employee thereof.

(b) In no event shall the Corporation be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease Agreement or the County's use of the Property.

Further Assurances. The County shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Lease Agreement and for the better assuring and confirming unto the Corporation of the rights and benefits provided in the Lease Agreement.

DEFAULTS AND REMEDIES

Events of Defaults and Remedies. (a) If (i) the County shall fail (A) to pay any Rental Payment payable under the Lease Agreement when the same becomes due and payable, time being expressly declared to be of the essence in the Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained in the Lease Agreement to be kept or performed by the County, if such failure to so keep, observe or perform shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Corporation, the Trustee, or the Owners of not less than 5% of the aggregate amount of principal evidenced by the Certificates at the time Outstanding; provided, however, that if the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default under the Lease Agreement if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, which period, unless otherwise consented to by the Corporation, shall not exceed 180 days after written notice thereof shall have been given to the County, (ii) the County's interest in the Lease Agreement or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Corporation, (iii) the County shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute, or (iv) the County shall fail to observe and perform any of the covenants, agreements or conditions on its part in the Trust Agreement contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Corporation or the Owners of not less than 5% of the aggregate amount of principal evidenced by the Certificates at the time Outstanding; provided, however, that if the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default under the Lease Agreement if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, which period, unless otherwise consented to by the Corporation, shall not exceed 180 days after written notice thereof shall have been given to the County, then such failure or event shall constitute an Event of Default under the Lease Agreement.

(b) Upon the occurrence of any Event of Default under the Lease Agreement, the Corporation, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(i) To terminate the Lease Agreement in the manner provided in the Lease Agreement on account of such Event of Default, notwithstanding any re-entry or re-letting of the Property as provided in the Lease Agreement for in subparagraph (ii) below, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the County. In the event of such termination, the County agrees to surrender immediately possession of the Property, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of such Event of Default, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Corporation nor any proceeding in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under the Lease Agreement shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of an Event of Default under the Lease Agreement shall be or become effective by operation of law or acts of the parties to the Lease Agreement, or otherwise, unless and until the Corporation shall have given written notice to the County of the election on the part of the Corporation to terminate the Lease Agreement. The County covenants and agrees that no surrender of the Property or of the remainder of the term of the Lease Agreement or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Corporation by such written notice.

(ii) Without terminating the Lease Agreement, (A) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the County, regardless of whether or not the County has abandoned the Property, or (B) to exercise any and all rights of entry and re-entry upon the Property. In the event the Corporation does not elect to terminate the Lease Agreement in the manner provided for in subparagraph (i) above, the County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Lease Agreement to be kept or performed by the County and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as provided in the Lease Agreement for the payment of Rental Payments under the Lease Agreement, notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Lease Agreement, and notwithstanding any entry or re-entry by the Corporation or suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Corporation elect to re-enter as provided in the Lease Agreement, the County irrevocably appoints the Corporation as the agent and attorney-in-fact of the County to re-let the Property, or any part thereof, from time to time, either in the Corporation's name or otherwise, upon such terms and conditions and for such use and period as the Corporation may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the County, and the County indemnifies and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the

Corporation or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The County agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-let the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-letting shall constitute a surrender or termination of the Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, upon the occurrence of an Event of Default under the Lease Agreement, the right to terminate the Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner provided for in subparagraph (i) above. The County further agrees to pay the Corporation the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the County of the completion and installation of such additions or alterations.

The County waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the County, or any other person, that may be in or upon the Property.

(c) In addition to the other remedies set forth in this section, upon the occurrence of an Event of Default under the Lease Agreement, the Corporation shall be entitled to proceed to protect and enforce the rights vested in the Corporation by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the County and of its board, officers or employees shall be enforceable by the Corporation by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Corporation shall have the right to bring the following actions:

(i) Accounting. By action or suit in equity to require the County and its board, officers and employees and its assigns to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Corporation's rights against the County (and its board, officers and employees) and to compel the County to perform and carry out its duties and obligations under the law and its covenants and agreements with the County as provided in the Lease Agreement.

(d) Each and all of the remedies given to the Corporation under the Lease Agreement or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege under the Lease Agreement shall not impair the right of the Corporation to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in this section shall include, but not be limited to, re-letting by means of the operation by the Corporation of the Property. If any statute or rule of law validly shall limit the remedies given to the Corporation under the Lease Agreement, the Corporation nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

(e) In the event the Corporation shall prevail in any action brought to enforce any of the terms and provisions of the Lease Agreement, the County agrees to pay a reasonable amount as and for attorney's fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation under the Lease Agreement.

(f) Notwithstanding anything to the contrary contained in the Lease Agreement, the Corporation shall have no right upon a default by the County under the Lease Agreement, an Event of Default under the Lease Agreement or otherwise to accelerate Rental Payments.

(g) Notwithstanding anything in the Lease Agreement to the contrary, the termination of the Lease Agreement by the Corporation on account of an Event of Default under the Lease Agreement shall not effect or result in a termination of the lease of the Property by the County to the Corporation pursuant to the Ground Lease.

Waiver. Failure of the Corporation to take advantage of any default on the part of the County shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of the Corporation to insist upon performance by the County of any term, covenant or condition of the Lease Agreement, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments under the Lease Agreement shall not be, or be construed to be, a waiver of any term, covenant or condition of the Lease Agreement.

AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE

Amendments. (a) The Lease Agreement and the Ground Lease, and the rights and obligations of the Corporation and the County under the Lease Agreement and thereunder, may be amended at any time by an amendment to the Lease Agreement or thereto which shall become binding upon execution by the County and the Corporation, but only with the prior written consent of the Owners of a majority of the aggregate amount of principal evidenced by the Certificates then Outstanding, provided that no such amendment shall (i) extend the payment date of any Base Rental Payment or reduce any Base Rental Payment, without the prior written consent of the Owner of each Certificate so affected, or (ii) reduce the percentage of the aggregate amount of principal evidenced by the Certificates then Outstanding, the consent of the Owners of which is required for the execution of any amendment of the Lease Agreement or the Ground Lease, without the prior written consent of the Owners of all the Certificates then Outstanding.

(b) The Lease Agreement and the Ground Lease, and the rights and obligations of the County and the Corporation under the Lease Agreement and thereunder, may also be amended at any time by an amendment to the Lease Agreement or thereto which shall become binding upon execution by the County and the Corporation, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Corporation or the County to be observed or performed in the Lease Agreement or therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Corporation or the County, or to surrender any right or power reserved in the Lease Agreement or therein to or conferred in the Lease Agreement or therein on the Corporation or the County;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Lease Agreement or therein or in regard to questions arising under the Lease Agreement or thereunder which the Corporation or the County may deem desirable or necessary and not inconsistent herewith or therewith, and which shall not materially adversely affect the rights or interests of the Owners;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest evidenced by the Certificates;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT— AMENDMENTS; ASSIGNMENT AND SUBLEASING; SUBSTITUTION OR RELEASE—Substitution or Release of the Property;"

(v) to provide for Additional Certificates pursuant to Sections 2.11 and 2.12 of the Trust Agreement; or

(v) to make such other changes in the Lease Agreement or therein or modifications to the Lease Agreement or thereto as the Corporation or the County may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners.

Assignment and Subleasing. Neither the Lease Agreement nor any interest of the County under the Lease Agreement shall be sold, mortgaged, pledged, assigned or transferred by the County by voluntary act or by operation of law or otherwise; provided, however, that the Property may be subleased in whole or in part by the County, provided that any such sublease shall be subject to all of the following conditions:

(a) the Lease Agreement and the obligation of the County to make all Rental Payments under the Lease Agreement shall remain the primary obligation of the County;

(b) the County shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation a true and complete copy of such sublease;

(c) any sublease of the Property by the County shall explicitly provide that such sublease is subject to all rights of the Corporation under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon an Event of Default under the Lease Agreement; and

(d) the County shall furnish the Corporation with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest evidenced by the Certificates to be included in gross income for federal income tax purposes.

