

TOWN OF MAMMOTH LAKES
California

Annual Financial Report

June 30, 2010

TOWN OF MAMMOTH LAKES

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95821

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the Town Council
Town of Mammoth Lakes, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mammoth Lakes, California as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Mammoth Lakes' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mammoth Lakes, California, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of the Town of Mammoth Lakes' 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor
Members of the Town Council
Town of Mammoth Lakes, California

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, and budgetary comparison information on pages 44 through 45, be presented to supplement the basic financial statements. Such information, although not 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 historic 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, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mammoth Lakes' basic financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Manuello & Company

Certified Public Accountants
Sacramento, California
October 29, 2010



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Town of Mammoth Lakes financial performance for the fiscal year ended June 30, 2010 provides an analysis on the Town's overall financial position, and municipal operations. It is intended to assist readers in evaluating the Town's finances, and provides discussion of significant changes that occurred in various funding sources, including any variances from the approved budget. In addition, it describes the activities during the year related to capital assets and long-term debt. We end our discussion and analysis with a description of currently known facts, decisions, and conditions that are expected to have a significant effect on the financial position or operations. Please read it in conjunction with the Town's financial statements.

The Statement of Net Assets and the Statement of Activities:

A frequent question asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that answers this question. These statements include all assets and liabilities of the Town using the accrual basis of accounting; this is similar to the accounting used by most private-sector companies.

These two statements report the Town's net assets and changes to the assets. Net assets are the difference between assets and liabilities, which is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are an indication of whether its financial health is improving or deteriorating. It is important to remember this measure of financial health in reviewing all of the Town's assets, including street infrastructure, storm drainage, and street lights; these assets are valuable to the Town, but they are not always available for immediate sale to fund other Town priorities. Furthermore, the depreciation of these assets is recorded as an expense in the Statement of Activities and can be confusing if the goal of the reader is to follow the flow of cash and expenditures. That is why the Fund Financial Statements continue to be an important part of the Town's financial story, and are presented after the Statement of Activities report.

In the Statement of Net Assets and the Statement of Activities, the Town's Activities are separated as follows:

Governmental activities – Almost all of the Town's services are reported in this category, including the general administration (town manager, town clerk, personnel, finance etc.), police protection, public works, and tourism and recreation and community development. Transient occupancy tax, sales tax, property taxes, other taxes, interest, grants,

The Statement of Net Assets and the Statement of Activities: (continued)

intergovernmental revenue and service charges finance these activities. The Statement of Net Assets also includes the value of capital assets (net of depreciation, future debt payments and the assets and liabilities of the internal service funds); while the Statement of Activities includes depreciation expense and some of the activity in the internal service funds on the accrual basis. These are significant differences from the Fund Financial Statements.

Business-type activities – The Town's airport charges fees to customers to cover all or most of the cost of certain services that the airport provides. The Town also operates the Long Valley Mineral Pit that is a business-type activity charging customers for the cost of services (dumping of clean materials).

Fund Financial Statements:

The fund financial statements provide detailed information about the most significant funds and other funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management established many other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other resources. The Town's two types of funds are governmental and proprietary.

Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows in and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental funds information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. There is a reconciliation of the significant differences between the governmental funds financial statements and the government-wide financial statements. These differences are unavoidable, because by definition the reports are looking at different financial activity. Both report types provide a different perspective on the Town's finances that are beneficial.

Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way as activities in the Statement of Net Assets and the Statement of Activities. In fact, the Town's enterprise funds (Airport & Long Valley Mineral Pit) are the same as the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as a Statement of Cash Flows.

Reporting the Town's Fiduciary Responsibilities:

The Town is the trustee, or fiduciary, for certain funds held on behalf of developers or assessment districts. The Town's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. The fiduciary activities have been excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations.

Reporting the Town's Fiduciary Responsibilities: (continued)

The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Financial Analysis of the Town as a Whole

Net Assets: A condensed presentation of the Town's net assets shown in the following table totals \$136,733,339 as of June 30, 2010. The Town had a decrease in net assets compared to the prior year of (\$4,431,197).

Town of Mammoth Lakes Net Assets						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Current and other assets	\$ 33,703,843	\$ 31,649,740	(4,104,284)	(4,225,395)	\$ 29,599,559	\$ 27,424,345
Capital assets, net of depreciation	103,679,129	111,076,293	12,409,148	12,816,667	116,088,277	123,892,960
Total assets	137,382,972	142,726,033	8,304,864	8,591,272	145,687,836	151,317,305
Long-term debt outstanding	5,660,434	6,546,797	250,214	292,280	5,910,648	6,839,077
Other liabilities	2,963,832	2,888,949	80,017	424,743	3,043,849	3,313,692
Total liabilities	8,624,266	9,435,746	330,231	717,023	8,954,497	10,152,769
Net assets:						
Invested in capital assets, Net	98,655,060	105,238,996	12,182,273	12,547,726	110,837,333	117,786,722
Restricted	783,263	783,270	-	-	783,263	783,270
Unrestricted	29,320,383	27,268,021	(4,207,640)	(4,673,477)	25,112,743	22,594,544
Total net assets	\$128,758,706	\$133,290,287	\$7,974,633	\$7,874,249	\$136,733,339	\$141,164,536

By far the largest portion of the net assets reflects the Town's investment in capital assets (e.g., land, buildings, streets, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; and are therefore not available for future spending. Even the unrestricted net asset total includes funding that has been set aside or reserved for various purposes. For illustration purposes, the table below details the breakdown for the portion of the 'unrestricted' net assets that has been set aside or reserved for various purposes for the governmental activities.

	<u>2009-10</u>	<u>2008-09</u>
Long term receivables	\$ 6,309,756	\$ 6,432,964
Self insurance	15,000	15,000
Debt service	782,738	782,738
Economic uncertainties	3,652,690	2,782,839
Subsequent years' expenditures	3,175,377	3,278,979
Vehicle and equipment replacement	<u>5,962,469</u>	<u>4,835,176</u>
Total designated portion of unrestricted assets	\$19,898,030	\$18,127,696

General Fund Budgetary Highlights:

General fund revenues (taxes and assessments) ended the year strong and exceeded final budget expectations significantly. Transient occupancy taxes (TOT) exceeded budget expectations by 20.5% or \$1,761,419. Property tax missed budget projections by \$127,296 or 3% and sales tax missed projections by 7% or \$121,750. Fortunately, the surplus in TOT balanced out the shortfalls in other revenue types, and helped the Town's general fund revenue end the year very strong.

General Government Functions:

The revenue and expenditures for the governmental and business-type activities are summarized in the following table.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue:						
Program revenue:						
Charges for services	\$2,574,270	\$2,032,081	\$557,667	\$446,337	\$3,131,937	\$2,478,418
Operating grants and contributions	4,824,648	9,444,093	-	10,000	4,824,648	9,454,093
Capital grants and contributions	-	-	777,097	6,634,813	777,097	6,634,813
General Revenue:						
Transient occupancy tax	10,499,794	9,693,570	-	-	10,499,794	9,693,570
Sales tax	2,567,982	2,413,024	-	-	2,567,982	2,413,024
Property tax	3,705,829	3,911,453	-	-	3,705,829	3,911,453
Other taxes	2,597,642	2,583,397	-	-	2,597,642	2,583,397
Other revenue	145,120	333,537	148,718	448	293,838	333,985
Transfers in (out)	(1,061,411)	-	1,061,411	1,256,453	-	1,256,453
Total revenue	25,853,874	30,411,155	2,544,893	8,348,051	28,398,767	38,759,206
Expenses:						
General government	3,601,927	4,491,186	-	-	3,601,927	4,491,186
Public safety	4,721,191	6,171,169	-	-	4,721,191	6,171,169
Tourism & recreation	3,562,265	3,135,315	-	-	3,562,265	3,135,315
Community development	2,892,238	3,426,668	-	-	2,892,238	3,426,668
Public works	16,009,830	13,586,950	-	-	16,009,830	13,586,950
Airport	-	-	2,427,516	2,950,402	2,427,516	2,950,402
Landfill (Mineral Pit)	-	-	16,993	30,785	16,993	30,785
Debt service (interest)	246,104	262,089	-	-	246,104	262,089
Total expenses	31,033,555	31,073,377	2,444,509	2,981,187	33,478,064	34,054,564
Change in Net Assets:	(5,179,681)	(662,222)	100,384	5,366,864	(5,079,297)	4,704,642
Net assets - beginning as restated	133,938,387	133,952,509	7,874,249	2,507,385	141,812,636	136,459,894
Net Assets - ending	\$128,758,706	\$133,290,287	\$7,974,633	\$7,874,249	\$136,733,339	\$141,164,536

Fund Balance:

The Town's Fund Balance, sometimes referred to as the Town's savings account, includes amounts that are set aside for specific purposes, or offset long-term receivables, or are restricted by other entities or even by local commitments, such as through the voter approved passage of the Measure R sales tax increase. However, portions of the fund balance designations are set by Council resolutions or could be redirected to other uses or are available to be appropriated. Below is a summary of those general fund balances over the last 5 years. This is different than the Governmental Funds discussed above, which include more than just the general fund.

General Fund Reserves:

	Year Ended 6/30/2010	Year Ended 6/30/2009	Year Ended 6/30/2008	Year Ended 6/30/2007	Year Ended 6/30/2006
Self Insurance	\$ 15,000	\$ 15,000	\$ 345,000	\$ 345,000	\$ 345,000
Economic Uncertainties Subsequent Years' Expenditures	3,652,690	2,782,839	2,782,839	4,417,319	3,824,605
Undesignated	78,479	-	21,344	5,802,930	4,788,219
	-	91,372	-	8,968	874,784

There have been significant increases in the reserves over the prior fiscal year. Probably the most significant increase is in the Reserve for Economic Uncertainty which increased almost \$900,000 and is at the Council adopted target of 25% of general fund tax revenue.

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 Town and to other government units on a cost reimbursement basis, as follows:

- (a) The Town garage is operated as an internal service fund. Services provided by the garage are charged to the governmental agencies that have contracted with the Town to receive the garage services. Also, services that the garage provides to other Town departments are charged to the department that benefits from the service.
- (b) The fund also is used to account for purchases of vehicles and equipment when adequate funds have been accumulated and replacement is necessary. The Town also uses an internal service fund to account for certain insurance and benefit programs offered to employees. Premiums are collected from the employee or the department, depending on the benefit and paid to the internal service fund. The internal service fund, in turn, processes certain medical expense reimbursements and premiums.

