

TOWN OF MAMMOTH LAKES
California

Annual Financial Report
June 30, 2020

TOWN OF MAMMOTH LAKES

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

8715 Seville Circle / Granite Bay, California 95746-5823

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, 2020, and the related notes to the financial statements, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 opinion.

Opinion

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, 2020, 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.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that (1) management's discussion and analysis, (2) pension plan liability and contributions schedules, (3) other postemployment benefits plan total liability, net position, and net liability schedules, and (4) the respective budgetary comparison information of the major funds, as listed in the table of contents 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 an opinion 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 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor funds financial statements and the combining internal service funds financial statements are 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 combining nonmajor funds financial statements and the combining internal service funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 28, 2020 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
Granite Bay, California
December 28, 2020

MANAGEMENT'S DISCUSSION & ANALYSIS

***As Prepared by Management
(unaudited)***



**Office of Administrative Services /
Finance Director**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Discussion and Analysis of the Town of Mammoth Lakes' financial performance for the fiscal year ending June 30, 2020 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 and operations. This document is intended to be read 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 the Town as a whole better 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 the Town's assets and liabilities using the accrual basis of accounting; this is similar to the accounting used by most private sector companies.

These two statements report the Town's net 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 this measure of financial health considers all the Town's assets, including street infrastructure, storm drainage, and streetlights. While these assets are valuable to the Town, 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. Hence 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 and economic development.

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

Business-Type Activities: The Town's Airport charges fees to customers to cover certain services 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 only about the most significant funds – rather than 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 control and manage money for particular purposes and to show that we are 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 different perspectives 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 revenue, assets, and liabilities separately this activity is generally reported in proprietary funds. Proprietary funds, such as 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, such as the Statement of Cash Flows, provide more detail and additional information.

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 Statement of Fiduciary Assets and Liabilities reflects these fiduciary activities which are 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 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 as shown in the following table totals \$83.9 million as of June 30, 2020.

Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
ASSETS						
Current and other assets	\$ 61,916,296	\$ 58,979,083	\$ 1,486,786	\$ 1,593,626	\$ 63,403,082	\$ 60,572,709
Capital assets, net of depreciation	<u>70,954,579</u>	<u>70,032,241</u>	<u>4,471,298</u>	<u>4,051,657</u>	<u>75,425,877</u>	<u>74,083,898</u>
Total assets	<u>132,870,875</u>	<u>129,011,324</u>	<u>5,958,084</u>	<u>5,645,283</u>	<u>138,828,959</u>	<u>134,656,607</u>
Deferred Outflow of Resources						
Deferred pension outflows	<u>4,588,898</u>	<u>4,865,402</u>	<u>342,041</u>	<u>365,782</u>	<u>4,930,939</u>	<u>5,231,184</u>
Total Assets and Deferred Resources	<u>137,459,773</u>	<u>133,876,726</u>	<u>6,300,125</u>	<u>6,011,065</u>	<u>143,759,898</u>	<u>139,887,791</u>
LIABILITIES						
Long-term debt outstanding	52,108,890	54,412,503	1,706,680	1,768,201	53,815,570	56,180,704
Other liabilities	<u>2,594,879</u>	<u>2,291,367</u>	<u>86,664</u>	<u>24,052</u>	<u>2,681,543</u>	<u>2,315,419</u>
Total Liabilities	<u>54,703,769</u>	<u>56,703,870</u>	<u>1,793,344</u>	<u>1,792,253</u>	<u>56,497,113</u>	<u>58,496,123</u>
Deferred Inflow of Resources						
Deferred pensions inflows	1,288,913	271,696	97,015	20,450	1,385,928	292,146
Deferred OPEB inflows	<u>1,803,216</u>	<u>1,231,197</u>	<u>135,726</u>	<u>92,671</u>	<u>1,938,942</u>	<u>1,323,868</u>
Total Liabilities and Deferred Inflows of	<u>57,795,898</u>	<u>58,206,763</u>	<u>2,026,085</u>	<u>1,905,374</u>	<u>59,821,983</u>	<u>60,112,137</u>
Net Position						
Invested in capital assets	70,954,219	70,032,241	4,471,298	4,051,657	75,425,517	74,083,898
Restricted	21,754,298	19,049,772	(197,258)		21,557,040	19,049,772
Unrestricted	<u>(13,044,642)</u>	<u>(13,458,093)</u>		<u>54,034</u>	<u>(13,044,642)</u>	<u>(13,404,059)</u>
Total net position	<u>\$ 79,663,875</u>	<u>\$ 75,669,963</u>	<u>\$ 4,274,040</u>	<u>\$ 4,105,691</u>	<u>\$ 83,937,915</u>	<u>\$ 79,775,654</u>

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 Government Functions

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

Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue						
Program revenue:						
Charges for services	\$ 1,356,943	\$ 2,681,221	\$ 1,613,815	\$ 527,299	\$ 2,970,758	\$ 3,208,520
Operating grants & contributions	3,716,918	2,727,461			3,716,918	2,727,461
Capital grants & contributions	2,965,029	2,688,815			2,965,029	2,688,815
General revenue:						
Transient occupancy tax	16,298,944	20,528,848			16,298,944	20,528,848
Sales tax	3,727,040	4,228,036			3,727,040	4,228,036
Property tax	4,054,115	3,803,820			4,054,115	3,803,820
Other taxes	6,630,904	7,986,809			6,630,904	7,986,809
Other	1,923,417	2,382,748	25,574	42,667	1,948,991	2,425,415
Transfers in (out)	(572,766)	(1,239,480)	247,105	633,142	(325,661)	(606,338)
Total Revenue	40,100,544	45,788,278	1,886,494	1,203,108	41,987,038	46,991,386
Expenses						
General government	4,846,082	4,272,691			4,846,082	4,272,691
Public safety	5,179,010	4,260,503			5,179,010	4,260,503
Tourism & recreation	9,610,750	7,997,904			9,610,750	7,997,904
Community development	4,813,535	2,639,703			4,813,535	2,639,703
Public works	10,570,972	6,831,140			10,570,972	6,831,140
Airport		-	1,717,735	1,106,963	1,717,735	1,106,963
Solid waste		-	410	2,115	410	2,115
Debt service	1,086,283	159,223			1,086,283	159,223
Total Expenses	36,106,632	26,161,164	1,718,145	1,109,078	37,824,777	27,270,242
Change in net position	3,993,912	19,627,114	168,349	94,030	4,162,261	19,721,144
Net position - beginning of year	75,669,963	56,042,849	4,105,691	4,011,661	79,775,654	60,054,510
Prior period adjustment		-		-	-	-
Net position - end of year	\$ 79,663,875	\$ 75,669,963	\$ 4,274,040	\$ 4,105,691	\$ 83,937,915	\$ 79,775,654

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 motor pool is operated as an internal service fund. Services provided by the garage are charged to other governmental agencies that have contracted with the Town to receive garage motor pool services such as fuel and vehicle maintenance, in addition to services the garage provides to individual Town departments.
- b.) The internal service fund is also 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, which, in turn, processes certain medical 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 is reported in comparable private enterprises. As of June 30, 2020, 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 issued Lease Revenue Bonds in the amount of \$3,550,000 replacing the existing Certificates of Participation (\$1,430,000) in order to construct a new Public Safety facility (\$2,120,000) in 2015. Construction of the new Public Safety facility was completed in 2017. The debt is scheduled to mature in fiscal year 2029-30 and had an outstanding balance of \$2,635,000 as of June 30, 2020.

In 2010, 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. In October 2018, the Town refunded the award by issuing Obligation Bonds at a reduced interest rate. The outstanding balance at June 30, 2020 was \$21,955,000.

In 2017, the Town entered into an installment sales agreement in the amount of \$5,550,000 for the initial phase of construction for a new Community Recreation Center. The outstanding balance at June 30, 2020 was \$4,495,000.

Outlook for the Future

The Town faces many challenges as the COVID-19 health emergency has had a significant impact on our tourism-based economy. The conservative budget practices and fully funded reserve policies have been

good tools to weather the challenges faced so far. The Town does not anticipate using any of these formal reserve funds and only has plans to spend unassigned fund balance to balance next year's budget. The Town budget for FY20/21 included a reduction in revenue performance from Transient Occupancy Tax (TOT) revenue. These reductions anticipate an extension of lodging restrictions through part of the fiscal year and a return to normal visitation by mid-spring. Once these restrictions are eased, the Town anticipates strong visitation and related TOT revenue performance. The effects of extended closure of our local economy may prove challenging in supporting the expected visitation as we have already seen some businesses close and seen a reduction in the available workforce. The Town developed community programs to provide financial assistance to businesses and provide rent relief for our workers. The goal of these grant programs is to support local business, speed up our overall recovery from these shutdowns, and retain our local workforce within the community.

The Town has been in Unified Command with Mono County operating our Emergency Operation Center and the response to the health emergency. This coordination has been successful in providing a unified response across the county. To date, the Town has funded its response from general fund allocations, both prior year commitments and current year unassigned fund balance. The Town will continue to document the expenditures and request FEMA reimbursement for eligible expenses once prepared. The Town is prepared to continue with this model through much of FY20/21 and will aggressively seek reimbursement from Federal and State programs when available.