Substitution or Release of the Property. The County shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement. All costs and expenses incurred in connection with such substitution or release shall be borne by the County. Notwithstanding any substitution or release pursuant to this section, there shall be no reduction in or abatement of the Base Rental Payments due from the County under the Lease Agreement as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following specific conditions, which are made conditions precedent to such substitution or release:

(a) an independent certified real estate appraiser selected by the County shall have found (and shall have delivered a certificate to the County and the Corporation setting forth its findings) that the Property, as constituted after such substitution or release (i) has an annual fair rental value greater than or equal to 105% of the maximum amount of the Base Rental Payments coming due in the then current Rental Period or any subsequent Rental Period, (ii) has a fair replacement value at least equal to the aggregate amount of principal evidenced by the Certificates then Outstanding, and (iii) has a useful life equal to or greater than the remaining term of the Lease Agreement;

(b) the County shall have obtained or caused to be obtained a CLTA title insurance policy or policies with respect to any substituted property in the amount of the fair market value of such substituted property (which fair market value shall have been determined by an independent certified real estate appraiser), of the type and with the endorsements described in the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—INSURANCE; NET PROCEEDS; EMINENT DOMAIN— Title Insurance;"

(c) the County shall have certified to the Corporation that the substituted real property is of approximately the same degree of essentiality to the County as the portion of the Property for which it is being substituted;

(d) the County shall have provided the Corporation with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest evidenced by the Certificates to be included in gross income for federal income tax purposes; and

(e) the County and the Corporation shall have executed, and the County shall have caused to be recorded with the Mono County Recorder, any document necessary to reconvey to the County the portion of the Property being substituted or released and to include any substituted real property in the description of the Property contained in the Lease Agreement and in the Ground Lease.

MISCELLANEOUS

Assignment to Trustee. The County understands and agrees that, upon the execution and delivery of the Assignment Agreement (which is occurring simultaneously with the execution and delivery of the Lease Agreement), all right, title and interest of the Corporation in and to the Lease Agreement (other than the Corporation's rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement) will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Certificates. The County consents to such sale, assignment and transfer. Upon the execution and delivery of the Assignment Agreement, references in the operative provisions of the Lease Agreement to the Corporation shall be deemed to be references to the Trustee, as assignee of the Corporation.

Validity and Severability. If for any reason the Lease Agreement shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Corporation or by the County, or if for any reason it is held by such a court that any of the covenants and conditions of the County under the Lease Agreement, including the covenant to pay Rental Payments, is unenforceable for the full term of the Lease Agreement, then and in such event the Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the County annually in consideration of the right of the County to possess, occupy and use the Property, and all of the terms, provisions and conditions of the Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Governing Laws. The Lease Agreement shall be governed by and construed in accordance with the laws of the State.

ASSIGNMENT AGREEMENT

Assignment. The Corporation, for good and valuable consideration, the receipt of which is acknowledged, does sell, assign and transfer to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the owners of the Certificates, all of its right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive the Base Rental Payments to be paid by the County under and pursuant to the Lease Agreement; provided, however, that the Corporation shall retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement. This assignment is absolute and is presently effective. Upon execution of the Assignment Agreement, the Corporation shall have no right, title or interest in or to the Base Rental Payments, the Additional Rental Payments, the Lease Agreement or the Ground Lease. All rights assigned by the Corporation shall be administered by the Trustee in accordance with the provisions of the Trust Agreement.

Acceptance. The Trustee accepts the foregoing assignment, subject to the terms and provisions of the Trust Agreement, and all of the Base Rental Payments shall be applied, and the rights so assigned shall be exercised, by the Trustee as provided in the Lease Agreement and the Trust Agreement.

Conditions. The Assignment Agreement shall impose no obligations whatsoever upon the Trustee beyond those expressly provided in the Lease Agreement and the Trust Agreement.

Further Assurances. The Corporation shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Assignment Agreement, and for the better assuring and confirming to the Trustee, for the benefit of the owners of the Certificates, the right, title and interest intended to be sold, assigned and transferred pursuant to the Trust Agreement.

Governing Law. The Assignment Agreement shall be governed by and construed in accordance with the laws of the State of California.

TRUST AGREEMENT

TERMS AND CONDITIONS OF CERTIFICATES

Registration Books. (a) The Trustee shall keep at its Principal Office sufficient books for the registration and transfer of the Certificates, which books shall be available for inspection and copying by the Corporation, the Trustee and the County at reasonable hours and under reasonable conditions; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Certificates on such books as provided in the Trust Agreement.

(b) The Trustee may treat the Owner of any Certificate, as shown on the Registration Books, as the absolute owner of such Certificate for all purposes, whether or not the principal or interest evidenced by such Certificate shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest and principal evidenced by such Certificate shall be made only to such Owner, which payments shall be valid and effectual to satisfy and discharge the liability evidenced by such Certificate to the extent of the sum or sums so paid.

Exchange of Certificates. (a) Each Certificate is transferable by the Owner thereof, in person or by such Owner's attorney duly authorized in writing, at the Principal Office of the Trustee on the Registration Books, upon surrender of such Certificate for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificate shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates evidencing principal in the same aggregate amount and having the same stated Principal Payment Date. The Trustee shall require the payment by any Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

(b) Each Certificate may be exchanged at the Principal Office of the Trustee for Certificates evidencing principal in a like aggregate amount and having the same stated Principal Payment Date in such Authorized Denominations as the Owner thereof may request. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) The Trustee shall not be required to transfer or exchange any Certificate during the period commencing on the date five days before the date of selection of Certificates for prepayment and ending on the date of mailing notice of such prepayment, nor shall the Trustee be required to transfer or exchange any Certificate or portion thereof selected for prepayment from and after the date of mailing the notice of prepayment thereof.

Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate evidencing a like amount of principal and having the same stated Principal Payment Date and number in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner thereof, shall execute and deliver a new Certificate evidencing a like amount of principal and having the same stated Principal Payment Date, numbered as the Trustee shall determine, in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered by it under this section and of the expenses which may be incurred by it under this section. Any Certificate executed and delivered under the provisions of this section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of the Trust Agreement with all other Certificates executed and delivered under the Trust Agreement, and the Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the amount of Certificates which may be executed and delivered under the Trust Agreement or for the purpose of determining any percentage of Certificates Outstanding under the Trust Agreement, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this section, in lieu of executing and delivering a new Certificate for a Certificate which has been lost, destroyed or stolen and which evidences principal that is then payable, the Trustee may make payment of such Certificate to the Owner thereof if so instructed by the County.

Temporary Certificates. The Certificates may be initially delivered in temporary form exchangeable for definitive Certificates when ready for delivery, which temporary Certificates shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Trustee, shall be in fully registered form and shall contain such reference to any of the provisions of the Trust Agreement as may be appropriate. Every temporary Certificate shall be executed and delivered by the Trustee upon the same conditions and terms and in substantially the same manner as definitive

Certificates. If the Trustee executes and delivers temporary Certificates, it shall prepare and execute definitive Certificates without delay, and thereupon the temporary Certificates may be surrendered at the Principal Office of the Trustee in exchange for such definitive Certificates, and until so exchanged such temporary Certificates shall be entitled to the same benefits under the Trust Agreement as definitive Certificates executed and delivered under the Trust Agreement.

PROCEEDS OF CERTIFICATES

Project Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Project Fund." On the Delivery Date, the Trustee shall deposit in the Project Fund the amount required to be deposited therein pursuant to the Trust Agreement.

(b) The moneys in the Project Fund shall be used and withdrawn by the Trustee from time to time to pay the Project Costs upon submission of a Written Request of the County stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a Project Cost and is a proper charge against the Project Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Project Fund, in each case together with a statement or invoice for each amount requested thereunder.

(c) Upon the filing of a Written Certificate of the County stating (i) that the portion of the Project to be financed from the Project Fund has been completed and that all costs of such Project have been paid, or (ii) that such portion of the Project has been substantially completed and that all remaining costs of such portion of the Project have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Project Fund (less any such retention) is equal to or greater than $25,000, transfer the portion of such amount equal to the largest integral multiple of $5,000 that is not greater than such amount to the Prepayment Fund, to be applied to the prepayment of the Series 2018 Certificates, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Project Fund (less any such retention) to the Interest Fund, to be applied to the payment of interest evidenced by the Series 2018 Certificates.

Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Delivery Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Trust Agreement.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the County stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Delivery Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Interest Fund and, upon making such transfer, the Costs of Issuance Fund shall be closed.

ADDITIONAL CERTIFICATES

Conditions for the Execution and Delivery of Additional Certificates. The County may at any time request the Trustee to execute and deliver Additional Certificates pursuant to a Supplemental Trust Agreement, payable from the Base Rental Payments and entitled to all the rights and privileges as provided in the Trust Agreement and in the Lease Agreement, equal to the rights and privileges of the Outstanding Certificates theretofore executed and delivered, subject to the following specific conditions:

(a) No Event of Default shall be continuing after giving effect to the execution and delivery of the Additional Certificates and the application of the proceeds thereof.

(b) The Supplemental Trust Agreement shall require that the proceeds of the sale of such Additional Certificates shall be applied to finance or refinance capital improvements, or for the prepayment of any Base Rental Payments evidenced by Outstanding Certificates or other obligations of the County executed, delivered or issued to finance or refinance capital improvements, including the payment of costs and expenses incident to the authorization, execution and delivery, and sale of such Additional Certificates. The Supplemental Trust Agreement may also provide that a portion of such proceeds shall be applied to the payment of the interest due or to become due on said Additional Certificates during the estimated period of any construction and for a period of not to exceed twelve (12) months thereafter.