Enterprise Funds:

Enterprise funds are used to finance and account for the acquisition, operation, and maintenance of Town facilities and services that are entirely or predominantly self-supporting from user charges. Enterprise operations are accounted for in such a manner as to show a profit or loss as in comparable private enterprises. At June 30, 2010, the Town operated two enterprise funds: the Mammoth Yosemite Airport, and the Long Valley Mineral Pit on behalf of the US Forest Service. The airport's current year operating (loss) was (\$1,727,522). This loss is mainly due to the depreciation charge of \$1,699,390 and ongoing litigation costs. The Long Valley Mineral Pit's operating (loss) was (\$10,668).

Debt Administration:

The Town paid down principal of \$1,100,809 on existing Certificates of Participation debt during the fiscal year. Total Certificates of Participation debt as of June 30, 2010 was \$3,454,912. The Town has never issued general obligation bonds or revenue bonds. The Town also has received a California State Water Resources Control Board loan; the outstanding balance at June 30, 2010 was \$633,533 and has an interest rate of 2.5%.

Outlook for the Future:

The Town has benefited enormously from the increased property valuations that many California communities have experienced. That growth reversed itself in FY 2009-10 and receipts were 5% less than the prior fiscal year. This decrease is primarily from two factors. The first is the reappraised lower valuations for properties that changed ownership since 2005. The second factor is the large increase in delinquent tax payments. The Town will eventually receive those delinquency payments once the County has collected the tax payments. It is expected that property tax valuations will continue to suffer declines in the next few years.

Transient Occupancy Tax is the largest generator of general fund dollars. Despite the 'Great Recession' and the slow growth recovery, the Town experienced significant TOT revenue growth of 8.2% over the prior year. This is in spite of room discounts that many properties implemented to increase value to the visitor. The Town has realized a significant increase in TOT remitters. Most of those remitters are property owners that have taken a more active role in renting out their property themselves and have shifted their business away from reservation bureaus or are supplementing the rental activity generated by reservation bureaus. The expectation is that TOT growth will continue. Commercial air service has been very successful since the launch of daily winter season flights in FY 2008-09. Fiscal Year 2009-10 experienced an increase to 4 daily winter season flights and the initiation of year long daily flights, all operated by Horizon Air. United Airlines began daily flight operations from the San Francisco Bay Area in the winter of 2010. In addition to marketing efforts conducted by the airlines, the newly formed nonprofit organization, Mammoth Lakes Tourism, will take on the marketing responsibilities beginning July 2010, that had been previously conducted by the Town. The expectation is that a single purpose organization will be better able to leverage effective marketing dollars than the Town. The marketing changes and the increased commercial air service are anticipated to continue the TOT growth that the Town has steadily experienced since the recession.

At the June 2010 election, the voters approved to remove the sunset clause on the Utility User Tax (UUT), and dedicated future UUT funding (after June 2011) for mobility, recreation, arts and culture. This is after the June 2009 election that increased local sales tax by ½% and dedicated that funding source for recreation, parks and trails, also known as Measure R. The voters have continued to show a willingness to approve tax increases for purposes that improve the quality of life and enhance the visitor experience.

Litigation costs were a large expense during the last fiscal year and will likely continue in the near future. The Town has been sued by Mammoth Lakes Land Acquisition, LLP (Hot Creek), and in April 2008 the trial court jury found in favor of Hot Creek and set damages at \$30 million. The Town's legal costs on the case exceeded \$400,000 during the last fiscal year. In FY 2010-11 and FY 2011-12 the Town will continue working on the settlement of the litigation, and legal expenses will continue.

The Town begins the new fiscal year with a stronger general fund cash position (60% or \$1,657,750 increase over June 2009), before accounts payable and debt service payments.

Outlook for the future: *(continued)*

In spite of this stronger fiscal position, Council has decreased revenue-funded projects and lowered expenditure appropriations for FY 2010-11. Under this subdued revenue budget forecast, any 'normal' snow season should result in a fiscal year revenue surplus in FY 2010-11 of anywhere between \$1,000,000 to \$2,000,000.

Although the forecast expectation in tax revenue is positive, it is very unlikely that real estate and development will recover at all in the upcoming year. The budget assumes below average development revenue and will likely realize below average revenue.

In conclusion, the Town has realized a financial recovery from visitor-generated taxes, but has not, and does not expect a recovery in building permits or real estate related development revenue. The Town is in a moderate, but cautious position to fund on-going operations and is positioned to move forward on limited funding of capital projects. The biggest question at this time is the impact of the \$30,000,000 judgment against the Town. Servicing that debt would overshadow the financial strength the Town is currently enjoying and could lead to a reduction in services provided by the Town.

Respectfully submitted,



Cyndi Myrold
Acting Finance Director

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MAMMOTH LAKES
Government-Wide Financial Statements
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 11,453,261	\$ 501,479	\$ 11,954,740
Receivables	2,948,212	422,952	3,371,164
Loans receivable	704,514	-	704,514
Internal balances	5,078,371	(5,078,371)	-
Prepaid expenses	400,305	3,796	404,101
Notes receivable	12,335,917	45,860	12,381,777
Restricted Cash with fiscal agent	783,263	-	783,263
Capital assets not being depreciated	17,574,933	544,316	18,119,249
Capital assets, net of depreciation	86,104,196	11,864,832	97,969,028
Total assets	<u>137,382,972</u>	<u>8,304,864</u>	<u>145,687,836</u>
Liabilities			
Accounts payable	2,225,922	80,017	2,305,939
Deferred revenue	737,910	-	737,910
Noncurrent liabilities:			
Due within one year	1,208,349	43,796	1,252,145
Due in more than one year	3,815,720	183,079	3,998,799
Compensated absences	636,365	23,339	659,704
Total liabilities	<u>8,624,266</u>	<u>330,231</u>	<u>8,954,497</u>
Net Assets			
Invested in capital assets, net of related debt	98,655,060	12,182,273	110,837,333
Restricted	783,263	-	783,263
Unrestricted	29,320,383	(4,207,640)	25,112,743
Total net assets	<u>\$ 128,758,706</u>	<u>\$ 7,974,633</u>	<u>\$ 136,733,339</u>

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Government-Wide Financial Statements
Statement of Activities
Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Capital		Primary Government			
			Operating Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities								
General government	\$ 3,601,927	\$ 334,826	\$ 28,514	\$ -	\$ (3,238,587)	\$ -	\$ (3,238,587)	
Public safety	4,721,191	39,423	397,302	-	(4,284,466)	-	(4,284,466)	
Tourism and recreation	3,137,045	19,351	-	-	(3,117,694)	-	(3,117,694)	
Recreation and trails	425,220	226,032	-	-	(199,188)	-	(199,188)	
Community development	1,840,274	861,779	66,099	-	(912,396)	-	(912,396)	
Public ways and facilities	4,726,006	277,177	1,511,057	-	(2,937,772)	-	(2,937,772)	
Transportation and transit	1,450,925	144,548	420,073	-	(886,304)	-	(886,304)	
Workforce housing	1,051,964	42,463	688,800	-	(320,701)	-	(320,701)	
Capital projects	123,270	628,671	1,712,803	-	2,218,204	-	2,218,204	
Depreciation expense	9,709,629	-	-	-	(9,709,629)	-	(9,709,629)	
Interest on long-term debt	246,104	-	-	-	(246,104)	-	(246,104)	
Total governmental activities	<u>31,033,555</u>	<u>2,574,270</u>	<u>4,824,648</u>	<u>-</u>	<u>(23,634,637)</u>	<u>(23,634,637)</u>	<u>(23,634,637)</u>	
Business-type Activities								
Airport	2,427,516	551,342	-	777,097	\$ (1,099,077)	\$ (1,099,077)	(1,099,077)	
Landfill management	16,993	6,325	-	-	(10,668)	-	(10,668)	
Total business-type activities	<u>2,444,509</u>	<u>557,667</u>	<u>-</u>	<u>777,097</u>	<u>(1,109,745)</u>	<u>(1,109,745)</u>	<u>(1,109,745)</u>	
Total primary government	\$ <u>33,478,064</u>	\$ <u>3,131,937</u>	\$ <u>4,824,648</u>	\$ <u>777,097</u>	<u>(23,634,637)</u>	<u>(1,109,745)</u>	<u>(24,744,382)</u>	
General Revenue								
Property taxes					3,705,829	-	3,705,829	
Sales taxes					2,567,982	-	2,567,982	
Transient occupancy					10,499,794	-	10,499,794	
Utility users taxes					892,700	-	892,700	
Business taxes					309,657	-	309,657	
Franchise fees					643,023	-	643,023	
Licenses & permits					293,765	-	293,765	
Fines & penalties					60,452	-	60,452	
Investment earnings					398,045	66	60,518	
Other revenues					145,120	148,652	546,697	
Transfers in (out)					(1,061,411)	1,061,411	-	
Totals					<u>18,454,956</u>	<u>1,210,129</u>	<u>19,813,730</u>	
Change in Net Assets					<u>(5,179,681)</u>	<u>100,384</u>	<u>(5,079,297)</u>	
Net Assets								
Beginning, restated					133,938,387	7,874,249	141,812,636	
End of Year					<u>\$ 128,758,706</u>	<u>\$ 7,974,633</u>	<u>\$ 136,733,339</u>	

The accompanying notes to financial statements are an integral part of this financial statement

FUND FINANCIAL STATEMENTS

TOWN OF MAMMOTH LAKES
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Housing & Community Development Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 4,399,140	\$ 546,300	\$ 1,127,824	\$ 6,073,264
Receivables	1,442,468	-	1,454,189	2,896,657
Notes receivable	900,000	11,435,917	-	12,335,917
Interfund loans	9,069,239	-	1,587,014	10,656,253
Prepaid rent	48,230	-	-	48,230
Restricted cash with fiscal agent	-	-	783,263	783,263
Total assets	\$ 15,859,077	\$ 11,982,217	\$ 4,952,290	\$ 32,793,584
Liabilities				
Accounts payable	\$ 1,049,156	\$ 506,579	\$ 575,769	\$ 2,131,504
Due to other funds	-	-	-	-
Deferred revenue	737,910	11,435,917	-	12,173,827
Cash overdraft	-	-	842,380	842,380
Interfund loans	-	-	6,148,278	6,148,278
Total liabilities	1,787,066	11,942,496	7,566,427	21,295,989
Fund Balances				
Reserved for:				
Notes receivable	900,000	-	-	900,000
Interfund loans	9,069,239	-	-	9,069,239
Prepaid rent	48,230	-	-	48,230
Unreserved, reported in:				
General fund	4,054,542	-	-	4,054,542
Special revenue funds	-	39,721	996,088	1,035,809
Capital projects funds	-	-	(4,392,963)	(4,392,963)
Debt service funds	-	-	782,738	782,738
Total fund balances	14,072,011	39,721	(2,614,137)	11,497,595
Total liabilities and fund balances	\$ 15,859,077	\$ 11,982,217	\$ 4,952,290	\$ 32,793,584

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2010

Total Fund Balances - Governmental Funds (page 12) \$ 11,497,595

Amounts reported in the governmental activities column in the statement of net assets (page 10) are different because of the following:

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds balance sheet.

