

TOWN OF MAMMOTH LAKES
California

Annual Financial Report
June 30, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mammoth Lakes, California, as of and for the year ended June 30, 2015, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

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, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9, the Town's schedule of changes in the net pension liability and related ratios, and schedule of contributions on pages 52-55, the schedule of funding progress for the Town's other postemployment benefits plan on

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

page 56, and the respective budgetary comparison information of the general and major funds on pages 57-61, 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, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mammoth Lakes' basic financial statements. The combining nonmajor governmental funds financial statements, and the combining internal service funds financial statements, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (Appendix A-Single Audit) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information as listed in the table of contents, and the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Implementation of New Accounting Standards

As disclosed in the Note 2 to the financial statements, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2014-15.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 12, 2015 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are 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 internal control over financial reporting on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Marcello & Company

Certified Public Accountants
Sacramento, California
November 12, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

*As Prepared by Management
(unaudited)*



Finance Department (760) 934-8989
P.O. Box 1609, Mammoth Lakes, CA 93546

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Discussion and Analysis of the Town of Mammoth Lakes' financial performance for the fiscal year ending June 30, 2015 provides an analysis of the Town's overall financial position and municipal operations. It is intended to assist readers in evaluating the Town's finances, and provides a discussion of significant changes that affected various funding sources, including significant 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 our financial position or operations. Please read it in conjunction with the Town's financial statements.

The Statement of Net Position and the Statement of Activities:

A frequently asked question 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 Position 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 modified accrual basis of accounting; this is similar to the accounting used by most private sector companies.

These two statements report the Town's net position at fiscal year end and financial activities for the fiscal year. The net position is the difference between assets and liabilities, which is one way to measure the Town's financial health or position. Over time, increases or decreases in the Town's net position is an indication of whether its financial health is improving or deteriorating. It is important to remember that this measure of financial health considers all of the Town's assets, such as 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 a non-cash 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 overview and are presented after the Statement of Activities.

In both the Statement of Net Position 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 general administration (town manager, town clerk, personnel, finance, etc.), police protection, public works, tourism and recreation, and community development.

Transient occupancy tax, sales tax, property taxes, other taxes, interest income, grants, intergovernmental revenue and service charges finance these activities. The Statement of Net Position also includes the value of capital assets (net of depreciation, and future debt payments) and the assets and liabilities of the internal service funds. Because the Statement of Activities includes depreciation expense, and records the activity in the internal service funds on the accrual basis of accounting, there are significant differences from the Fund Financial Statements.

Business-type activities – The Town’s Airport charges fees to customers to cover certain services that the Airport provides. The Town also operates the Long Valley Mineral Pit as a business-type activity charging customers for the cost of services (disposal of clean materials).

Fund Financial Statements:

The Fund Financial Statements provide detailed information about the most significant funds – not about the Town as a whole. Some funds are required to be established by State law and by bond covenants. In addition, management established several other funds to help it control and manage money for particular purposes, or to show that it is meeting legal requirements in the use of 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 the flow of money in and out 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 fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund 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 Balance Sheet and the Statement of Net Position. These differences are unavoidable, because by definition the reports are looking at different financial activities. The two reports provide a different perspective on the Town’s finances, both of which are considered beneficial to financial statement users.

Proprietary (Enterprise) funds – When the Town manages a functional area on a business basis with specific charges to customers for services and accounts for all revenues, assets and liabilities separately this activity is generally reported in proprietary funds. Proprietary funds, such the Town’s enterprise funds (Airport and Long Valley Mineral Pit) are reported in the Statement of Net Position and the Statement of Activities, as business-type activities. Other reports 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 and assessment districts. The Town’s fiduciary activities are reported in the 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. 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 Position:

A condensed presentation of the Town's net position showed in the following table totals \$61 million as of June 30, 2015. The Town experienced a decrease of \$14.6 million in total net position compared to the prior year, as the result of expenditures exceeding revenue by \$1.3 million. Those expenditures were mostly related to non-operating expenditures, and include a prior period adjustment to write down \$556,000 in deferred revenue, and the new required GASB 68 reporting of pension and OPEB liabilities of \$12.7 million.

Town of Mammoth Lakes Statement of Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Current and other assets	30,741,883	29,397,933	573,986	548,041	31,315,869	29,945,974
Internal Loans	558,312	199,419		(199,419)	558,312	-
Capital assets, net of depreciation	67,087,387	71,580,434	6,082,633	7,367,756	73,170,020	78,948,190
Total assets	98,387,582	101,177,786	6,656,619	7,716,378	105,044,201	108,894,164
Deferred Outflow of Resources						
Deferred Pensions	1,159,512		74,011		1,233,523	
Total Assets and Deferred Resources	99,547,094	101,177,786	6,730,630	7,716,378	106,277,724	108,894,164
Long-term debt outstanding	39,794,713	28,558,850	833,563	97,331	40,628,276	28,656,181
Other liabilities	2,303,464	4,549,222	34,605	51,209	2,338,069	4,600,431
Total liabilities	42,098,177	33,108,072	868,168	148,540	42,966,345	33,256,612
Deferred Inflow of Resources						
Deferred Pensions	2,141,055		136,663		2,277,718	
Total Liabilities and Deferred Inflows of Resources	44,239,232	33,108,072	1,004,831	148,540	45,244,063	33,256,612
<u>Net position:</u>						
Invested in capital assets, net of related debt	65,360,305	69,683,536	6,050,242	7,297,909	71,410,547	76,981,445
Restricted	5,339,311	206,260	-	-	5,339,311	206,258
Unrestricted	(15,391,754)	(1,820,082)	(324,443)	269,929	(15,716,197)	(1,550,153)
Total net position	55,307,862	68,069,714	5,725,799	7,567,838	61,033,661	75,637,550

By far, the largest portion of the net position 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 is still outstanding. These capital assets are used to provide services to citizens and are therefore not available for future spending.

General Fund Budgetary Highlights:

The General Fund ended the year positively with an increase in available resources of \$546,000. Transient Occupancy Tax, which is a major source of the Town's funding, came in nearly \$120,000 higher than projected, and the Town achieved savings across most departments, with the Gas Tax Fund achieving the highest savings due to lower than normal snow fall during the year.

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>	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenue:						
Program Revenue:						
Charges for services	954,158	854,116	1,026,972	542,220	1,981,130	1,396,336
Operating grants & contributions	1,827,540	859,366	-	-	1,827,540	859,366
Capital grants & contributions	3,366,592	4,925,536	-	52,380	3,366,592	4,977,916
General revenue:						
Transient occupancy tax	11,406,137	10,479,081	-	-	11,406,137	10,479,081
Sales tax	2,957,818	2,926,806	-	-	2,957,818	2,926,806
Property tax	3,227,674	3,177,190	-	-	3,227,674	3,177,190
Other taxes	5,649,964	5,264,932	-	-	5,649,964	5,264,932
Other	1,475,702	573,366	5,925	102	1,481,627	573,468
Transfers in (out)	(826,711)	147,100	657,104	544,574	(169,607)	691,674
Total Revenue	<u>30,038,874</u>	<u>29,207,493</u>	<u>1,690,001</u>	<u>1,139,276</u>	<u>31,728,875</u>	<u>30,346,769</u>
Expenses:						
General government	3,926,944	3,569,941	-	-	3,926,944	3,569,941
Public safety	3,410,259	3,556,924	-	-	3,410,259	3,556,924
Tourism & recreation	7,667,058	7,010,396	-	-	7,667,058	7,010,396
Community development	1,963,989	1,672,414	-	-	1,963,989	1,672,414
Public works	12,069,371	12,910,021	-	-	12,069,371	12,910,021
Airport	-	-	2,698,160	2,190,043	2,698,160	2,190,043
Waste (Mineral Pit)	-	-	2,475	3,232	2,475	3,232
Debt service (Interest)	1,293,415	1,285,107	-	-	1,293,415	1,285,107
Total expenses	<u>30,331,036</u>	<u>30,004,803</u>	<u>2,700,635</u>	<u>2,193,275</u>	<u>33,031,671</u>	<u>32,198,078</u>
Change in net position	(292,162)	(797,310)	(1,010,634)	(1,053,999)	(1,302,796)	(1,851,309)
Net position - beginning of year	68,069,714	68,867,024	7,567,838	8,621,837	75,637,552	77,488,860
Prior Period Adjustment	(12,469,690)	-	(831,405)	-	(13,301,095)	-
Net position- end of year	<u>55,307,862</u>	<u>68,069,714</u>	<u>5,725,799</u>	<u>7,567,838</u>	<u>61,033,661</u>	<u>75,637,551</u>

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, or to other government units on a cost reimbursement basis.

- 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. As of June 30, 2015, the Town operated two enterprise funds: the Mammoth Yosemite Airport, and the Long Valley Mineral Pit on behalf of the US Forest Service.

Debt Administration:

The Town paid down principal of \$100,000 on existing Certificates of Participation debt during the fiscal year. Total outstanding Certificates of Participation debt issued for capital projects as of June 30, 2015 was \$1,430,000. The Town began the process of refunding the last remaining Certificate of Participation to achieve a lower interest rate and obtain additional financing to build a Police Facility. This refunding process is expected to close near the beginning of the next fiscal year. This is anticipated to be a lease-revenue bond issue. The Town has not issued general obligation or revenue bonds since its incorporation. The Town previously received a California State Water Resources Control Board loan for storm drain improvements; the outstanding balance at June 30, 2015 was \$297,082. The Town previously received a Department of Transportation loan for a water system and taxi lane extension at the Airport; the outstanding balance at June 30, 2015 was \$32,391. The Town lost their final appeal before the State Supreme Court related to litigation with a real estate developer for alleged breach of contract. The award for damages was \$30 million plus attorney's fees. The Town reached a settlement with the developer in November 2012 in the amount of \$29,500,434 payable over 24 years. The outstanding balance at June 30, 2015 was \$25,642,306.

Outlook for the Future:

The Town anticipates continued growth in Transient Occupancy Tax (TOT). While the winter months continue to generate the most income depending on snowfall, collections for the summer months have grown significantly. This growth in revenue can be attributed in part to the Tourism Business Improvement District (TBID) funding, as well as an increased level of TOT enforcement. These funds are used for marketing and promotion of the community.

The Town has seen renewed interest in larger development projects such as the pending sale of a North Village area six-acre real estate parcel. With regards to housing, the Town anticipates construction of several new homes along the Starwood golf course.