The Town remains committed to housing and work on The Parcel (a 25+/- acre affordable housing project) has progressed forward despite the health emergency impacts. The Town was forced to remove the committed TOT revenue to housing efforts it instituted in the previous fiscal year to fund operations and respond to the existing emergency. Despite this financial setback, The Parcel remains the most important project in our workplan. The work planned for the year has progressed and a development agreement should be completed by spring 2021. The Parcel is on target for completion of Phase I by spring/summer 2023. This phase will deliver 80 units of affordable housing for our community. Other strategies for workforce housing include: a Mammoth Lakes Chamber of Commerce position dedicated to coordinating employer, employee, and homeowner engagement; a "Missing Middle" grant program (\$100,000); doubling the revolving loan fund from \$300,000 to \$600,000 to acquire deed restricted housing units in jeopardy of losing their income restriction; and, providing funding assistance to Mammoth Lakes Housing for an affordable housing construction rehabilitation project on Sierra Manor Road, pending securing other grant sources for the 11-unit project. The Town recognizes affordable housing as one of its most significant challenges and has invested heavily in a multifaceted approach to address the problem.

The Town approved a final funding plan for the year-round Community Recreation Center. Construction is set to begin in spring 2021, with the facility expected to be open and operational by spring 2022. This \$14.8M recreation amenity will provide an indoor winter ice skating facility along with summer recreation programs to enhance our youth camps and overall community recreational offerings.

The Town is expecting to pause major new construction projects for FY20/21 due to uncertainty of the impact and duration of the health emergency. The Town will complete all existing projects in progress at the close of last fiscal year. The only new projects currently slated for work are Airport projects that have been fully funded with FAA grants. These projects include the reconstruction of the Town hanger taxi lane, slurry seal taxiways, and Airport security gate. The Town remains committed to continued

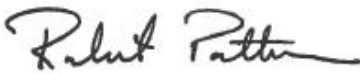
investment in infrastructure as state grants and allocated funding through the Local Transportation Commission and Senate Bill 1 is available for projects. The Town has been very successful with many of the grant funded road construction projects and looks to continue this approach in the future.

The Town has a strategic plan to enhance its service model through prioritized investment in key staff positions. With uncertainty of duration or extent of the health emergency, the Town has not allocated funding for new positions in FY20/21. The Town is committed to investing in positions that advance our service to the community and will look forward to additional investments in staff to support the visitor experience once we return to normal operations.

The Town Council continues to remain conservative in its budgeting approach, with the goal of long-term fiscal sustainability. The Town is committed to maintaining current service levels, increasing reserve levels tied to sustainable funding, identifying funds for current and future capital projects, and investing in one-time strategic planning processes. This year, the Town's Reserve for Economic Uncertainty (REU) was increased by \$83,627 to \$3,827,920 to maintain 100% compliance with the Town's reserve policy. As part of the FY2017-18 budget process, the Town established a reserve policy that includes an Operating Reserve (OR) and funding of \$100,000 for contingency. Since inception, the OR has grown steadily with Town Council investment made to meet the minimums provided for in the reserve policy. The OR is funded at 89.2% of policy or \$1,864,838 at the close of FY19/20. Contingency funding is provided as part of the annual budget process from current revenues. These policies are set for review and update in FY20/21 and will include a baseline revenue for calculation of both REU and OR. These updates will likely remain at 25% of the baseline revenue but shift a higher percentage into REU, reducing OR. These updates will include a recommendation for additional debt reserve. This additional reserve would be available to service the Town's general fund debt if needed. These updates will be a part of our annual budget review process.

In conclusion, the Town has positioned itself to weather challenges we are seeing in this current public health emergency. We anticipate keeping our reserves intact for future needs and while the duration and ultimate level of impact is undetermined, we are confident we have adequate funding to meet debt obligations, meet current level of operations, and to respond to the health emergency. Our focus will soon shift to preparing for a return of our visitors and the impacts that will have on both the Town and our businesses.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rob Patterson", with a stylized, cursive script.

Rob Patterson
Administrative Services/Finance Director

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MAMMOTH LAKES
Government-wide Financial Statements
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and investments	\$ 46,620,556	\$ 985,880	\$ 47,606,436
Receivables	2,892,164	497,048	3,389,212
Prepaid expenses	609,519	3,858	613,377
Restricted cash	317,241	-	317,241
Total current assets	<u>50,439,480</u>	<u>1,486,786</u>	<u>51,926,266</u>
Noncurrent Assets			
Notes receivable	11,476,816	-	11,476,816
Capital assets not being depreciated	25,880,397	596,865	26,477,262
Capital assets, net of depreciation	<u>45,074,182</u>	<u>3,874,433</u>	<u>48,948,615</u>
Total noncurrent assets	<u>82,431,395</u>	<u>4,471,298</u>	<u>86,902,693</u>
Total assets	<u>132,870,875</u>	<u>5,958,084</u>	<u>138,828,959</u>
Deferred Outflows of Resources			
Deferred pension outflows	4,588,898	342,041	4,930,939
Total assets and deferred outflows of resources	<u>137,459,773</u>	<u>6,300,125</u>	<u>143,759,898</u>
LIABILITIES			
Current Liabilities			
Payables	2,452,445	86,664	2,539,109
Deferred revenue	-	-	-
Accrued interest	<u>142,434</u>	<u>-</u>	<u>142,434</u>
Total current liabilities	<u>2,594,879</u>	<u>86,664</u>	<u>2,681,543</u>
Noncurrent liabilities			
Due within one year	1,957,273	8,944	1,966,217
Due in more than one year	<u>50,151,617</u>	<u>1,697,736</u>	<u>51,849,353</u>
Total noncurrent liabilities	<u>52,108,890</u>	<u>1,706,680</u>	<u>53,815,570</u>
Total liabilities	<u>54,703,769</u>	<u>1,793,344</u>	<u>56,497,113</u>
Deferred Inflows of Resources			
Deferred pension inflows	1,288,913	97,015	1,385,928
Deferred OPEB inflows	<u>1,803,216</u>	<u>135,726</u>	<u>1,938,942</u>
Total liabilities and deferred inflows of resources	<u>57,795,898</u>	<u>2,026,085</u>	<u>59,821,983</u>
Net Position			
Net investment in capital assets	70,954,219	4,471,298	75,425,517
Restricted	21,754,298	(197,258)	21,557,040
Unrestricted	<u>(13,044,642)</u>	<u>-</u>	<u>(13,044,642)</u>
Total net position	<u>\$ 79,663,875</u>	<u>\$ 4,274,040</u>	<u>\$ 83,937,915</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, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
		Services	Grants and	Grants and	Activities	Activities	
			Contributions	Contributions			
Governmental Activities							
General government	\$ 4,846,082	\$ 486,009	\$ 313,385	\$ -	\$ (4,046,688)		\$ (4,046,688)
Public safety	5,179,010	206,687	196,406	-	(4,775,917)		(4,775,917)
Tourism, parks and recreation	9,610,750	174,563	-	-	(9,436,187)		(9,436,187)
Community development	4,813,535	116,896	-	-	(4,696,639)		(4,696,639)
Public works / streets	4,493,672	61,901	3,194,846	2,965,029	1,728,104		1,728,104
Transportation and transit	897,869	58,292	-	-	(839,577)		(839,577)
Capital projects	1,144,697	252,595	12,281	-	(879,821)		(879,821)
Interest expense	1,086,283	-	-	-	(1,086,283)		(1,086,283)
Depreciation expense	4,034,734	-	-	-	(4,034,734)		(4,034,734)
Total governmental activities	<u>36,106,632</u>	<u>1,356,943</u>	<u>3,716,918</u>	<u>2,965,029</u>	<u>(28,067,742)</u>		<u>(28,067,742)</u>
Business-type Activities							
Airport	1,717,735	1,586,645	-	-		\$ (131,090)	(131,090)
Landfill management	410	27,170	-	-		26,760	26,760
Total business-type activities	<u>1,718,145</u>	<u>1,613,815</u>	<u>-</u>	<u>-</u>		<u>(104,330)</u>	<u>(104,330)</u>
Total primary government	<u>\$ 37,824,777</u>	<u>\$ 2,970,758</u>	<u>\$ 3,716,918</u>	<u>\$ 2,965,029</u>	<u>(28,067,742)</u>	<u>(104,330)</u>	<u>(28,172,072)</u>
General Revenue							
Transient occupancy					16,298,944	-	16,298,944
Property tax					4,054,115	-	4,054,115
Sales tax					2,372,657	-	2,372,657
Tourism tax					4,415,122	-	4,415,122
Measure R tax					1,354,383	-	1,354,383
Measure U tax					808,346	-	808,346
Business taxes					548,066	-	548,066
Franchise fees					859,370	-	859,370
Licenses & permits					643,579	-	643,579
Fines & forfeitures					48,585	-	48,585
Investment earnings					715,117	21,299	736,416
Other revenue					516,136	4,275	520,411
Transfers in (out)					(572,766)	247,105	(325,661)
					<u>32,061,654</u>	<u>272,679</u>	<u>32,334,333</u>
Change in Net Position					3,993,912	168,349	4,162,261
Net Position - beginning					75,669,963	4,105,691	79,775,654
Net Position - end of year					<u>\$ 79,663,875</u>	<u>\$ 4,274,040</u>	<u>\$ 83,937,915</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, 2020