(c) The Supplemental Trust Agreement shall indicate whether the Additional Certificates (i) are secured by any Reserve Account, or (ii) not be secured by any Reserve Account.

(d) The aggregate principal amount of Certificates executed and delivered and at any time Outstanding shall not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

(e) The Lease Agreement shall have been amended, if necessary, so that the Base Rental Payments payable by the County thereunder in each Rental Period shall at least equal the projected principal and interest components of Base Rental Payments evidenced by the Outstanding Certificates, including the Additional Certificates, in each Rental Period.

(f) If the additional facilities, if any, to be leased are not situated on the Property described in the Lease Agreement and the Ground Lease, then the Lease Agreement and Ground Lease shall have been amended to add such additional Property.

(g) The County shall have delivered to the Trustee and the Corporation a Certificate stating that the annual fair rental value of the Project is at least equal to the maximum annual amount of Base Rental Payments payable with respect to the then Outstanding Certificates and such Additional Certificates coming due in the current or any future year.

Proceedings for Authorization of Additional Certificates. Whenever the Trustee and the County determine to execute and deliver any Additional Certificates, the County, the Corporation and the Trustee shall enter into a Supplemental Trust Agreement providing for the execution and delivery of such Additional Certificates, specifying the maximum aggregate principal component of Base Rental Payments evidenced by such Additional Certificates and prescribing the terms and conditions of such Additional Certificates.

The Supplemental Trust Agreement shall prescribe the form or forms of such Additional Certificates and shall provide for the distinctive designation, denominations, method of numbering, dates, interest component rates, provisions for prepayment (if desired) and places of payment of principal and interest components of Base Rental Payments evidenced by the Additional Certificates.

Before such Additional Certificates shall be executed and delivered, the County and the Corporation shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Special Counsel setting forth (1) that such Special Counsel has examined the Supplemental Trust Agreement and the amendments to the Lease Agreement and to the Ground Lease required by Sections 2.11(d) and (e); (2) that the execution and delivery of the Additional Certificates have been duly authorized by the County and the Corporation; (3) that said amendments to the Lease Agreement and to the Ground Lease, when duly executed by the County and the Corporation, will be valid and binding obligations of the County and the Corporation; and (4) that the execution and delivery of the Additional Certificates will not, in and of itself, cause the interest component of Base Rental Payments evidenced by any Outstanding Certificates to no longer be excluded from gross income for federal income tax purposes.

(b) A Certificate of the County that the requirements of the Trust Agreement have been met.

(c) A Certificate of the County stating that the insurance required by Article V of the Lease Agreement is in effect with respect to all of the Property to be subject to the Lease Agreement following any amendment thereto.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Written Certificates of the County and of the Corporation stating that all applicable provisions of the Trust Agreement have been complied with (so as to permit the execution and delivery of the Additional Certificates in accordance with the Supplemental Trust Agreement then delivered to the Trustee), the Trustee shall execute and deliver said Additional Certificates, in the aggregate amount of the principal component of Base Rental Payments evidenced by the Additional Certificates specified in such Supplemental Trust Agreement, to, or upon the Written Request of the County.

FUNDS AND ACCOUNTS; RENTAL PAYMENTS

Pledge; Base Rental Payment Fund. (a) Subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement, in order to secure the County's obligations under the Trust Agreement and under the Lease Agreement, the County irrevocably pledges to the Owners, and grants a lien on and a security interest in, all of its right, title and interest, if any, in and to all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund), which amounts shall be used for the payment of the Base Rental Payments, in accordance with the terms of the Trust Agreement and of the Lease Agreement. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the County, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Trust Agreement, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

(b) It is the intent of the parties to the Lease Agreement that the Corporation not have any right, title or interest in or to the amounts on deposit from time to time in the funds and accounts established under the Trust Agreement. If, contrary to the intent of the parties to the Lease Agreement, the Corporation is found to have any right, title or interest in or to any such amounts, then, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement, the Corporation irrevocably pledges to the Owners, and grants a lien on and a security interest in, all of its right, title and interest, if any, in and to all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement (other than the Rebate Fund). Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Corporation, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Trust Agreement, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

(c) All Base Rental Payments shall be paid directly by the County to the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments paid by the County shall be deposited by the Trustee in the Base Rental Payment Fund, which the Trustee shall establish and maintain. The moneys in the Base Rental Payment fund shall be held in trust by the Trustee for the benefit of the Owners and shall be disbursed only for the purposes and uses authorized in the Trust Agreement. Any Net Proceeds of rental interruption insurance received with respect to the Property shall be deposited in the Base Rental Payment Fund.

Deposit of Base Rental Payments. The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner provided in the Trust Agreement, to the following respective funds, each of which the Trustee agrees to establish and maintain. The moneys in each of such funds shall be held in trust by the Trustee and shall be disbursed only for the purposes and uses authorized in the Trust Agreement.

(a) *Interest Fund*. (i) Within the Interest Fund, the Trustee shall create the Series 2018 Certificates Capitalized Interest Account. Moneys in the Series 2018 Certificates Capitalized Interest Account shall be used to pay interest on the Series 2018 Certificates to the extent necessary until the earlier of (i) the date that is three months following the filing of the Certificate of County certifying completion of the Project with the Trustee as set forth in the Trust Agreement, or (ii) June 1, 2020. If after the date that is three months following the filing of the Certificate of County, there is any remaining balance in the Series 2018 Certificate Capitalized Interest Account not required for the payment of interest on the Series 2018 Certificates prior to the date that is three months following the filing of the Certificate of County, the County shall use or allocate to the extent permitted by the Code said amount to be used toward the Project or to any purpose approved by Special Counsel.

(b) The Trustee, on each Interest Payment Date, shall deposit in the Interest Fund that amount of moneys representing the portion of the Base Rental Payments designated as the interest component coming due on such Interest Payment Date. On each Interest Payment Date, the Trustee shall withdraw from the Interest Fund for payment to the Owners of the Series 2018 Certificates the interest evidenced by the Series 2018 Certificates coming due on such Interest Payment Date

(c) *Principal Fund*. The Trustee, on each Principal Payment Date and each Mandatory Sinking Account Payment Date, shall deposit in the Principal Fund that amount of moneys representing the portion of the Base Rental Payments designated as principal components coming due on such Principal Payment Date or Mandatory Sinking Account Payment Date. On each Principal Payment Date and each Mandatory Sinking Account Payment Date, the Trustee shall withdraw from the Principal Fund for payment to the Owners of the Series 2018 Certificates the principal evidenced by the Series 2018 Certificates due and payable on such Principal Payment Date and such Mandatory Sinking Account Payment Date.

(d) *Prepayment Fund*. The Trustee, on the prepayment date specified in the Written Request of the County filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Prepayment Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Prepayment Fund any amounts required to be deposited therein pursuant to the provisions of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—COVENANTS—Application of Net Proceeds" and "—Title Insurance." Moneys in the Prepayment Fund shall be used by the Trustee for the purpose of paying the interest, premium, if any, and principal evidenced by the Series 2018 Certificates to be prepaid.

(e) All money remaining in the Base Rental Payment Fund on the Business Day immediately following each Interest Payment Date (to the extent not required to pay the interest and principal then due and payable with respect to the Series 2018 Certificates) shall remain therein, except that any such money shall be withdrawn from the Base Rental Payment Fund on such date by the Trustee and transferred to the Reserve Fund to the extent the amount in the Reserve Fund is less than the Reserve Fund Requirement, which, on the date of initial issuance of the Series 2018 Certificates is $0. Any money remaining in the Base Rental Payment Fund, after prepayment or payment of all Series 2018 Certificates, including accrued interest, if any, and payment of any applicable fees and expenses of the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee from the Base Rental Payment Fund and remitted to the County for the County's sole use.

Rebate Fund. (a) The Trustee shall establish and maintain a special fund designated the "Rebate Fund." There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the County. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Series 2018 Certificates pursuant to the Trust Agreement or anything to the contrary contained in the Trust Agreement, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this section and by the Tax Certificate (which is incorporated in the Trust Agreement by reference). The Trustee shall have no liability or responsibility to review, or enforce compliance by the County with the terms of the Tax Certificate. The Trustee may conclusively rely upon the County's determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the County's calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the principal and interest evidenced by the Series 2018 Certificates and after payment of any amounts described in this section, shall be withdrawn by the Trustee and remitted to the County.

Reserve Fund. (a) The County agrees to establish and maintain with the Director of Finance so long as any Certificates are Outstanding a separate fund designated the "Reserve Fund." Within the Reserve Fund, the County may establish and maintain a separate account designated the "Series 2018 Certificates Reserve Account" and may establish and maintain one or more additional Reserve Accounts, each of which may secure one or more Series of Certificates, pursuant hereto and to the Supplemental Trust Agreement authorizing the execution and delivery thereof. In connection with the execution and delivery of Additional Certificates, there shall be deposited in the Reserve Account established and/or maintained for such Additional Certificates, as applicable, the amount required to be deposited therein under the Supplemental Trust Agreement pursuant to which such Additional Certificates are issued. On the date of initial issuance of the Series 2018 Certificates, there shall be no amounts deposited to the Reserve Fund.