The Town Council continues to remain conservative in their budgeting approach. To the extent that the Town is able to achieve savings during the year, the Council has designated priorities for funding. Priorities include maintaining current service levels, increased funding of road rehabilitation, as well as setting aside funds for airport capital improvements, community facility improvements, and capital investment. New facilities moving forward include a Multi-Use Facility/Community Center, a Police Facility, increased Parking and improved Trail Systems. Additional funds were also placed in reserves (e.g., Reserve for Economic Uncertainty-REU). The REU will be set at the initial Council goal of \$3 million.

In conclusion, the Town has realized a financial recovery from the recessionary impacts. While the Town did experience a downward revenue projection in recent years due to weather conditions, a number of factors show improving economic trends. Going forward, the Town is in a moderately better financial structural position to fund on-going operations with a balanced budget and improved reserve levels.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "C Myrold".

Cyndi Myrold
Finance Manager

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MAMMOTH LAKES
Government-wide Financial Statements
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 14,965,812	\$ 513,495	\$ 15,479,307
Receivables	3,185,712	56,633	3,242,345
Internal balances	558,312	-	558,312
Prepaid expenses	473,592	3,858	477,450
Loans receivable	89,785	-	89,785
Notes receivable	11,820,723	-	11,820,723
Restricted cash with fiscal agent	206,259	-	206,259
Capital assets not being depreciated	10,338,316	544,316	10,882,632
Capital assets, net of depreciation	56,749,071	5,538,317	62,287,388
Total assets	<u>98,387,582</u>	<u>6,656,619</u>	<u>105,044,201</u>
Deferred Outflows of Resources			
Deferred pensions	1,159,512	74,011	1,233,523
Total assets and deferred outflows of resources	<u>99,547,094</u>	<u>6,730,630</u>	<u>106,277,724</u>
Liabilities			
Payables	2,226,142	34,605	2,260,747
Deferred revenue	77,322	-	77,322
Noncurrent liabilities:			
Due within one year	984,822	40,495	1,025,317
Due in more than one year	38,809,891	793,068	39,602,959
Total liabilities	<u>42,098,177</u>	<u>868,168</u>	<u>42,966,345</u>
Deferred Inflows of Resources			
Deferred pensions	2,141,055	136,663	2,277,718
Total liabilities and deferred inflows of resources	<u>44,239,232</u>	<u>1,004,831</u>	<u>45,244,063</u>
Net Position			
Invested in capital assets, net of related debt	65,360,305	6,050,242	71,410,547
Restricted	5,339,311	-	5,339,311
Unrestricted	(15,391,754)	(324,443)	(15,716,197)
Total net position	<u>\$ 55,307,862</u>	<u>\$ 5,725,799</u>	<u>\$ 61,033,661</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 3,926,944	\$ 202,217	\$ 29,949	\$ -	\$ (3,694,778)		\$ (3,694,778)
Public safety	3,410,259	62,678	126,799	-	(3,220,782)		(3,220,782)
Tourism, parks and recreation	7,667,058	219,474	-	-	(7,447,584)		(7,447,584)
Community development	1,581,303	175,329	58,395	-	(1,347,579)		(1,347,579)
Public works / streets	2,300,826	19,667	1,365,933	-	(915,226)		(915,226)
Transportation and transit	848,643	274,793	99,883	-	(473,967)		(473,967)
Workforce housing	382,686	-	146,581	-	(236,105)		(236,105)
Capital projects	-	-	-	3,366,592	3,366,592		3,366,592
Depreciation expense	8,919,902	-	-	-	(8,919,902)		(8,919,902)
Interest on long-term debt	1,293,415	-	-	-	(1,293,415)		(1,293,415)
Total governmental activities	<u>30,331,036</u>	<u>954,158</u>	<u>1,827,540</u>	<u>3,366,592</u>	<u>(24,182,746)</u>		<u>(24,182,746)</u>
Business-type Activities							
Airport	2,698,160	1,009,552	-	-		\$ (1,688,608)	(1,688,608)
Landfill management	2,475	17,420	-	-		14,945	14,945
Total business-type activities	<u>2,700,635</u>	<u>1,026,972</u>	<u>-</u>	<u>-</u>		<u>(1,673,663)</u>	<u>(1,673,663)</u>
Total primary government	<u>\$ 33,031,671</u>	<u>\$ 1,981,130</u>	<u>\$ 1,827,540</u>	<u>\$ 3,366,592</u>	<u>(24,182,746)</u>	<u>(1,673,663)</u>	<u>(25,856,409)</u>
				General Revenue			
				Property taxes	3,227,674	-	3,227,674
				Tourism taxes	3,818,844	-	3,818,844
				Sales taxes	2,957,818	-	2,957,818
				Transient occupancy	11,406,137	-	11,406,137
				Utility users taxes	770,506	-	770,506
				Business taxes	273,283	-	273,283
				Franchise fees	787,331	-	787,331
				Licenses & permits	472,206	-	472,206
				Investment earnings	122,933	559	123,492
				Other revenue	880,563	5,366	885,929
				Transfers in (out)	(826,711)	657,104	(169,607)
					<u>23,890,584</u>	<u>663,029</u>	<u>24,553,613</u>
				Change in Net Position	(292,162)	(1,010,634)	(1,302,796)
				Net Position - beginning	68,069,714	7,567,838	75,637,552
				Prior period adjustment	(12,469,690)	(831,405)	(13,301,095)
				Net Position, as restated	<u>55,600,024</u>	<u>6,736,433</u>	<u>62,336,457</u>
				Net Position - end of year	<u>\$ 55,307,862</u>	<u>\$ 5,725,799</u>	<u>\$ 61,033,661</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, 2015

	General Fund	Capital Projects Fund	Tourism Business Improvement District	Housing & Community Development Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 3,470,224	\$ 46,436	\$ 114,190	\$ 223,242	\$ 5,527,570	\$ 9,381,662
Receivables	1,843,054	687,874	198,459	12	312,750	3,042,149
Notes receivable	-	-	-	11,820,723	-	11,820,723
Interfund loans	4,629,370	-	-	-	-	4,629,370
Restricted cash	-	-	-	-	206,259	206,259
Total assets	<u>\$ 9,942,648</u>	<u>\$ 734,310</u>	<u>\$ 312,649</u>	<u>\$ 12,043,977</u>	<u>\$ 6,046,579</u>	<u>\$ 29,080,163</u>
Liabilities						
Payables	\$ 524,848	\$ 40,450	\$ 140,851	\$ 166	\$ 150,547	\$ 856,862
Cash overdraft	-	-	-	-	101,385	101,385
Deferred revenue	77,322	-	-	11,820,723	-	11,898,045
Interfund loans	2,916,207	-	-	-	5,256,273	8,172,480
Total liabilities	<u>3,518,377</u>	<u>40,450</u>	<u>140,851</u>	<u>11,820,889</u>	<u>5,508,205</u>	<u>21,028,772</u>
Fund Balances						
Non-spendable	-	-	-	-	-	-
Restricted	-	693,860	171,798	-	4,332,826	5,198,484
Committed	3,654,453	-	-	-	1,006,485	4,660,938
Assigned	1,080,805	-	-	223,088	-	1,303,893
Unassigned	1,689,013	-	-	-	(4,800,937)	(3,111,924)
Total fund balances	<u>6,424,271</u>	<u>693,860</u>	<u>171,798</u>	<u>223,088</u>	<u>538,374</u>	<u>8,051,391</u>
Total liabilities and fund balances	<u>\$ 9,942,648</u>	<u>\$ 734,310</u>	<u>\$ 312,649</u>	<u>\$ 12,043,977</u>	<u>\$ 6,046,579</u>	<u>\$ 29,080,163</u>

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 Position
June 30, 2015

Amounts reported in the governmental activities column in the statement of net position are different because of the following:

Total fund balances - governmental funds	\$ 8,051,391
(1) Capital asset acquisitions, dispositions and depreciation used in governmental activities are not financial resources and therefore, are not reported in the funds balance sheet.	66,913,219
(2) Deferred revenue related to long-term notes receivable is not due and payable in the current period, nor recognized as revenue in the government-wide financial statements.	11,820,723
(3) Long-term debt and obligations are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet:	(39,794,713)
(4) Internal service funds are used by management to charge the cost of the motor pool and employee benefits activities to individual funds. Those assets and liabilities are included in the statement of net position.	8,743,112
(5) Deferred outflows of resources reported in the statement of net position.	1,159,512
(6) Deferred inflows of resources reported in the statement of net position.	(2,141,055)
(7) Prior period adjustment, deferred revenue.	<u>555,673</u>
Net Position of governmental activities	<u><u>\$ 55,307,862</u></u>

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, 2015

	General Fund	Capital Projects Fund	Tourism Business Improvement District	Housing & Community Development Fund	Other Governmental Funds	Total Governmental Funds
Revenue						
Taxes and assessments	\$ 17,594,008	\$ -	\$ 3,818,844	\$ -	\$ 1,828,741	\$ 23,241,593
Licenses and permits	472,206	-	-	-	-	472,206
Intergovernmental	215,143	3,366,592	-	146,581	1,465,816	5,194,132
Charge for services	873,043	-	-	-	81,115	954,158
Fines and penalties	36,989	-	-	-	-	36,989
Use of money and property	122,121	-	-	18	794	122,933
Other revenue	394,093	427,759	-	-	21,722	843,574
Total revenue	<u>19,707,603</u>	<u>3,794,351</u>	<u>3,818,844</u>	<u>146,599</u>	<u>3,398,188</u>	<u>30,865,585</u>
Expenditures						
General government	3,977,017	-	-	-	-	3,977,017
Public safety	3,443,793	-	-	-	16,539	3,460,332
Tourism, parks and recreation	3,480,596	-	3,653,761	-	532,701	7,667,058
Community development	1,468,856	-	-	76,706	35,741	1,581,303
Public works / streets	483,566	-	-	-	2,381,613	2,865,179
Capital projects	-	4,133,507	-	-	-	4,133,507
Transportation and transit	848,643	-	-	-	-	848,643
Workforce housing	382,686	-	-	-	-	382,686
Debt service	-	-	-	-	2,284,948	2,284,948
Total expenditures	<u>14,085,157</u>	<u>4,133,507</u>	<u>3,653,761</u>	<u>76,706</u>	<u>5,251,542</u>	<u>27,200,673</u>
Excess of Revenue over (under) Expenditures	<u>5,622,446</u>	<u>(339,156)</u>	<u>165,083</u>	<u>69,893</u>	<u>(1,853,354)</u>	<u>3,664,912</u>
Other Financing Sources (Uses)						
Transfers in	8,895,481	708,973	-	-	4,968,049	14,572,503
Transfers (out)	(13,971,814)	(64,816)	-	-	(1,362,584)	(15,399,214)
Total other financing sources	<u>(5,076,333)</u>	<u>644,157</u>	<u>-</u>	<u>-</u>	<u>3,605,465</u>	<u>(826,711)</u>
Change in Fund Balances	546,113	305,001	165,083	69,893	1,752,111	2,838,201
Fund Balances - beginning	5,322,485	388,859	6,715	153,195	(1,213,737)	4,657,517
Prior period adjustment (note 18)	555,673	-	-	-	-	555,673
Fund Balances, as restated	<u>5,878,158</u>	<u>388,859</u>	<u>6,715</u>	<u>153,195</u>	<u>(1,213,737)</u>	<u>5,213,190</u>
Fund Balances - end of year	<u>\$ 6,424,271</u>	<u>\$ 693,860</u>	<u>\$ 171,798</u>	<u>\$ 223,088</u>	<u>\$ 538,374</u>	<u>\$ 8,051,391</u>