	General Fund	Capital Projects Fund	Tourism Business Improvement District	Housing & Community Development Fund	Gas Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 16,224,913	\$ 13,188,082	\$ -	\$ 170,837	\$ 1,516,358	\$ 6,567,725	\$ 37,667,915
Receivables	1,518,729	246,316	166,148	308,629	49,672	430,994	2,720,488
Notes receivable	-	-	-	11,476,816	-	-	11,476,816
Interfund loans	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	317,241	317,241
Total assets	<u>\$ 17,743,642</u>	<u>\$ 13,434,398</u>	<u>\$ 166,148</u>	<u>\$ 11,956,282</u>	<u>\$ 1,566,030</u>	<u>\$ 7,315,960</u>	<u>\$ 52,182,460</u>
Liabilities							
Payables	\$ 2,434,937	\$ -	\$ 52	\$ -	\$ -	\$ 3,517	\$ 2,438,506
Cash overdraft	-	-	142,548	-	-	-	142,548
Deferred revenue	-	-	-	11,476,816	-	-	11,476,816
Interfund loans	2,491,207	-	-	-	-	-	2,491,207
Total liabilities	<u>4,926,144</u>	<u>-</u>	<u>142,600</u>	<u>11,476,816</u>	<u>-</u>	<u>3,517</u>	<u>16,549,077</u>
Fund Balances							
Restricted	-	13,434,398	23,548	479,466	1,566,030	6,250,856	21,754,298
Committed	1,205,002	-	-	-	-	1,061,587	2,266,589
Assigned	-	-	-	-	-	-	-
Unassigned	11,612,496	-	-	-	-	-	11,612,496
Total fund balances	<u>12,817,498</u>	<u>13,434,398</u>	<u>23,548</u>	<u>479,466</u>	<u>1,566,030</u>	<u>7,312,443</u>	<u>35,633,383</u>
Total liabilities and fund balances	<u>\$ 17,743,642</u>	<u>\$ 13,434,398</u>	<u>\$ 166,148</u>	<u>\$ 11,956,282</u>	<u>\$ 1,566,030</u>	<u>\$ 7,315,960</u>	<u>\$ 52,182,460</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, 2020

Total fund balances of governmental funds (page 12) \$ 35,633,383

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

(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. 67,656,039

(2) Deferred revenue related to long-term notes receivable is not recognized in the governmental
funds financial statements until collected, but is recognized in the government-wide
financial statements the year incurred. 11,476,816

(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:
Debt and obligations (52,061,537)
Accrued interest (142,434)

(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 governmental activities. 15,604,839

(5) Deferred outflows of resources are not recognized as expenditures in the governmental funds
financial statements but are recognized in the government-wide financial statements. 4,588,898

(6) Deferred inflows of resources are not recognized as revenue in the governmental funds
financial statements but are recognized in the government-wide financial statements. (3,092,129)

Net Position of governmental activities (page 10) \$ 79,663,875

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, 2020

	General Fund	Capital Projects Fund	Tourism Business Improvement District	Housing & Community Development Fund	Gas Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenue							
Taxes and assessments	\$ 24,133,152	\$ -	\$ 4,415,122	\$ -	\$ -	\$ 2,162,729	\$ 30,711,003
Licenses and permits	643,579	-	-	-	-	-	643,579
Intergovernmental	509,791	2,965,029	-	739,396	2,358,688	109,043	6,681,947
Charge for services	812,721	-	-	-	32,372	511,850	1,356,943
Fines and forfeitures	48,585	-	-	-	-	-	48,585
Use of money and property	353,569	-	8,141	8,740	18,833	325,834	715,117
Other revenue	97,616	418,408	-	-	-	112	516,136
Total revenue	<u>26,599,013</u>	<u>3,383,437</u>	<u>4,423,263</u>	<u>748,136</u>	<u>2,409,893</u>	<u>3,109,568</u>	<u>40,673,310</u>
Expenditures							
Current -							
General government	4,846,082	-	-	-	-	-	4,846,082
Public safety	4,896,287	-	-	-	-	-	4,896,287
Tourism, parks and recreation	4,289,549	-	4,395,226	-	-	925,975	9,610,750
Community development	3,236,549	-	-	842,641	-	734,345	4,813,535
Public works / streets	789,335	-	-	-	3,606,236	98,101	4,493,672
Transportation and transit	897,869	-	-	-	-	-	897,869
Capital projects	-	4,792,508	-	-	-	-	4,792,508
Debt service	-	-	-	-	-	2,806,283	2,806,283
Total expenditures	<u>18,955,671</u>	<u>4,792,508</u>	<u>4,395,226</u>	<u>842,641</u>	<u>3,606,236</u>	<u>4,564,704</u>	<u>37,156,986</u>
Excess Revenue over (under)							
Expenditures	<u>7,643,342</u>	<u>(1,409,071)</u>	<u>28,037</u>	<u>(94,505)</u>	<u>(1,196,343)</u>	<u>(1,455,136)</u>	<u>3,516,324</u>
Other Financing Sources (Uses)							
Transfers in	2,582,555	6,455,128	-	45,000	2,232,652	4,298,083	15,613,418
Transfers (out)	(10,789,898)	(1,088,560)	-	-	(345,835)	(3,961,891)	(16,186,184)
Total other sources (uses)	<u>(8,207,343)</u>	<u>5,366,568</u>	<u>-</u>	<u>45,000</u>	<u>1,886,817</u>	<u>336,192</u>	<u>(572,766)</u>
Change in Fund Balances	(564,001)	3,957,497	28,037	(49,505)	690,474	(1,118,944)	2,943,558
Fund Balances - beginning	13,381,499	9,476,901	(4,489)	528,971	875,556	8,431,387	32,689,825
Fund Balances - end of year	<u>\$ 12,817,498</u>	<u>\$ 13,434,398</u>	<u>\$ 23,548</u>	<u>\$ 479,466</u>	<u>\$ 1,566,030</u>	<u>\$ 7,312,443</u>	<u>\$ 35,633,383</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, 2020

Change in fund balances - governmental funds (page 14)	\$ 2,943,558
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Amounts reported for governmental activities in the statement of activities
are different because of the following:

(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current year.	(386,923)
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(2) Proceeds from new long-term debt provide current resources in the funds financial statements but have no effect on net position in the government-wide financials.	-
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(3) The repayment of the principal portion of long-term debt consumes the current financial resources of government funds. However, in the government-wide financials these transactions have no effect on net position.	1,720,000
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(4) Certain deferred revenue and deferred 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.	<u>(282,723)</u>
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Change in net position of governmental activities (page 11)	<u><u>\$ 3,993,912</u></u>
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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, 2020

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Assets and Deferred Outflows				
Current assets:				
Cash and investments	\$ 825,759	\$ 160,121	\$ 985,880	\$ 9,095,189
Receivables	496,545	503	497,048	171,676
Prepaid expenses	3,858	-	3,858	609,519
Interfund loans	-	-	-	2,491,207
Total current assets	<u>1,326,162</u>	<u>160,624</u>	<u>1,486,786</u>	<u>12,367,591</u>
Noncurrent assets:				
Capital assets not being depreciated	596,865	-	596,865	-
Capital assets, net of depreciation	<u>3,874,433</u>	<u>-</u>	<u>3,874,433</u>	<u>3,298,540</u>
Total noncurrent assets	<u>4,471,298</u>	<u>-</u>	<u>4,471,298</u>	<u>3,298,540</u>
Total assets	<u>5,797,460</u>	<u>160,624</u>	<u>5,958,084</u>	<u>15,666,131</u>
Deferred outflows of resources:				
Deferred pension outflows	342,041	-	342,041	-
Deferred OPEB outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>342,041</u>	<u>-</u>	<u>342,041</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>6,139,501</u>	<u>160,624</u>	<u>6,300,125</u>	<u>15,666,131</u>
Liabilities and Deferred Inflows				
Current liabilities: Payables	<u>86,664</u>	<u>-</u>	<u>86,664</u>	<u>13,939</u>
Noncurrent liabilities:				
Due in one year	1,697,736	-	1,697,736	11,838
Due after one year	<u>8,944</u>	<u>-</u>	<u>8,944</u>	<u>35,515</u>
Total noncurrent liabilities	<u>1,706,680</u>	<u>-</u>	<u>1,706,680</u>	<u>47,353</u>
Total liabilities	<u>1,793,344</u>	<u>-</u>	<u>1,793,344</u>	<u>61,292</u>
Deferred inflows of resources:				
Deferred pension inflows	97,015	-	97,015	-
Deferred OPEB inflows	<u>135,726</u>	<u>-</u>	<u>135,726</u>	<u>-</u>
Total deferred inflows	<u>232,741</u>	<u>-</u>	<u>232,741</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,026,085</u>	<u>-</u>	<u>2,026,085</u>	<u>61,292</u>
Net Position				
Net investment in capital assets	4,471,298	-	4,471,298	3,298,540
Unrestricted	<u>(357,882)</u>	<u>160,624</u>	<u>(197,258)</u>	<u>12,306,299</u>
Total net position	<u>\$ 4,113,416</u>	<u>\$ 160,624</u>	<u>\$ 4,274,040</u>	<u>\$ 15,604,839</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, 2020

	Business-type Activities			Governmental Activities - Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Operating Revenue				
Charge for services	\$ 1,586,645	\$ 27,170	\$ 1,613,815	\$ 2,403,075
Operating Expenses				
Personnel costs	655,713	410	656,123	786,674
Operations and maintenance	825,324	-	825,324	592,477
Benefit claims	-	-	-	169,900
Depreciation	236,698	-	236,698	369,975
Total operating expenses	1,717,735	410	1,718,145	1,919,026
Operating Income (Loss)	(131,090)	26,760	(104,330)	484,049
Nonoperating Revenue (Expenses)				
Investment earnings	18,651	2,648	21,299	155,051
Other nonoperating revenue	4,275	-	4,275	10,080
Total nonoperating revenue (expenses)	22,926	2,648	25,574	165,131
Income before Transfers	(108,164)	29,408	(78,756)	649,180
Transfers in	291,274	-	291,274	740,000
Transfers (out)	(44,169)	-	(44,169)	(407,885)
Change in Net Position	138,941	29,408	168,349	981,295
Net position - beginning	3,974,475	131,216	4,105,691	14,623,544
Net position - end of year	\$ 4,113,416	\$ 160,624	\$ 4,274,040	\$ 15,604,839