(b) The County may substitute a Reserve Facility for all or part of the moneys on deposit in any Reserve Account by depositing such Reserve Facility with the Director of Finance, provided that, at the time of such substitution, the amount on deposit in such Reserve Account, together with the amount available under all Reserve Facilities on deposit in such Reserve Account, shall be at least equal to the Reserve Fund Requirement for such Reserve Account. Moneys for which a Reserve Facility has been substituted as provided herein shall be transferred, at the election of the County, to the Prepayment Account for the purpose of prepaying the related Series of Certificates or, upon receipt of an Opinion of Counsel that such transfer will not, in and of itself, result in the inclusion of interest on Outstanding Tax-Exempt Certificates in gross income for federal income tax purposes, to the County and applied to the payment of capital costs of the County. Amounts on deposit in any Reserve Account which were not derived from payments under any Reserve Facility credited to such Reserve Account to satisfy a portion of the Reserve Fund Requirement for such Reserve Account shall be used and withdrawn by the County prior to using and withdrawing any amounts derived from payments under such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the County shall, as and to the extent necessary, liquidate any investments purchased with such amounts.

(c) In the event that, on the second Business Day prior to a date on which the Trustee is to transfer money from the Base Rental Payment Fund to the Interest Funds pursuant to the Trust Agreement or to the Principal Funds pursuant to subsection (b) of this section, amounts in the Base Rental Payment Fund are insufficient for such purpose, the County shall withdraw from each Reserve Account, to the extent of any funds therein, the amount of the insufficiency of the related Series of Certificates, and shall transfer any amounts so withdrawn first to the Trustee for deposit to the related Interest Fund and then to the related Principal Fund. If the amount on deposit in any Reserve Account is not sufficient to make such transfer, the County shall make a claim under any available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the County to make such transfer as and when required.

(d) In the event of any transfer from a Reserve Account or the making of any claim under a Reserve Facility, the County shall, within two Business Days thereafter, provide written notice to the Trustee of the amount and the date of such transfer or claim; provided, however, that such notice need not be provided if such transfer is made pursuant to subsection (f) or subsection (g) of this section.

(e) If the sum of the amount on deposit in any Reserve Account, plus the amount available under all available Reserve Facilities held for such Reserve Account, is less than the Reserve Fund Requirement for such Reserve Account, the first of Base Rental Payments thereafter received from the County under the Lease Agreement and not needed to pay the principal and interest components on the Certificates on the next Interest Payment Date or Principal Payment Date shall be used, first, to reinstate the amounts available under any Reserve Facilities that have been drawn upon and, second, to increase the amount on deposit in the Reserve Accounts, so that the amount available under all available Reserve Facilities, when added to the amount on deposit in the Reserve Fund, shall equal the Reserve Requirement for each Reserve Account; provided, however, that such Base Rental Payments shall be allocated among all Reserve Accounts ratably without preference or priority of any kind, according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts.

(f) If, as a result of the payment of the principal and interest components of any Series of Certificates, the Reserve Fund Requirement applicable to such Series of Certificates is reduced, amounts on deposit in the applicable Reserve Account in excess of such reduced Reserve Fund Requirement shall be transferred to the related Interest Fund(s) and Principal Fund(s) of the Base Rental Payment Fund as directed in a Request of the County.

(g) On any date on which Certificates of a Series are defeased in accordance with the Trust Agreement, the County shall transfer any moneys in the related Reserve Account in excess of the applicable Reserve Fund Requirement resulting from such defeasance to the Trustee to be applied to such defeasance.

(h) Moneys, if any, on deposit in a Reserve Account shall be withdrawn and applied by the County and transferred to the Trustee for the final payments of the principal and interest components of the Series of Certificates secured by such Reserve Account.

The County and the Corporation (to the extent of their rights, if any, in the Reserve Fund, although it is the intent of the parties hereto that the Corporation not have any right, title or interest in or to the Reserve Fund) hereby pledge and grant a first and exclusive lien on and a security interest in the money in any Reserve Account to the Director of Finance for the benefit of the Owners of the related Series of Certificates secured by such Reserve Account in order to secure the County's obligation to pay the allocable Base Rental Payments under the Lease Agreement.

Investments. (a) Except as otherwise provided in the Trust Agreement, any moneys held by the Trustee in the funds and accounts established under the Trust Agreement shall be invested by the Trustee upon the Written Request of the County only in Permitted Investments, and in the absence of such direction shall be invested by the Trustee in Permitted Investments described in paragraph (6) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the County specifying a specific money market fund and, if no such Written Request of the County is so received, the Trustee shall hold such moneys uninvested. The Trustee may act as principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this section. The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Permitted Investments that are registerable securities shall be registered in the name of the Trustee.

(b) Permitted Investments purchased with funds on deposit in the Base Rental Payment Fund shall mature not later than the payment date immediately succeeding the investment. Permitted Investments purchased with funds on deposit in the Prepayment Fund shall either be held uninvested or invested in Defeasance Securities that mature on or prior to the prepayment date on which such funds are to be applied to the prepayment of Certificates.

(c) Subject to the provisions of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—FUNDS AND ACCOUNTS; RENTAL PAYMENTS—Rebate Fund," all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Trust Agreement shall be retained therein.

(d) All investments of amounts deposited in any fund or account established under the Trust Agreement shall be valued at the market value thereof. In determining market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

(e) The County acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the County will not receive such confirmation to the extent permitted by law. The Trustee will furnish the County periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Trust Agreement.

COVENANTS

Application of Net Proceeds. (a) If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of this section, the County shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Trust Agreement.

(b) The Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the County, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the County in Permitted Investments that mature not later than such times as moneys are expected to be needed to pay such costs of repair or replacement.

(c) Notwithstanding the foregoing, the County shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the County intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the County does intend to replace or repair the Property or portions thereof, the County shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account referred to in paragraph (b) of this section.

(d) If such damage, destruction or loss was such that there resulted a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments results (or would result if moneys were not available for the payment of the Rental Payments in any of the funds and accounts established under the Trust Agreement) from such damage or destruction pursuant to the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement," then the County shall be required either to (i) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (ii) apply sufficient funds from the insurance proceeds and other legally available funds to the prepayment, as set forth in the Trust Agreement, in full of all the Outstanding Certificates or all of those Outstanding Certificates which evidence that portion of the Base Rental Payments which are abated as a result of the damage or destruction. If the County is required to apply funds from the insurance proceeds and other legally available funds to be applied to the prepayment of Certificates in accordance with clause (ii) above, the County shall direct the Trustee, in a Written Request of the County, to transfer the funds to be applied to such prepayment to the Prepayment Fund and the Trustee shall transfer such funds to the Prepayment Fund. Any proceeds of any insurance, including the proceeds of any self-insurance remaining after the portion of the Property which was damaged or destroyed is restored to and made available to the County in substantially the same condition and annual fair rental value as that which existed prior to the damage or destruction as required by clause (i) above or the prepayment of Certificates as required by clause (ii) above, in each case as evidenced by a Written Certificate of the County to such effect, shall, if there is first delivered to the Trustee a Written Certificate of the County to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease

Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments, be paid to the County to be used for any lawful purpose.

(e) The proceeds of any award in eminent domain with respect to the Property shall be deposited by the Trustee in the Prepayment Fund and applied to the prepayment of Outstanding Certificates pursuant to the Trust Agreement.

Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

> (a) if the County determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the County under the Lease Agreement, such proceeds shall be remitted to the County and used for any lawful purpose thereof; or
>
> (b) if the County determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and would result in an abatement in whole or in part of Rental Payments payable by the County under the Lease Agreement, then the County shall, in a Written Request of the County, direct the Trustee to, and the Trustee shall, immediately deposit such proceeds in the Prepayment Fund and such proceeds shall be applied to the prepayment of Certificates in the manner provided in the Trust Agreement.

Compliance with Trust Agreement. Each of the Corporation and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Trust Agreement required to be complied with, kept, observed and performed by it.

Compliance with Ground Lease and Lease Agreement. Each of the Corporation and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by it and, together with the Trustee, shall enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations. The Corporation, the County and the Trustee shall faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Other Liens. (a) The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, other than Permitted Encumbrances, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the County ten days' written notice to comply therewith and failure of the County to so comply within such ten-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the

County from liability for or on account of any of its agreements and covenants contained in the Trust Agreement, or from its obligation under the Trust Agreement to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

(b) The Corporation and the Trustee shall not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement.