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, 2015

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

Change in fund balances - governmental funds	\$ 2,838,201
(1) Capital Assets	
(a) The acquisition of capital assets uses current financial resources but has no effect on net position.	4,297,272
(b) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.	(8,919,902)
(2) Long-term debt and obligations	
Payments against long-term liabilities and obligations use current resources but have no effect on net position.	1,296,044
(3) Measurement focus	
Certain revenue and expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as revenue or expenditures in governmental funds.	
Internal service fund change in net position.	<u>196,223</u>
Change in net position of governmental activities	<u>\$ (292,162)</u>

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

TOWN OF MAMMOTH LAKES
Proprietary Funds
Statement of Net Position
June 30, 2015

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Assets and Deferred Outflows				
Current assets:				
Cash and investments	\$ 498,104	\$ 15,391	\$ 513,495	\$ 5,685,535
Receivables - accounts and grants	56,074	559	56,633	143,563
Prepaid expenses	3,858	-	3,858	473,592
Interfund loans	-	-	-	4,191,207
Total current assets	<u>558,036</u>	<u>15,950</u>	<u>573,986</u>	<u>10,493,897</u>
Noncurrent assets:				
Capital assets not being depreciated	544,316	-	544,316	-
Capital assets, net of depreciation	5,538,317	-	5,538,317	1,758,315
Total noncurrent assets	<u>6,082,633</u>	<u>-</u>	<u>6,082,633</u>	<u>1,758,315</u>
Total assets	<u>6,640,669</u>	<u>15,950</u>	<u>6,656,619</u>	<u>12,252,212</u>
Deferred outflows of resources:				
Deferred pensions	74,011	-	74,011	-
Total assets and deferred outflows of resources	<u>6,714,680</u>	<u>15,950</u>	<u>6,730,630</u>	<u>12,252,212</u>
Liabilities and Deferred Inflows				
Current liabilities:				
Payables	34,569	36	34,605	87,165
Total current liabilities	<u>34,569</u>	<u>36</u>	<u>34,605</u>	<u>87,165</u>
Noncurrent liabilities:				
Due in one year	40,495	-	40,495	7,492
Due after one year	793,068	-	793,068	22,477
Total noncurrent liabilities	<u>833,563</u>	<u>-</u>	<u>833,563</u>	<u>29,969</u>
Total liabilities	<u>868,132</u>	<u>36</u>	<u>868,168</u>	<u>117,134</u>
Deferred inflows of resources:				
Deferred pensions	136,663	-	136,663	-
Total liabilities and deferred inflows of resources	<u>1,004,795</u>	<u>36</u>	<u>1,004,831</u>	<u>117,134</u>
Net Position				
Invested in capital assets, net of related debt	6,050,242	-	6,050,242	1,758,315
Unrestricted	(340,357)	15,914	(324,443)	10,376,763
Total net position	<u>\$ 5,709,885</u>	<u>\$ 15,914</u>	<u>\$ 5,725,799</u>	<u>\$ 12,135,078</u>

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 Position
Year Ended June 30, 2015

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Operating Revenue				
Charges for services	\$ 520,625	\$ 17,420	\$ 538,045	\$ 1,858,734
Operating grants	488,927	-	488,927	-
Total operating revenue	<u>1,009,552</u>	<u>17,420</u>	<u>1,026,972</u>	<u>1,858,734</u>
Operating Expenses				
Personnel services	474,773	2,475	477,248	594,646
Maintenance and operations	938,265	-	938,265	575,764
Benefit claims	-	-	-	187,590
Depreciation	1,285,122	-	1,285,122	452,813
Total operating expenses	<u>2,698,160</u>	<u>2,475</u>	<u>2,700,635</u>	<u>1,810,813</u>
Operating Income (Loss)	<u>(1,688,608)</u>	<u>14,945</u>	<u>(1,673,663)</u>	<u>47,921</u>
Nonoperating Revenue (Expenses)				
Investment earnings	538	21	559	6,965
Other nonoperating revenue	8,330	-	8,330	71,826
Interest expense	(2,964)	-	(2,964)	-
Total nonoperating revenue (expenses)	<u>5,904</u>	<u>21</u>	<u>5,925</u>	<u>78,791</u>
Income Before Contributions/Transfers	<u>(1,682,704)</u>	<u>14,966</u>	<u>(1,667,738)</u>	<u>126,712</u>
Capital grants	-	-	-	-
Transfers in	856,523	-	856,523	125,000
Transfers (out)	(199,419)	-	(199,419)	(55,489)
Change in Net Position	<u>(1,025,600)</u>	<u>14,966</u>	<u>(1,010,634)</u>	<u>196,223</u>
Net position - beginning	7,566,892	948	7,567,840	11,938,855
Prior period adjustment (note 18)	(831,407)	-	(831,407)	-
Net position, as restated	<u>6,735,485</u>	<u>948</u>	<u>6,736,433</u>	<u>11,938,855</u>
Net position - end of year	<u>\$ 5,709,885</u>	<u>\$ 15,914</u>	<u>\$ 5,725,799</u>	<u>\$ 12,135,078</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, 2015

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/operating grant	\$ 1,020,488	\$ 18,098	\$ 1,038,586	\$ 1,877,106
Cash paid for employee services	(469,840)	(3,056)	(472,896)	(593,557)
Cash paid for maintenance & operations	(953,600)	(256)	(953,856)	(672,920)
Cash paid for benefit claims	-	-	-	(187,590)
Net cash provided (used)	<u>(402,952)</u>	<u>14,786</u>	<u>(388,166)</u>	<u>423,039</u>
Noncapital Financing Activities				
Transfers in	856,523	-	856,523	125,000
Transfers (out)	(199,419)	-	(199,419)	(55,486)
Net cash provided (used)	<u>657,104</u>	<u>-</u>	<u>657,104</u>	<u>69,514</u>
Capital & Related Financing Activities				
Payment received from interfund loan	-	-	-	660,000
Other cash received	8,330	21	8,351	71,826
Purchase of capital assets	-	-	-	(129,586)
Payment of debt obligations	(236,875)	-	(236,875)	-
Interest paid on debt obligations	(2,964)	-	(2,964)	-
Net cash provided (used)	<u>(231,509)</u>	<u>21</u>	<u>(231,488)</u>	<u>602,240</u>
Investing Activities				
Investment earnings	<u>541</u>	<u>-</u>	<u>541</u>	<u>6,965</u>
Net Increase (Decrease) in Cash	23,184	14,807	37,991	1,101,758
Cash and cash equivalents - beginning	474,920	584	475,504	4,583,777
Cash and cash equivalents - end of year	<u>\$ 498,104</u>	<u>\$ 15,391</u>	<u>\$ 513,495</u>	<u>\$ 5,685,535</u>
Operating Activities Analysis				
Operating Income (Loss) (page 17)	\$ (1,688,608)	\$ 14,945	\$ (1,673,663)	\$ 47,921
Reconciliation adjustments:				
Depreciation and disposals	1,285,122	-	1,285,122	452,813
(Increase) decrease in receivables	10,936	(79)	10,857	18,372
(Increase) decrease in prepaid expenses	1,189	-	1,189	(46,046)
Increase (decrease) in payables	(11,591)	(80)	(11,671)	(50,021)
Net cash provided (used)	<u>\$ (402,952)</u>	<u>\$ 14,786</u>	<u>\$ (388,166)</u>	<u>\$ 423,039</u>

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, 2015

Assets

Cash and investments	\$ 4,408,387
Accounts receivables	35,750
Cash with fiscal agent	<u>1,437,617</u>
Total assets	<u>5,881,754</u>

Liabilities

Accounts payable	8,530
Deposits held for others	1,508,959
Loans payable - TOML	<u>648,097</u>
Total liabilities	<u>2,165,586</u>

Net Assets Held in Trust \$ 3,716,168

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

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2015

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 - Defining the Financial Reporting Entity
- Note 2 - Significant Accounting Policies
- Note 3 - Stewardship, Compliance, and Accountability
- Note 4 - Cash and Investments
- Note 5 - Receivables
- Note 6 - Capital Assets
- Note 7 - Payables
- Note 8 - Long-term Obligations
- Note 9 - Interfund Balances
- Note 10 - Interfund Transfers
- Note 11 - Postemployment Benefits Other Than Pensions
- Note 12 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 13 - Single Employer Defined Benefit Pension Plan
- Note 14 - Liability, Workers' Compensation, and Purchased Insurance
- Note 15 - Commitments and Contingencies
- Note 16 - Assessment District Debt
- Note 17 - Subsequent Events
- Note 18 - Prior Period Adjustment
- Note 19 - Fund Balance Designations Section of the Balance Sheet

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2015

Note 1 - Defining the Financial Reporting Entity

The Town of Mammoth Lakes (the Town) was incorporated in 1985 under the laws of the State of California. Mammoth Lakes operates under a Council-Manager form of government. The Town provides municipal services to its citizens including police, public works, airport facilities, community development and general administrative support. These financial statements present the financial status of the Town.

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 blended with the Town of Mammoth Lakes financial statements. The Town has no discretely presented component units.

Mammoth Lakes Municipal Service 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, as amended by GASB No. 39.