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, 2020

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 grants	\$ 1,145,637	\$ 47,954	\$ 1,193,591	\$ 2,382,453
Cash paid for personnel costs	(573,847)	(410)	(574,257)	(785,364)
Cash paid for operations and maintenance	(762,712)	-	(762,712)	(669,748)
Cash paid for benefit claims	-	-	-	(169,900)
Net cash provided (used)	<u>(190,922)</u>	<u>47,544</u>	<u>(143,378)</u>	<u>757,441</u>
Noncapital Financing Activities				
Transfers in from other funds	291,274	-	291,274	740,000
Transfers (out) to other funds	(44,196)	-	(44,196)	(407,885)
Net cash provided (used)	<u>247,078</u>	<u>-</u>	<u>247,078</u>	<u>332,115</u>
Capital & Related Financing Activities				
Internal loan proceeds & repayments	-	-	-	340,000
Other cash received	4,275	-	4,275	10,080
Purchase of capital assets	(656,338)	-	(656,338)	(1,679,236)
Net cash provided (used)	<u>(652,063)</u>	<u>-</u>	<u>(652,063)</u>	<u>(1,329,156)</u>
Investing Activities				
Investment earnings	<u>18,651</u>	<u>2,648</u>	<u>21,299</u>	<u>155,051</u>
Net Increase (Decrease) in Cash	<u>(577,256)</u>	<u>50,192</u>	<u>(527,064)</u>	<u>(84,549)</u>
Cash and cash equivalents - beginning	<u>1,403,015</u>	<u>109,929</u>	<u>1,512,944</u>	<u>9,179,738</u>
Cash and cash equivalents - end of year	<u>\$ 825,759</u>	<u>\$ 160,121</u>	<u>\$ 985,880</u>	<u>\$ 9,095,189</u>
Operating Activities Analysis				
Operating Income (Loss) (page 17)	\$ (131,090)	\$ 26,760	\$ (104,330)	\$ 484,049
Reconciliation adjustments:				
Add Depreciation, a noncash expense	236,698	-	236,698	369,975
(Increase) decrease in receivables	(441,008)	20,784	(420,224)	(20,622)
(Increase) decrease in prepaid expenses	-	-	-	(33,760)
Increase (decrease) in payables	62,612	-	62,612	(42,201)
Net change in pension & OPEB balances	81,866	-	81,866	-
Net cash provided (used)	<u>\$ (190,922)</u>	<u>\$ 47,544</u>	<u>\$ (143,378)</u>	<u>\$ 757,441</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, 2020

Assets

Cash and investments	\$ 3,758,083
Accounts receivables	27,771
Cash with fiscal agent	130,356
Total assets	<u>\$ 3,916,210</u>

Liabilities

Accounts payable	\$ 96
Assets held as agency for others	3,916,114
Total liabilities	<u>\$ 3,916,210</u>

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

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

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 - Capital Assets
- Note 6 - Long-term Obligations
- Note 7 - Interfund Balances
- Note 8 - Interfund Transfers
- Note 9 - Other Postemployment Benefits Plan (OPEB)
- Note 10 - Commitments and Contingencies
- Note 11 - Assessment District Debt
- Note 12 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 13 - Single Employer Defined Benefit Pension Plan
- Note 14 - Risk Management
- Note 15 - Subsequent Events
- Note 16 - New Pronouncements
- Note 17 - Fund Balance Designations Section of the Balance Sheet

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

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. These entities meet the Governmental Accounting Standards Board (GASB) criteria for inclusion within the Town's financial reports. The Corporation does not issue separate financial statements. Financial information for the 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. Separate financial statements are not issued.

Note 2 - Significant Accounting Policies

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described as follows:

Financial Statements

The Town's basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the 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

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

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 those through which most general government functions typically are financed. The Town maintains the following fund types:

- *The General Fund* is the Town's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue 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* 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* are used to account for financial resources to be used for the acquisition, improvements or construction of streets, infrastructure and major capital projects.
- *Proprietary Fund Types* 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:

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- (1) *Enterprise 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.
- (2) *Internal Service 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* are used to 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* 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* 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.

Major Funds

The following are the Town's major funds this year:

- 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.
- 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.
- 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.
- Gas Tax Fund – this fund is used to account for the proceeds of the state-wide voter approved tax on gasoline, which is collected by the State, and passed through to local governments for the purpose of streets and sidewalk construction and maintenance.

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

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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.

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 unmatured interest on long-term debt in the governmental funds, which is recognized when due.

Proprietary funds use the “accrual basis of accounting” which records the financial effect on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only when cash is received or paid by the enterprise.

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

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project level by fund. The Town's budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments or capital improvement projects may be re-appropriated for the subsequent fiscal year upon Town Council approval.

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

Cash and Investments

Cash and investments held in the Town's investment pool are reported as cash and investments since "funds" can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents if they are liquid. Investments are stated at fair value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town considers all highly liquid investments either: (1) with a maturity of three months or less when purchased to be cash equivalents or (2) collected within sixty days of the fiscal year end. Cash and cash equivalents are reported under the caption "cash and investments" on the statement of net position and balance sheet.

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" (noncurrent 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 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.

Prepaid Expenses

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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.

Notes Receivable - Economic and Community Development Loans

The majority of these loans consist of deferred repayment loans under the Town's housing and economic development programs. These programs were funded from government grant awards to the Town, which were reported as grant revenue in the year received, and expenditures in the year the loans were made. A deferred loan is required to be repaid in full when the secured property is sold or transferred. Prior to the sale or transfer, loan payments are generally not required. Principal and interest payments which are receivable at year end are offset by an equal amount of deferred revenue. Such payments are recognized as program revenue when received.

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. 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.

Deferred Revenue

The Town reports deferred revenue on its governmental funds balance sheet. Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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 or medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. The Town accrues a liability for compensated absences which meet the following criteria:

- The Town's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.

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- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable column on the statement of net position. For the most part, 75% of compensated absences are generally considered due after one year.

Net Position and Fund Balances

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

- Net Investment in Capital Assets - represents the Town's total investment in capital assets less accumulated depreciation, reduced by any outstanding debt used to acquire such 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.
- 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

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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.

Other Postemployment Benefits Plan (OPEB)

In government-wide financial statements, as required by GASB Statement No. 75, OPEB plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The Town recognizes a net OPEB liability, which represents the excess of the total OPEB liability over the fiduciary net position (*plan assets owned*) as reflected in the actuarial report provided by the plan actuarial analyst. The net OPEB liability is measured as of the Town's prior fiscal year-end. Changes in the net OPEB liability are recorded, in the period incurred, as OPEB expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective OPEB plan and are recorded as a component of OPEB expense beginning with the period in which they are incurred.

Pension Plan

In government-wide financial statements, as required by GASB Statement No. 68, retirement plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position (*plan assets owned*) of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Property Tax Revenue

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.

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- *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.
- *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.

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.

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.

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- Prior to July 1, the budget is adopted by resolution 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 resolution 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.
- 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:

	2016	2017	2018	2019	2020
Transient Occupancy tax	67%	67%	64%	66%	61%
Property tax	14%	12%	13%	12%	15%
Sales tax (excludes Meas R)	8%	9%	9%	9%	9%
	<u>89%</u>	<u>88%</u>	<u>86%</u>	<u>87%</u>	<u>85%</u>

Cash Deficit Balances by Fund

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

Tourism Business Improvement District	\$ 142,548
	<u>\$ 142,548</u>

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Tourism Business Improvement District

Mammoth Lakes Tourism Business Improvement District (TBID) is a benefit assessment district that provides funds solely dedicated to tourism marketing and sales promotion efforts to attract visitors to the Town of Mammoth Lakes. The TBID ordinance was voted and approved by qualifying businesses and implemented on August 1, 2013 with a Sunset provision date of August 31, 2023. As a separate Improvement District, all funds except those retained by the Town for cost reimbursement are passed through to the District. The Town withholds 2% of the amount collected as reimbursement for administrative costs associated with the processing, collection, and enforcement of the TBID. The District is governed by and through Mammoth Lakes Tourism (a separate non-profit organization) with their own board of directors, which governs the appropriation of TBID funds in accordance with the adopted management plan.

The TBID assessment is broken down into 3 Tiers, as follows:

- Tier 1 represents all businesses that have annual sales in excess of \$150,000 and can show that more than 50% of their sales revenue is provided by tourists. The assessment is 1% of gross room revenue for lodging, 1.5% of gross retail/restaurant sales or equipment rentals, and 2% of ski lift ticket and ski school sales.
- Tier 2 represents retail businesses and restaurants with gross annual revenue between \$50,000 and \$150,000, and can show that more than 50% of their sales revenue comes from local businesses or residents. The assessment is a \$500 annual fee.
- Tier 3 represents retail businesses and restaurants with gross revenue under \$50,000, and can show that more than 50% of their sales revenue comes from local businesses or residents. The assessment is a \$50 annual fee.

Voter Approved Initiatives:

Measure R - In 2010 the Town Council approved a ballot measure titled the "Mammoth Lakes Recreation, Trails and Parks Investment Initiative" that would seek voter approval to increase the sales and use tax rate, one-half of one percent, if two-thirds of the electors approve the measure, which was passed by the voters. The revenue from this measure is restricted for expenditures related to recreation, trails and parks funding for planning, construction, operation, maintenance, programming, and administration of all Town recreation facilities and programs, trails and parks, managed by the Town, without supplanting existing parks and recreation facility maintenance funds. There is no Sunset provision of this ordinance.