(c) None of the Trustee, the Corporation or the County shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created under the Trust Agreement, other than the pledge and lien of the Trust Agreement.

Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, shall prosecute all actions, suits or other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Recordation. The County shall record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Tax Covenants. (a) The County shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest evidenced by the Certificates and any Tax-Exempt Additional Certificates under Section 103 of the Code. Without limiting the generality of the foregoing, the County will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Certificates and any Tax-Exempt Additional Certificates.

(b) In the event that at any time the County is of the opinion that for purposes of this section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established under the Trust Agreement, the County shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the County shall provide to the Trustee an Opinion of Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest evidenced by the Certificates and any Tax-Exempt Additional Certificates, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Continuing Disclosure. Each of the County and the Trustee shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement applicable to it. Notwithstanding any other provision of the Trust Agreement, failure of the County or the Trustee to comply with the Continuing Disclosure Agreement shall not constitute an Event of Default under the Trust Agreement; provided, however, that the Trustee may (and, at the written direction of the Owners of at least 25% of the aggregate amount of principal evidenced by Outstanding Certificates and upon being indemnified to its reasonable satisfaction, shall) or any Owner or Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Corporation and the County shall promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by the Trust Agreement or by the Assignment Agreement, the Ground Lease or the Lease Agreement.

DEFAULTS AND REMEDIES

Events of Default. The occurrence of an Event of Default under the Lease Agreement shall constitute an Event of Default under the Trust Agreement.

Action on Default. In each and every case during the continuance of an Event of Default under the Trust Agreement, the Trustee may, and, at the direction of the Owners of not less than a majority of the aggregate amount of principal evidenced by Certificates then Outstanding, shall, exercise any of the remedies granted to the Corporation under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Trust Agreement or by the Certificates, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the Trust Agreement.

Other Remedies of the Trustee. Subject to the provisions of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFAULTS AND REMEDIES—Action on Default," the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the County or the Corporation or any member, director, officer or employee thereof, and to compel the County or the Corporation or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Trust Agreement;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit in equity upon the happening of any Event of Default under the Trust Agreement to require the County and the Corporation to account as if it or they were the trustee or trustees of an express trust.

Non-Waiver. (a) A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFAULTS AND

REMEDIES" may be enforced and exercised from time to time and as often as the Trustee shall deem expedient.

(b) If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then subject to any adverse determination, the Trustee, such Owner, the Corporation and the County shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. Subject to the provisions of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFAULTS AND REMEDIES—Action on Default," no remedy in the Trust Agreement conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Trust Agreement or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Trust Agreement, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No Liability by the Corporation to the Owners. The Corporation shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or in the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Application of Amounts After Default. Upon the occurrence and during the continuance of an Event of Default under the Trust Agreement, moneys held by the Trustee in the funds and accounts established under the Trust Agreement (other than the Rebate Fund) and all payments received by the Trustee with respect to the rental of the Property (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Corporation's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under the Lease Agreement as summarized herein under the heading "LEASE AGREEMENT—DEFAULTS AND REMEDIES," shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied:

(a) to the payment of all amounts due the Trustee under the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—THE TRUSTEE—Compensation and Indemnification;"

(b) to the payment of all amounts then due for interest evidenced by the Certificates, in respect of which, or for the benefit of which, money has been collected (other than Certificates which have become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest evidenced by such Certificates due and payable; and

(c) to the payment of all amounts then due for principal evidenced by the Certificates, in respect of which, or for the benefit of which, money has been collected (other than Certificates which have become payable prior to such Event of Default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal evidenced by such Certificates due and payable.

Trustee May Enforce Claims Without Possession of Certificates. All rights of action and claims under the Trust Agreement or the Certificates may be prosecuted and enforced by the Trustee without the possession of any of the Certificates or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners of the Certificates in respect of which such judgment has been recovered.

Limitation on Suits. No Owner of any Certificate shall have any right to institute any proceeding, judicial or otherwise, with respect to the Trust Agreement, or for the appointment of a receiver or trustee, or for any other remedy under the Trust Agreement, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing Event of Default under the Trust Agreement, (b) the Owners of not less than 25% of the aggregate amount of principal evidenced by Certificates then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee under the Trust Agreement, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate amount of principal evidenced by Certificates then Outstanding; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Trust Agreement to affect, disturb or prejudice the rights of any other Owner of Certificates, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement and for the equal and ratable benefit of all the Owners of Certificates.

Bankruptcy Matters. (a) Nothing in the Trust Agreement shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

(b) When the Trustee incurs expenses or renders services after the occurrence or during the continuance of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

THE TRUSTEE

Duties of the Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Trust Agreement. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Removal; Resignation; Successor Trustees; Qualifications; Merger and Consolidation. (a) The County may by an instrument in writing, remove the Trustee initially a party to the Trust Agreement and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Trust Agreement and any successor thereto if at any time

(i) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority of the aggregate amount of principal evidenced by the Certificates at the time Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with paragraph (d) of this section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(b) The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the County and the Corporation, and to the Owners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the County shall promptly appoint a successor Trustee by an instrument in writing.

(c) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in paragraph (d) of this section. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Trust Agreement shall signify its acceptance of such appointment by executing and delivering to the County, the Corporation and its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Trust Agreement; but, nevertheless at the written request of the County, the Corporation or the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Trust Agreement and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Trust Agreement. Upon acceptance of appointment by a successor Trustee as provided in this paragraph, the successor Trustee shall, within 15 days after such acceptance, mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Trust Agreement to the Owners at the addresses shown on the Registration Books.

(d) The Trustee shall be a bank, national banking association or trust company incorporated or organized under the laws of the United States of America or any state thereof, having (or if such bank, national banking association or trust company is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least $50,000,000, and subject to supervision or examination by federal or state agency. If such bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this paragraph the combined capital and surplus of such bank, national banking association or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this paragraph (d), the Trustee shall resign immediately in the manner and with the effect specified in this section.

(e) Any bank, national banking association or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank, national banking association or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank, national banking association or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank, national banking association or trust company shall be eligible under paragraph (d) of this section shall be the successor to such Trustee, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Trust Agreement anything in the Trust Agreement to the contrary notwithstanding.

Liabilities of the Trustee. (a) The recitals of facts in the Trust Agreement shall be taken as statements of the County, and the Trustee shall not assume responsibility for the correctness of the same. The Trustee shall, however, be responsible for its representations contained in the Certificates. The Trustee makes no representations as to the validity or sufficiency of the Trust Agreement, the Ground Lease, the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or in respect of the security afforded by the Trust Agreement, and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to (i) the delivery of the Certificates for value, (ii) the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or (iii) the application of any moneys paid to the County or others in accordance with the Trust Agreement, except as to the application of any moneys paid to it in its capacity as Trustee. The permissive rights of the Trustee to do things enumerated in the Trust Agreement, the Ground Lease or the Lease Agreement shall not be construed as duties, and the Trustee shall not be liable in connection with the performance of its duties under the Trust Agreement or thereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of Certificates with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority of the aggregate amount of principal evidenced by the Certificates then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Trust Agreement, the Ground Lease or the Lease Agreement. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority of the aggregate amount of principal evidenced by the Certificates at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement, the Ground Lease or the Lease Agreement.

(d) No provision of the Trust Agreement, the Ground Lease or the Lease Agreement or any other document related to the Trust Agreement shall require the Trustee to risk or advance its own funds.

(e) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(f) The Trustee may execute any of its powers or duties under the Trust Agreement and under the Ground Lease and the Lease Agreement through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(g) Before taking action under the Trust Agreement as summarized herein under the headings "TRUST AGREEMENT—DEFAULTS AND REMEDIES" or "TRUST AGREEMENT—THE TRUSTEE" or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur, including any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances.

(h) The Trustee shall not be deemed to have knowledge of an Event of Default under the Trust Agreement or an event of default under the Lease Agreement unless it has actual knowledge thereof.

(i) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

(j) The Trustee's rights to immunities, indemnifications and protection from liability under the Trust Agreement and under the Ground Lease and the Lease Agreement and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Certificates. All indemnifications and releases from liability granted in the Trust Agreement or in the Lease Agreement to the Trustee shall extend to its directors, officers, employees and agents.

(k) Notwithstanding the effective date of the Trust Agreement or anything to the contrary in the Trust Agreement, the Trustee shall have no liability or responsibility for any act or event relating to the Trust Agreement which occurs prior to the date the Trustee formally commences acting as Trustee under the Trust Agreement.

