

**MENDOCINO COUNCIL OF GOVERNMENTS
UKIAH, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2012

(This page intentionally left blank.)

MENDOCINO COUNCIL OF GOVERNMENTS

BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

T A B L E O F C O N T E N T S

	<i>Page</i>
Independent Auditors' Report.....	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	4
Statement of Activities.....	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	9
Statement of Revenues, Expenditures and Changes in Fund Balances	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Fiduciary Funds:	
Statement of Net Assets.....	13
Statement of Changes in Fiduciary Net Assets	14
Notes to the Basic Financial Statements	15
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual:	
Local Planning Fund	26
PPM Fund.....	27
RPA State Planning Fund.....	28
State Grants Fund.....	29
Federal Planning Fund.....	30
SAFE Fund.....	31
Administrative Fund	32
STPd(1) Planning Fund	33
Supplementary Information:	
Combining Statement of Net Assets – Expendable Trust Funds.....	36
Combining Statement of Changes in Net Assets – Expendable Trusts.....	37
Statement of Changes in Assets and Liabilities – Agency Funds.....	39
Schedule of Allocations, Expenditures and Operating Transfers	
Local Transportation Fund	40
State Transit Assistance Fund.....	42
Independent Auditors' Report on Compliance over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with the Statutes, Rules and Regulations of the California Transportation Development Act.....	43

(This page intentionally left blank.)

INDEPENDENT AUDITORS' REPORT

Board of Directors
Mendocino Council of Governments
Ukiah, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mendocino Council of Governments (the Council) as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Mendocino Council of Governments. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Mendocino Council of Governments as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the required supplementary information, as presented 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 basis 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.

Management has omitted the *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 operations, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements as a whole. The *accompanying supplementary information*, as described in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The accompanying supplementary information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *accompanying supplementary information* is fairly stated, in all material respects, in relation to the financial statements as a whole.

Burr Pilger Mayer, Inc.

San Jose, California
March 15, 2013

BASIC FINANCIAL STATEMENTS

MENDOCINO COUNCIL OF GOVERNMENTS

STATEMENT OF NET ASSETS

June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 1,411,366
Accounts receivable	288,180
Capital assets, net of accumulated depreciation	<u>135,441</u>
Total assets	<u>1,834,987</u>
LIABILITIES	
Accounts payable	221,775
Due to other governments	<u>206,893</u>
Total liabilities	<u>428,668</u>
NET ASSETS	
Invested in capital assets	135,441
Restricted	<u>1,270,878</u>
Total net assets	<u><u>\$ 1,406,319</u></u>

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

MENDOCINO COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

Fiscal year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues Operating Contributions and Grants	Net Revenues (Expenses) and Change in Net Assets Governmental Activities
Governmental activities:			
Planning and administration	\$ 1,208,575	\$ 1,262,679	\$ 54,104
Total governmental activities	\$ 1,208,575	\$ 1,262,679	54,104
General revenues:			
Investment income			7,882
Total general revenues			7,882
Change in net assets			61,986
Net assets, beginning of year			1,344,333
Net assets, end of year			\$ 1,406,319

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

MENDOCINO COUNCIL OF GOVERNMENTS

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2012

ASSETS	Special Revenue Funds			
	Local Planning	PPM	RPA State Planning	State Grants
Current assets:				
Cash and investments	\$ 106,864	\$ 302,990	\$ -	\$ -
Accounts receivable	-	12,254	57,176	131,479
Total assets	\$ 106,864	\$ 315,244	\$ 57,176	\$ 131,479
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,425	\$ 135,178	\$ 20,598	\$ 31,244
Due to other governments	-	-	35,505	85,122
Total liabilities	3,425	135,178	56,103	116,366
Fund balances (deficit):				
Restricted	103,439	180,066	1,073	15,113
Total fund balances	103,439	180,066	1,073	15,113
Total liabilities and fund balances	\$ 106,864	\$ 315,244	\$ 57,176	\$ 131,479

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

Special Revenue Funds				
Federal Planning	SAFE	Admin	STPd(1) Planning	Totals
\$ - 87,271	\$ 914,938 -	\$ 85,583 -	\$ 991 -	\$ 1,411,366 288,180
<u>\$ 87,271</u>	<u>\$ 914,938</u>	<u>\$ 85,583</u>	<u>\$ 991</u>	<u>\$ 1,699,546</u>
\$ 26,835 61,266	\$ 1,125 -	\$ 3,370 25,000	\$ - -	\$ 221,775 206,893
<u>88,101</u>	<u>1,125</u>	<u>28,370</u>	<u>-</u>	<u>428,668</u>
<u>(830)</u>	<u>913,813</u>	<u>57,213</u>	<u>991</u>	<u>1,270,878</u>
<u>(830)</u>	<u>913,813</u>	<u>57,213</u>	<u>991</u>	<u>1,270,878</u>
<u>\$ 87,271</u>	<u>\$ 914,938</u>	<u>\$ 85,583</u>	<u>\$ 991</u>	<u>\$ 1,699,546</u>

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

(This page intentionally left blank.)