Measure U - In 2010 the Town Council approved a ballot measure titled the "Mammoth Lakes Mobility, Recreation, and Arts & Culture Utility Users Tax Ordinance" that would seek voter approval to establish a utility users tax of 2.5%, if two-thirds of the electors approve the measure, which was passed by the voters. The revenue from this measure is restricted for expenditures for planning, construction, operation, maintenance, programming and administration of facilities and projects for mobility, recreation, and arts & culture. A supplanting policy adopted February 15, 2012 allows Measure U funds to be used to enhance and improve existing efforts including planning, construction, operations, maintenance, programming and administration of facilities and projects for mobility, recreation and arts & culture. There is no Sunset provision of this ordinance.

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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	\$	47,606,436
Restricted cash with fiscal agent		317,241
		<u>47,923,677</u>
Statement of Fiduciary Assets and Liabilities		
Cash and investments		3,758,083
Restricted cash with fiscal agent		130,356
		<u>3,888,439</u>
Total	\$	<u>51,812,116</u>
Cash and Investments are comprised of the following:		
Demand deposits with financial institutions	\$	2,886,780
Investment with County Investment Pool		3,827,920
Investment with Local Agency Investment Fund		44,649,819
Investments by fiscal agents		447,597
Total	\$	<u>51,812,116</u>

Collateral and Categorization Requirements

At fiscal year end, the Town's carrying amount of demand deposits was \$2,886,780 and the bank account balances were \$3,192,499. The difference represented outstanding checks and deposits in transit. Of the total bank deposit balance, \$376,691 was insured by the Federal Depository Insurance Corporation (FDIC) and \$2,815,808 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 2019-20, 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.

<u>Permitted Investments/Deposits</u>	<u>Maximum Percentages</u>	<u>Maximum Maturity</u>
<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 only)	30%	180 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

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Investment Type B:

Negotiable Certificates of Deposit	30%	5 years
Bankers Acceptances	40%	270 days
Repurchase Agreements	n/a	1 year
Mutual Funds	15%	5 years
Medium Term Notes	30%	5 years

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

Disclosures Relating to 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 short-term and medium-term investments which provide cash flow and liquidity needed for operations.

Disclosures Relating to 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	\$ 44,649,819	on demand	1.47%	86%
Mono County Investment Pool	3,827,920	on demand	1.86%	7%
Demand Deposits	2,886,780	on demand	0.00%	6%
Money Market (with fiscal agent)	317,241	on demand	0.05%	1%

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."

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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).

Participation in External Investment Pools:

State Pool - The Town is a voluntary participant in the California State 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, 2020, PMIA had approximately \$103 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer's website 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.

County Pool - The Town is a voluntary participant in Mono County's Investment Pool (the Pool). As of June 30, 2020, the Pool had approximately \$126 million in investments. Audited financial statements may be obtained from the Mono County Treasury Oversight Committee, Post Office Box 556, Bridgeport, California 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 Investment 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.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

Note 5 - Capital Assets

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u><i>Non-depreciable Assets</i></u>				
Land	\$ 16,840,808	\$ -	\$ -	\$ 16,840,808
Construction-in-progress	7,855,033	1,184,556	-	9,039,589
	<u>24,695,841</u>	<u>1,184,556</u>	<u>-</u>	<u>25,880,397</u>
<u><i>Depreciable Assets</i></u>				
Buildings and structures	25,738,927	377,688	-	26,116,615
Vehicles and equipment	1,498,367	-	-	1,498,367
Streets and roads	188,972,873	2,085,567	-	191,058,440
Storm drains	16,141,809	-	-	16,141,809
	<u>232,351,976</u>	<u>2,463,255</u>	<u>-</u>	<u>234,815,231</u>
<u><i>Accumulated Depreciation</i></u>	<u>(189,004,855)</u>	<u>(4,034,734)</u>	<u>-</u>	<u>(193,039,589)</u>
Depreciable assets, net	<u>43,347,121</u>	<u>(1,571,479)</u>	<u>-</u>	<u>41,775,642</u>
Total capital assets, net	<u>\$ 68,042,962</u>	<u>\$ (386,923)</u>	<u>\$ -</u>	<u>\$ 67,656,039</u>

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

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u><i>Depreciable Assets</i></u>				
Vehicles and equipment	\$ 10,492,216	\$ 1,679,236	\$ (739,382)	\$ 11,432,070
<u><i>Accumulated depreciation</i></u>	<u>(8,502,937)</u>	<u>(369,975)</u>	<u>739,382</u>	<u>(8,133,530)</u>
Total capital assets, net	<u>\$ 1,989,279</u>	<u>\$ 1,309,261</u>	<u>\$ -</u>	<u>\$ 3,298,540</u>

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	\$ 25,880,397	\$ -	\$ 25,880,397
Capital assets, net of depreciation	41,775,642	3,298,540	45,074,182
Net capital assets	67,656,039	3,298,540	70,954,579
Acquisition debt	(7,130,000)	-	(7,130,000)
Net investment in capital assets	<u>\$ 60,526,039</u>	<u>\$ 3,298,540</u>	<u>\$ 63,824,579</u>

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

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><i>Non-depreciable Assets</i></u>				
Land	\$ 544,316	\$ -	\$ -	\$ 544,316
Construction-in-progress	-	52,549	-	52,549
	<u>544,316</u>	<u>52,549</u>	<u>-</u>	<u>596,865</u>
<u><i>Depreciable Assets</i></u>				
Buildings and runway	16,938,326	537,273	(3,815,567)	13,660,032
Vehicles and equipment	2,542,155	66,516	-	2,608,671
	<u>19,480,481</u>	<u>603,789</u>	<u>(3,815,567)</u>	<u>16,268,703</u>
<u><i>Accumulated Depreciation</i></u>	<u>(15,973,139)</u>	<u>(236,698)</u>	<u>3,815,567</u>	<u>(12,394,270)</u>
Depreciable assets, net	<u>3,507,342</u>	<u>367,091</u>	<u>-</u>	<u>3,874,433</u>
 Total capital assets, net	 <u>\$ 4,051,658</u>	 <u>\$ 419,640</u>	 <u>\$ -</u>	 <u>\$ 4,471,298</u>

Note 6 - Long-term Obligations

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

	Beginning Balance	Reductions	Additions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Revenue Bonds	\$ 2,855,000	\$ (220,000)	\$ -	\$ 2,635,000	\$ 224,000
Lease Revenue Bonds Agreement	5,005,000	(510,000)	-	4,495,000	520,000
Taxable Judgment Obligation Bds	22,985,000	(990,000)	-	21,995,000	1,050,000
Net pension liability (CalPERS)	19,383,314	-	1,014,195	20,397,509	-
Net pension liability (PARS)	90,208	-	41,403	131,611	-
Net OPEB liability	3,516,295	(1,714,618)	-	1,801,677	-
Compensated absences	577,686	-	75,407	653,093	163,273
	<u>\$ 54,412,503</u>	<u>\$ (3,434,618)</u>	<u>\$ 1,131,005</u>	<u>\$ 52,108,890</u>	<u>\$ 1,957,273</u>
 <u>Business-type Activities</u>					
Net pension liability (CalPERS)	\$ 1,458,959	\$ -	\$ 76,337	\$ 1,535,296	\$ -
Net OPEB liability	264,667	(129,057)	-	135,610	-
Compensated absences	44,575	(8,801)	-	35,774	8,944
	<u>\$ 1,768,201</u>	<u>\$ (137,858)</u>	<u>\$ 76,337</u>	<u>\$ 1,706,680</u>	<u>\$ 8,944</u>

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

Lease Revenue Bonds Agreement

In 2015, the Town issued \$3,550,000 in Revenue Bonds to refinance existing Certificates of Participation (\$1,430,000) and construct a new public safety facility (\$2,120,000) which was completed in 2017. Principal and Interest payments are due semi-annually on June 1 and December 1. Total annual payments are approximately \$315,000, with a fixed interest rate of 3.51% per annum. The debt is scheduled to mature in fiscal year 2029-30.

Future debt service requirements are as follows:

Year Ending June 30,	Lease Revenue Bonds		
	Principal	Interest	Total
2021	\$ 224,000	\$ 90,540	\$ 314,540
2022	232,000	82,608	314,608
2023	240,000	74,394	314,394
2024	249,000	65,900	314,900
2025	258,000	57,072	315,072
2026-2030	1,432,000	141,840	1,573,840
	<u>\$ 2,635,000</u>	<u>\$ 512,354</u>	<u>\$ 3,147,354</u>

Installment Sales Agreement

In 2017, the Town entered into an Installment Sales Agreement in the amount of \$5,550,000 for phase 1 of a new multi-use facility. Semi-annual interest payments are due April 1, with combined principal and interest payments due October 1. Total annual payments are approximately \$615,000, with a fixed interest rate of 2.23% per annum. The debt is scheduled to mature in fiscal year 2027-28.

