



matson and isom

*Founded in 1962 by
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southern Mono Healthcare District
Mammoth Lakes, California

We have examined, in accordance with auditing standards generally accepted in the United States of America, the balance sheets of Southern Mono Healthcare District as of June 30, 2006 and 2005, and the related statements of revenues, expenses, and changes in equity and cash flows; and in our report dated August 18, 2006, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Matson and Isom

August 18, 2006

BALANCE SHEETS*Southern Mono Healthcare District*

<u>June 30</u>	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS	\$ 22,707,557	\$ 19,725,945
NONCURRENT CASH	14,285,644	9,386,522
CAPITAL ASSETS - NET	41,550,260	25,878,075
DEBT ISSUANCE COSTS - NET	<u>1,006,488</u>	<u>768,712</u>
Total Assets	<u>\$ 79,549,949</u>	<u>\$ 55,759,254</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES	\$ 8,813,686	\$ 5,332,361
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS		
Net of current maturities	<u>40,751,499</u>	<u>24,492,875</u>
Total Liabilities	49,565,185	29,825,236
EQUITY	<u>29,984,764</u>	<u>25,934,018</u>
Total Liabilities and Equity	<u>\$ 79,549,949</u>	<u>\$ 55,759,254</u>

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN EQUITY AND CASH FLOWS**

Southern Mono Healthcare District

Years Ended June 30	2006	2005
OPERATING REVENUES	\$ 41,478,814	\$ 33,528,654
OPERATING EXPENSES	40,976,462	32,791,852
Operating Income	502,352	736,802
NONOPERATING INCOME	3,548,394	2,027,266
Increase in Equity	4,050,746	2,764,068
Beginning Equity	25,934,018	23,169,950
Ending Equity	\$ 29,984,764	\$ 25,934,018

Years Ended June 30	2006	2005
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,627,065	\$ 3,428,574
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,842,368	1,870,158
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(6,320,092)	(3,486,349)
NET CASH PROVIDED FROM INVESTING ACTIVITIES	130,284	189,273
Net Change in Cash and Cash Equivalents	(1,720,375)	2,001,656
Cash and Cash Equivalents - Beginning of Year	10,245,738	8,244,082
Cash and Cash Equivalents - End of Year	\$ 8,525,363	\$ 10,245,738
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 502,352	\$ 736,802
Adjustments to reconcile operating income to net cash provided by operating activities	1,124,713	2,691,772
Net Cash Provided by Operating Activities	\$ 1,627,065	\$ 3,428,574