MENDOCINO COUNCIL OF GOVERNMENTS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

June 30, 2012

Fund balances of governmental funds	\$ 1,270,878
-------------------------------------	--------------

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

Capital assets of governmental activities are not current assets or financial resources and, therefore, are not reported in the governmental funds.	<u>135,441</u>
---	----------------

Net assets of governmental activities	<u><u>\$ 1,406,319</u></u>
---------------------------------------	----------------------------

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

MENDOCINO COUNCIL OF GOVERNMENTS

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Fiscal year ended June 30, 2012

	Special Revenue Funds			
	Local Planning	PPM	RPA State Planning	State Grants
Revenues:				
Local transportation fund	\$ 60,000	\$ -	\$ -	\$ -
Aid from state governments	-	269,294	278,567	194,245
Miscellaneous income	7,244	-	-	-
Interest (loss)	423	710	-	-
Total revenues	67,667	270,004	278,567	194,245
Expenditures:				
Services and supplies	56,951	229,517	255,051	173,395
Total expenditures	56,951	229,517	255,051	173,395
Excess (deficiency) of revenues over (under) expenditures	10,716	40,487	23,516	20,850
Other financing sources (uses):				
Transfers in	26,767	-	-	-
Transfers out	-	(464)	(22,443)	(2,187)
Total other financing sources (uses)	26,767	(464)	(22,443)	(2,187)
Change in fund balances	37,483	40,023	1,073	18,663
Fund balances (deficit) at beginning of year	65,956	140,043	-	(3,550)
Fund balances (deficit) at end of year	\$ 103,439	\$ 180,066	\$ 1,073	\$ 15,113

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

Special Revenue Funds				
Federal Planning	SAFE	Admin	STPd(1) Planning	Totals
\$ -	\$ -	\$ 323,725	\$ -	\$ 383,725
42,025	87,579	-	-	871,710
-	-	-	-	7,244
(755)	5,179	2,320	5	7,882
41,270	92,758	326,045	5	1,270,561
101,487	52,791	323,185	-	1,192,377
101,487	52,791	323,185	-	1,192,377
(60,217)	39,967	2,860	5	78,184
-	-	-	-	26,767
(1,673)	-	-	-	(26,767)
(1,673)	-	-	-	-
(61,890)	39,967	2,860	5	78,184
61,060	873,846	54,353	986	1,192,694
\$ (830)	\$ 913,813	\$ 57,213	\$ 991	\$ 1,270,878

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

MENDOCINO COUNCIL OF GOVERNMENTS

GOVERNMENTAL FUNDS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Fiscal year ended June 30, 2012

Net changes in fund balances - total governmental funds \$ 78,184

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

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

The capital outlay expenditures are, therefore, added back to the fund 22,460
balance

Depreciation expense is deducted from the fund balance (38,658)

Changes in net assets of governmental activities \$ 61,986

MENDOCINO COUNCIL OF GOVERNMENTS

FIDUCIARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2012

	Expendable Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 2,079,016	\$ 599,196
Accounts receivable	645,642	104,383
Due from other funds	884,169	-
	<u> </u>	<u> </u>
Total assets	3,608,827	703,579
	<u> </u>	<u> </u>
LIABILITIES		
Accounts payable	33,112	-
Due to other governments	-	703,579
	<u> </u>	<u> </u>
Total liabilities	33,112	\$ 703,579
	<u> </u>	<u> </u>
NET ASSETS		
Held in trust	3,575,715	
	<u> </u>	
Total net assets	\$ 3,575,715	
	<u> </u>	

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

MENDOCINO COUNCIL OF GOVERNMENTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Fiscal year ended June 30, 2012