Future debt service requirements are as follows:

Year Ending June 30,	Lease Revenue Bonds Agreement		
	Principal	Interest	Total
2021	\$ 520,000	\$ 94,440	\$ 614,440
2022	530,000	82,733	612,733
2023	545,000	70,747	615,747
2024	555,000	58,482	613,482
2025	565,000	45,994	610,994
2026-2028	1,780,000	60,099	1,840,099
	<u>\$ 4,495,000</u>	<u>\$ 412,495</u>	<u>\$ 4,907,495</u>

Taxable Judgment Obligation Bonds

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. In March 2011 the Town lost its appeal of this judgment before the State Supreme Court. In July 2012 the Town filed for a voluntary petition for relief under Chapter 9 of the United States Bankruptcy Code. In November 2012 the Bankruptcy Court dismissed the Town's Chapter 9 petition after both parties to the litigation reached a settlement and negotiated a \$29,500,434 award to be payable over 24 years with interest at 5% per annum, along with other agreements previously entered into. In October 2017 the Town refunded the award by issuing Obligation Bonds at a reduced interest rate which is expected to save the Town in excess of \$100,000 per annum.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

Future debt service requirements are as follows:

Year Ending June 30,	Taxable Judgment Obligation Bonds		
	Principal	Interest	Total
2021	\$ 1,050,000	\$ 817,287	\$ 1,867,287
2022	1,075,000	792,037	1,867,037
2023	1,105,000	763,406	1,868,406
2024	1,140,000	731,112	1,871,112
2025	1,175,000	694,918	1,869,918
2026-2030	6,535,000	2,806,704	9,341,704
2031-2036	9,875,000	1,341,406	11,216,406
	<u>\$ 21,955,000</u>	<u>\$ 7,946,870</u>	<u>\$ 29,901,870</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, with approximately 25% considered due within the next fiscal year.

Operating Leases

In 2009, the Town entered into a real estate lease renewal amendment agreement for the continuing occupancy of Town Hall and Mono County office space which expires September 30, 2021. The monthly rent and common area maintenance cost is approximately \$40,500, of which the Town's share is \$28,600 and the County's share \$11,900. Annual consumer price index adjustments apply.

Note 7 - Interfund Balances

The Town reports an outstanding loan from the internal service vehicle fund to the general fund, with repayment terms of \$340,000 per year amortized over 12 years, zero interest rate, with a remaining balance of \$2,491,207 at fiscal year end.

Note 8 - 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 generally 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

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

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>	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General fund 100	\$ 1,326,726	\$ 10,789,898
Covid 19 fund	1,300,000	-
Gasoline tax fund	2,232,652	345,835
Housing fund	45,000	-
Measure R fund	345,000	2,445,925
Measure U fund	-	1,090,000
Capital Projects fund	6,455,128	1,088,560
Airport fund	291,274	-
Vehicle Service fund	740,000	407,885
Developer Impact Fee funds	10,966	85,966
Debt Service fund	3,942,117	340,000
Agency funds	155,206	250,000
	<u>\$ 16,844,069</u>	<u>\$ 16,844,069</u>

Note 9 - Other Postemployment Benefits Plan (OPEB)

Plan Description

The Town provides retiree medical benefits to employees who retire from the Town at age 50 or later with at least 5 years of service and are eligible for a California Public Employees' Retirement System (CalPERS) pension. Eligible retirees are entitled to the minimum CalPERS medical benefit (\$139 per month for 2020 and \$143 per month for 2021). The retiree pays the balance of the premium for the option and tier of coverage the retiree elects. The Plan does not include a special disability benefit prior to the employee becoming eligible for the regular retirement benefit. Benefit and vesting service is credited from date of hire. The Plan does not include a death benefit or withdrawal benefit. This benefit expires when the employee/retiree qualifies for Medicare.

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees electing coverage	59
Active employees waiving coverage	9
Retirees electing coverage	<u>27</u>
	<u>95</u>

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019
Reporting Date	June 30, 2020
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal Cost, Level of Percent of Pay
Amortization Method	Straight-line amortization over a closed 5-year period
Discount Rate	4.05%
Expected long-term rate	6.25% return on plan assets
General Inflation	2.50%
CPI Medical Care	3.75%
Payroll Growth Rate	2.75%
Participation Rate	100% for employees that qualify for subsidized coverage, and 50% for future employees
Spouse Coverage	60% of future retirees
Healthcare Cost Trend Rate	6.4% for fiscal year 2020
Mortality Factors	CalPERS 2017 experience study

Funded Status

Total OPEB Plan Liability	\$ 2,336,654
Plan Fiduciary Net Position (<i>assets owned</i>)	399,367
Net OPEB Plan Liability	1,937,287

OPEB plan expense for the year	\$ 6,211
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Discount Rate

Valuation results were computed at a 4.05% discount rate, which the Actuary has determined is a reasonable long-term assumption of the Town's expected return on its investments.

Long-Term Expected Investment Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The assumed asset weighting is based on target allocations published by PARS.

TOWN OF MAMMOTH LAKES
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June 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
US Equity - large cap	26.50%	4.76%
US equity - small/mid cap	12.50%	5.25%
International equity	6.00%	5.41%
Emerging market equity	3.25%	6.38%
REITs	1.75%	4.53%
Core fixed income	43.50%	2.01%
High yield fixed income	1.50%	3.53%
Cash and equivalents	5.00%	0.74%
	<u>100%</u>	

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

	<u>Discount Rate -1%</u>	<u>Current Rate</u>	<u>Discount Rate +1%</u>
	<u>3.05%</u>	<u>4.05%</u>	<u>5.05%</u>
Net OPEB liability / (asset)	\$ 2,230,563	\$ 1,937,287	\$ 1,694,611

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability calculated using the Healthcare Cost Trend discount rate assumed to start at 8.0% (effective January 1, 2018) down grade down to 5% for years 2024 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability / (asset)	\$ 1,663,539	\$ 1,937,287	\$ 2,274,268

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ -	\$ 1,455,087
Change of assumptions	-	479,542
Net difference between projected and actual earnings	-	4,313
Totals	<u>\$ -</u>	<u>\$ 1,938,942</u>

When applicable, deferred outflows of resources are contributions made subsequent to the measurement date, and are recognized as a reduction of the total OPEB liability in future years. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

TOWN OF MAMMOTH LAKES
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<u>Year Ending June 30:</u>	
2021	\$ (302,022)
2022	(302,024)
2023	(300,191)
2024	(300,412)
2025	(284,637)
thereafter	<u>(449,656)</u>
	<u><u>\$ (1,938,942)</u></u>

Note 10 - 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, 2020, the Town was in several contracts for grant funded street and airport projects which are expected to be completed by December 31, 2020.

Note 11 - Assessment District Debt

The Town acts as an agent for collection of property taxes and repayment of several special assessment improvement bonds issued by Assessment Districts located 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:

CFD No. 2001-1 (North Village Area) 2016 Special Tax Refunding Bonds	\$ 5,145,922
Bluffs Reassessment District 1993-4R	771,485

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

Overview of the Pension Plan

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), requires public employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement to record their portion of the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position. This may be a net pension asset when the Plan's fiduciary net position exceeds its total pension liability.

TOWN OF MAMMOTH LAKES
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Pension expense is the change in net pension liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (pension income), which should be reported as a credit in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description, Benefits Provided and Employees Covered

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2019 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: <https://www.calpers.ca.gov>

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019
Reporting Date	June 30, 2020
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal Cost, Level of Percent of Pay
Amortization Method	Straight-line amortization over a closed 5-year period
Discount Rate	7.15%
General Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using membership data

TOWN OF MAMMOTH LAKES
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Investment Rate of Return	7.00%, net of investment expense
Post Retirement Benefit Increase	Contract COLA up to 2.5%

Funded Status

Total Pension Liability	\$ 71,217,492
Plan Fiduciary Net Position (<i>plan assets owned</i>)	49,284,687
Net Pension Liability	21,932,805

Pension plan expense for the fiscal year	\$ 3,786,724
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Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>Current Target Allocation</u>
Global Equity	50.00%
Fixed Income	28.00%
Private Equity	8.00%
Real Assets	13.00%
Liquid Assets	1.00%
	100.00%

TOWN OF MAMMOTH LAKES
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June 30, 2020

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss, as follows:

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.
- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss, as follows:

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.
- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

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 unfunded net pension liability calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1%	Current Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 31,576,489	\$ 21,932,805	\$ 13,992,126

Deferred Outflows/Inflows of Resources Related to Pensions

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,490,558	\$ 75,672
Changes of assumptions	993,152	300,659
Differences between projected and actual investment earnings	-	354,124
Change in employer's proportion	17,941	623,376
Differences between employer's share of contributions	89,681	32,098
Pension contributions subsequent to the measurement date	2,294,971	-
Totals	<u>\$ 4,886,303</u>	<u>\$ 1,385,929</u>

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

<u>Year Ending June 30:</u>	
2021	\$ 1,331,634
2022	(371,300)
2023	174,325
2024	70,746
2025	-
thereafter	-
	<u>\$ 1,205,405</u>

Note 13 - Single Employer Defined Benefit Pension Plan

Overview of the Plan

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.