Note 2 - Significant Accounting Policies

The accounting policies of the Town 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.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position, 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 revenue, 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 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, 2015

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 the government has determined that a fund is important to the financial statement user, or it meets the following criteria:

- 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.
- 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.

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 Funds - these funds are used to account for financial resources to be used for the acquisition, improvements or construction of streets, infrastructure and 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 two proprietary fund types:
 - (1) 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.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2015

- (2) 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:
 - (1) 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.
 - (2) 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 Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Housing and Community Development Fund - this fund is used to account for restricted-use financial resources received from federal, state and county governments, for the purpose of providing affordable housing within the community.
- Capital Projects Fund - this fund is used to account for the acquisition, improvements or construction of the government's streets, infrastructure, and major capital facilities, other than those financed by proprietary funds.
- Tourism Business Improvement District - this fund is used to account for restricted-use financial resources received from a voter approved tax, to help fund marketing and sales promotion efforts for Mammoth Lakes tourism businesses.

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 position, and the statement of activities, and both governmental and business-type 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 position (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 statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used, as appropriate. 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, 2015

The proprietary fund utilizes an “economic resources” measurement focus. Proprietary fund equity is classified as net position.

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 position, and in the 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.

In 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 includes 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 un-matured 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.

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 re-appropriated for the subsequent fiscal year upon Town Council approval. This approval is generally limited to capital improvement projects.

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 AICPA. The Budgetary Comparison Schedule of the general fund presents 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.

Other Accounting Policies

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Cash and Investments

The Town follows the requirements of GASB 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.

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.

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.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the statement of net position. 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 starting at \$5,000. Capital outlay is recorded as *expenditures* of the general, special revenue and capital project funds financial statements, and as *capital 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.

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 treasures are not considered exhaustible, therefore are not being depreciated.

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.

Receivables and Payables

Internal 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 "interfund 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, tot, 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

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received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Grants, entitlements or shared revenue is recorded as receivables and revenue in the general, special revenue and capital projects funds when they are received or susceptible to accrual.

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.

Compensated Absences

The Town utilizes the general fund and proprietary funds to account for its compensated absences. Resources have been set aside to cover this liability. 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 required employer contribution to a pension plan, 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.

Net Position and Fund Balances

The Town's net position is classified as follows on the government-wide statement of net position:

- Invested in capital assets, net of related debt - represents the Town's total investment in capital assets reduced by any outstanding debt used to acquire these assets.
- Restricted net position - includes resources that the Town is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net position - represents resources derived from sources without spending restrictions, are used for transactions relating the general operations of the Town, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

Fund Balance designations are classified on the governmental funds balance sheet as follows:

- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b), not in spendable form such as long-term notes receivable.
- 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 Town Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the Town Council or its appointed official.

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- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Town has set aside amounts for emergency situations, revenue shortages or budgetary imbalances, commonly referred to as *revenue stabilization* or *reserve for economic uncertainty*. The authority to set aside those amounts generally comes from statute, ordinance, resolution, constitution or policy. Stabilization amounts may be expended with Council approval only when certain specific circumstances exist as determined by Council at that time.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to expend *restricted* fund balances first. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, it is the Town's policy to expend *committed*, then *assigned*, then *unassigned* amounts in that order.

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 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 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 the County for late payments.
- *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.

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- *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.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68 "*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*" The provisions of this statement revise existing standards of financial reporting for most governments that provide their employees with pension benefits. The Statement establishes reporting requirements of the net pension plan liability in the government-wide financial statements, how to measure pension liabilities, and presentation of the financial information and disclosures related to the employer. This Statement is effective for periods beginning on or after June 15, 2014.

Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*" The objective of this statement is to address an issue regarding application of the transition provisions of Statement 68 relating to amounts associated with contributions made by a local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68.

Note 3 - 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 which 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 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.

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- 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.

Dependence Upon Tourism Industry

The Town is economically dependent on tourism generated tax dollars for providing revenue to its general fund, the primary operating fund of the Town. Property tax revenue is also a main contributor to the general fund. 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 revenue. 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.

The following table shows what percentage these three revenue sources provide to the Town's general fund no. 01:

General Fund revenue source:	Fiscal Year Ended June 30;					
	2010	2011	2012	2013	2014	2015
Transient Occupancy tax	50%	55%	54%	66%	63%	64%
Property tax	18%	16%	18%	18%	19%	18%
Sales tax	8%	13%	16%	15%	17%	17%
	<u>76%</u>	<u>84%</u>	<u>88%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

Deficit Fund Balances

Due to the Town incurring costs in advance of receiving grant awards and other reimbursements, and revenue which it expects to recover in the future from grants and other sources, the following Developer Impact Funds (DIF) incurred deficits in their ending fund balances:

DIF administration overhead fund	\$ 549,208
DIF general facilities fund	2,410,803
DIF law enforcement fund	628,299
DIF storm drains fund	609,612
DIF circulation (streets) fund	1,052,975
	<u>\$ 5,250,897</u>

Cash Deficit Balances by Fund

The following governmental activities funds reported year-end cash deficit balances:

LTC Planning Transportation & Transit	\$ 101,385
	<u>\$ 101,385</u>

TOWN OF MAMMOTH LAKES
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Note 4 - 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 agreements. Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 15,479,307
Restricted cash with fiscal agent	206,259
	15,685,566
Statement of Fiduciary Assets and Liabilities	
Cash and investments	4,408,387
Restricted cash with fiscal agent	1,437,617
	5,846,004
Total	\$ 21,531,570

Cash and Investments are comprised of the following:

Deposits with financial institutions	\$ 3,211,871
Investment with County Investment Pool	3,000,000
Investment with Local Agency Investment Fund	13,775,823
Investments by fiscal agents	1,543,876
Total	\$ 21,531,570

Collateral and Categorization Requirements

At fiscal year end, the Town's carrying amount of demand deposits was \$3,196,090 and the bank account balances were \$3,577,002. The difference of \$380,912 represented outstanding checks and deposits in transit. Of the total bank deposit balance, \$250,000 was insured by Federal Depository Insurance Corporation (FDIC) and \$3,327,002 was collateralized in accordance with California Government Code Sections 53600 - 53609.

Investment Policy

The table below identifies the investment types that are authorized under provisions of the Town's investment policy adopted for fiscal year 2014/15, 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
Mono County Investment Pool	\$5,000,000	n/a
Passbook Deposits	n/a	n/a
<u>Investment Type B:</u>		
Negotiable Certificates of Deposit	30%	5 years
Bankers Acceptances	40%	180 days
Repurchase Agreements	n/a	1 year

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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.

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 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.

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Yield</u>	<u>Concentration</u>
Local Agency Investment Fund	\$ 13,775,823	7 months	0.27%	64%
Mono County Treasury Pool	3,000,000	9 months	1.08%	14%
Demand Deposits (checking)	3,211,871	on demand	0.00%	15%
Demand Deposits (money market)	206,259	on demand	0.00%	1%
Trust and Agency (money market)	1,337,617	on demand	0.01%	6%

Custodial Credit Risk

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."

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. 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).

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Participation in External Investment Pools

The Town is a voluntary participant in the State's Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of 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. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits. As of June 30, 2015, PMIA had approximately \$69.6 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at www.treasurer.ca.gov. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The Town is a voluntary participant in Mono County's Treasury Pool (the Pool). As of June 30, 2015, the Pool had approximately \$71.5 million in investments. Audited financial statements may be obtained from the Mono County Treasury Oversight Committee, P.O. Box 556, Bridgeport, CA 93517. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided by the County's finance department for the entire Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Pool, which are recorded on an amortized cost basis.

Note 5 - Receivables

At June 30, 2015, accounts and other receivables as reported in the total column of the statement of net position consist of the following:

<u>Receivables from</u>	
Grant program reimbursements	\$ 876,699
Transit occupancy tax	1,675,340
Sales tax	344,259
Utility users tax	61,001
Rents	38,804
ESTA receivable	101,471
Charge for services	144,362
Other	409
	\$ 3,242,345

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 in the governmental funds balance sheet has been offset by a deferred revenue account, as they are not expected to be repaid during the

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next fiscal year, nor in the foreseeable future. At June 30, 2015, notes receivables as reported in the statement of net position consist of the following:

<u>Notes Receivable</u>	
Bristlecone Apartments	\$ 977,684
Inyo Mono Advacates	820,532
Aspen Village housing	2,000,000
Aspen Village housing	3,412,500
Jefferias Apartments	3,412,500
CalHFA housing grant loan	343,907
Mammoth Lakes Housing, Inc.	853,600
	<u>\$ 11,820,723</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	\$ 10,338,316	\$ -	\$ -	\$ 10,338,316
Construction-in-progress	-	-	-	-
	<u>10,338,316</u>	<u>-</u>	<u>-</u>	<u>10,338,316</u>
<u>Depreciable Assets</u>				
Buildings and structures	21,385,660	147,648	-	21,533,308
Streets and roads	185,022,863	2,648,829	-	187,671,692
Storm drains	14,758,200	1,277,695	-	16,035,895
Vehicles and equipment	1,127,684	223,100	-	1,350,784
	<u>222,294,407</u>	<u>4,297,272</u>	<u>-</u>	<u>226,591,679</u>
<u>Accumulated Depreciation</u>	<u>(163,133,834)</u>	<u>-</u>	<u>(8,467,089)</u>	<u>(171,600,923)</u>
Depreciable assets, net	<u>59,160,573</u>	<u>4,297,272</u>	<u>(8,467,089)</u>	<u>54,990,756</u>
Total capital assets, net	<u>\$ 69,498,889</u>	<u>\$ 4,297,272</u>	<u>\$ (8,467,089)</u>	<u>\$ 65,329,072</u>

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Depreciable Assets</u>				
Vehicles and equipment	\$ 9,675,133	\$ -	\$ (238,438)	\$ 9,436,695
<u>Accumulated depreciation</u>	<u>(7,593,588)</u>	<u>-</u>	<u>(84,792)</u>	<u>(7,678,380)</u>
Total capital assets, net	<u>\$ 2,081,545</u>	<u>\$ -</u>	<u>\$ (323,230)</u>	<u>\$ 1,758,315</u>

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Reported in the statement of net position are the combined capital assets of the governmental-type funds, and internal service funds, as follows:

	Governmental	Internal Service	Total
Capital assets not being depreciated	\$ 10,338,316	\$ -	\$ 10,338,316
Capital assets, net of depreciation	54,990,756	1,758,315	56,749,071
	<u>\$ 65,329,072</u>	<u>\$ 1,758,315</u>	<u>\$ 67,087,387</u>