Right to Rely on Documents. (a) Upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document furnished to it pursuant to any provision of the Trust Agreement, the Ground Lease or the Lease Agreement, the Trustee shall examine such instrument to determine whether it conforms to the requirements, if any, of the Trust Agreement, the Ground Lease or the Lease Agreement, as applicable, and, if the Trustee so determines, the Trustee may conclusively rely, and shall be fully protected in acting upon, any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Whenever in the administration of the duties imposed upon it by the Trust Agreement, the Trustee shall deem it necessary or desirable that a legal matter be established prior to taking or suffering any action under the Trust Agreement, under the Ground Lease or under the Lease Agreement (including with respect to compliance with the Trust Agreement, the Ground Lease or the Lease Agreement of amendments to the Trust Agreement, the Ground Lease or the Lease Agreement), the Trustee may consult with counsel, who may be counsel to the County or the Corporation, with regard to such legal matter, and the opinion of such counsel shall be full and complete authorization and protection in respect of any such action taken or suffered by it under the Trust Agreement in good faith and in accordance therewith.

(c) Whenever in the administration of the duties imposed upon it by the Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Trust Agreement, under the Ground Lease or under the Lease Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Trust Agreement) may be deemed to be conclusively proved and established by a Written Certificate of the County, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Trust Agreement, the Ground Lease or the Lease Agreement in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Accounting Records; Documents. (a) The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Certificates, the Base Rental Payments received by it and all funds and accounts established by it pursuant to the Trust Agreement. Such books of record and account shall be available for inspection by the County and the Corporation during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the County a monthly accounting of the funds and accounts it holds under the Trust Agreement; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (i) has a balance of zero, and (ii) has not had any activity since the last reporting date.

(b) All documents received by the Trustee under the provisions of the Trust Agreement shall be retained in its possession and shall be available for inspection by the County and the Corporation during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee.

Compensation and Indemnification. The County shall, pursuant to a pre-approved fee letter, pay to the Trustee from time to time all reasonable compensation for all services rendered under the Trust Agreement, and all reasonable expenses, charges and legal fees and other disbursements (including those of its attorneys, agents and employees), incurred in and about the performance of its powers and duties under the Trust Agreement. The County shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, losses, costs, expenses (including legal fees and expenses), claims, suits, judgments or damages which it may incur in the exercise and performance of its powers and duties under the Trust Agreement, under the Ground Lease or under the Lease Agreement, including the enforcement of any remedies and the defense of any suit, and which are not due to the Trustee's negligence or its willful misconduct.

SUPPLEMENTAL TRUST AGREEMENTS

Supplemental Trust Agreements. (a) The Trust Agreement and the rights and obligations of the Corporation, the County, the Trustee and the Owners under the Trust Agreement may be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Corporation, the County and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate amount of principal evidenced by the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT— MISCELLANEOUS—Disqualified Certificates." No such modification or amendment shall (i) extend the stated Principal Payment Date of any Certificate or reduce the rate of interest applicable to the interest evidenced thereby or extend the time of payment of such interest or reduce the principal evidenced thereby or reduce the amount of any Mandatory Sinking Account Payment or change the prepayment terms and provisions or the provisions regarding delivery of notice of prepayment without the prior written consent of the Owner of each Certificate so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Trust Agreement prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Trust Agreement or deprive the Owners of the pledge contained in, and the lien and security interest created by, the Trust Agreement, except as expressly provided in the Trust Agreement, without the consent of the Owners of all of the Certificates then Outstanding, (iii) modify any of the rights or obligations of the Trustee without the prior written consent of the Trustee, or (iv) amend this section without the prior written consent of the Owners of all Certificates then Outstanding.

(b) The Trust Agreement and the rights and obligations of the Corporation, the County, the Trustee and the Owners under the Trust Agreement may also be modified or amended from time to time and at any time by a Supplemental Trust Agreement, which the Corporation, the County and the Trustee may enter into, but without the consent of any Owners, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Corporation or the County contained in the Trust Agreement, other covenants and agreements thereafter to be observed, to provide additional security for the Certificates (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Corporation or the County in the Trust Agreement;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Trust Agreement that the Corporation or the County may deem desirable or necessary and not inconsistent herewith, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Trust Agreement;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest evidenced by the Certificates;

(iv) to permit the qualification of the Trust Agreement under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(v) in any other respect whatsoever as the Corporation or the County may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners; or

(vi) to authorize the execution and delivery of Additional Certificates pursuant to the Trust Agreement.

(c) Promptly after the execution by the Corporation, the County and the Trustee of any Supplemental Trust Agreement, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the County), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Trust Agreement, to the Owners at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

Effect of Supplemental Trust Agreement. Upon the execution of any Supplemental Trust Agreement pursuant to the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT— SUPPLEMENTAL TRUST AGREEMENTS," the Trust Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Agreement of the Corporation, the County, the Trustee and the Owners shall thereafter be determined, exercised and enforced under the Trust Agreement subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Trust Agreement shall be deemed to be part of the terms and conditions of the Trust Agreement for any and all purposes.

Endorsement of Certificates; Preparation of New Certificates. Certificates delivered after the effective date of any Supplemental Trust Agreement pursuant to the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—SUPPLEMENTAL TRUST AGREEMENTS" may and, if the Corporation or the County so determines, shall, bear a notation by endorsement or otherwise in form approved by the Corporation, the County and the Trustee as to any modification or amendment provided for in such Supplemental Trust Agreement, and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such effective date and presentation of such Certificate for such purpose at the Principal Office of the Trustee a suitable notation shall be made on such Certificates. If the Supplemental Trust Agreement shall so provide, new Certificates so modified as to conform, in the opinion of the Corporation, the County and the Trustee, to any modification or amendment contained in such Supplemental Trust Agreement, shall be prepared, or caused to be prepared, by the Corporation and the County and executed by the Trustee and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such effective date, and presentation of such Certificate for such purpose at the Principal Office of the Trustee, such a new Certificate evidencing the same principal, interest at the same interest rate and with the same stated Principal Payment Date shall be exchanged for such Owner's Certificate so surrendered.

Amendment of Particular Certificates. The provisions of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—SUPPLEMENTAL TRUST AGREEMENTS" shall not prevent any Owner from accepting any amendment or modification as to any particular Certificate owned by it, provided that due notation thereof is made on such Certificate.

DEFEASANCE

Discharge of Trust Agreement. (a) If there shall be paid (i) to the Owners of all Outstanding Certificates the principal, interest and premium, if any, evidenced thereby at the times and in the manner stipulated in the Trust Agreement and therein, and (ii) all other amounts due under the Trust Agreement and under the Lease Agreement, then the Owners shall cease to be entitled to the pledge of the assets provided for in the Trust Agreement, and, except as otherwise provided in the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—THE TRUSTEE—Liabilities of the Trustee," all agreements, covenants and other obligations of the Corporation and the County under the Trust Agreement shall thereupon cease, terminate and become void and the Trust Agreement shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Corporation and the County all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the County all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the principal, interest and premium, if any, evidenced by the Certificates.

(b) Subject to the provisions of paragraph (a) of this section, when any Certificate shall have been paid and if, at the time of such payment, each of the Corporation and the County shall have kept, performed and observed all of the covenants and promises in the Trust Agreement and the Lease Agreement required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Trust Agreement shall be considered to have been discharged in respect of such Certificate and such Certificate shall cease to be entitled to the pledge of the assets provided in the Trust Agreement for in the Trust Agreement, and all agreements, covenants and other obligations of the Corporation and the County under the Trust Agreement shall cease, terminate, become void and be completely discharged and satisfied as to such Certificate.

(c) Notwithstanding the discharge and satisfaction of the Trust Agreement or the discharge and satisfaction of the Trust Agreement in respect of any Certificate, those provisions of the Trust Agreement relating to the payment of the principal, interest and premium, if any, evidenced by

Certificates, exchange and transfer of Certificates, replacement of mutilated, destroyed, lost or stolen Certificates, the safekeeping and cancellation of Certificates, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of such Certificate, and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal, interest and premium, if any, evidenced by such Certificate, and to pay to the Owner of such Certificate the funds so held by the Trustee as and when such payment becomes due.

Certificates Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or prepayment of the principal evidenced by any Certificate and the payment of the interest evidenced thereby to the stated Principal Payment Date or prepayment date thereof, such Certificate shall be deemed to have been paid within the meaning and with the effect provided in the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFEASANCE—Discharge of Trust Agreement." Any Outstanding Certificate shall prior to its stated Principal Payment Date or the prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFEASANCE—Discharge of Trust Agreement," if (i) in case any of such Certificates is to be prepaid on any date prior to its stated Principal Payment Date, the County shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Trust Agreement, notice of prepayment of such Certificate on said prepayment date, said notice to be given in accordance with the Trust Agreement, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest evidenced by such Certificate to become due on and prior to its stated Principal Payment Date or the prepayment date thereof, as the case may be, and the principal and premium, if any, evidenced by such Certificate, and (iii) in the event such Certificate is not by its terms subject to prepayment within the next succeeding 60 days, the County shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Certificate that the deposit required by clause (ii) above has been made with the Trustee and that such Certificate is deemed to have been paid in accordance with this section and stating stated Principal Payment Date or prepayment date upon which money is to be available for the payment of the principal and premium, if any, evidenced by such Certificate.