	Expendable Trust
Revenue:	
Taxes	\$ 3,502,723
Interest	12,286
Other	694,591
Total revenue	4,209,600
Expenditures:	
MCOG administration, planning and pedestrian bike	469,557
Local allocations and project awards	205,604
Seniors centers	367,477
Mendocino Transit Authority	2,326,399
Total expenditures	3,369,037
Excess (deficiency) of revenues over (under) expenditures	840,563
Net assets, beginning of year	2,735,152
Net assets, end of year	\$ 3,575,715

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

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

1. Reporting Entity

Mendocino Council of Governments (the Council) was created pursuant to a joint powers agreement between the County of Mendocino (the County) and the Cities of Fort Bragg, Point Arena, Ukiah and Willits (the Cities), as a Regional Transportation Planning Agency to provide regional transportation planning activities for the area of Mendocino County. The Council is also responsible for the administration of the Transportation Development Act Funds (Local Transportation and State Transit Assistance Fund) that were created under the State Transportation Development Act (TDA). The Council does not exercise control over any other governmental agency or authority. Criteria used in determining the reportable entity was based on control or dependence determined on the basis of budget adoption, funding, and appointment of the respective government board.

In 1994, the Council's governing board established the Service Authority for Freeway Emergencies (SAFE) within its authority and includes SAFE in its reporting entity. The Council's Board has direct control over the activities of the SAFE Board.

Dow & Associates was hired by the Council to provide administrative, clerical and supporting services on behalf of the Council. Services include administration, transportation planning services and other support, such as grant writing assistance, local assistance to member agencies and project development. Dow & Associates has worked with the Council for more than 30 years. The Council signed a three-year contract for services covering the fiscal years ending June 30, 2012, 2013, and 2014.

2. Summary of Significant Accounting Policies

The accounting policies of the Council conform to U.S. generally accepted accounting principles and are applicable to governments. The following is a summary of significant accounting policies:

(a) Basis of Presentation

The Council's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reports standards followed by governmental entities in the United States of America. These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Council. These statements include the financial activities of the overall Council, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Governmental activities generally are financed through taxes, inter-governmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Council and for each function of the Council'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: (a) charges paid by the recipients of goods or services offered by the programs; (b) grants and contributions that are restricted to meeting the operational needs of a particular program; and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

2. Summary of Significant Accounting Policies, continued

(a) *Basis of Presentation, continued*

Government-wide Financial Statements, continued

The Council's financial statements reflect only its own activities; it has no component units (other government units overseen by the Council).

Fund Financial Statements

Fund Financial Statements of the Council are organized into funds, each of which is considered to be a separate accounting entity. Special Revenue Fund operations 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. The Council's resources are accounted for based on the purposes for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Council or meets the following criteria:

Total assets, liabilities, revenues or expenditures (or expenses) of the individual governmental fund are at least 10% of the corresponding total for all funds of that category or type.

Major Governmental Funds

Local Planning Fund: This fund accounts for local planning work elements. The major revenue source for this fund is Local Transportation Funds and interest income. Expenditures are made for local planning projects.

PPM Fund: This fund accounts for state transportation improvement planning, programming and monitoring projects. The major revenue source for this fund is state grants. Expenditures are made for state and regional transportation improvement projects.

RPA State Planning Fund: This fund accounts for Rural Planning Assistance (RPA) provided by the State for mandated transportation planning activities. The major revenue source for this fund is state grants. Expenditures are made for regional planning tasks and projects.

State Grants Fund: This fund accounts for transportation planning projects. The major revenue source for this fund is state grants. Expenditures are made for state, regional and local planning projects.

Federal Planning Fund: This fund accounts for transportation planning projects. The major revenue source for this fund is federal grants. Expenditures are made for state, regional and local planning projects.

SAFE: This fund accounts for Service Authority for Freeway Emergencies. The major revenue source for this fund is state vehicle license fees. Expenditures are made for administration, operations and capital programs.

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

2. Summary of Significant Accounting Policies, continued

(a) *Basis of Presentation, continued*

Major Governmental Funds, continued

Administration Fund: This is one of the operating funds of the Council. The major revenue source of this fund is Local Transportation Funds. Expenditures are made for administration.

STPd(1)Planning Fund: This is an obsolete fund that accounts for allocations from the Regional Surface Transportation Program (RSTP) fund to MCOG's transportation planning program. MCOG has revised its RSTP policies so that there are no further allocations for planning activities. The fund balance consists of unspent residual amounts and accumulated interest earnings.

(b) *Basis of Accounting*

The government-wide financial statements are reported using the *economic resources* measurement focus and the *full 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.