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ 544,316	\$ -	\$ -	\$ 544,316
<u>Depreciable Assets</u>				
Buildings and runway	14,858,782	-	-	14,858,782
Vehicles and equipment	2,542,155	-	-	2,542,155
	17,400,937	-	-	17,400,937
<u>Accumulated Depreciation</u>	(10,577,497)	-	(1,285,123)	(11,862,620)
Depreciable assets, net	6,823,440	-	(1,285,123)	5,538,317
Total capital assets, net	<u>\$ 7,367,756</u>	<u>\$ -</u>	<u>\$ (1,285,123)</u>	<u>\$ 6,082,633</u>

Note 7 - Payables

At June 30, 2015 accounts and accrued expenses as reported in the total column of the statement of net position consist of the following:

<u>Accounts Payable for</u>	
Construction projects	\$ 198,693
Consultants	166
Supply vendors	336,361
Tourism and promotion	140,851
Transit	151,482
Compensation and benefits	151,079
Interest	1,282,115
	<u>\$ 2,260,747</u>

Note 8 - Long-term Obligations

The following summarizes the change in long-term obligations for the year:

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	Beginning Balance	Reductions	Additions	Ending Balance	Due Within One Year
Governmental Activities					
Certificates of participation	\$ 1,530,000	\$(100,000)	\$ -	\$ 1,430,000	\$ 100,000
Loans payable	366,898	(69,816)	-	297,082	71,561
Lawsuit judgment	26,326,005	(683,699)	-	25,642,306	717,885
Net pension liability	-	-	11,522,545	11,522,545	-
OPEB medical plan	-	-	521,275	521,275	-
Compensated absences	335,947	-	45,558	381,505	95,376
	<u>\$ 28,558,850</u>	<u>\$(853,515)</u>	<u>\$ 12,089,378</u>	<u>\$39,794,713</u>	<u>\$ 984,822</u>
Business-type Activities					
Loans payable	\$ 69,847	\$ (37,456)	\$ -	\$ 32,391	\$ 32,391
Net pension liability	-	-	735,482	735,482	-
OPEB medical plan	-	-	33,273	33,273	-
Compensated absences	27,484	-	4,933	32,417	8,104
	<u>\$ 97,331</u>	<u>\$(37,456)</u>	<u>\$ 773,688</u>	<u>\$ 833,563</u>	<u>\$ 40,495</u>

Compensated Absences

Town employees accumulate earned but unused vacation benefits which can be converted to cash at termination of employment. No expenditure is reported for these accrued amounts in the governmental funds financial statements. However, in the statement of activities the expenditure is allocated to each function based on usage. Vested compensated absences payable in accordance with various collective bargaining agreements at year end was reported in the statement of net position in the amount of \$381,505 for governmental activities, and \$32,417 for business-type activities.

Loan Payable - Governmental Activities

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 fiscal year 2018-19. At year end the outstanding balance was \$297,082.

Future debt service requirements for the Town's Governmental Loan are as follows:

Year Ending June 30,	<u>State Water Resources Control Board</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 71,561	\$ 7,429	\$ 78,990
2017	73,349	5,640	78,989
2018	75,183	3,806	78,989
2019	76,989	1,927	78,916
	<u>\$ 297,082</u>	<u>\$ 18,802</u>	<u>\$ 315,884</u>

Certificates of Participation

In 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 fiscal year 2024-25. At year end the outstanding balance was \$1,430,000.

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Future debt service requirements for the Town's Certificates of Participation are as follows:

Year Ending June 30,	2000 Land Acquisition COP		
	Principal	Interest	Total
2016	\$ 100,000	\$ 93,580	\$ 193,580
2017	115,000	87,180	202,180
2018	120,000	79,820	199,820
2019	130,000	72,140	202,140
2020	135,000	63,690	198,690
2021-2025	830,000	171,600	1,001,600
	<u>\$ 1,430,000</u>	<u>\$ 568,010</u>	<u>\$ 1,998,010</u>

Loan Payable - Business type Activities

In 1998, the Town borrowed \$500,000 from the State Department of Transportation for a water system and taxi lane extension at the Mammoth Yosemite Airport. The loan is being amortized over 17 years, with an interest rate of 5.05% per annum. The debt matures in fiscal year 2015-16. At year end the outstanding balance was \$32,391.

Future debt service requirements for the Town's Airport Loan are as follows:

Year Ending June 30,	State Department of Transportation		
	Principal	Interest	Total
2016	<u>\$ 32,391</u>	<u>\$ 1,375</u>	<u>\$ 33,766</u>

Lawsuit Judgment

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 presiding judge awarded the prevailing party attorneys fees. In March 2011, the Town lost its appeal of this judgment before the State Supreme Court. On July 2, 2012 the Town filed for a voluntary petition for relief under Chapter 9 of the United States Bankruptcy Code. On November 16, 2012 the Bankruptcy Court dismissed the Town's Chapter 9 petition after both parties to the litigation reached a settlement. As a result, the Town is liable for a judgment award negotiated at \$29,500,434 payable over 24 years with interest at 5% per annum, and other agreements previously entered into. The first payment of \$2,523,286 was paid in fiscal year 2012-13, with 23 subsequent annual payments of \$2,000,000, principal and interest at 5% per annum.

Future debt service requirements for this obligation are as follows:

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Year Ending June 30,	Litigation Settlement		
	Principal	Interest	Total
2016	\$ 717,885	\$ 1,282,115	\$ 2,000,000
2017	753,779	1,246,221	2,000,000
2018	791,468	1,208,532	2,000,000
2019	831,041	1,168,959	2,000,000
2020	872,593	1,127,407	2,000,000
2020-2024	5,062,711	4,937,289	10,000,000
2025-2029	6,461,444	3,538,556	10,000,000
2030-2034	8,246,622	1,753,378	10,000,000
2035-2036	1,904,763	95,237	2,000,000
	<u>\$ 25,642,306</u>	<u>\$ 16,357,694</u>	<u>\$ 42,000,000</u>

Operating Leases

In 2009, the Town entered into a real estate lease renewal amendment agreement for the continuing occupancy of office space under a one hundred fifty (150) month term commencing retroactively to April 1, 2009 at \$14,396 per month until March 31, 2010. For the period from April 1, 2010 through September 30, 2011 the rent shall be adjusted in accordance with the consumer price index (CPI). From October 1, 2011 through September 30, 2012, the minimum monthly rent shall be \$21,000 per month, thereafter adjusting in accordance with the CPI.

In 2010, the Town entered into a real estate lease agreement for continuing occupancy of the police department building under an eight year agreement with option for additional years, at an average monthly base rent of \$5,420 plus property taxes, insurance, utilities, and maintenance.

In 2011, the Town entered into a 60 month operating lease agreement for a temporary structure installed at its airport, with lease payments of \$1,758 per month.

Note 9 - Interfund Balances

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.

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 position/balance sheet for governmental funds, and for proprietary funds. These interfund balances have been eliminated in the government-wide financial statements.

Interfund balances at year end consist of the following:

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<u>Due to the General fund from:</u>	
Developer impact fee funds	\$ 3,981,273
Fractional district agency funds	648,097
	\$ 4,629,370

<u>Due to the Internal Vehicle Service fund from:</u>	
General fund	\$ 2,916,207
DIF general facilities fund	1,275,000
	\$ 4,191,207

Note 10 - Interfund Transfers

The Town reports interfund transfers between many of its funds. 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 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. Transfers into the agency funds are generally for street related expenditures. These transfers are reported in the fiscal period in which the transactions are approved and recorded.

The following table reports operating transfers by fund type:

<u>Fund type</u>	Operating transfers	
	Out	In
General fund	\$ 13,971,814	\$ 8,895,481
Gasoline tax fund	1,013,948	1,959,298
Capital projects fund	64,816	708,973
Measure R sales tax fund	76,300	23,670
Measure U utility users fund	19,000	37,493
Drug enforcement fund	-	1,081
Debt service fund	250,885	2,940,402
Airport operating fund	-	616,103
Airport debt service fund	199,419	240,420
Developer impact fees funds	16,452	6,105
Internal service funds	55,489	125,000
Agency funds	-	114,097
	\$ 15,668,123	\$ 15,668,123

Note 11 - Postemployment Benefits Other Than Pensions

Plan Description

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The Town's other postemployment benefit plan (OPEB) is a single-employer defined benefit healthcare plan administered through the Public Agency Retirement Services (PARS). The Town provides retiree medical benefits to employees who (1) retire from the Town and (2) have paid their employee share of their retirement plan expense. Eligible retirees are entitled to the minimum CalPERS medical benefit, which is currently \$115 per month and expected to increase annually. Retirees may select any retiree medical plan offered by CalPERS, including spouse or family coverage, but must incur the cost of the premiums exceeding the above monthly benefit. PARS issues a financial report available to the public that includes financial statements and required supplementary information of the Town's plan. That report may be obtained by writing to Public Agency Retirement Services, 5141 California Avenue, Suite 150, Irvine, CA 92617.

Funding Policy

The obligation of the Town to provide these benefits is determined by agreements with the various employee bargaining groups. The Town's contributions are financed on a pay-as-you-go basis, for eight retired employees who were eligible for benefits.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual cost of its other postemployment benefit plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB costs for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation.

Annual Required Contribution	\$	51,731
Interest on the net OPEB obligation		2,250
Adjustment to the Annual Required Contribution		<u>(2,087)</u>
Annual OPEB cost		51,894
Payments made		<u>-</u>
Increase in net OPEB obligation		51,894
Net OPEB obligation - beginning of year		<u>34,617</u>
Net OPEB obligation - end of year	\$	<u><u>86,511</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
June 30, 2012	\$ 62,430	\$ -	\$ 62,430
June 30, 2013	\$ 50,998	\$ 77,726	\$ (26,728)
June 30, 2014	\$ 51,894	\$ -	\$ 51,894

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 26% funded. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status

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of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the actuarial cost method used is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the Plan's Normal Cost is developed as a level percent of payroll throughout the participant's working lifetime. Entry age is based on current age minus years of service. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of prior Normal Cost. For retirees, the AAL is the present value of all projected benefits. The unfunded AAL is being amortized as a level percent of payroll with a remaining amortization period of 24 years as of June 30, 2015.

GASB Statement No. 45 requires the interest rate to represent the underlying expected return for the source of funds used to pay benefits. The actuarial methods and assumptions included a 6.5% interest rate, based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq. The medical component of the consumer price index (CPI) assumes a 3.75% inflation rate.