Contribution Description

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. California Public Employees' Retirement Law Section 20814(c) requires that the employer contribution

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

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 are made in accordance with the contribution requirements determined by the actuarial valuation of the plan.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The following actuarial methods and assumptions were used in the funding valuation:

Safety Plan

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
Reporting Date	June 30, 2020

Actuarial Assumptions:

Actuarial Cost Method	Entry-Age Normal Cost
Amortization Method	Straight-line over a closed 5-year period
Discount Rate	6.50%
General Inflation	2.50%
Payroll Growth Rate	2.00%
Expected Return on Assets	6.50%

Funded Status

Total Pension Liability	\$ 2,134,324
Plan Fiduciary Net Position (<i>plan assets owned</i>)	2,002,713
Net Pension Liability	131,611

Pension plan expense (earnings) for the year	\$ 41,311
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Covered Employees

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	-
Active employees	2

Discount Rate

The discount rate used to measure the total pension liability was 6.50% which is the long-term expected rate of return on pension plan investments. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of June 30, 2020.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Domestic Equity	47.00%	4.76%
International Equity	11.00%	5.41%
Fixed income	35.00%	2.01%
Real Estate and Alternatives	2.00%	4.53%
Cash and Equivalents	5.00%	0.74%
	<u>100.00%</u>	

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

The following presents the net pension liability of Town's Retirement Enhancement Plan, calculated using the discount rate 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 or 1 percentage point higher than the current rate:

	<u>Discount Rate -1%</u>	<u>Current Rate</u>	<u>Discount Rate +1%</u>
	<u>5.50%</u>	<u>6.50%</u>	<u>7.50%</u>
Net pension liability / (asset)	\$ 383,870	\$ 131,611	\$ (79,096)

Deferred Outflows/Inflows of Resources Related to Pensions

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	\$ -	\$ -
Difference between economic/demographic gains or losses and assumption changes or inputs	-	-
Differences between projected and actual earnings	44,636	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
	<u>\$ 44,636</u>	<u>\$ -</u>

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

<u>Year Ended June 30,</u>	
2021	\$ 2,937
2022	14,635
2023	14,153
2024	12,911
2025	-
thereafter	-
	<u>\$ 44,636</u>

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

Note 14 - Risk Management

The Town is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500. 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. Each member pays an annual contribution at the beginning of the coverage period. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool. Liability claims are pooled separately between police and general government exposures. Workers Compensation claims are pooled separately between public safety (police and fire) and general government exposures.

The Town participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the Town. The Town participates in the all-risk property insurance protection program of the Authority. This insurance protection is underwritten by several insurance companies. 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. The Town purchases crime insurance coverage and fidelity coverage through the Authority. 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 Town 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 facilitated by the Authority.

Note 15 - Subsequent Events

The management of the Town has reviewed the results of operations for the period from its fiscal year end June 30, 2020 through December 28, 2020, the date the financial statements were available to be 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.

Note 16 - New Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at <http://www.gasb.org>

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and a right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

TOWN OF MAMMOTH LAKES
Notes to Financial Statements
June 30, 2020

Note 17 - Fund Balance Designations Section of the Balance Sheet

<u>Fund Balances</u>	<u>General Fund</u>	<u>Major Governmental Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted for:				
TBID	-	23,548	-	23,548
Capital Projects	-	13,434,398	-	13,434,398
Housing & Community Development	-	479,466	-	479,466
Gas Tax Street Capital Projects	-	1,566,030	-	1,566,030
Capital Projects - DIF	-	-	992,188	992,188
Solid Waste	-	-	1,086,342	1,086,342
Measure R projects	-	-	1,038,606	1,038,606
Measure U projects	-	-	3,135,059	3,135,059
Total restricted fund balances	-	15,503,442	6,252,195	21,755,637
Committed for:				
GF-Economic Uncertainty reserve	3,827,920	-	-	3,827,920
GF-Housing reserve	1,040,758	-	-	1,040,758
GF-Tourism reserve	728,039	-	-	728,039
GF-Transit reserve	938,845	-	-	938,845
GF-Operating reserve	1,864,838	-	-	1,864,838
GF-Compensated absences reserve	511,917	-	-	511,917
GF-Covid 19 fund reserve	693,085	-	-	693,085
Debt Service Obligations	-	-	1,061,587	1,061,587
Total committed fund balances	9,605,402	-	1,061,587	10,666,989
Assigned	3,212,096	-	-	3,212,096
Unassigned	-	-	(1,339)	(1,339)
Total Fund Balances	\$ 12,817,498	\$ 15,503,442	\$ 7,312,443	\$ 35,633,383

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Year Ended June 30, 2020

Schedule of Proportionate Share of the Net Pension Liability

The proportion (percentage) of the collective net pension liability represents the Town's share of both cost-sharing plan assets (the miscellaneous and safety plans) offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the Town's share of both cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the applicable miscellaneous or safety pension plan.

Schedule of Contributions

The employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last Six Fiscal Years*

Schedule of the Town's Proportionate Share of the Plan's Net Position Liability:	Measurement Date - Fiscal Year Ending:					
	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.2140%	0.2163%	0.2144%	0.2200%	0.2314%	0.2170%
Town's proportionate share of the net pension liability	\$ 21,932,805	\$ 20,842,273	\$ 21,259,879	\$ 19,039,905	\$ 15,881,436	\$ 13,498,217
Town's covered-employee payroll **	\$ 5,620,984	\$ 5,296,220	\$ 4,927,404	\$ 4,617,105	\$ 4,845,793	\$ 4,630,308
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	390.2%	393.5%	431.5%	412.4%	327.7%	291.5%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.80%

Schedule of the Town's Contributions	Fiscal Year Ending June 30:					
	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 2,294,971	\$ 2,125,168	\$ 1,886,543	\$ 1,773,473	\$ 1,595,253	\$ 1,132,342
Contributions in relation to the contractually required employer contribution	2,294,971	2,125,168	1,886,543	1,773,473	1,595,253	1,132,342
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll ***	\$ 5,862,517	\$ 5,620,984	\$ 5,296,220	\$ 4,927,404	\$ 4,617,105	\$ 4,845,793
Contributions as a percentage of covered-employee payroll	39.15%	37.81%	35.62%	35.99%	34.55%	23.37%

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown

** for the measurement date fiscal year

*** for the fiscal year ending on the date shown

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Single Employer Defined Benefit Pension Plan
Year Ended June 30, 2020

Schedule of Changes in the Net Pension Liability and Related Ratios

The beginning and ending balances of the total pension liability, the plan fiduciary net position available for pension benefits, 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 fiduciary 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 (unaudited)
Single Employer Defined Benefit Pension Plan
Last Six Fiscal Years*

Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement Date - Fiscal Year Ending:	2020	2019	2017	2016	2015
<u>Total Pension Liability</u>					
Service Cost	\$ 2,462	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	134,166	137,832	134,711	132,879	124,394
Differences - expected/actual experience	-	(97,782)	61,461	54,634	-
Change of assumptions	-	25,909	118,450	38,254	-
Changes in benefit terms	-	-	-	-	-
Benefit payments	(127,882)	(121,755)	(113,479)	(100,131)	(92,141)
Net change in total pension liability	8,746	(55,796)	201,143	125,636	32,253
Total pension liability - beginning	2,125,578	2,181,374	1,980,231	1,854,595	1,822,342
Total pension liability - end of year	<u>\$ 2,134,324</u>	<u>\$ 2,125,578</u>	<u>\$ 2,181,374</u>	<u>\$ 1,980,231</u>	<u>\$ 1,854,595</u>
<u>Plan Fiduciary Net Position (plan assets)</u>					
Contributions - employer (current year)	\$ 38,821	\$ 35,084	\$ 42,826	\$ 26,458	\$ 54,775
Other additions	-	33,398	-	-	-
Net investment income	64,573	119,296	186,638	18,860	41,942
Benefit payments	(127,882)	(121,755)	(113,280)	(99,751)	(100,071)
Administrative expenses	(8,169)	(8,088)	(8,060)	(8,056)	-
Net change in plan fiduciary net position	(32,657)	57,935	108,124	(62,489)	(3,354)
Plan fiduciary net position - beginning	2,035,370	1,977,435	1,869,311	1,931,800	1,935,154
Plan fiduciary net position - end of year	<u>\$ 2,002,713</u>	<u>\$ 2,035,370</u>	<u>\$ 1,977,435</u>	<u>\$ 1,869,311</u>	<u>\$ 1,931,800</u>
<u>Net Pension Liability (overfunding)</u>	<u>\$ 131,611</u>	<u>\$ 90,208</u>	<u>\$ 203,939</u>	<u>\$ 110,920</u>	<u>\$ (77,205)</u>
Plan fiduciary net position as a percentage					
of the total pension liability	93.83%	95.76%	93.28%	94.40%	104.16%
Covered employee payroll	\$ 274,724	\$ 297,013	\$ 808,659	\$ 785,106	\$ 1,239,392
Net pension liability as percentage of					
covered employee payroll	47.91%	30.37%	25.22%	14.13%	-6.23%
<u>Schedule of Town Contributions</u>					
Actuarially determined employer contributions	\$ 50,645	\$ 50,645	\$ 3,010	\$ 6,555	\$ 10,369
Actual employer contributions	38,821	35,084	42,826	26,458	54,775
Contribution (excess) deficiency	<u>\$ (11,824)</u>	<u>\$ (15,561)</u>	<u>\$ 39,816</u>	<u>\$ 19,903</u>	<u>\$ 44,406</u>
Town's covered-employee payroll	\$ 274,724	\$ 297,013	\$ 808,659	\$ 785,106	\$ 1,239,392
Contributions as a percentage of					
covered-employee payroll	-14.13%	-11.81%	-5.30%	-3.37%	-4.42%

*The most recent pension plan report was completed with fiscal year 6/30/2020 valuation data.

Of note, fiscal year 2018 information was not required.