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."

The Council considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Those revenues susceptible to accrual are claims, grants and interest revenue.

Nonexchange transactions, in which the Council gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Council may fund programs with a combination of cost reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The Council's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

2. Summary of Significant Accounting Policies, continued

(c) Budgets

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for Special Revenue Funds.

Special Revenue Funds: The Council annually adopts a budget for administration, planning, and SAFE. The various planning funds are budgeted through the preparation of the transportation planning overall work program (OWP). This work program describes the projects, or work elements, that are to be funded and the type of funds that will pay for the expenditures, such as Local Transportation, Rural Planning Assistance, State grants, and Federal Transit Administration (FTA) grants. The work program, in draft form, is prepared by Phillip J. Dow, P.E., Dow & Associates; reviewed and recommended by the Technical Advisory Committee; submitted for comment to the State of California, Department of Transportation (Caltrans) in March; approved by the Council in June; and the final work program is submitted to Caltrans by June 30. Caltrans, as the grantor of all state and federal planning funds, approves the work program, which then becomes part of the budget for the operating funds of the Council. The Mendocino Service Authority for Freeway Emergencies (SAFE) agency separately approves a budget for its motorist aid call box program in a five-year plan.

Expendable Trust Funds: There are three expendable trust funds: the Local Transportation Fund (LTF), the State Transit Assistance Fund (STA), and the Surface Transportation Program Fund (STP). The LTF funds are available for transit, pedestrian and bicycle, administration of the Regional Transportation Planning Agency, transportation planning, and streets and roads. The STA funds are available for transit purposes. The eligible recipients are: the Council; the County; the Cities; and Mendocino Transit Authority.

The process for delivering the LTF and STA funds to the various recipients is as follows:

- The Mendocino County Auditor-Controller estimates the amount of funds to be available in the LTF and notifies the Council by February 1 of each year.
- The Council determines how much funding it will need for the planning work program and administration of the TDA, as well as how much of the funds will be reserved for pedestrian and bicycle facilities. The Council then determines the split of LTF funds between the County and the Cities based upon the population amounts provided by the State of California Department of Finance. Each recipient is then notified of the amount of LTF funds available in its area of apportionment (apportionment being the process of dividing the funds based upon population). Mendocino Transit Authority then submits a claim for LTF funds as a joint power of eligible claimants, with transit needs required to be met before any streets and roads funds can be claimed.
- The Council acts upon the one annual transit claim, adopting resolutions, and preparing allocation instructions that notify the recipient of the funds approved, and notifies the Mendocino County Auditor-Controller of what expenditures are approved, and when they are to be paid.

The STA process is similar, except that the estimate is made by the State of California Controller's Office, and the funds cannot be used for administration, streets and roads, or pedestrian and bicycle facilities. Mendocino Transit Authority is the only eligible claimant.

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

2. Summary of Significant Accounting Policies, continued

(d) Fiduciary Fund Types

These funds account for assets held by the Council as a trustee or agent for other units of governments. Expendable trust funds are used by the Council for the following purposes:

Local Transportation Fund (LTF): This fund is utilized by the Council, as trustee, to receive the ¼ of 1% retail sales tax that is returned to each county by the State Board of Equalization. These funds are apportioned and allocated by the Council to eligible claimants for transit, transportation planning, and for administration of the TDA. While it is legal to allocate LTF funds for street and road purposes under certain conditions, the Council has adopted a Local Transportation reserve fund policy that precludes any street and roads allocations.

State Transit Assistance Fund (STA): This fund is utilized by the Council, as trustee, to receive tax derived from statewide sales of diesel fuel and excise tax on gasoline. Each county receives its share of these funds based upon a population and operator revenue formula. These funds are allocated by the Council to transit operators.

Regional Surface Transportation Program Funds (RSTP): This fund is utilized by the Council, as trustee, to receive federal gas tax revenues passed through the State of California. The Council has elected to exchange almost all RSTP funds for State funds in current and prior years. These funds are used for the Council's Partnership Program, local assistance and transportation projects that improve and maintain streets, roads and highways in Mendocino County.

Agency funds are used by the Council for the following purposes:

Local Transportation Reserve Fund (LTRF): This fund is utilized by the Council, as trustee, to account for excess Local Transportation Funds that have not been allocated for a specific purpose. According to the Council's adopted policy, the minimum balance shall be established at the larger of \$100,000 or 5% of the Mendocino County Auditor's official LTF estimate for the next fiscal year, and the excess will be rolled into the upcoming fiscal year's LTF budget estimate for immediate allocation. This fund is to be used for LTF revenue shortfalls and for existing approved services or programs provided by Mendocino Transit Authority.