Note 12 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

A. General Information about the Plan

Plan Description

The Town provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and Town ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

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	Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.7%	2.0%
Required employee contribution rates	6.891%	6.308%
Required employer contribution rates	10.781%	6.250%

	Safety Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	11.500%
Required employer contribution rates	26.881%	11.500%

Contributions

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense for this plan were as follows:

Plan Type	Total Member Contributions	Total Employer Contributions	Total
Miscellaneous - Classic	\$ 232,000	\$ 669,279	\$ 901,279
Miscellaneous - PEPRA	50,911	50,592	101,503
Safety - Classic	102,233	406,747	508,980
Safety - PEPRA	6,076	6,057	12,133
	<u>\$ 391,220</u>	<u>\$ 1,132,675</u>	<u>\$ 1,523,895</u>

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B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the Town reported net pension liabilities for its Proportionate Share of the Net Pension Liability of each Plan as follows:

<u>Plan Type</u>	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous - Classic	\$ 7,907,514
Miscellaneous - PEPRA	(30,329)
Safety - Classic	4,380,842
Safety - PEPRA	-
	<u>\$ 12,258,027</u>

The Town's net pension liability for its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Town's proportionate share of the net pension liability as of June 30, 2014 was as follows:

<u>Plan Type</u>	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous - Classic	0.34890%
Miscellaneous - PEPRA	0.00000%
Safety - Classic	0.12997%
Safety - PEPRA	0.00000%

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 1,132,675	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	(56,026)	-
Differences between projected and actual earnings	-	(759,240)
Changes in proportion and differences between Town contributions and proportionate share of contributions	156,874	3,036,958
Totals	<u>\$ 1,233,523</u>	<u>\$ 2,277,718</u>

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized as pension expense as follows:

Year Ended June 30,	
2015	\$ (703,214)
2016	(703,214)
2017	(714,418)
2018	(759,238)
2019	-
	\$ (2,880,084)

C. Actuarial Assumptions

The total pension liability for this plan in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

D. Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquid Assets	2.00%	-0.55%	-1.05%

(1) an expected inflation rate of 2.5% is used for this period

(2) an expected inflation rate of 3.0% is used for this period

E. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

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Plan Type	Discount Rate -1% 6.50%	Current Discount Rate 7.50%	Discount Rate +1% 8.50%
Miscellaneous - Classic	\$ 13,480,571	\$ 7,907,514	\$ 4,591,907
Miscellaneous - PEPRA	(54,592)	(30,329)	-
Safety - Classic	7,694,045	4,380,842	2,552,397
Safety - PEPRA	-	-	-
	\$ 21,120,024	\$ 12,258,027	\$ 7,144,304

Note 13 - Single Employer Defined Benefit Pension Plan

A. General Information about the Plan

Plan Description

All eligible full-time public safety employees are eligible to participate in the Town's Retirement Enhancement Plan, administered through the Public Agency Retirement Services (PARS), which provides additional retirement benefits to public safety employees above that provided from the cost-sharing multiple-employer defined benefit pension plan. Eligibility requirements are based upon years of employment, date of hire, and date of birth which meets the requirements of a pension trust under California Government Code. Additional information concerning this Single Employer Defined Benefit Pension Plan can be obtained from the Town's Finance Director.

Benefits Provided

PARS provides service retirement benefits equal to the "3.5% at 55" plan factor less the CalPERS "3.0% at 50" plan factor for all years of Town Safety service as of July 1, 2012. Benefits are frozen effective as of July 1, 2012. Benefits in payment status will increase by 2% per annum on the anniversary of the participant's date of retirement. The plan does not provide a withdrawal benefit, death benefit, or a disability benefit.

Contributions

The Town makes contributions required as the employer. Employee members are not required to make contributions. The contribution requirements of plan are established and may be amended by PARS. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by PARS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the plan for the year ended June 30, 2015 were \$54,775 and made in accordance with the contribution requirements determined by the actuarial valuation of the plan year beginning July 1, 2014.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the Town reported a net pension liability (overfunding) of \$(77,205). The reported deferred outflows of resources and deferred inflows of resources related to this pension plan are from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ -	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Differences between projected and actual earnings	-	73,568
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
	\$ -	\$ 73,568

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized as pension expense as follows:

Year Ended June 30,		
2016	\$	18,392
2017		18,392
2018		18,392
2019		18,392
2020		-
	\$	73,568

C. Actuarial Assumptions

The total pension liability for this plan in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	3.00%
Payroll Growth	3.00%
Projected Salary Increase	None
Investment Rate of Return	7.00%

D. Discount Rate

The discount rate used to measure the total pension liability was 7.00% which is the long-term expected rate of return on pension plan investments.

E. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

TOWN OF MAMMOTH LAKES
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The following presents the net pension liability of Town's Retirement Enhancement Plan, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	Discount Rate -1% 6.00%	Current Discount Rate 7.0%	Discount Rate +1% 8.00%
Total pension liability	\$ 2,089,400	\$ 1,854,595	\$ 1,660,143
Fiduciary net position	1,931,800	1,931,800	1,931,800
Net pension liability	157,600	(77,205)	(271,657)

Note 14 - Liability, Workers' Compensation, and Purchased Insurance

A. Description of Self-Insurance Pool pursuant to Joint Powers Agreement

The Town of Mammoth Lakes is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program, claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2015

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Workers' Compensation

In the workers' compensation program, claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the re-insurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The Town participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the Town. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year policy period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The Town participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. Town property is currently insured according to a schedule of covered property submitted by the Town to the Authority. Town property currently has all-risk property insurance protection in the amount of approximately \$74,000,000. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance

The Town purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. Town property currently has earthquake protection in the amount of approximately \$20,000,000. There is a deductible of 5% per

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2015

unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The Town purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

Special Event Tenant User Liability Insurance

The Town further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on subject property. The insurance premium is paid by the tenant user and is paid to the Town according to a schedule. The Town then pays for the insurance. The insurance is arranged by the Authority.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2014-15.

Note 15 - Commitments and Contingencies

In the normal course of municipal operations, 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. 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 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, 2015, the Town was in contract for several grant funded street projects, which are expected to be completed by December 31, 2015.

Note 16 - 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 year end was as follows:

Bluffs Reassessment District 1993-4R	\$ 1,567,275
North Village Area 2003 Special Tax bonds	\$ 7,520,000

Note 17 - Subsequent Events

The management of the Town has reviewed the results of operations for the period from its fiscal year end June 30, 2015 through January 15, 2016, the date the financial statements were available to be

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2015

issued in “draft” form, 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 discussed in the previous paragraph.

Note 18 - Prior Period Adjustment

A prior period adjustment was made in the general fund to remove previously reported deferred interest revenue.

A prior period adjustment was made to decrease the Town’s beginning net position to reflect the prior period’s net pension liability and deferrals.

A prior period adjustment was made to decrease the Town’s beginning net position to reflect the prior period’s other postemployment benefit liability for medical insurance premiums.

	Governmental Activities	Business-type Activities	Total
Deferred interest revenue	\$ (555,673)	\$ -	\$ (555,673)
Net pension liability	(11,392,742)	(798,132)	(12,190,874)
OPEB medical	(521,275)	(33,273)	(554,548)
	<u>\$ (12,469,690)</u>	<u>\$ (831,405)</u>	<u>\$ (13,301,095)</u>

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2015

Note 19 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Major Governmental Funds	Nonmajor Governmental Funds	Total
Nonspendable:				
Long-term notes receivable	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Capital Projects	-	693,860	-	693,860
Public Works / Streets	-	-	374,198	374,198
Tourism Business Imp. District	-	171,798	-	171,798
Measure R projects	-	-	2,349,200	2,349,200
Measure U projects	-	-	1,609,428	1,609,428
Total restricted fund balances	<u>-</u>	<u>865,658</u>	<u>4,332,826</u>	<u>5,198,484</u>
Committed:				
Reserve for economic uncertainty	3,022,908	-	-	3,022,908
Debt service obligations	-	-	1,006,485	1,006,485
Reserve for compensated leave	631,545	-	-	631,545
Total committed fund balances	<u>3,654,453</u>	<u>-</u>	<u>1,006,485</u>	<u>4,660,938</u>
Assigned:				
Community development	360,000	223,088	-	583,088
Tourism development	3,386	-	-	3,386
Recreation, trails and parks	558,311	-	-	558,311
Transportation & Transit	26,508	-	-	26,508
Workforce Housing	132,600	-	-	132,600
Total assigned fund balances	<u>1,080,805</u>	<u>223,088</u>	<u>-</u>	<u>1,303,893</u>
Unassigned	<u>1,689,013</u>	<u>-</u>	<u>(4,800,937)</u>	<u>(3,111,924)</u>
Total Fund Balances	<u>\$ 6,424,271</u>	<u>\$ 1,088,746</u>	<u>\$ 538,374</u>	<u>\$ 8,051,391</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MAMMOTH LAKES
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Year Ended June 30, 2015

Schedule of Changes in the Net Pension Liability and Related Ratios

The beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year are presented on the following page.

Total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll are also presented.

Schedule of Contributions

When an agent employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the agent employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll are required to be presented.

TOWN OF MAMMOTH LAKES
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Year Ended June 30, 2015

Schedule of Changes in the Net Pension Liability and Related Ratios

<u>Total Pension Liability</u>	2015
Service Cost	\$ 927,672
Interest on total pension liability	4,058,678
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	<u>(1,956,036)</u>
Net change in total pension liability	3,030,314
Total pension liability - beginning	<u>54,629,888</u>
Total pension liability - ending	<u><u>\$ 57,660,202</u></u>
<u>Plan Fiduciary Net Position</u>	
Contributions - employer (current year)	\$ 1,214,741
Contributions - employee (current year)	433,023
Net investment income	2,829,945
Benefit payments	<u>860,359</u>
Net change in plan fiduciary net position	5,338,068
Plan fiduciary net position - beginning	<u>15,950,110</u>
Plan fiduciary net position - ending	<u><u>\$ 21,288,178</u></u>
Net Pension Liability (7.5% discount rate)	<u><u>\$ 12,258,027</u></u>
Plan fiduciary net position as a percentage of the total pension liability	0.84090%
Plan's Proportionate Share of the net pension liability/(asset)	\$ 12,258,027
Covered employee payroll	\$ 4,427,741
Net pension liability as percentage of covered employee payroll	276.85%

Schedule of Contributions

Actuarially determined contribution	\$ 1,243,815
Contributions in relation to the actuarially determined contributions	<u>(1,243,815)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered - employee payroll	\$ 4,427,741
Contributions as a percentage of covered employee payroll	28.09%

TOWN OF MAMMOTH LAKES
Required Supplementary Information
Single Employer Defined Benefit Pension Plan
Year Ended June 30, 2015

Schedule of Changes in the Net Pension Liability and Related Ratios

The beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year are presented on the following page.