Capital assets not being depreciated

17,574,933

Capital assets, net of depreciation

86,104,196

Long Term Obligations

Long term liabilities are not due and payable in the current period and therefore not reported in the governmental funds balance sheet:

Due within one year

(1,208,349)

Due in more than one year

(3,815,720)

Compensated absences

(636,365)

Deferred Revenue

Notes receivable from nonprofit organizations are recorded on the governmental funds balance sheet and offset with a deferred revenue liability account. However for the statement of net assets these notes receivable are shown without an offset.

11,435,917

Internal Services

Internal service funds are used by management to charge the cost of motor pool and employee benefits activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of activities.

7,806,499

Net Assets - Governmental Activities (page 10)

\$ 128,758,706

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
Year Ended June 30, 2010

	General Fund	Housing & Community Development Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes and assessments	\$ 17,704,591	\$ -	\$ -	\$ 17,704,591
Licenses and permits	293,765	-	-	293,765
Intergovernmental	748,454	653,800	4,336,788	5,739,042
Charge for services (refund)	1,833,139	-	741,131	2,574,270
Fines and penalties	60,452	-	-	60,452
Use of money and property (refund)	242,849	-	155,196	398,045
Other revenue	145,120	-	-	145,120
Total revenue	21,028,370	653,800	5,233,115	26,915,285
Expenditures				
General government	3,643,571	-	-	3,643,571
Public safety	4,685,453	-	3,443	4,688,896
Tourism and recreation	3,137,045	-	425,220	3,562,265
Community development	1,703,717	-	136,557	1,840,274
Public ways and facilities	818,260	-	3,513,649	4,331,909
Capital projects	-	-	3,055,987	3,055,987
Transportation and transit	1,256,839	-	194,086	1,450,925
Workforce housing	437,885	614,079	-	1,051,964
Debt service	-	-	1,483,682	1,483,682
Total expenditures	15,682,770	614,079	8,812,624	25,109,473
Excess of Revenue over (under) Expenditures	5,345,600	39,721	(3,579,509)	1,805,812
Other Financing Sources (Uses)				
Transfers in	10,049,476	-	4,639,317	14,688,793
Transfers (out)	(14,282,290)	-	(1,582,983)	(15,865,273)
Total other financing sources (uses)	(4,232,814)	-	3,056,334	(1,176,480)
Change in Fund Balances	1,112,786	39,721	(523,175)	629,332
Fund Balances - beginning	12,959,225	-	(2,090,962)	10,868,263
Fund Balances - end of year	\$ 14,072,011	\$ 39,721	\$ (2,614,137)	\$ 11,497,595

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Reconciliation of the Statement of Revenue, Expenditures, and Change in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2010

Change in Fund Balances - Governmental Funds (page 14) \$ 629,332

Amounts reported for governmental activities in the statement of activities (page 11) are different because of the following:

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation, net of dispositions, in the current period.

(7,443,477)

Debt Payments

The issuance of long term debt (ie. cops, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of the long term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect of net assets. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amount are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long term debt and related items.

1,311,517

Internal Service Funds

Internal service funds are used by management to charge the cost of motor pool and employee benefits activities to individual funds. The net revenue of certain activities of internal service funds is reported within governmental activities on the statement of activities.

322,947

\$ (5,179,681)

Change in Net Assets - Governmental Activities (page 11)

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Proprietary Funds
Statement of Net Assets
June 30, 2010

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Assets				
Current assets:				
Cash and investments	\$ 495,534	\$ 5,945	\$ 501,479	\$ 6,222,377
Receivables - accounts and grants	421,836	1,116	422,952	51,555
Due from other funds	-	-	-	1,275,000
Prepaid expense	3,796	-	3,796	352,075
Advance loans to other funds	-	-	-	-
Total current assets	921,166	7,061	928,227	7,901,007
Noncurrent assets:				
Note receivable	45,860	-	45,860	-
Capital assets not being depreciated	544,316	-	544,316	-
Capital assets, net of depreciation	11,864,832	-	11,864,832	3,368,269
Total noncurrent assets	12,455,008	-	12,455,008	3,368,269
Total assets	13,376,174	7,061	13,383,235	11,269,276
Liabilities				
Current liabilities:				
Accounts payable	79,419	598	80,017	94,418
Accrued liabilities	-	-	-	-
Current portion of long term debt	43,796	-	43,796	181,665
Advance loan from the general fund	5,078,371	-	5,078,371	-
Total current liabilities	5,201,586	598	5,202,184	276,083
Noncurrent liabilities:				
Due in more than one year	183,079	-	183,079	-
Compensated absences	23,339	-	23,339	44,734
Total noncurrent liabilities	206,418	-	206,418	44,734
Total liabilities	5,408,004	598	5,408,602	320,817
Net Assets				
Invested in capital assets, net of related debt	12,182,273	-	12,182,273	3,186,604
Unrestricted	(4,214,103)	6,463	(4,207,640)	7,761,855
Total net assets	\$ 7,968,170	\$ 6,463	\$ 7,974,633	\$ 10,948,459

The accompanying notes to financial statements are an integral part of this financial statement

**TOWN OF MAMMOTH LAKES
Proprietary Funds**

**Statement of Revenue, Expenses, and Change in Net Assets
Year Ended June 30, 2010**

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Operating Revenue				
Charges for services	\$ 551,342	\$ 6,325	\$ 557,667	\$ 2,315,389
Operating grants	-	-	-	-
Total operating revenue	<u>551,342</u>	<u>6,325</u>	<u>557,667</u>	<u>2,315,389</u>
Operating Expenses				
Personnel services	150,743	9,299	160,042	876,947
Maintenance and operations	452,230	7,694	459,924	501,745
Depreciation	1,699,390	-	1,699,390	620,252
Total operating expenses	<u>2,302,363</u>	<u>16,993</u>	<u>2,319,356</u>	<u>1,998,944</u>
Operating Income (Loss)	<u>(1,751,021)</u>	<u>(10,668)</u>	<u>(1,761,689)</u>	<u>316,445</u>
Nonoperating Revenue (Expenses)				
Investment earnings	-	66	66	12,031
Other revenue	148,652	-	148,652	22
Professional services	-	-	-	-
Interest expense	(125,153)	-	(125,153)	-
Total nonoperating revenue (expenses)	<u>23,499</u>	<u>66</u>	<u>23,565</u>	<u>12,053</u>
Income Before Contributions/Transfers	<u>(1,727,522)</u>	<u>(10,602)</u>	<u>(1,738,124)</u>	<u>328,498</u>
Capital contributions - grant proceeds	777,097	-	777,097	-
Transfers in	1,061,411	-	1,061,411	45,592
Transfers (out)	-	-	-	(51,143)
Change in Net Assets	<u>110,986</u>	<u>(10,602)</u>	<u>100,384</u>	<u>322,947</u>
Net Assets - beginning	7,857,184	17,065	7,874,249	10,625,512
Net Assets - end of year	<u>\$ 7,968,170</u>	<u>\$ 6,463</u>	<u>\$ 7,974,633</u>	<u>\$ 10,948,459</u>

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2010

CASH FLOWS PROVIDED BY (USED FOR)

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Operating Activities				
Cash received from customers	\$ 510,504	\$ 5,988	\$ 516,492	\$ 2,361,354
Cash paid for employee compensation	(165,755)	(9,299)	(175,054)	(654,725)
Cash paid to suppliers of goods and services	(779,411)	(7,140)	(786,551)	(436,857)
Cash paid for benefit claims	-	-	-	(263,704)
Cash received from operating grants	-	-	-	-
Net cash provided (used)	(434,662)	(10,451)	(445,113)	1,006,068
Noncapital Financing Activities				
Transfers in	1,061,411	-	1,061,411	45,592
Advance to DIF funds	-	-	-	-
Advance to capital projects fund	-	-	-	-
Transfers (out)	-	-	-	(51,143)
Net cash provided (used)	1,061,411	-	1,061,411	(5,551)
Capital & Related Financing Activities				
Proceeds from capital grants	1,233,962	-	1,233,962	-
Repayment of general fund advance	(158,626)	-	(158,626)	1,547,987
Cash paid for professional services	-	-	-	-
Other cash received	193,120	-	193,120	22
Purchase of capital assets	(1,291,871)	-	(1,291,871)	-
Repayment of debt obligations	(80,778)	-	(80,778)	(211,191)
Interest paid on debt obligations	(125,153)	-	(125,153)	-
Net cash provided (used)	(229,346)	-	(229,346)	1,336,818
Investing Activities				
Investment earnings	-	66	66	12,031
Net Increase (Decrease) in Cash	397,403	(10,385)	387,018	2,349,366
Cash and cash equivalents - beginning	98,131	16,330	114,461	3,873,011
Cash and cash equivalents - end of year	\$ 495,534	\$ 5,945	\$ 501,479	\$ 6,222,377
Operating Activities Analysis				
Operating Income (Loss) (page 17)	\$ (1,751,021)	\$ (10,668)	\$ (1,761,689)	\$ 316,445
Reconciliation adjustments:				
Depreciation and disposals	1,699,390	-	1,699,390	620,252
(Increase) decrease in receivables	(41,954)	(337)	(42,291)	45,965
(Increase) decrease in prepaid expense	(3,087)	-	(3,087)	(8,605)
Increase (decrease) in accounts payable	(337,990)	554	(337,436)	32,011
Net cash provided (used)	\$ (434,662)	\$ (10,451)	\$ (445,113)	\$ 1,006,068

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Assets	
Cash and investments	\$ 2,776,351
Cash with fiscal agent	2,113,981
Accounts receivables	121,009
Total Assets	<u>5,011,341</u>
Liabilities	
Accounts payable	35,304
Loans payable - Town of Mammoth Lakes	704,514
Total Liabilities	<u>739,818</u>
Net Assets Held in Trust	<u><u>\$ 4,271,523</u></u>

The accompanying notes to financial statements are an integral part of this financial statement

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Town.