Capital Replacement Reserve Fund: This fund is utilized by the Council for transit capital equipment and facilities equipment, consistent with a five-year plan as allowed by TDA.

(e) Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those amounts.

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

3. Cash and Investments

The Council maintains a cash and investment pool with the County. The County allocates interest to the various funds based upon the average monthly cash balances. At June 30, 2012, the Council's cash on deposit with the Mendocino County Treasury was \$1,377,819 reported in governmental activity type funds and \$2,685,456 reported in fiduciary type funds.

Credit Risk, Carrying Amount and Market Value of Investments

The Council maintains specific cash deposits with the County and involuntarily participates in the external investment pool of the County. The County is restricted by state code in the types of investments it can make. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors, which is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorized the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool. At June 30, 2012, the Council's cash with the County Treasurer is stated at fair value. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Council's position in the pool.

4. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets at June 30, 2012 were comprised of the following:

	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Equipment	\$ 205,556	\$ 22,460	\$ -	\$ 228,016
Total cost of depreciable assets	205,556	22,460	-	228,016
Less accumulated depreciation:				
Equipment	53,917	38,658	-	92,575
Total accumulated depreciation	53,917	38,658	-	92,575
Capital assets, net	\$ 151,639	\$ (16,198)	\$ -	\$ 135,441

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

4. Capital Assets, continued

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34), requires that all capital assets with limited useful lives be depreciated over their estimated useful lives.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro-rata share of the cost of capital assets.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Total depreciation expense for the year was \$38,658. The Council has assigned the useful lives listed below to capital assets:

Equipment and furniture 10-25 Years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets with a value of \$5,000 or more and with a useful life of one year or more are capitalized.

5. Interfund Transactions

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012, interfund balances comprised of the following:

Due from other governments	Due to other governments	Amount
Local Transportation Fund	RPA State Planning	\$ 13,062
	Federal Planning	59,593
	State Grants	82,935
		155,590
Surface Transportation Program Fund	Admin	25,000
Total		\$ 180,590

Interfund transfers were made to correct available cash balances. Transfers between funds during the fiscal year ended June 30, 2012 were as follow:

Transfer To	Transfer From	Amount
Local Planning	RPA State Planning	\$ 22,443
	PPM	464
	Federal Planning	1,673
	State Grants	2,187
Total		\$ 26,767

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

6. Contingency

The Council receives revenue from Federal, State and Local agencies that have requirements to be followed when expending these revenues. If the requirements are not followed, the unauthorized expenditures would be a liability to be refunded to the appropriate agency.

7. Net Assets and Fund Balance

The statement of net assets breaks out net assets as follows: *Restricted* describes the portion of net assets that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions that the Council cannot unilaterally alter. *Unrestricted* describes the portion of net assets that is not restricted from use.

Invested in capital assets, net of related debt describes the portion of net assets that is represented by the current net book value of the Council's capital assets, less the outstanding balance of any debt issued to finance these assets.

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2012, fund balances for government funds are made up of the following:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantor, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level of decision making authority. The Board of Directors serves as the Council's highest level of decision making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes action.

Assigned fund balance includes amounts intended to be used by the Council for specific purposes, subject to change, as established either directly by the Board of Directors or by management officials to whom assignment authority has been delegated by the Board of Directors.

Unassigned fund balance is the residual classification that includes spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the Council specifies that restricted revenues will be applied first. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the Council's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

MENDOCINO COUNCIL OF GOVERNMENTS

NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal year ended June 30, 2012

8. Subsequent Events

The Council evaluated subsequent events for recognition and disclosure through March 15, 2013, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2012 that require recognition or disclosure in such financial statements.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