(b) No Certificate shall be deemed to have been paid pursuant to clause (ii) of paragraph (a) of this section unless the County shall have caused to be delivered to the County and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the County and the Trustee, in form and in substance acceptable to the County and the Trustee, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of paragraph (a) of this section resulting in such deemed payment, which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an Opinion of Counsel, dated the date of such deemed payment and addressed to the County and the Trustee, in form and in substance acceptable to the County and the Trustee, to the effect that such Certificate has been paid within the meaning and with the effect expressed in the Trust Agreement, the Trust Agreement has been discharged in respect of such Certificate and all agreements, covenants and other obligations of the County and the Corporation under the Trust Agreement as to such Certificate have ceased, terminated, become void and been completely discharged and satisfied.

Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal, interest or premium, if any, evidenced by any Certificates which remain unclaimed for two years after the date when such principal, interest or premium has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, interest or premium became payable, shall be repaid by the Trustee, without liability for interest, to the County as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Certificate shall look only to the County for the payment of such principal, interest or premium.

MISCELLANEOUS

Benefits of Trust Agreement. Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any Person other than the Trustee, the Corporation, the County and the Owners any right, remedy or right under or pursuant to the Trust Agreement, and any agreement, condition, covenant or term required in the Trust Agreement to be observed or performed by or on behalf of the County or the Corporation shall be for the sole and exclusive benefit of the Trustee and the Owners.

Successor Deemed Included in all References to Predecessor. Whenever the Trustee, the Corporation or the County, or any officer thereof, is named or referred to in the Trust Agreement, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Trustee, the Corporation or the County, or such officer, and all agreements, conditions, covenants and terms required by the Trust Agreement to be observed or performed by or on behalf of the Trustee, the Corporation, if any, or the County, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required in the Trust Agreement to be observed or performed by or on the part of the Corporation, the County or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms of the Trust Agreement and shall in no way affect the validity of the Trust Agreement or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Corporation, the County and the Trustee declare that they would have executed the Trust Agreement, and each and every article, section, paragraph, subsection, sentence, clause and phrase of the Trust Agreement and would have authorized the execution and delivery of the Certificates pursuant to the Trust Agreement irrespective of the fact that any one or more articles, sections, paragraphs, subsections, sentences, clauses or phrases of the Trust Agreement or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Execution of Documents by Owners. (a) Any request, consent or other instrument required or permitted by the Trust Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by each such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of the Trust Agreement and shall be conclusive in favor of the County, the Corporation and the Trustee if made in the manner provided in this section. The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(b) The ownership of any Certificates and the principal evidenced thereby, stated Principal Payment Date, number and date of owning the same may be proved by the Registration Books.

(c) Any request, consent, or other instrument or writing of the Owner of any Certificate shall bind every future Owner of the same Certificate and the Owner of every Certificate issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the County, the Corporation and the Trustee in accordance therewith or reliance thereon.

Disqualified Certificates. In determining whether the Owners of the requisite aggregate amount of principal evidenced by the Certificates have concurred in any demand, request, direction, consent or waiver under the Trust Agreement, Certificates which are actually known by the Trustee to be owned or held by or for the account of the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, unless all Certificates are owned or held by or for the account of the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County, in which case such Certificates shall be considered Outstanding for the purpose of such determination. Certificates so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Certificates and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County or any other obligor on the Certificates. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the County shall specify in a Written Certificate of the County delivered to the Trustee which Certificates, if any, are, as of the date of such Written Certificate, owned or held by or for the account of the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the County.

Destruction of Certificates. Whenever in the Trust Agreement provision is made for the cancellation by the Trustee and the delivery to the Corporation or the County of any Certificates, the Trustee shall, in lieu of such cancellation and delivery, destroy such Certificates.

Money Held for Particular Certificates. The money held by the Trustee for the payment of the principal, interest or premium due on any date with respect to particular Certificates (or portions of Certificates in the case of Certificates prepaid in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners entitled thereto, subject, however, to the provisions of the Trust Agreement as summarized herein under the heading "TRUST AGREEMENT—DEFEASANCE—Unclaimed Moneys," but without any liability for interest thereon.

Funds and Accounts. Any fund or account required to be established and maintained in the Trust Agreement by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Certificates and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations under the Trust Agreement.

Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Trust Agreement or the Lease Agreement shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Trust

Agreement or the Lease Agreement and, unless otherwise specifically provided in the Trust Agreement or the Lease Agreement, no interest shall accrue for the period from and after such nominal date.

Waiver of Personal Liability. No member, officer or employee of the County or the Corporation shall be individually or personally liable for the payment of the principal, interest or premium evidenced by the Certificates or be subject to any personal liability or accountability by reason of the execution and delivery thereof; but nothing contained in the Trust Agreement shall relieve any such member, officer or employee from the performance of any official duty provided by any applicable provisions of law, by the Trust Agreement or by the Lease Agreement.

Governing Law. The Trust Agreement shall be governed by and construed in accordance with the laws of the State.

APPENDIX D

PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

Upon delivery of the Certificates, Nixon Peabody LLP, Los Angeles, California, Special Counsel, proposes to render its final approving opinion with respect to the Certificates in substantially the following form:

[Date of Delivery]

Mono County
Bridgeport, California

$19,940,000
MONO COUNTY
CERTIFICATES OF PARTICIPATION
SERIES 2018 A
(MONO COUNTY CIVIC CENTER)

Ladies and Gentlemen:

We have acted as Special Counsel to Mono County (the "County") in connection with the execution, delivery and sale of $19,940,000 aggregate principal amount of Mono County Certificates of Participation (Mono County Civic Center) (the "Certificates"), executed and delivered pursuant to a master trust agreement, dated as of December 1, 2018 (the "Trust Agreement"), among the County of Mono Economic Development Corporation (the "Corporation"), the County and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

As special counsel, we have examined copies, certified to us as being true and complete, of the Trust Agreement, the Lease Agreement, dated as of December 1, 2018 (the "Lease Agreement"), by an between the Corporation and the County, the Ground Lease, dated as of December 1, 2018 (the "Ground Lease"), by and between the Corporation and the County, the Assignment Agreement, dated as of December 1, 2018 (the "Assignment Agreement"), by and between the Corporation and the Trustee, the Tax and Nonarbitrage Certificate of the County, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Corporation, the County and the Trustee, certificates of the Corporation, the County, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have not undertaken to verify independently the accuracy of the factual matters represented, warranted or certified therein, and we have assumed the genuineness of all signatures thereto. The Lease Agreement, the Ground Lease, the Trust Agreement and the Assignment Agreement are collectively referred to herein as the "Legal Documents."

We have, with your approval, assumed that all items submitted to us as originals are authentic and that all items submitted as copies conform to the originals.

On the basis of such examination, our reliance upon the assumptions contained herein and our consideration of such questions of law as we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The Trust Agreement, the Lease Agreement and the Ground Lease have been duly executed and delivered by, and, assuming due authorization, execution and delivery by any other parties thereto, constitute the legally valid and binding obligations of, the County and the Corporation, enforceable in accordance with their terms. Enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally, the exercise of judicial discretion, the application of equitable principles if equitable remedies are sought and limitations on remedies against counties in the State of California.

2. The Assignment Agreement has been duly executed and delivered by, and, assuming due authorization, execution and delivery by the Trustee, constitutes the legally valid and binding obligation of, the Corporation, enforceable in accordance with its terms. Enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally, the exercise of judicial discretion and the application of equitable principles if equitable remedies are sought.

3. Assuming due authorization, execution and delivery of the Trust Agreement and the Certificates by the Trustee, the Certificates are entitled to the benefits of the Trust Agreement.

4. The Internal Revenue Code of 1986 (the "Code") sets forth certain requirements which must be met subsequent to the execution and delivery of the Certificates for the interest component of Base Rental Payments evidenced thereby to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest component of Base Rental Payments evidenced by the Certificates to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Certificates. Pursuant to the Trust Agreement and the Tax Certificate, the County has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest component of Base Rental Payments evidenced by the Certificates from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the County has made certain representations and certifications in the Trust Agreement and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations.

Under existing law, assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications, the interest component of Base Rental Payments paid by the County and received by the owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest component of Base Rental Payments is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. However, it is noted that solely for taxable years beginning before January 1, 2018, the interest component of Base Rental Payments evidenced by the Certificates is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

5. The interest component of Base Rental Payments paid by the County and received by the owners of the Certificates is exempt from personal income taxes of the State under present state law.

The opinions set forth in paragraphs 1, 2 and 3 above are subject to (a) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws), (b) the effect of general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and (c) the limitations on legal remedies against government entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Legal

Documents, and we express no opinion on the laws of any jurisdiction other than the State of California and the United States of America.