Total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll are also presented.

Schedule of Contributions

When an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll are required to be presented.

TOWN OF MAMMOTH LAKES
Required Supplementary Information
Single Employer Defined Benefit Pension Plan
Year Ended June 30, 2015

Schedule of Changes in the Net Pension Liability and Related Ratios

<u>Total Pension Liability</u>	2015
Service Cost	\$ -
Interest on total pension liability	124,394
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(92,141)
Net change in total pension liability	32,253
Total pension liability - beginning	1,822,342
Total pension liability - ending	\$ 1,854,595
<u>Plan Fiduciary Net Position</u>	
Contributions - employer (current year)	\$ 54,775
Contributions - employee (current year)	-
Net investment income	41,942
Benefit payments	(100,071)
Net change in plan fiduciary net position	(3,354)
Plan fiduciary net position - beginning	1,935,154
Plan fiduciary net position - ending	\$ 1,931,800
Net Pension Liability (Overfunding) (7.0% discount rate)	\$ (77,205)
Plan fiduciary net position as a percentage of the total pension liability	104.16%
Covered employee payroll	\$ 1,239,392
Net pension liability as percentage of covered employee payroll	-6.23%

Schedule of Contributions

Actuarially determined contribution	\$ 54,775
Contributions in relation to the actuarially determined contributions	(54,775)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 1,239,392
Contributions as a percentage of covered employee payroll	4.42%

TOWN OF MAMMOTH LAKES
Required Supplementary Information
Schedule of Funding Progress (unaudited)
Other Postemployment Benefits Plan
As of June 30, 2015

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend information from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(a-b)/c]
January 1, 2009	\$ 581,235	\$ -	\$ 581,235	0.0%	\$ 9,499,751	6.1%
January 1, 2012	\$ 746,467	\$ 191,919	\$ 554,548	25.7%	\$ 6,750,391	8.2%

TOWN OF MAMMOTH LAKES
Note to Required Supplementary Information
Budgetary Comparison Information
Year Ended June 30, 2015

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 revenue 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 a 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, 2015

	<u>Budget Amounts (unaudited)</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows)				
Taxes and assessments	\$ 17,456,734	\$ 17,332,134	\$ 17,594,008	\$ 261,874
Licenses and permits	307,600	322,600	472,206	149,606
Intergovernmental	170,637	319,901	215,143	(104,758)
Charge for services	996,255	991,255	873,043	(118,212)
Fines and penalties	43,500	43,500	36,989	(6,511)
Use of money and property	109,392	106,392	122,121	15,729
Other revenue	328,895	328,895	394,093	65,198
Transfers in from other funds	8,937,599	8,844,184	8,895,481	51,297
Amounts Available for Appropriation	<u>28,350,612</u>	<u>28,288,861</u>	<u>28,603,084</u>	<u>314,223</u>
Charges to Appropriations (Outflow)				
General government	4,235,519	4,221,328	3,977,017	244,311
Public safety	3,474,809	3,474,809	3,443,793	31,016
Tourism, parks and recreation	3,391,942	3,383,262	3,480,596	(97,334)
Community development	1,812,884	1,828,124	1,468,856	359,268
Public ways / streets	599,271	599,271	483,566	115,705
Transportation and transit	854,064	854,064	848,643	5,421
Workforce housing	354,507	354,507	382,686	(28,179)
Transfers out to other funds	14,327,881	14,254,466	13,971,814	282,652
Total Charges to Appropriations	<u>29,050,877</u>	<u>28,969,831</u>	<u>28,056,971</u>	<u>912,860</u>
Surplus (Deficit)	<u>\$ (700,265)</u>	<u>\$ (680,970)</u>	<u>\$ 546,113</u>	<u>\$ 1,227,083</u>

TOWN OF MAMMOTH LAKES
Budgetary Comparison Information
Capital Projects Fund
Year Ended June 30, 2015

	<u>Budget Amounts (unaudited)</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows)				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,363,637	4,363,637	3,366,592	(997,045)
Charge for services	-	-	-	-
Fines and penalties	-	-	-	-
Use of money and property	-	-	-	-
Other revenue	-	-	427,759	427,759
Transfers in from other funds	784,169	784,169	708,973	(75,196)
Amounts Available for Appropriation	<u>5,147,806</u>	<u>5,147,806</u>	<u>4,503,324</u>	<u>(644,482)</u>
Charges to Appropriations (Outflow)				
General government	-	-	-	-
Public safety	-	-	-	-
Tourism, parks and recreation	-	-	-	-
Community development	-	-	-	-
Public ways / streets	-	-	-	-
Capital improvement projects	4,556,937	4,556,937	4,133,507	423,430
Transportation and transit	-	-	-	-
Workforce housing	-	-	-	-
Transfers out to other funds	-	-	64,816	(64,816)
Total Charges to Appropriations	<u>4,556,937</u>	<u>4,556,937</u>	<u>4,198,323</u>	<u>358,614</u>
Surplus (Deficit)	<u>\$ 590,869</u>	<u>\$ 590,869</u>	<u>\$ 305,001</u>	<u>\$ (285,868)</u>

TOWN OF MAMMOTH LAKES
Budgetary Comparison Information
Tourism Business Improvement District Fund
Year Ended June 30, 2015

	<u>Budget Amounts (unaudited)</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows)				
Taxes and assessments	\$ 4,100,000	\$ 4,100,000	\$ 3,818,844	\$ (281,156)
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charge for services	-	-	-	-
Fines and penalties	-	-	-	-
Use of money and property	-	-	-	-
Other revenue	-	-	-	-
Transfers in from other funds	-	-	-	-
Amounts Available for Appropriation	<u>4,100,000</u>	<u>4,100,000</u>	<u>3,818,844</u>	<u>(281,156)</u>
Charges to Appropriations (Outflow)				
General government	-	-	-	-
Public safety	-	-	-	-
Tourism, parks and recreation	4,100,000	4,100,000	3,653,761	446,239
Community development	-	-	-	-
Public ways / streets	-	-	-	-
Capital improvement projects	-	-	-	-
Transportation and transit	-	-	-	-
Workforce housing	-	-	-	-
Transfers out to other funds	-	-	-	-
Total Charges to Appropriations	<u>4,100,000</u>	<u>4,100,000</u>	<u>3,653,761</u>	<u>446,239</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,083</u>	<u>\$ 165,083</u>

TOWN OF MAMMOTH LAKES
Budgetary Comparison Information
Housing & Community Development Fund
Year Ended June 30, 2015

	<u>Budget Amounts (unaudited)</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows)				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	100,000	100,000	146,581	46,581
Charge for services	-	-	-	-
Fines and penalties	-	-	-	-
Use of money and property	-	-	18	18
Other revenue	-	-	-	-
Transfers in from other funds	-	-	-	-
Amounts Available for Appropriation	<u>100,000</u>	<u>100,000</u>	<u>146,599</u>	<u>46,599</u>
Charges to Appropriations (Outflow)				
General government	-	-	-	-
Public safety	-	-	-	-
Tourism, parks and recreation	-	-	-	-
Community development	100,000	100,000	76,706	23,294
Public ways / streets	-	-	-	-
Capital improvement projects	-	-	-	-
Transportation and transit	-	-	-	-
Workforce housing	-	-	-	-
Transfers out to other funds	-	-	-	-
Total Charges to Appropriations	<u>100,000</u>	<u>100,000</u>	<u>76,706</u>	<u>23,294</u>
Surplus (Deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,893</u>	<u>\$ 69,893</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MAMMOTH LAKES
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

<u>Capital Projects Funds:</u>											Total Nonmajor Capital Projects Funds
Assets	DIF Admin Overhead	DIF Gen. Fac. Fund	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	\$ 5,190	\$ -	\$ -	\$ -	\$ 210,766	\$ 60,453	\$ 184	\$ 105,608	\$ 13,564	\$ 59,329	\$ 455,094
Receivables	2	-	-	-	133	36	-	64	7	-	242
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,899</u>	<u>\$ 60,489</u>	<u>\$ 184</u>	<u>\$ 105,672</u>	<u>\$ 13,571</u>	<u>\$ 59,329</u>	<u>\$ 455,336</u>
Liabilities											
Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Due to the general fund	554,400	1,135,803	628,299	609,612	-	-	1,053,159	-	-	-	3,981,273
Due to other funds	-	1,275,000	-	-	-	-	-	-	-	-	1,275,000
Total liabilities	<u>554,400</u>	<u>2,410,803</u>	<u>628,299</u>	<u>609,612</u>	<u>-</u>	<u>-</u>	<u>1,053,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,256,273</u>
Fund Balances											
Special revenue funds	-	-	-	-	-	-	-	-	-	-	-
Capital projects funds	(549,208)	(2,410,803)	(628,299)	(609,612)	210,899	60,489	(1,052,975)	105,672	13,571	59,329	(4,800,937)
Debt service fund	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>(549,208)</u>	<u>(2,410,803)</u>	<u>(628,299)</u>	<u>(609,612)</u>	<u>210,899</u>	<u>60,489</u>	<u>(1,052,975)</u>	<u>105,672</u>	<u>13,571</u>	<u>59,329</u>	<u>(4,800,937)</u>
Total Liabilities and Fund Balances	<u>\$ 5,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,899</u>	<u>\$ 60,489</u>	<u>\$ 184</u>	<u>\$ 105,672</u>	<u>\$ 13,571</u>	<u>\$ 59,329</u>	<u>\$ 455,336</u>