MENDOCINO COUNCIL OF GOVERNMENTS

LOCAL PLANNING FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Local transportation fund	\$ 74,462	\$ 57,571	\$ 60,000	\$ 2,429
Miscellaneous income	-	-	7,244	7,244
Interest	-	-	423	423
Total revenues	<u>74,462</u>	<u>57,571</u>	<u>67,667</u>	<u>10,096</u>
Expenditures:				
Services and supplies	<u>74,462</u>	<u>57,571</u>	<u>56,951</u>	<u>620</u>
Total expenditures	<u>74,462</u>	<u>57,571</u>	<u>56,951</u>	<u>620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>10,716</u>	<u>10,716</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>26,767</u>	<u>26,767</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>26,767</u>	<u>26,767</u>
Change in fund balances	<u>-</u>	<u>-</u>	<u>37,483</u>	<u>37,483</u>
Fund balances, beginning of year	<u>65,956</u>	<u>65,956</u>	<u>65,956</u>	<u>-</u>
Fund balances, end of year	<u>\$ 65,956</u>	<u>\$ 65,956</u>	<u>\$ 103,439</u>	<u>\$ 37,483</u>

MENDOCINO COUNCIL OF GOVERNMENTS

PPM FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Aid from state governments	\$ 290,760	\$ 383,234	\$ 269,294	\$ (113,940)
Interest	-	-	710	710
Total revenues	290,760	383,234	270,004	(113,230)
Expenditures:				
Services and supplies	290,760	383,234	229,517	153,717
Total expenditures	290,760	383,234	229,517	153,717
Excess (deficiency) of revenues over (under) expenditures	-	-	40,487	40,487
Other financing sources (uses):				
Transfers out	-	-	(464)	(464)
Total other financing sources (uses)	-	-	(464)	(464)
Change in fund balances	-	-	40,023	40,023
Fund balances, beginning of year	140,043	140,043	140,043	-
Fund balances, end of year	\$ 140,043	\$ 140,043	\$ 180,066	\$ 40,023

MENDOCINO COUNCIL OF GOVERNMENTS

RPA STATE PLANNING FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Aid from state governments	\$ 343,750	\$ 288,015	\$ 278,567	\$ (9,448)
Total revenues	343,750	288,015	278,567	(9,448)
Expenditures:				
Services and supplies	343,750	288,015	255,051	32,964
Total expenditures	343,750	288,015	255,051	32,964
Excess (deficiency) of revenues over (under) expenditures	-	-	23,516	23,516
Other financing sources (uses):				
Transfers out	-	-	(22,443)	(22,443)
Total other financing sources (uses)	-	-	(22,443)	(22,443)
Change in fund balances	-	-	1,073	1,073
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 1,073	\$ 1,073

MENDOCINO COUNCIL OF GOVERNMENTS

STATE GRANTS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Aid from state governments	\$ 227,640	\$ 571,121	\$ 194,245	\$ (376,876)
Total revenues	227,640	571,121	194,245	(376,876)
Expenditures:				
Services and supplies	227,640	571,121	173,395	397,726
Total expenditures	227,640	571,121	173,395	397,726
Excess (deficiency) of revenues over (under) expenditures	-	-	20,850	20,850
Other financing sources (uses):				
Transfers out	-	-	(2,187)	(2,187)
Total other financing sources (uses)	-	-	(2,187)	(2,187)
Change in fund balances	-	-	18,663	18,663
Fund balances (deficit), beginning of year	(3,550)	(3,550)	(3,550)	-
Fund balances (deficit), end of year	\$ (3,550)	\$ (3,550)	\$ 15,113	\$ 18,663

MENDOCINO COUNCIL OF GOVERNMENTS

FEDERAL PLANNING FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Aid from state governments	\$ 225,315	\$ 235,831	\$ 42,025	\$ (193,806)
Interest (loss)	-	-	(755)	(755)
Total revenues	225,315	235,831	41,270	(194,561)
Expenditures:				
Services and supplies	225,315	235,831	101,487	134,344
Total expenditures	225,315	235,831	101,487	134,344
Excess (deficiency) of revenues over (under) expenditures	-	-	(60,217)	(60,217)
Other financing sources (uses):				
Transfers out	-	-	(1,673)	(1,673)
Total other financing sources (uses)	-	-	(1,673)	(1,673)
Change in fund balances	-	-	(61,890)	(61,890)
Fund balances, beginning of year	61,060	61,060	61,060	-
Fund balances (deficit), end of year	\$ 61,060	\$ 61,060	\$ (830)	\$ (61,890)