Except as stated in paragraphs 4 and 5, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Certificates. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Certificates, or the interest component of Base Rental Payments evidenced thereby, if any action is taken with respect to the Legal Documents, the properties subject to the Lease Agreement, the Certificates or the proceeds thereof upon the advice or approval of other counsel.

No opinion is expressed herein on the accuracy, completeness or sufficiency of any offering material relating to the Certificates. This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters.

We do not undertake to advise you of any subsequent events or developments which might affect the statements contained herein. Our engagement with respect to this matter has ended as of the date hereof, and we disclaim any obligation to update this letter.

Respectfully submitted,

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Certificates, payment of principal and interest evidenced by the Certificates to Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Certificates, and other Certificates-related transactions by and between DTC, Participants and Beneficial Owners, is based on information furnished by DTC which the County and the Corporation each believes to be reliable, but the County and the Corporation take no responsibility for the completeness or accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate for each maturity of the Certificates will be executed and delivered for the Certificates in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated herein by such reference or otherwise.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Trust Agreement and Lease Agreement. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Certificates within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

Neither DTC nor Cede & Co. (nor any other DTC nominee will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Prepayment proceeds, principal, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

$19,940,000
MONO COUNTY
CERTIFICATES OF PARTICIPATION
SERIES 2018 A
(MONO COUNTY CIVIC CENTER)

This CONTINUING DISCLOSURE AGREEMENT (this "Disclosure Agreement"), dated as of December 1, 2018, is by and between MONO COUNTY, a county and political subdivision of the State of California organized and existing under and by virtue of the laws of the State of California (the "County"), and KNN Public Finance, LLC, as Dissemination Agent (the "Dissemination Agent").

W I T N E S E T H :

WHEREAS, the County has caused to be executed and delivered the Mono County Certificates of Participation Series 2018 A (Mono County Civic Center) (the "Certificates"), evidencing principal in the aggregate amount of $19,940,000, pursuant to the Master Trust Agreement, dated as of December 1, 2018 (the "Trust Agreement"), by and among the County, the County of Mono Economic Development Corporation (the "Corporation") and U.S. Bank National Association, as Trustee (the "Trustee"); and

WHEREAS, this Disclosure Agreement is being executed and delivered by the County and the Dissemination Agent for the benefit of the owners and beneficial owners of the Certificates and in order to assist the Participating Underwriter of the Certificates in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement.

"Annual Report" means any Annual Report provided by the County pursuant to, and as described in, Sections 2 and 3 hereof.

"Annual Report Date" means the date in each year that is the first day of the month following the ninth month after the end of the County's fiscal year, which date, as of the date of this Disclosure Agreement, is April 1.

"County" means Mono County, a county and political subdivision of the State organized and existing under the laws of the State, and its successors.

"Disclosure Representative" means the County Administrative Officer of the County, the Auditor-Controller of the County, the Deputy Auditor-Controller of the County, the County Debt Manager of the County, or such other person as the County shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" means the KNN Public Finance, LLC, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the Trustee a written acceptance of such designation.

"Trust Agreement" means the Master Trust Agreement, dated as of December 1, 2018, by and among U.S. Bank National Association, as trustee, the Corporation and the County, as originally executed and as it may be amended or supplemented from time to time in accordance with its terms.

"Listed Events" means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

"MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated December 6, 2018, relating to the Certificates.

"Participating Underwriter" means the original underwriter of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Trustee" means U.S. Bank National Association, as Trustee under the Trust Agreement, or any successor thereto as Trustee thereunder, substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The County shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2017-18 Fiscal Year. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the County, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the County shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the County to determine if the County is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the County certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The County's Comprehensive Annual Financial Report for the most recently ended fiscal year (the "CAFR"), including the County's audited financial statements, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the County's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to subsection (a) of Section 2 hereof, the Annual Report shall contain unaudited financial statements, in a format similar to that used for the County's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not contained in the CAFR, an update for the most recently ended fiscal year of the information contained in the tables with the following headings in the Official Statement:

Table 1 – Mono County – General Fund Balance Sheet;

Table 2 – Mono County – General Fund Statement of Actual Revenues, Expenditures and Changes in Fund Balance;

Table 3 – Mono County – General Reserve;

Table 4 – Mono County – Economic Stabilization Reserve;

Table 5 – Mono County – General Fund Budgets;

Table 6 – Mono County – Assessed Value of Taxable Property;

Table 7 – Mono County – Property Tax Levies and Collections;

Table 8 – Mono County – Ten Largest Taxpayers;

Table 9 – Mono County – Transient Occupancy Tax Receipts;

Table 10 – Mono County – Historical Taxable Sales and Sales Tax Receipts for Unincorporated Areas;

Table 11 – Mono County – Long-Term Debt Outstanding;

Table 12 – Mono County – Annual CalPERS Costs;

Table 13 – Mono County – Employer Contributions – Pension Plan;

Table 14 – Mono County – Annual OPEB Cost;

Table 15 – Mono County – Retiree Healthcare Plan – Schedule of Funding Progress; and

Table 17 – Mono County –Labor Relations.

An update of the financial and operating data contained in the Official Statement under the caption "COUNTY FINANCIAL INFORMATION – Investments of County Funds; County Pool."

The County reserves the right to modify from time to time the format of the presentation of information provided pursuant to this section to the extent necessary or appropriate in the judgment of the County, provided that, in the County's discretion, such modification shall be consistent with the Rule and the purpose of this Continuing Disclosure Agreement. Modifications to the presentation of such information could occur, among other instances, to reflect a change in GASB pronouncements or standards and guidance.

(c) In addition to any of the information expressly required to be provided under the preceding paragraphs (a) and (b), the County shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, that have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not later than ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties.

(iv) Substitution of credit or liquidity providers, or their failure to perform.

(v) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB).

(vi) Tender offers.

(vii) Defeasances.

(viii) Rating changes.

(ix) Bankruptcy, insolvency, receivership or similar event of the County.

For purposes of the event identified in paragraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

(b) Pursuant to the provisions of this Section, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) Unless described in paragraph (v) of subsection (a) of this Section, material notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other material events affecting the tax status of the Certificates.

(ii) Modifications to rights of holders of the Certificates.

(iii) Certificate calls.

(iv) Release, substitution, or sale of property securing repayment of the Certificates.

(v) Non-payment related defaults.

(vi) The consummation of a merger, consolidation, or acquisition involving an County or the sale of all or substantially all of the assets of the County other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(vii) Appointment of a successor or additional Trustee or the change of name of a Trustee.

(c) The Dissemination Agent shall, within one business day of obtaining actual knowledge in writing of the occurrence of any of the Listed Events, contact the Disclosure Representative and inform such person of the event. The Dissemination Agent shall have no obligation or duty to determine the materiality of such Listed Event or whether such Listed Event reflects financial difficulties.

(d) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the County shall determine if such event would be material under applicable Federal securities law.

(e) Whenever the County obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the County shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (vii) of subsection (a) of this Section and (iii) of subsection (a) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates pursuant to the Trust Agreement.

Section 5. <u>Format for Filings with MSRB</u>. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. <u>Termination of Reporting Obligation</u>. The County's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the

Certificates, the County shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the County. If at any time there is not a designated Dissemination Agent, the County shall be the Dissemination Agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the County; provided, however, that the Dissemination Agent shall not be obligated to agree to any such amendment if such amendment adversely affects the rights or increase the obligations of the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Certificates, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized Special Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by Owners of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized Special Counsel, materially impair the interests of Owners or Beneficial Owners of the Certificates.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the County shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the County or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate amount of principal evidenced by the Outstanding Certificates, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Certificates may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the County or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of the Dissemination Agent. Article VIII of the Trust Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall not be responsible for the form or content of any Annual Report or notice of Listed Event and shall not have any obligation or duty to review, verify or analyze any Annual Report; the Dissemination Agent shall hold each Annual Report solely as a repository for the Owners. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the County. The Dissemination Agent shall have no duty to prepare any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the County in a timely manner. The Dissemination Agent has no power to enforce performance on the part of the County. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, and which are not due to its negligence or its willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

MONO COUNTY

By:____
County Administrative Officer

KNN PUBLIC FINANCE, LLC, as Dissemination Agent

By:____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Mono County
Name of Issue:	Mono County Certificates of Participation Series 2018 A (Mono County Civic Center)
Date of Issuance:	December 20, 2018

NOTICE IS HEREBY GIVEN that Mono County (the "County") has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement, dated as of December 1, 2018, by and between the County and KNN Public Finance, LLC, as Dissemination Agent. [The County anticipates that such Annual Report will be filed by ____________.]

Dated:______________

KNN PUBLIC FINANCE, LLC, as Dissemination Agent, on behalf of Mono County

By:____
Authorized Signatory

cc: Mono County