Note 1 - Significant Accounting Policies

Note 2 - Stewardship, Compliance, and Accountability

Note 3 - Cash and Investments

Note 4 - Accounts and Grants Receivables

Note 5 - Notes Receivables

Note 6 - Capital Assets

Note 7 - Payables and Accrued Liabilities

Note 8 - Long Term Debt Obligations

Note 9 - Interfund Balances

Note 10 - Interfund Transfers

Note 11 - Defined Benefit Pension Plan

Note 12 - Nature and Purpose of Reported Reserves and Designations

Note 13 - Risk Management

Note 14 - Commitments and Contingencies

Note 15 - Assessment District Debt

Note 16 - Dependence upon Tourism Industry

Note 17 - New Pronouncements

Note 18 - Subsequent Events

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies

The accounting policies of the Town of Mammoth Lakes conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) as applicable to governments. The following is a summary of the more significant policies.

A. Description of the Reporting Entity

The Town of Mammoth Lakes, and the Mammoth Lakes Municipal Service Corporation, comprise the reporting entity. Although these entities are legally separate from each other, they are presented on a blended basis as part of the primary government because their governing boards consist exclusively of all five members of the Town Council. Under the criteria in GASB Statement No. 14, as amended by GASB No. 39, these entities meet the criteria for inclusion within the Town's financial reports. Financial information for the Town of Mammoth Lakes Municipal Service Corporation is available at the Finance Department of the Town of Mammoth Lakes. The Town has no discretely presented component units. The accompanying financial statements contain information for the total reporting entity.

Mammoth Lakes Municipal Service Corporation - This corporation was organized on August 1, 1989, pursuant to the Nonprofit Public Benefit Corporations Law of the State of California, solely for the purpose of providing assistance to the Town by acquiring, constructing, improving, developing and installing certain real and personal property together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The Corporation was formed at the request of the Town to assist in lease financing of certain capital improvement projects. The Corporation's financial data and transactions are included within the Debt Service Fund. Oversight responsibility is determined by such criteria as financial interdependency, selection of governing authority and designation of management, budget control and the ability to significantly influence operations in accordance with GASB Statement No. 14, and amended by GASB No. 39.

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. 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 and charges for support.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue. Expenses reported for functional activities include allocated indirect expenses.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The accounting system of the Town is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenue, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. The government has determined that a fund is important to the financial statement user.

The funds of the financial reporting entity are described below:

Governmental Fund Types - Governmental funds are the funds through which most general government functions typically are financed. The Town maintains the following fund types:

General Fund - the general fund accounts for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds – these funds are used to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – these funds are used to account for the accumulation of resources for, and the repayment of, general long-term debt obligation payments for principal, interest and related costs.

Capital Projects Fund – these funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Types - Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The following are the Town's proprietary fund types:

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies

Enterprise Funds – these funds are established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Town is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Mammoth Yosemite Airport and the Long Valley Landfill are reported as enterprise funds.

Internal Service Funds – these funds are established to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town, and to other government units on a cost reimbursement basis. The Town's purchasing of vehicles and equipment, and the self insurance employee benefit program, is reported as internal service funds.

Fiduciary Fund Types - Fiduciary funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. The Town's funds included in this category are as follows:

Expendable Trust Funds – these funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

Agency Funds – these funds account for assets held by the Town as trustee or agent for individuals, private organizations, assessment districts, or other governmental units and/or other funds.

The Major Funds are as follows:

General Fund - this fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Housing and Community Development Fund - this fund is used to account for funds received by the Town and loaned to real estate developers and nonprofit organizations for the purpose of providing affordable housing.

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The Government-wide Statement of Net Assets and the Statement of Activities, and both governmental and business-like activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statement, the “current financial resources” measurement focus or the “economic resources” measurement focus is used, as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies

- b. The proprietary fund utilizes an "economic resources" measurement focus. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the "accrual basis of accounting." Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when the liability is incurred and the amount of obligation is ascertainable. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

On the fund financial statements, governmental funds are presented on the "modified accrual basis of accounting." Under this modified accrual basis of accounting, revenue is recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenue which is susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, penalties, charges for services and miscellaneous revenue are recorded as governmental fund type revenue when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant revenue, which is normally reimbursements of expenses under contractual agreements, is recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt in the governmental funds, which is recognized when due.

Proprietary funds use the "accrual basis of accounting" which records the financial effect on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only when cash is received or paid by the enterprise. The Town has made an election in accordance with GASB Statement No. 20, not to follow the Financial Accounting Standards Board Statements after November 30, 1989, but rather use the Governmental Accounting Standards Board (GASB) Statements for accounting and financial statement presentation purposes.

C. Budgetary Data

General Budget Policies - the Town maintains budgetary controls of which the objective is to ensure compliance with legal provisions embodied in the annual budget approval by the Town Council. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The Town's budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments may be reappropriated for the subsequent fiscal year upon Town Council approval. This approval is generally limited to capital improvement projects.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies

Budget Basis of Accounting - budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA). The Budgetary Comparison Schedules of the General Fund and Major Funds present comparisons of legally adopted budget amounts (both the original budget and final budget), and actual amounts, on the budgetary basis. The budgeting basis is substantially equivalent to the Town's accounting basis; thus no reconciliation between the two is considered necessary.

D. Other Accounting Policies

Cash and Investments – the Town follows the requirements of GASB 3, as amended by GASB 31, and GASB 40, in reporting cash and investments at fair value and disclosing risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk, as applicable.

Compensated Absences - the Town utilizes the general fund and proprietary funds to account for its compensated absences. Resources have been set aside to cover short-term and long-term liabilities. The Town's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. Comprehensive leave pay is payable to employees at the time the leave is taken or upon termination of employment. Comprehensive leave is payable for any type of employee leave, and may not exceed 1,040 hours cumulative. Any excess leave is paid to an employee at the end of each fiscal year. In addition, an employee may request a *pay out* of comprehensive leave twice a year but must maintain a balance of 240 hours to receive a *pay out*.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Prepaid Expenses

Prepaid expenses consist of fuel, vehicle parts and expendable supplies which are physically counted annually and valued at cost on the weighted average method, which approximates fair value.

G. Capital Assets

Capital assets used in governmental fund type operations are accounted for on the statement of net assets. Public domain general capital assets (infrastructure) consisting of certain improvements other than buildings, such as roads, sidewalks and bridges are capitalized prospectively starting July 1, 2003 in accordance with GASB Statement No. 34. Town policy has set the capitalization threshold for reporting capital assets at \$5,000. Capital outlay is recorded as *expenditures* of the general and special revenue funds and as *assets* in the government-wide financial statements to the extent the Town's capitalization threshold is met. Donated assets are recorded at estimated fair value at the date of donation.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies

Property, plant and equipment acquired for proprietary funds are capitalized in the respective fund to which it applies and are stated at their cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the capital assets which range from 4 to 20 years for equipment and vehicles, and 20 to 50 years for buildings and improvements. Land, art and treasurers are not considered exhaustible, therefore are not being depreciated.

H. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Property Taxes

Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of Mono County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections - are the responsibility of the Mono County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by Mono County for late payments.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies

Tax Levy Apportionments - due to the nature of the Town-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County auditor-controller based primarily on the ratio that each agency represented of the total Town-wide levy for the three fiscal years prior to fiscal year 1979.

Property Tax Administration Fees - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.

J. Receivables and Payables

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due to/due from other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements). Advances and loans to other funds are offset by a fund balance reserve in applicable governmental funds to indicate they are not available for appropriation, and are not expendable available financial resources. Property, sales, use, and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable, and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net assets.

The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The Town considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Grants, entitlements or shared revenues are recorded as receivables and revenue in the general, special revenue and capital projects funds when they are received or susceptible to accrual.

K. Allowance for Uncollectible Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

L. Net Assets

The Town's net assets are classified on the Statement of Net Assets as follows:

Invested in Capital Assets - represents the Town's total investment in capital assets net of any related acquisition debt.

Restricted Net Assets - includes resources that the Town is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 1 - Significant Accounting Policies (concluded)

Unrestricted Net Assets - represents resources derived from sources without spending restrictions. These resources are used for transactions relating the general operations of the Town, and may be used at the discretion of the Town Council to meet current expenses for any purpose.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The Town follows these annual procedures in establishing the budgetary data reflected in the financial statements:

- The Town Manager submits to the Town Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- The Town Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
- Prior to July 1, the budget is adopted by minute action of the Town Council.
- 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 Town departments. The Town Council may amend the budget by minute action during the fiscal year. The Town Manager may authorize transfers from one object or purpose to another within the same department. All appropriations lapse at year end.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the Town's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 3 - Cash and Investments

The Town follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and investments	\$ 11,954,740
Restricted Cash with fiscal agent	783,263
subtotal	12,738,003
Statement of Fiduciary Assets and Liabilities	
Cash and investments	2,776,351
Investments with fiscal agent	2,113,981
subtotal	4,890,332
Total	\$ 17,628,335

Cash and Investments consist of the following:

Deposits with financial institutions	\$ 572,671
Investment with Local Agency Investment Fund	14,353,516
Investments by fiscal agents	2,702,148
Total	\$ 17,628,335

Investment Policy

The table below identifies the investment types that are authorized under provisions of the Town's investment policy adopted September 1, 2010, and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the investment policy that address concentration or maximum percentages and maturity.