MENDOCINO COUNCIL OF GOVERNMENTS

SAFE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Aid from state governments	\$ 100,000	\$ 100,000	\$ 87,579	\$ (12,421)
Interest	-	-	5,179	5,179
Total revenues	100,000	100,000	92,758	(7,242)
Expenditures:				
Services and supplies	537,700	537,700	52,791	484,909
Total expenditures	537,700	537,700	52,791	484,909
Excess (deficiency) of revenues over (under) expenditures	(437,700)	(437,700)	39,967	477,667
Change in fund balances	(437,700)	(437,700)	39,967	477,667
Fund balances, beginning of year	873,846	873,846	873,846	-
Fund balances, end of year	\$ 436,146	\$ 436,146	\$ 913,813	\$ 477,667

MENDOCINO COUNCIL OF GOVERNMENTS

ADMINISTRATIVE FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Local transportation fund	\$ 323,725	\$ 323,725	\$ 323,725	\$ -
Interest	-	-	2,320	2,320
Total revenues	<u>323,725</u>	<u>323,725</u>	<u>326,045</u>	<u>2,320</u>
Expenditures:				
Services and supplies	<u>323,725</u>	<u>323,725</u>	<u>323,185</u>	<u>540</u>
Total expenditures	<u>323,725</u>	<u>323,725</u>	<u>323,185</u>	<u>540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2,860</u>	<u>2,860</u>
Change in fund balances	-	-	2,860	2,860
Fund balances, beginning of year	<u>54,353</u>	<u>54,353</u>	<u>54,353</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 54,353</u></u>	<u><u>\$ 54,353</u></u>	<u><u>\$ 57,213</u></u>	<u><u>\$ 2,860</u></u>

MENDOCINO COUNCIL OF GOVERNMENTS

STPd(1) FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

Fiscal year ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 5	\$ 5
Total revenues	-	-	5	5
Excess (deficiency) of revenues over (under) expenditures	-	-	5	5
Change in fund balances	-	-	5	5
Fund balances, beginning of year	986	986	986	-
Fund balances, end of year	\$ 986	\$ 986	\$ 991	\$ 5

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION

MENDOCINO COUNCIL OF GOVERNMENTS

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2012

	Expendable Trust			Totals
	Local	State Transit	Surface	
	Transportation	Assistance	Transportation	
	Fund	Fund	Fund	
ASSETS				
Current assets:				
Cash and investments	\$ 595,027	\$ 320,055	\$ 1,163,934	\$ 2,079,016
Accounts receivable	-	-	645,642	645,642
Due from other governments	859,169	-	25,000	884,169
Total assets	1,454,196	320,055	1,834,576	3,608,827
LIABILITIES				
Liabilities:				
Accounts payable	25,729	-	7,383	33,112
Total liabilities	25,729	-	7,383	33,112
NET ASSETS				
Held in trust	1,428,467	320,055	1,827,193	3,575,715
Total net assets	\$ 1,428,467	\$ 320,055	\$ 1,827,193	\$ 3,575,715

MENDOCINO COUNCIL OF GOVERNMENTS
EXPENDABLE TRUST
COMBINING STATEMENT OF CHANGES IN NET ASSETS
Fiscal year ended June 30, 2012

	Expendable Trust			Totals
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Fund	
Revenues:				
Taxes	\$ 2,986,712	\$ 516,011	\$ -	\$ 3,502,723
Interest	4,311	944	7,031	12,286
Other	48,949	-	645,642	694,591
Total revenues	<u>3,039,972</u>	<u>516,955</u>	<u>652,673</u>	<u>4,209,600</u>
Expenditures:				
Allocations to claimants:				
MCOG administration and planning	422,674	-	46,883	469,557
Local allocations and project awards	24,787	-	180,817	205,604
Senior centers	367,477	-	-	367,477
Mendocino Transit Authority	1,980,954	345,445	-	2,326,399
Total expenditures	<u>2,795,892</u>	<u>345,445</u>	<u>227,700</u>	<u>3,369,037</u>
Excess (deficiency) of revenues over (under) expenditures	<u>244,080</u>	<u>171,510</u>	<u>424,973</u>	<u>840,563</u>
Change in fund balances	244,080	171,510	424,973	840,563
Fund balances at beginning of year	<u>1,184,387</u>	<u>148,545</u>	<u>1,402,220</u>	<u>2,735,152</u>
Fund balances at end of year	<u>\$ 1,428,467</u>	<u>\$ 320,055</u>	<u>\$ 1,827,193</u>	<u>\$ 3,575,715</u>

(This page intentionally left blank.)