TOWN OF MAMMOTH LAKES
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Special Revenue Funds:					Total	Total		Total
	Gas Tax Fund	LTC Planning Transportation & Transit	Measure R Sales Tax	Measure U Utility Users Tax	Drug Enforcement Fund	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Debt Service Fund	Nonmajor Governmental Funds
Assets									
Cash and investments	\$ 420,839	\$ -	\$ 2,225,705	\$ 1,625,689	\$ 17	\$ 4,272,250	\$ 455,094	\$ 800,226	\$ 5,527,570
Receivables	-	105,707	145,800	61,001	-	312,508	242	-	312,750
Due from other funds	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	206,259	206,259
Total assets	<u>\$ 420,839</u>	<u>\$ 105,707</u>	<u>\$ 2,371,505</u>	<u>\$ 1,686,690</u>	<u>\$ 17</u>	<u>\$ 4,584,758</u>	<u>\$ 455,336</u>	<u>\$ 1,006,485</u>	<u>\$ 6,046,579</u>
Liabilities									
Payables	\$ 46,641	\$ 4,322	\$ 22,305	\$ 77,262	\$ 17	\$ 150,547	\$ -	\$ -	\$ 150,547
Cash overdraft	-	101,385	-	-	-	101,385	-	-	101,385
Deferred revenue	-	-	-	-	-	-	-	-	-
Due to the general fund	-	-	-	-	-	-	3,981,273	-	3,981,273
Due to other funds	-	-	-	-	-	-	1,275,000	-	1,275,000
Total liabilities	<u>46,641</u>	<u>105,707</u>	<u>22,305</u>	<u>77,262</u>	<u>17</u>	<u>251,932</u>	<u>\$ 5,256,273</u>	<u>-</u>	<u>5,508,205</u>
Fund Balances									
Special revenue funds	374,198	-	2,349,200	1,609,428	-	4,332,826	-	-	4,332,826
Capital projects funds	-	-	-	-	-	-	(4,800,937)	-	(4,800,937)
Debt service fund	-	-	-	-	-	-	-	1,006,485	1,006,485
Total fund balances	<u>374,198</u>	<u>-</u>	<u>2,349,200</u>	<u>1,609,428</u>	<u>-</u>	<u>4,332,826</u>	<u>(4,800,937)</u>	<u>1,006,485</u>	<u>538,374</u>
Total Liabilities and Fund Balances	<u>\$ 420,839</u>	<u>\$ 105,707</u>	<u>\$ 2,371,505</u>	<u>\$ 1,686,690</u>	<u>\$ 17</u>	<u>\$ 4,584,758</u>	<u>\$ 455,336</u>	<u>\$ 1,006,485</u>	<u>\$ 6,046,579</u>

TOWN OF MAMMOTH LAKES
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Year Ended June 30, 2015

	Capital Projects Funds:										Total Nonmajor Capital Projects Funds
	DIF Admin Overhead	DIF Gen. Fac. Fund	DIF Law Enforcement	DIF Storm Drains	DIF Parks & Recreation	DIF MCOE (Library)	DIF Circulation (Streets)	DIF Fire Facility, Veh. & Eq.	DIF Airport Improve.	Public Arts Program	
Revenue											
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charge for services	-	-	-	-	-	31,966	-	29,218	-	15,560	76,744
Taxes and assessments	-	-	-	-	-	-	-	-	-	-	-
Use of money and property	5	-	-	-	423	120	-	191	20	-	759
Other revenue	-	-	-	-	-	-	-	-	-	-	-
Total revenue	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423</u>	<u>32,086</u>	<u>-</u>	<u>29,409</u>	<u>20</u>	<u>15,560</u>	<u>77,503</u>
Expenditures											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Tourism, parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	35,741	-	-	-	-	35,741
Public ways / streets	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Transportation and transit	-	-	-	-	-	-	-	-	-	-	-
Workforce housing	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,741</u>
Excess of Revenue over (under) Expenditures	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423</u>	<u>(3,655)</u>	<u>-</u>	<u>29,409</u>	<u>20</u>	<u>15,560</u>	<u>41,762</u>
Other Financing Sources (Uses)											
Transfers in	2,451	-	-	-	-	-	-	-	3,654	-	6,105
Transfers (out)	-	-	-	-	-	(1,280)	-	(1,171)	-	-	(2,451)
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-	-
Total other sources (uses)	<u>2,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,280)</u>	<u>-</u>	<u>(1,171)</u>	<u>3,654</u>	<u>-</u>	<u>3,654</u>
Change in Fund Balances	<u>2,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423</u>	<u>(4,935)</u>	<u>-</u>	<u>28,238</u>	<u>3,674</u>	<u>15,560</u>	<u>45,416</u>
Fund Balances - beginning	<u>(551,664)</u>	<u>(2,410,803)</u>	<u>(628,299)</u>	<u>(609,612)</u>	<u>210,476</u>	<u>65,424</u>	<u>(1,052,975)</u>	<u>77,434</u>	<u>9,897</u>	<u>43,769</u>	<u>(4,846,353)</u>
Fund Balances - end of year	<u>\$ (549,208)</u>	<u>\$ (2,410,803)</u>	<u>\$ (628,299)</u>	<u>\$ (609,612)</u>	<u>\$ 210,899</u>	<u>\$ 60,489</u>	<u>\$ (1,052,975)</u>	<u>\$ 105,672</u>	<u>\$ 13,571</u>	<u>\$ 59,329</u>	<u>\$ (4,800,937)</u>

TOWN OF MAMMOTH LAKES

Nonmajor Governmental Funds

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

Year Ended June 30, 2015

	Special Revenue Funds:					Total	Total		Total
	Gas	LTC Planning	Measure	Measure U	Drug	Nonmajor	Nonmajor	Debt	Total
	Tax	Transportation	R	Utility	Enforcement	Special	Capital	Service	Nonmajor
	Fund	& Transit	Sales Tax	Users Tax	Fund	Revenue	Project	Fund	Governmental
						Funds	Funds		Funds
Revenue									
Intergovernmental	\$ 1,365,933	\$ 99,883	\$ -	\$ -	\$ -	\$ 1,465,816	\$ -	\$ -	\$ 1,465,816
Charge for services	4,371	-	-	-	-	4,371	76,744	-	81,115
Taxes and assessments	-	-	1,058,235	770,506	-	1,828,741	-	-	1,828,741
Use of money and property	-	-	-	-	-	-	759	35	794
Other revenue	273	-	21,449	-	-	21,722	-	-	21,722
Total revenue	1,370,577	99,883	1,079,684	770,506	-	3,320,650	\$ 77,503	35	3,398,188
Expenditures									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	16,539	16,539	-	-	16,539
Tourism, parks and recreation	-	-	300,337	232,364	-	532,701	-	-	532,701
Community development	-	-	-	-	-	-	35,741	-	35,741
Public ways / streets	2,281,730	99,883	-	-	-	2,381,613	-	-	2,381,613
Capital projects	-	-	-	-	-	-	-	-	-
Transportation and transit	-	-	-	-	-	-	-	-	-
Workforce housing	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	2,284,948	2,284,948
Total expenditures	2,281,730	99,883	300,337	232,364	16,539	2,930,853	\$ 35,741	2,284,948	5,251,542
Excess of Revenue over (under) Expenditures	(911,153)	-	779,347	538,142	(16,539)	389,797	\$ 41,762	(2,284,913)	(1,853,354)
Other Financing Sources (Uses)									
Transfers in	1,959,298	-	23,670	37,493	1,081	2,021,542	6,105	2,940,402	4,968,049
Transfers (out)	(1,013,948)	-	(76,300)	(19,000)	-	(1,109,248)	(2,451)	(250,885)	(1,362,584)
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-
Total other sources (uses)	945,350	-	(52,630)	18,493	1,081	912,294	\$ 3,654	2,689,517	3,605,465
Change in Fund Balances	34,197	-	726,717	556,635	(15,458)	1,302,091	45,416	404,604	1,752,111
Fund Balances - beginning	340,001	-	1,622,483	1,052,793	15,458	3,030,735	(4,846,353)	601,881	(1,213,737)
Fund Balances - end of year	\$ 374,198	\$ -	\$ 2,349,200	\$ 1,609,428	\$ -	\$ 4,332,826	\$ (4,800,937)	\$ 1,006,485	\$ 538,374

TOWN OF MAMMOTH LAKES
Internal Service Funds
Combining Statement of Net Position
June 30, 2015

Page 1 of 2

	<u>Vehicle Service</u>	<u>Self- Insurance</u>	<u>Totals</u>
Assets			
Cash and investments	\$ 5,520,901	\$ 164,634	\$ 5,685,535
Receivables	143,563	-	143,563
Prepaid expenses	473,592	-	473,592
Interfund loans	1,275,000	-	1,275,000
Interfund loans - general fund	2,916,207	-	2,916,207
Capital assets, net of depreciation	1,758,315	-	1,758,315
Total assets	<u>12,087,578</u>	<u>164,634</u>	<u>12,252,212</u>
Liabilities			
Payables	82,468	4,697	87,165
Compensated absences	29,969	-	29,969
Total liabilities	<u>112,437</u>	<u>4,697</u>	<u>117,134</u>
Net Position			
Invested in capital assets	1,758,315	-	1,758,315
Unrestricted	10,216,826	159,937	10,376,763
Total net position	<u>\$ 11,975,141</u>	<u>\$ 159,937</u>	<u>\$ 12,135,078</u>

TOWN OF MAMMOTH LAKES

Internal Service Funds

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

Year Ended June 30, 2015

Page 2 of 2

	Vehicle Service	Self- Insurance	Totals
Operating Revenue			
Charges for services	\$ 1,590,047	\$ 268,687	\$ 1,858,734
Operating Expenses			
Personal services	594,646	-	594,646
Maintenance and operations	575,764	-	575,764
Benefit claims	-	187,590	187,590
Depreciation	452,813	-	452,813
Total operating expenses	<u>1,623,223</u>	<u>187,590</u>	<u>1,810,813</u>
Operating Income (Loss)	<u>(33,176)</u>	<u>81,097</u>	<u>47,921</u>
Nonoperating Revenue (Expenses)			
Investment earnings	6,965	-	6,965
Other revenue	71,826	-	71,826
Total nonoperating revenue (expenses)	<u>78,791</u>	<u>-</u>	<u>78,791</u>
Income Before Transfers	45,615	81,097	126,712
Capital grants	-	-	-
Transfers in from other funds	125,000	-	125,000
Transfers (out) to other funds	<u>(55,489)</u>	<u>-</u>	<u>(55,489)</u>
Change in Net Position	115,126	81,097	196,223
Net Position - beginning	<u>11,860,015</u>	<u>78,840</u>	<u>11,938,855</u>
Net Position - end of year	<u>\$ 11,975,141</u>	<u>\$ 159,937</u>	<u>\$ 12,135,078</u>