Permitted Investments/Deposits	Maximum Percentages	Maximum Maturity
<u>Investment Type A:</u>		
Securities of the US Government	Unlimited	5 years
Certificates of Deposit	Unlimited	5 years
Commercial Paper (A-1, P-1, F-1, only)	25%	270 days
Local Agency Investment Fund (LAIF)	\$40,000,000	n/a
Passbook Deposits	---	n/a
<u>Investment Type B:</u>		
Negotiable Certificates of Deposit	30%	5 years
Bankers Acceptances	40%	180 days
Repurchase Agreements	---	1 year
Mutual Funds	15%	5 years
Medium Term Notes	30%	5 years

Type A investments do not require any specific approval of the Town Council. All Type B investments require a specific resolution of the Town Council prior to the investment purchase/deposit.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 3 - Cash and Investments (continued)

Collateral and Categorization Requirements

At fiscal year end, the Town's carrying amount of demand deposits was \$571,267 and the bank account balances were \$1,121,652. The difference of \$550,385 represented outstanding checks and deposits in transit. Of the total bank deposit balance, \$250,000 was insured by Federal Depository Insurance Corporation (FDIC) and \$871,652 was collateralized in accordance with California Government Code Section 53600 – 53609.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town of Mammoth manages its exposure to interest rate risk is by investing with LAIF, who purchases a combination of shorter term and medium term investments, but is generally due on demand to the Town.

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. The Town's investment policy limits credit risk by requiring compliance with the California Government Code for investment of public funds, as described in detail above.

Concentration of Credit Risk

The investment policy of the Town contains no limitations on the amount that can be invested in any single issuer beyond that stipulated by the California government code. Investments in any one issuer that represent 5% or more of total investments at June 30, 2010 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Yield</u>	<u>Concentration</u>
Local Agency Investment Fund	\$14,353,516	7.2 months	0.56%	81%
Money Market Mutual Funds	2,702,148	on demand	0.01%	15%

The credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government 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 and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2010, the Town had \$871,652 in financial institutions that was not covered by the FDIC, but was covered by collateralized securities of the financial institutions where the deposits were maintained.

The credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California government code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 3 - Cash and Investments (concluded)

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Participation in an External Investment Pool

The Town is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute, and is chaired by the State Treasurer who is responsible for the day to day administration of LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the Town's position in the LAIF pool. The State Treasurer determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. As of June 30, 2010, the Town's investment in LAIF was \$14,353,516. The total amount invested by all public agencies at that date was \$23.2 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2010 had a balance of \$69.4 billion. Financial Statements of LAIF and PMIA may be obtained from the California Treasurer's web site at www.treasurer.ca.gov.

Note 4 - Accounts and Grants Receivables

At June 30, 2010, accounts and grants receivables as reported in the Statement of Net Assets consist of the following:

<u>Governmental Activities</u>	
Grants	\$ 1,113,817
Transit occupancy tax	500,653
Sales tax	266,300
Gasoline tax	18,524
Property tax	117,071
Franchise fees/Utility user taxes	108,463
Mono County - reimbursements	154,985
ESTA receivable	51,555
Interest	17,805
Developer	367,500
Other	231,539
	<u>\$ 2,948,212</u>
 <u>Business-type Activities</u>	
Grants	\$ 367,359
Reimbursements	26,680
Rents	19,118
Other	9,795
	<u>\$ 422,952</u>

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 5 - Notes Receivable

The Town participates in "Housing Rehabilitation and Affordable Housing Loan Programs" designed to encourage construction and improvement to low-to-moderate income housing or other similar projects. Under these programs, grants and loans are provided under favorable terms to homeowners and real estate developers who agree to spend these funds in accordance with the Town's loan agreement terms. Although these loans are expected to be repaid in full, their balance has been offset by a deferred revenue account, as they are not expected to be repaid during the next fiscal year, nor in the foreseeable future.

At June 30, 2010, notes receivables as reported in the Statement of Net Assets - Governmental Activities column consist of the following:

<u>General Fund:</u>	
Aspen Village housing	\$ 900,000
<u>Special Revenue Funds:</u>	
Bristlecone Apartments	977,684
Inyo Mono Advocates	820,532
Aspen Village housing	2,000,000
Aspen Village housing	3,412,500
Jeffries Apartments	3,412,500
MLF, Inc, HELP housing	468,794
HELP housing grant loan	343,907
	<u>\$ 12,335,917</u>

Note 6 - Capital Assets

Governmental-type capital asset activity for the year was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ 17,574,933	\$ -	\$ -	\$ 17,574,933
<u>Depreciable Assets</u>				
Buildings and structures	19,197,733	74,000	-	19,271,733
Streets and roads	175,308,559	1,871,056	(1,825,665)	175,353,950
Storm drains	13,297,796	880,561	-	14,178,357
Vehicles and equipment	825,595	107,100	-	932,695
	208,629,683	2,932,717	(1,825,665)	209,736,735
<u>Accumulated Depreciation</u>	(119,116,844)	1,825,665	(9,709,629)	(127,000,808)
Depreciable assets, net	89,512,839	4,758,382	(11,535,294)	82,735,927
 Total capital assets, net	 \$ 107,087,772	 \$ 4,758,382	 \$(11,535,294)	 \$ 100,310,860

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 6 - Capital Assets (continued)

Internal Service Fund capital asset activity for the year was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<i>Depreciable Assets</i>				
Vehicles and equipment	\$ 9,229,156	\$ -	\$ -	\$ 9,229,156
<i>Accumulated depreciation</i>	<u>(5,240,635)</u>	<u>(620,252)</u>	<u>-</u>	<u>(5,860,887)</u>
Total capital assets, net	<u>\$ 3,988,521</u>	<u>\$ (620,252)</u>	<u>\$ -</u>	<u>\$ 3,368,269</u>

Reported in the Statement of Net Assets are the combined capital assets of the governmental-type and internal service funds, as follows:

	Governmental	Internal Service	Total
Capital assets, not being depreciated	\$ 17,574,933	\$ -	\$ 17,574,933
Capital assets, net of depreciation	82,735,927	3,368,269	<u>86,104,196</u>
			<u>\$ 103,679,129</u>

Business-type capital asset activity, the Mammoth Yosemite Airport, for the year was as follows:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<i>Non-depreciable Assets</i>				
Land	\$ 544,316	\$ -	\$ -	\$ 544,316
<i>Depreciable Assets</i>				
Buildings and runway	14,375,666	254,063	-	14,629,729
Vehicles and equipment	1,770,087	623,166	-	2,393,253
	16,145,753	877,229	-	17,022,982
<i>Accumulated Depreciation</i>	<u>(3,873,402)</u>	<u>(1,284,748)</u>	<u>-</u>	<u>(5,158,150)</u>
Depreciable assets, net	<u>12,272,351</u>	<u>(407,519)</u>	<u>-</u>	<u>11,864,832</u>
Total capital assets, net	<u>\$ 12,816,667</u>	<u>\$ (407,519)</u>	<u>\$ -</u>	<u>\$ 12,409,148</u>

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 7 - Payables and Accrued Liabilities

At June 30, 2010, accounts payables and accrued liabilities as reported in the Statement of Net Assets consist of the following:

<u>Governmental Activities</u>	
Capital projects in progress	\$ 131,577
Consultants	115,413
Vendors	134,259
ISF - vendors	76,888
Insurance	17,530
Accrued labor costs	89,513
Mono County Sheriff & Animal Control	95,305
Mammoth Lakes Housing, Inc.	506,579
Other consultants and vendors	1,058,858
	<u>\$ 2,225,922</u>
<u>Business-type Activities</u>	
Capital projects in progress	\$ 33,532
Vendors	46,485
	<u>\$ 80,017</u>

Note 8 - Long Term Debt Obligations

A. Compensated Absences

Town employees accumulate earned but unused vacation pay benefits which can be converted to cash at termination of employment. Since no means exists to reasonable estimate the amounts that might be liquidated with expendable currently available resources, if any, they are reported as long-term debt obligations on the statement of net assets. No expenditure is reported for these amounts in the fund statements. However, in the statement of activities the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements at year end totaled \$636,365 for governmental activities, and \$23,339 for business-type activities.

B. Capital Lease Obligations

As lessee, the Town is obligated under certain capital lease-purchase agreements. The assets and corresponding liabilities are accounted for in the vehicle internal service fund. Assets acquired under such agreements amounted to \$938,941, with an outstanding balance of \$181,665 at June 30, 2010. The schedule of future minimum lease payments due, together with the present value of the minimum lease payments, is as follows:

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 8 - Long Term Debt Obligations (continued)

<u>Year Ending June 30.</u>	<u>Annual</u> <u>Payments</u>
2011	\$ 193,596
Less: amount representing interest	(11,931)
Present value of future minimum lease payments	<u>\$ 181,665</u>

C. Loans Payable - Governmental Activities

On August 16, 2004, the Municipal Finance Corporation loaned the Town \$500,000 for financing construction of the Visitors Welcome Center. Principal and interest payments in the amount of \$40,600 are due semi-annually on January 15 and July 15, with interest at 3.5% per annum. The debt matures in year 2011. As of June 30, 2010, the outstanding balance was \$117,594.

Between 1999 and 2001 the Town borrowed \$1,182,000 from the California State Water Resources Control Board's Revolving Loan Fund, for storm drain improvements. Principal and interest payments in the amount of \$79,000 are due each January, including interest at 2.5% per annum. This debt matures in year 2019. As of June 30, 2010, the outstanding balance was \$633,533.

<u>Year Ending</u> <u>June 30,</u>	<u>Loans Payable - Governmental Activities</u>				
	<u>Visitors</u> <u>Center</u>	<u>Storm Drain</u> <u>Improv.</u>	<u>Total</u> <u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 77,714	\$ 63,247	\$ 140,961	\$ 19,181	\$ 160,142
2012	39,880	64,829	104,709	14,857	119,566
2013	-	66,449	66,449	12,538	78,987
2014	-	68,111	68,111	10,877	78,988
2015	-	69,813	69,813	9,174	78,987
2016-2020	-	301,084	301,084	18,801	319,885
	<u>\$ 117,594</u>	<u>\$ 633,533</u>	<u>\$ 751,127</u>	<u>\$ 85,428</u>	<u>\$ 836,555</u>

D. Certificates of Participation

On June 1, 2000, the Town issued \$2,470,000 in Certificates of Participation to purchase land. Interest is due semi-annually on June 1 and December 1, with principal payments due June 1 annually. Total annual payments are approximately \$200,000, with an average interest rate of 6.43%. The debt matures in year 2025. As of June 30, 2010, the outstanding balance was \$1,885,000.