MENDOCINO COUNCIL OF GOVERNMENTS

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Fiscal year ended June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<u>Local Transportation Reserve Fund</u>				
ASSETS				
Cash and investments	\$ 14	\$ 124,634	\$ -	\$ 124,648
Total assets	<u>\$ 14</u>	<u>\$ 124,634</u>	<u>\$ -</u>	<u>\$ 124,648</u>
LIABILITIES				
Due to other governments	\$ 14	\$ 124,634	\$ -	\$ 124,648
Total liabilities	<u>\$ 14</u>	<u>\$ 124,634</u>	<u>\$ -</u>	<u>\$ 124,648</u>
<u>Capital Replacement Reserve Fund</u>				
ASSETS				
Cash and investments	\$ 578,974	\$ -	\$ 104,426	\$ 474,548
Total assets	<u>\$ 578,974</u>	<u>\$ -</u>	<u>\$ 104,426</u>	<u>\$ 474,548</u>
LIABILITIES				
Due to other governments	\$ 578,974	\$ -	\$ 104,426	\$ 474,548
Total liabilities	<u>\$ 578,974</u>	<u>\$ -</u>	<u>\$ 104,426</u>	<u>\$ 474,548</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 578,988	\$ 124,634	\$ 104,426	\$ 599,196
Accounts Receivable	-	104,383	-	104,383
Total assets	<u>\$ 578,988</u>	<u>\$ 229,017</u>	<u>\$ 104,426</u>	<u>\$ 703,579</u>
LIABILITIES				
Due to other governments	\$ 578,988	\$ 124,634	\$ 104,426	\$ 599,196
Total Liabilities	<u>\$ 578,988</u>	<u>\$ 124,634</u>	<u>\$ 104,426</u>	<u>\$ 599,196</u>

MENDOCINO COUNCIL OF GOVERNMENTS

LOCAL TRANSPORTATION FUND

SCHEDULE OF ALLOCATIONS, EXPENDITURES

Fiscal year ended June 30, 2012

	Public Utilities Code Section		
	99233.1	99233.2	99233.3
Allocations:			
Mendocino Transit Authority	\$ -	\$ -	\$ -
Mendocino Council of Governments	323,725	50,000	402,578
Total allocations	323,725	50,000	402,578
Expenditures:			
Mendocino Transit Authority	-	-	-
Mendocino Council of Governments	323,725	50,000	73,736
Total expenditures	323,725	50,000	73,736
Allocations over (under) expenditures	\$ -	\$ -	\$ 328,842

Public Utilities Code Section		
99260(A)	99400(C)	Totals
\$ 2,305,055	\$ 367,556	\$ 2,672,611
-	-	776,303
2,305,055	367,556	3,448,914
1,980,954	367,477	2,348,431
-	-	447,461
1,980,954	367,477	2,795,892
\$ 324,101	\$ 79	\$ 653,022

MENDOCINO COUNCIL OF GOVERNMENTS

STATE TRANSIT ASSISTANCE FUND

SCHEDULE OF ALLOCATIONS, EXPENDITURES

Fiscal year ended June 30, 2012

	Public Utilities Code Section <u>Operating Costs</u> <u>6730(a)</u>
Allocations:	
Mendocino Transit Authority	<u>\$ 345,445</u>
Total allocations	<u>345,445</u>
Expenditures:	
Mendocino Transit Authority	<u>345,445</u>
Total expenditures	<u>345,445</u>
Unexpended (over expended) allocations	<u><u>\$ -</u></u>

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH THE STATUTES, RULES AND REGULATIONS OF THE CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT**

Board of Directors
Mendocino Council of Governments
Ukiah, California

We have audited the basic financial statements of the Transportation Development Act Funds of Mendocino Council of Governments as of and for the year ended June 30, 2012 and have issued our report thereon dated March 15, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

As part of obtaining reasonable assurance about whether Mendocino Council of Governments Transportation Development Act Funds' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, we performed tests to determine that expenditures paid by Mendocino Council of Governments Transportation Development Act Funds were made in accordance with the California Transportation Development Act. Specifically, we performed each of the specific tasks identified in the California Code of Regulations Sections 6661, 6662, 6751 that are applicable to the Mendocino Council of Governments Transportation Development Act Funds. In connection with our audit, nothing came to our attention that caused us to believe Mendocino Council of Governments Transportation Development Act Funds failed to comply with the Statutes, Rules and Regulations of the California Transportation Development Act. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information of the management and the Board of Directors of Mendocino Council of Governments, the California Department of Transportation and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Burr Pilger Mayer, Inc.

San Jose, California
March 15, 2013

(This page intentionally left blank.)