On April 1, 2003, the Town issued \$5,770,000 in Certificates of Participation to refinance the 1997 COP of the Town, which was issued to refinance 1989 and 1991 COPs of the Town, which were both for capital improvement projects. Interest is due semi-annually on June 1 and December 1, with principal payments due June 1 annually. Total annual payments are approximately \$840,000 per year, with an average interest rate of 2.34%. The debt matures in year 2011. As of June 30, 2010, the outstanding balance was \$570,000.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 8 - Long Term Debt Obligations (continued)

On January 7, 2004, the Town issued \$1,370,000 in Certificates of Participation to purchase land for an affordable/workforce housing project. Principal and interest payments in the amount of \$83,300 are due semi-annually on January 27 and July 27, with interest at 3.8% per annum. The debt matures in year 2014. As of June 30, 2010, the outstanding balance was \$611,960.

On January 8, 2004, the Town issued \$845,500 in Certificates of Participation of which \$422,750 is taxable to the lender. The COP was issued to purchase land for an affordable/workforce housing project. Principal and interest payments in the amount of \$53,000 are due semi-annually on January 27 and July 27. The interest rate for the non-taxable portion of the COP is 3.89% per annum, while the interest on the taxable portion is 5.65% per annum. The debt matures in year 2014. As of June 30, 2010, the outstanding balance was \$387,952.

Year Ended June 30,	Certificates of Participation						
	2000	2003	2004	2004	Total	Interest	Total
	Land Acquisition	COPS Refunding	Land Acquisition	Land Acquisition	Principal		
2011	\$ 80,000	\$570,000	\$144,266	\$ 91,457	\$ 885,723	\$ 176,971	\$ 1,062,694
2012	85,000	-	149,932	95,049	329,981	144,387	474,368
2013	90,000	-	155,821	98,783	344,604	129,580	474,184
2014	100,000	-	161,941	102,663	364,604	114,000	478,604
2015	100,000	-	-	-	100,000	99,955	199,955
2016-2020	600,000	-	-	-	600,000	396,410	996,410
2021-2025	830,000	-	-	-	830,000	171,600	1,001,600
	<u>\$1,885,000</u>	<u>\$570,000</u>	<u>\$611,960</u>	<u>\$387,952</u>	<u>\$3,454,912</u>	<u>\$1,232,903</u>	<u>\$ 4,687,815</u>

E. Loans Payable - Business type Activities

The Town is obligated under two loans with the Department of Transportation Aeronautics Division for capital improvements at the airport. These loans are summarized as follows:

Loaned on September 30, 1985, by the Department of Transportation to the County of Mono in the amount of \$208,222. Pursuant to a subsequent agreement between the Town of Mammoth Lakes and the County of Mono, ownership of the airport and the debt identified above transferred to the Town of Mammoth Lakes in 1991. The purpose of the loan was for an airport improvement project. The loan is amortized over 25 years, with an interest rate of 8.03% per annum. As of June 30, 2010, the outstanding balance was \$8,328.

Loaned on September 14, 1998, by the Department of Transportation to the Town of Mammoth Lakes for a water system and taxi lane extension at the Mammoth Lakes Airport. The loan amount was \$500,000, amortized over 17 years, with an interest rate of 5.0498% per annum. As of June 30, 2010, the outstanding balance was \$218,547.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 8 - Long Term Debt Obligations (concluded)

Year Ended June 30,	Department of Transportation Loans		
	Principal	Interest	Total
2011	\$ 43,796	\$ 11,704	\$ 55,500
2012	37,197	9,245	46,442
2013	38,927	7,367	46,294
2014	40,657	5,401	46,058
2015	42,388	3,348	45,736
2016	23,910	1,207	25,117
	<u>\$ 226,875</u>	<u>\$ 38,272</u>	<u>\$ 265,147</u>

F. Long term debt activity for the year was comprised of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Certificates of participation	\$ 4,555,721	\$ -	\$ (1,100,809)	\$ 3,454,912	\$ 885,723
Loans payable	887,896	-	(136,769)	751,127	140,961
Capital leases	393,660	-	(211,995)	181,665	181,665
Compensated absences	709,500	804	(73,939)	636,365	-
	<u>\$ 6,546,777</u>	<u>\$ 804</u>	<u>\$ (1,523,512)</u>	<u>\$ 5,024,069</u>	<u>\$ 1,208,349</u>
<u>Business-type Activities</u>					
Loans payable	\$ 268,941	\$ -	\$ (42,066)	\$ 226,875	\$ 43,796
Compensated absences	23,339	-	-	23,339	-
	<u>\$ 292,280</u>	<u>\$ -</u>	<u>\$ (42,066)</u>	<u>\$ 250,214</u>	<u>\$ 43,796</u>

Note 9 - Interfund Balances

The Town in its efforts to become a destination resort has worked for years towards the recently completed development of expanded airport facilities in order to accommodate larger aircraft, and has worked closely with the Federal Aviation Administration (FAA) in order to achieve this goal. Scheduled airline service commenced in the fall of 2008. The Town's general fund loaned the Airport enterprise fund the necessary capital funds to accomplish the required capital improvements. A formal interest bearing loan agreement was established.

The Town has developed a Fractional Assessment District that will capture much needed funding that would otherwise be lost with the development of fractional ownership facilities. Because current State law prohibits the Town from collecting transient occupancy taxes from owners of fractional development, the Fractional Assessment District will provide a taxing mechanism in order to reduce the impact of these facilities on the Town. The Town's general fund loan agreement provides for loan repayment in future years as new Fractional Developments are annexed into the District.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 9 - Interfund Balances (continued)

The Town reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The sum of all balances presented in the table agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds, and for proprietary funds. These interfund balances have been eliminated in the government-wide financial statements.

Interfund balances at June 30, 2010 consist of the following:

<u>Due to General fund from:</u>	
Airport fund	\$ 5,078,371
Capital project funds	3,286,263
Fractional district funds	704,514
All others	91
	\$ 9,069,239
 <u>Due to Nonmajor Governmental funds from:</u>	
Capital project DIF funds	\$ 1,587,014
 <u>Due to Internal Service fund from:</u>	
DIF general facilities fund	\$ 1,275,000

Note 10 - Interfund Transfers

The Town reports interfund transfers between many of its funds. Some of the transfers are considered immaterial and are aggregated into a single column or row. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

<u>Fund type</u>	Operating transfers	
	In	Out
General fund	\$ 10,049,476	\$ 14,282,290
Special revenue funds	1,812,940	254,154
Capital projects funds	1,191,724	1,177,745
Debt service fund	1,634,653	151,084
Internal service fund	45,592	51,143
Airport enterprise fund	800,848	-
Airport debt service fund	260,563	-
Agency funds	135,739	15,119
	\$ 15,931,535	\$ 15,931,535

Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from funds collecting the receipts, to the debt service fund as debt service payments become due, and (3) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The Town accounts for its capital improvement and

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 10 - Interfund Transfers (continued)

construction projects primarily through its gas tax and capital project funds. Such expenditures are primarily funded from general fund revenue, tax revenue, grants and developer impact fees. These transfers are reported in the fiscal period in which the transactions are approved and recorded.

Note 11 - Defined Benefit Pension Plan

Plan Description

All eligible full-time employees participate in the Town's defined benefit pension plan, administered through the California Public Employee's Retirement System, which provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The California Public Employees' Retirement System (CalPERS) is an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provision as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Town selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local resolution (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Status and Progress

Non-public safety participants are required to contribute 7% of their annual covered salary, while public safety employees are required to contribute 9% of their annual covered salary. The Town makes the contributions required of Town employees on their behalf and for their account. The Town's required contribution is based upon an actuarially determined rate. The current 2009-2010 year rate was 15.278% for non-public safety employees (miscellaneous plan) and 24.871% for public safety employees (safety plan), of annual covered payroll. The projected 2010-2011 year rate is 15.213% for non-public safety employees and 24.224% for public safety employees, of annual covered payroll. The contribution requirements of plan members, and the Town, are established and may be amended by CalPERS.

Annual Pension Cost

For the fiscal year ended June 30, 2010, the Town's total annual pension cost of \$1,922,348 to CalPERS was equal to the Town's required and actual employer contributions of \$1,299,816, and the employee share of \$622,532. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included:

- a 7.75% investment rate of return (net of administrative expenses)
- projected annual salary increases of 3.25% to 14.45% depending on age, service and type of employment
- an inflation rate of 3.0%
- a payroll growth rate of 3.25%
- individual salary growth merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% and an annual production growth of 0.25%

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 11 - Defined Benefit Pension Plan (continued)

The actuarial value of CalPERS' risk pool assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value).

The contribution rate for normal cost is determined using the entry-age normal actuarial cost method, a projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Three-year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007-08	\$ 2,303,062	100%	\$-0-
2008-09	\$ 2,175,960	100%	\$-0-
2009-10	\$ 1,922,348	100%	\$-0-

Funded Status of the Plans

The funded status of the plans as of the most recent actuarial valuation dates is as follows (in millions):

Annual Valuation Report Date	Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded (Over-funded) Liability as a % of Payroll
---------------------------------------	----------------------	---------------------------------	--	------------------	------------------------------	---

Miscellaneous Plan - 2.7% at age 55 Risk Pool:

6/30/2009	\$ 2,140	\$ 1,674	\$ 466	78.2%	\$ 440	105.9%
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Safety Plan - 3.0% at age 50 Risk Pool:

6/30/2009	\$ 9,721	\$ 8,027	\$ 1,694	82.6%	\$ 973	174.0%
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Other Plans

The Town entered into a contract with the Public Agency Retirement Services (PARS) effective July 2003 for the provision of an additional pension plan for full-time vested safety employees. The Town is funding the plan in accordance with actuarial assumptions as determined by a third party actuary. The Town requires all part-time, seasonal, and temporary non-CalPERS qualified employees to participate in an Alternative Retirement System (ARS) administered by PARS. The ARS replaces participation in the Federal Insurance Contributions Act (FICA) program also known as Social Security.

Note 12 - Nature and Purpose of Reported Reserves and Designations

The difference between assets and liabilities of governmental funds is reported as fund balance, which is divided into *reserved* and *unreserved* components, with *unreserved* representing amounts considered available for new spending. *Unreserved fund balance* may be further divided into *designated* and *undesignated* portions. Designations represent management's *self imposed* intended future use of available resources (i.e., contingencies, equipment replacement) and generally reflect actual plans

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 12 - Nature and Purpose of Reported Reserves and Designations (continued)

approved by the Town Council or senior management. Reservations of fund balance are intended to reflect *demands* or *limitations* on net current financial resources. A summary of the reported reserves and designations by fund at June 30, 2010, follows:

<u>Reserved</u>	
General fund - reserve for long term loans receivables	\$ 1,012,860
General fund - reserve for interfund loans	9,069,231
General fund - reserve for prepaid rent expense	48,230
<u>Unreserved, but designated</u>	
Debt Service fund - designated for future debt service payments	782,738

Note 13 - Risk Management

The Town 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 Town is a member of the California Joint Powers Insurance Authority (California JPIA), a public entity risk pool currently operating as a common risk management and insurance program for member cities and townships. The relationship between the Town and the JPIA is such that the JPIA is not a component unit of the Town for financial reporting purposes. The general liability and workers compensation coverages are pooled self-insurance programs administered by the California JPIA on behalf of the member. The comprehensive general and automobile liability insurance, property insurance, and crime insurance are purchased from private insurance companies on behalf of the member.

Note 14 - Commitments and Contingencies

There are various legal claims and legal actions pending against the Town for which no provision has been made in the financial statements because the amount of liability, if any, is unknown except as discussed in the next paragraph. In the opinion of the Town Attorney and Town Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

The Town was the defendant in litigation with a real estate developer for alleged breach of contract. In 2008 a jury awarded the developer \$30 million in damages, and subsequently the judge awarded the prevailing party an additional \$2.3 million for attorney fees, which is discussed in Note 18 - Subsequent Events.

The Town has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

At June 30, 2010, the Town was in contract for several grant funded street projects, which are expected to be completed by December 31, 2010.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 15 - Assessment District Debt

The Town acts as an agent for collection of property taxes and repayment of several special assessment improvement bonds issued for assessment districts within the Town. Since the Town is not obligated in the event of any manner for these special assessment bonds, the debt is not recorded in these financial statements. The outstanding balance of the bond obligations at June 30, 2010 was as follows:

Bluffs Reassessment District 1993-4R	\$ 2,209,617
North Village Area 2003 Special Tax bonds	\$ 8,525,000

Note 16 - Dependence upon Tourism Industry

The Town is strongly dependent on tourism generated tax dollars for providing revenue to its general fund, the main operating fund of the Town. Property tax revenue is also a main contributor to the general fund. The following table shows what percentage these three revenue sources provide to the Town's general fund.

General fund tax type:	Fiscal Year Ended June 30;			
	2007	2008	2009	2010
Transient Occupancy	54%	46%	51%	50%
Property	14%	16%	21%	18%
Sales	12%	9%	13%	8%
	80%	71%	85%	76%

The tourism industry accounts for all the transient occupancy taxes collected and a significant portion of all sales taxes collected. Consequently, a downturn in the tourism industry for the Town would result in a substantial reduction in general fund revenues. In the event of such a downturn, the Town may have insufficient resources in its general fund to pay all of its obligations or provide services to its citizens at the current level.

Note 17 - New Pronouncements

The GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," issued in March 2009, initially distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with long-term notes receivable or inventory, and other amounts that are classified as spendable based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted - Amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - Amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority.
- Assigned - Amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed.
- Unassigned - The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2010

Note 17 - New Pronouncements (continued)

The new standard also clarifies the definitions of individual governmental fund types. It also specifies how economic stabilization or "rainy day" amounts should be reported. Because of the specific nature of these accounts, the statement considers stabilization amount as *specific purposes*. Stabilization amounts should be reported in the general fund as restricted or committed if they meet the appropriate criteria. Only if the resources in the stabilization arrangement derive from a restricted or committed revenue source could a stabilization fund be reported as a special revenue fund.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by this statement. The capital projects fund type was clarified for better alignment with the needs of financial statement users and prepares. Definitions are as follows:

- General fund - Account for and report all financial resources and uses not accounted for and reported in another fund.
- Special revenue funds - 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 projects funds - Account for and report financial resources that are restricted, committed, or assigned to the expenditure for capital outlays, including the acquisition of construction of capital facilities and other capital assets.
- Debt service funds - Account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- Permanent funds - Account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

The Town is currently analyzing its accounting practices to determine the potential impact on its financial statements when GASB Statement No. 54 is implemented. The requirements of this statement are effective for the Town beginning July 1, 2010.

Note 18 - Subsequent Events

The management of the Town has reviewed the results of operations for the period from its fiscal year end June 30, 2010 through December 7, 2010, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure, except as follows.

In November 2010, the Town lost its appeal of a prior lawsuit and judgment brought by a plaintiff in whom the prior jury awarded Hot Creek Developers \$30 million in damages and \$2.3 million in attorney fees. The Town is currently analyzing all of its options to address the judgment, and will be engaging in settlement discussions.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MAMMOTH LAKES
Note to Required Supplementary Information on
Budgetary Comparison Information
Year Ended June 30, 2010

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the close of each fiscal year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenues and expenditures.
- Public hearings are conducted at Town Council meetings to obtain taxpayer comments prior to adoption of the budget in June.
- Prior to July 1, the budget is legally adopted for all governmental fund types through Council approved budget.
- The Town Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the Town's needs; however, revisions that alter the total expenditures must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.
- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the Town Council.

TOWN OF MAMMOTH LAKES
Budgetary Comparison Information
General Fund
Year Ended June 30, 2010

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows)				
Taxes and assessments	\$ 16,781,107	\$ 16,781,107	\$ 17,704,591	\$ 923,484
Licenses and permits	338,866	391,309	293,765	(97,544)
Intergovernmental	805,402	805,402	748,454	(56,948)
Charge for services	1,076,269	1,211,191	1,833,139	621,948
Fines and penalties	75,250	109,750	60,452	(49,298)
Use of money and property	118,113	118,113	242,849	124,736
Other revenue	46,191	46,691	145,120	98,429
Transfers in from other funds	10,096,312	9,490,420	10,049,476	559,056
Amounts Available for Appropriation	<u>29,337,510</u>	<u>28,953,983</u>	<u>31,077,846</u>	<u>2,123,863</u>
Charges to Appropriations (Outflow)				
General government	3,368,498	3,368,498	3,643,571	(275,073)
Public safety	4,882,422	4,668,058	4,685,453	(17,395)
Tourism and recreation	3,441,521	3,082,899	3,137,045	(54,146)
Community development	1,185,149	1,379,531	1,703,717	(324,186)
Public ways and facilities	616,534	616,534	818,260	(201,726)
Transportation and transit	1,192,622	1,192,622	1,256,839	(64,217)
Workforce housing	436,098	435,851	437,885	(2,034)
Transfers out to other funds	15,281,133	14,991,402	14,282,290	709,112
Total Charges to Appropriations	<u>30,403,977</u>	<u>29,735,395</u>	<u>29,965,060</u>	<u>(229,665)</u>
Surplus (Deficit)	<u>\$ (1,066,467)</u>	<u>\$ (781,412)</u>	<u>\$ 1,112,786</u>	<u>\$ 1,894,198</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MAMMOTH LAKES
Other Governmental Funds
Combining Balance Sheet

June 30, 2010

Capital Projects Funds:

Capital Projects Fund	DIF Admin Overhead	DIF General Facilities	DIF Law Enforcement	DIF Storm Drains	DIF Parks & Recreation	DIF MCOE (Library)	DIF Circulation (Streets)	DIF Fire Facility, Veh. & Eq.	DIF Airport Improvement	Public Arts Program
Cash and investments	\$ -	\$ 617	\$ -	\$ -	\$ 247	\$ 189	\$ 213	\$ 11	\$ 4,825	\$ 132,660
Account receivables (refund)	892,322 (234)	1,114 (593)	(158)	242	17	145	112	20	-	-
Due from other funds	-	903,008	-	-	202,280	16,500	-	213,700	-	251,526
Notes Receivable	-	-	-	-	-	-	-	-	-	-
Restricted fiscal agent cash	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 892,322 (234)	\$ 904,739 (593)	\$ (158)	\$ 202,769 (158)	\$ 16,706	\$ 213,823	\$ 358	\$ 4,845	\$ 384,186	
Liabilities										
Accounts payable	\$ 411,023	\$ 1,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273
Accrued liabilities	-	-	-	-	-	-	-	-	-	-
Due to the general fund	-	365,000	1,850,000	176,263	-	-	895,000	-	-	-
Due to other funds	-	183,552	1,295,000	453,161	619,932	-	310,370	-	-	-
Cash overdraft	450,908	-	-	-	-	-	-	-	-	-
Total Liabilities	\$ 861,931	\$ 549,796	\$ 3,145,000	\$ 629,424	\$ 619,932	\$ -	\$ 1,205,370	\$ -	\$ -	\$ 273
Fund Balances										
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	30,391 (550,030)	(2,240,261)	(630,017)	(620,090)	202,769	16,706	(1,205,012)	213,823	4,845	363,913
Debt service fund	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	\$ 30,391 (550,030)	\$ (2,240,261)	\$ (630,017)	\$ (620,090)	\$ 202,769	\$ 16,706	\$ (1,205,012)	\$ 213,823	\$ 4,845	\$ 383,913
Total Liabilities and Fund Balances	\$ 892,322 (234)	\$ 904,739 (593)	\$ (158)	\$ 202,769 (158)	\$ 16,706	\$ 213,823	\$ 358	\$ 4,845	\$ 384,186	

TOWN OF MAMMOTH LAKES
 Other Governmental Funds
 Combining Balance Sheet
 June 30, 2010

Special Revenue Funds:									
	Gas Tax Fund	LTC Planning & Transportation	Measure R Sales Tax	Drug Enforcement Fund	Pending Assessment Districts	Total Special Revenue Nonmajor Funds	Total Capital Projects Nonmajor Funds	Debt Service Fund	Total Other Governmental Funds
Assets									
Cash and investments	\$ 55,485	-	\$ 895,167	\$ 38,410	\$ -	\$ 989,062	\$ 138,762	\$ -	\$ 1,127,824
Account receivables (refund)	18,524	427,278	115,400	-	-	561,202	892,987	-	1,454,189
Due from other funds	-	-	-	-	-	-	1,587,014	-	1,587,014
Notes Receivable	-	-	-	-	-	-	-	-	-
Restricted fiscal agent cash	-	-	-	-	-	-	-	783,263	783,263
Total Assets	\$ 74,009	\$ 427,278	\$ 1,010,567	\$ 38,410	\$ -	\$ 1,550,264	\$ 2,618,763	\$ 783,263	\$ 4,952,290
Liabilities									
Accounts payable	\$ 73,764	\$ 15,546	\$ 73,828	\$ -	\$ 91	\$ 163,229	\$ 412,540	\$ -	\$ 575,769
Accrued liabilities	-	-	-	-	-	-	-	-	-
Due to the general fund	-	-	-	-	-	-	3,286,263	-	3,286,263
Due to other funds	-	-	-	-	-	-	2,862,015	-	2,862,015
Cash overdraft	-	390,947	-	-	-	390,947	450,908	525	842,380
Total Liabilities	73,764	406,493	73,828	-	91	554,176	7,011,726	525	7,566,427
Fund Balances									
Unreserved, reported in:									
Special revenue funds	245	20,785	936,739	38,410	(91)	996,088	-	-	996,088
Capital projects funds	-	-	-	-	-	-	(4,392,963)	-	(4,392,963)
Debt service fund	-	-	-	-	-	-	-	782,738	782,738
Total Fund Balances	245	20,785	936,739	38,410	(91)	996,088	(4,392,963)	782,738	(2,614,137)
Total Liabilities and Fund Balances	\$ 74,009	\$ 427,278	\$ 1,010,567	\$ 38,410	\$ -	\$ 1,550,264	\$ 2,618,763	\$ 783,263	\$ 4,952,290

TOWN OF MAMMOTH LAKES

Other Governmental Funds

Combining Statement of Revenue, Expenditures, and Change in Fund Balances

Year Ended June 30, 2010

Capital Projects Funds:												
Capital Projects Fund	DIF Admin Overhead	DIF General Facilities	DIF Law Enforcement	DIF Storm Drains	DIF Parks & Recreation	DIF MCOE (Library)	DIF Circulation (Streets)	DIF Fire Facility, Veh. & Eq.	DIF Airport Improvement	DIF Public Arts Program		
Revenue												
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services (refund)	25,147	10,260	62,008	10,412	4,000	12,192	319,870	183,674	1,108	-	-	-
Use of money and property	(528)	3,770	(1,800)	(469)	1,171	57	198	261	94	-	-	-
Total Revenue	24,619	14,030	60,208	9,943	5,171	12,249	320,068	183,935	1,202	-	-	-
Expenditures												
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Public ways and facilities	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	156,367	148,003	-	-	-	-	-	-	-	-	-	-
Transportation and transit	-	-	-	-	-	-	-	-	-	-	-	-
Tourism and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	156,367	148,003	-	-	-	-	-	-	-	-	-	136,557
Excess of Revenue over (under) Expenditures	(131,748)	(133,973)	60,208	9,943	5,171	12,249	320,068	183,935	1,202	-	-	(136,557)
Other Financing Sources (Uses)												
Transfers In	2,119	-	-	-	-	-	-	-	-	-	-	-
Transfers (out)	-	(45,592)	-	(490,770)	-	-	(629,495)	-	(11,888)	-	-	-
Total Other Sources (Uses)	2,119	(45,592)	-	(490,770)	-	-	(629,495)	-	(11,888)	-	-	-
Change in Fund Balances	(129,629)	(179,565)	60,208	(480,827)	5,171	12,249	(309,427)	183,935	(10,686)	-	-	(136,557)
Fund Balances - beginning	(420,401)	(2,060,696)	(690,225)	(139,263)	197,598	4,457	(895,585)	29,888	15,531	520,470	-	-
Fund Balances - end of year	\$ (550,030)	\$ (2,240,261)	\$ (630,017)	\$ (620,090)	\$ 202,769	\$ 16,706	\$ (1,205,012)	\$ 213,823	\$ 4,845	\$ 383,913	-	-

TOWN OF MAMMOTH LAKES
Other Governmental Funds

Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Year Ended June 30, 2010

	Special Revenue Funds:						Total Special Revenue Nonmajor Funds	Total Capital Project Nonmajor Funds	Debt Service Fund	Total Other Governmental Funds
	Gas		Measure R		Pending Assessment Districts					
	LTC Planning	Transportation & Transit	Sales Tax	Enforcement Fund	Drug					
Revenue										
Intergovernmental	\$ 1,511,057	\$ 194,086	\$ 914,394	\$ 4,448	\$ -	\$ 2,623,985	\$ 1,712,803	\$ -	\$ 4,336,788	
Charge for services (refund)	112,460	-	-	-	-	112,460	628,671	-	741,131	
Use of money and property	154,139	(1,810)	-	-	-	152,329	2,754	113	155,196	
Total Revenue	<u>1,777,656</u>	<u>192,276</u>	<u>914,394</u>	<u>4,448</u>	<u>-</u>	<u>2,888,774</u>	<u>2,344,228</u>	<u>113</u>	<u>5,233,115</u>	
Expenditures										
Public safety	-	-	-	3,443	-	3,443	-	-	3,443	
Community development	-	-	-	-	-	-	136,557	-	136,557	
Public ways and facilities	3,513,649	-	-	-	-	3,513,649	-	-	3,513,649	
Capital projects	-	-	-	-	-	-	3,055,987	-	3,055,987	
Transportation and transit	-	194,086	-	-	-	194,086	-	-	194,086	
Tourism and recreation	-	-	425,220	-	-	425,220	-	-	425,220	
Debt service	-	-	-	-	-	-	-	1,483,682	1,483,682	
Total Expenditures	<u>3,513,649</u>	<u>194,086</u>	<u>425,220</u>	<u>3,443</u>	<u>-</u>	<u>4,136,398</u>	<u>3,192,544</u>	<u>1,483,682</u>	<u>8,812,624</u>	
Excess of Revenue over (under) Expenditures	<u>(1,735,993)</u>	<u>(1,810)</u>	<u>489,174</u>	<u>1,005</u>	<u>-</u>	<u>(1,247,624)</u>	<u>(848,316)</u>	<u>(1,483,569)</u>	<u>(3,579,509)</u>	
Other Financing Sources (Uses)										
Transfers In	1,812,940	-	-	-	-	1,812,940	1,191,724	1,634,653	4,639,317	
Transfers (out)	(196,702)	-	(57,452)	-	-	(254,154)	(1,177,745)	(151,084)	(1,582,983)	
Total Other Sources (Uses)	<u>1,616,238</u>	<u>-</u>	<u>(57,452)</u>	<u>-</u>	<u>-</u>	<u>1,558,786</u>	<u>13,979</u>	<u>1,483,569</u>	<u>3,056,334</u>	
Change in Fund Balances										
Fund Balances - beginning	120,000	22,595	505,017	37,405	(91)	684,926	(3,568,626)	782,738	(2,090,962)	
Fund Balances - end of year	<u>\$ 245</u>	<u>\$ 20,785</u>	<u>\$ 936,739</u>	<u>\$ 38,410</u>	<u>\$ (91)</u>	<u>\$ 996,088</u>	<u>\$ (4,392,963)</u>	<u>\$ 782,738</u>	<u>\$ (2,614,137)</u>	

TOWN OF MAMMOTH LAKES
Internal Service Funds
Combining Statement of Net Assets
June 30, 2010

	Vehicle Service	Self- Insurance	Totals
Assets			
Cash and investments	\$ 5,962,469	\$ 259,908	\$ 6,222,377
Accounts receivable	51,555	-	51,555
Inventory	352,075	-	352,075
Due from other funds	1,275,000	-	1,275,000
Note receivable	-	-	-
Capital assets, net of depreciation	3,368,269	-	3,368,269
Total Assets	<u>11,009,368</u>	<u>259,908</u>	<u>11,269,276</u>
Liabilities			
Accounts payable	76,888	17,530	94,418
Accrued liabilities	-	-	-
Compensated absences	44,734	-	44,734
Capital lease obligations	181,665	-	181,665
Total Liabilities	<u>303,287</u>	<u>17,530</u>	<u>320,817</u>
Net Assets			
Invested in capital assets, net of related debt	3,186,604	-	3,186,604
Unrestricted	7,519,477	242,378	7,761,855
Total Net Assets	<u>\$ 10,706,081</u>	<u>\$ 242,378</u>	<u>\$ 10,948,459</u>

TOWN OF MAMMOTH LAKES

Internal Service Funds

Combining Statement of Revenue, Expenses, and Change in Net Assets

Year Ended June 30, 2010

	Vehicle Service	Self- Insurance	Totals
Operating Revenue			
Charges for services	\$ 1,992,652	\$ 322,737	\$ 2,315,389
Operating Expenses			
Personal services	613,243	263,704	876,947
Maintenance and operations	501,745	-	501,745
Benefit claims	-	-	-
Depreciation	620,252	-	620,252
Total Operating Expenses	<u>1,735,240</u>	<u>263,704</u>	<u>1,998,944</u>
Operating Income (Loss)	<u>257,412</u>	<u>59,033</u>	<u>316,445</u>
Nonoperating Revenue (Expenses)			
Investment earnings	12,031	-	12,031
Other revenue	22	-	22
Total Nonoperating Revenue (Expenses)	<u>12,053</u>	<u>-</u>	<u>12,053</u>
Income Before Transfers	269,465	59,033	328,498
Transfers in from other funds	45,592	-	45,592
Transfers (out) to other funds	(51,143)	-	(51,143)
Change in Net Assets	263,914	59,033	322,947
Net Assets - Beginning	10,442,167	183,345	10,625,512
Net Assets - End of year	<u>\$ 10,706,081</u>	<u>\$ 242,378</u>	<u>\$ 10,948,459</u>