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Three Fiscal Years*

Schedule of Changes in Net OPEB Liability and Related Ratios

For Reporting at Fiscal Year Ending June 30:	2020	2019	2018
Measurement Date - Fiscal Year Ending June 30:	2019	2018	2017
<u>Total OPEB Liability</u>			
Service cost	\$ 151,476	\$ 148,580	\$ 167,398
Interest on the total OPEB liability	163,159	157,363	137,748
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,669,385)	-	-
Changes of assumptions	(277,785)	(25,531)	(358,937)
Contribution from the employer	(190,668)	(182,831)	-
Benefit payments	-	-	(178,946)
Net Change in Total OPEB Liability	(1,823,203)	97,581	(232,737)
Total OPEB Liability - beginning	4,159,857	4,062,276	4,295,013
Total OPEB Liability - end of year	<u>\$ 2,336,654</u>	<u>\$ 4,159,857</u>	<u>\$ 4,062,276</u>
 <u>Plan Fiduciary Net Position</u>			
Contributions - employer	\$ 190,668	\$ 182,831	\$ 178,946
Net investment income	25,184	21,380	30,084
Benefit payments	(190,668)	(182,831)	(178,946)
Administrative expense	(4,712)	(4,859)	(4,865)
Net Change in Plan Fiduciary Net Position	20,472	16,521	25,219
Plan Fiduciary Net Position - beginning	378,895	362,374	337,155
Plan Fiduciary Net Position - end of year	<u>\$ 399,367</u>	<u>\$ 378,895</u>	<u>\$ 362,374</u>
 <u>Net OPEB Liability</u>	 <u>\$ 1,937,287</u>	 <u>\$ 3,780,962</u>	 <u>\$ 3,699,902</u>
Town's covered-employee payroll	\$ 6,818,242	\$ 5,679,402	\$ 4,742,733
Contributions as a percentage of covered-employee payroll	28%	67%	78%

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Note to Budgetary Comparison Information
Year Ended June 30, 2020

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
Required Supplementary Information (unaudited)
Budgetary Comparison - General Fund No. 100
Year Ended June 30, 2020

	Budget Amounts (unaudited)		Actual	Variance with Final Budget
Resources (Inflow)	Original	Final	Amounts	Positive (Negative)
Property taxes	\$ 4,006,000	\$ 4,006,000	\$ 4,054,115	\$ 48,115
Sales tax	2,372,000	2,372,000	2,372,657	657
Transient Occupancy tax	16,291,741	16,291,741	16,298,944	7,203
Business tax	535,690	535,690	548,066	12,376
Franchise fees	774,800	774,800	859,370	84,570
License and permits	644,250	644,250	643,579	(671)
Fees and charges	741,607	741,607	812,722	71,115
Fines and forfeitures	54,000	54,000	48,585	(5,415)
Other grants	270,910	270,910	306,867	35,957
State grants	118,700	118,700	196,406	77,706
State shared revenue	10,000	10,000	6,517	(3,483)
Use of money and property	328,600	328,600	353,569	24,969
Refunds and reimbursements	92,100	92,100	96,169	4,069
Transfers in from other funds	986,723	986,723	1,282,555	295,832
Amounts Available for Appropriation	<u>27,227,121</u>	<u>27,227,121</u>	<u>27,880,121</u>	<u>653,000</u>
Charges to Appropriations (Outflow)				
Town Council	134,167	134,167	118,018	16,149
Legal Services	112,430	112,430	106,569	5,861
Town Manager	638,076	638,076	563,323	74,753
Town Clerk	305,570	305,570	294,432	11,138
Finance	1,142,855	1,142,855	1,092,313	50,542
General Services	1,987,190	1,987,190	1,877,094	110,096
Human Resources	316,098	316,098	319,968	(3,870)
Information Systems	458,195	458,195	474,367	(16,172)
Police Services	4,640,785	4,640,785	4,549,388	91,397
Wildlife Management	82,400	82,400	76,874	5,526
Recreation Programs	720,554	720,554	624,730	95,824
Whitmore Pool & Recreation area	245,382	245,382	205,918	39,464
Parks, Buildings & Trails Maint	639,114	639,114	603,037	36,077
Planning Division	771,685	771,685	924,409	(152,724)
Building Division	726,727	726,727	654,846	71,881
Code Compliance	78,945	78,945	79,841	(896)
Housing Programs & Planning	1,812,804	1,812,804	969,091	843,713
Engineering, Public Works & Admin	739,990	739,990	689,694	50,296
Facilities Maintenance	118,183	118,183	99,841	18,342
Transit Services	1,315,836	1,315,836	897,668	418,168
Tourism & Business Development	2,993,400	2,993,400	2,855,864	137,536
Transfers out to other funds	10,539,179	10,539,179	10,789,897	(250,718)
Total Charges to Appropriations	<u>30,519,565</u>	<u>30,519,565</u>	<u>28,867,182</u>	<u>1,652,383</u>
Surplus (Deficit)	<u>\$ (3,292,444)</u>	<u>\$ (3,292,444)</u>	<u>\$ (987,061)</u>	<u>\$ 2,305,383</u>

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Budgetary Comparison - Capital Projects Fund No. 300
Year Ended June 30, 2020

	Budget Amounts (unaudited)		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Resources (Inflow)				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
ATP Grant - Mammoth Creek Gap	-	-	-	-
Federal grants	2,800,000	2,800,000	2,802,333	2,333
State grants	-	-	162,696	162,696
Charge for services	-	-	-	-
Fines and penalties	-	-	-	-
Use of money and property	-	-	418,409	418,409
Other revenue - Refunds & Rebates	-	-	-	-
Transfers in from other funds	6,556,694	6,556,694	6,455,128	(101,566)
Amounts Available for Appropriation	9,356,694	9,356,694	9,838,566	481,872
Charges to Appropriations (Outflow)				
Capital projects - streets	9,320,027	9,320,027	4,792,509	4,527,518
Capital projects - other	-	-	-	-
Transfers out to other funds	1,464,482	1,464,482	1,088,560	375,922
Total Charges to Appropriations	10,784,509	10,784,509	5,881,069	4,903,440
Surplus (Deficit)	\$ (1,427,815)	\$ (1,427,815)	\$ 3,957,497	\$ 5,385,312

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Budgetary Comparison - Tourism Business Improvement District Fund No. 218
Year Ended June 30, 2020

	Budget Amounts (unaudited)		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Resources (Inflow)			-	
TBID assessment	\$ -	\$ -	\$ 4,415,122	\$ 4,415,122
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charge for services	-	-	-	-
Fines and penalties	-	-	-	-
Use of money and property	-	-	8,141	8,141
Other revenue	-	-	-	-
Transfers in from other funds	-	-	-	-
Amounts Available for Appropriation	-	-	4,423,263	4,423,263
Charges to Appropriations (Outflow)				
Contractual finance services	-	-	-	-
Transfers out to other funds	-	-	4,395,226	(4,395,226)
Total Charges to Appropriations	-	-	4,395,226	(4,395,226)
Surplus (Deficit)	\$ -	\$ -	\$ 28,037	\$ 28,037

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Budgetary Comparison - Housing & Community Development Fund No. 245
Year Ended June 30, 2020

	Budget Amounts (unaudited)		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Resources (Inflow)				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental Housing grants	750,000	750,000	739,396	(10,604)
Charge for services	-	-	-	-
Fines and penalties	-	-	-	-
Use of money and property	-	-	-	-
Other revenue	-	-	8,740	8,740
Transfers in from other funds	45,000	45,000	45,000	-
Amounts Available for Appropriation	<u>795,000</u>	<u>795,000</u>	<u>793,136</u>	<u>(1,864)</u>
Charges to Appropriations (Outflow)				
Housing Community development	570,000	570,000	842,641	(272,641)
Transfers out to other funds	-	-	-	-
Total Charges to Appropriations	<u>570,000</u>	<u>570,000</u>	<u>842,641</u>	<u>(272,641)</u>
Surplus (Deficit)	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ (49,505)</u>	<u>\$ (274,505)</u>

TOWN OF MAMMOTH LAKES
Required Supplementary Information (unaudited)
Budgetary Comparison - Gas Tax Fund No. 210
Year Ended June 30, 2020

	Budget Amounts (unaudited)		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<i>Resources (Inflow)</i>				
Intergovernmental	\$ 2,363,086	\$ 2,363,086	\$ 2,358,688	\$ (4,398)
Charge for service	16,000	16,000	32,372	16,372
Use of money and property	18,833	18,833	18,833	-
Other revenue	13,000	13,000	-	(13,000)
Transfers in from other funds	2,601,489	2,601,489	2,232,652	(368,837)
Amounts Available for Appropriation	<u>5,012,408</u>	<u>5,012,408</u>	<u>4,642,545</u>	<u>(369,863)</u>
<i>Charges to Appropriations (Outflow)</i>				
Street maintenance	1,970,507	1,970,507	969,538	1,000,969
Snow removal	1,165,396	1,165,396	1,120,282	45,114
Summer equipment garage	333,533	333,533	328,128	5,405
Winter equipment garage	982,539	982,539	990,261	(7,722)
Garage operations	131,279	131,279	147,231	(15,952)
Promenade maintenance	55,000	55,000	50,796	4,204
Transfers out to other funds	569,985	569,985	345,835	224,150
Total Charges to Appropriations	<u>5,208,239</u>	<u>5,208,239</u>	<u>3,952,071</u>	<u>1,256,168</u>
<i>Surplus (Deficit)</i>	<u><u>\$ (195,831)</u></u>	<u><u>\$ (195,831)</u></u>	<u><u>\$ 690,474</u></u>	<u><u>\$ 886,305</u></u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MAMMOTH LAKES
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Page 1 of 4

	Capital Projects Funds:												Total
	DIF	DIF	DIF	DIF	DIF	DIF	DIF	DIF	DIF	DIF	Public	DIF	Capital
	Admin	General	Law	Storm	Parks &	MCOE	Circulation	MCOE	Fire Facility,	Airport	Arts	Transit	Projects
	Overhead	Facilities	Enforcement	Drains	Recreation	Library	(Streets)	Child Care	Veh. & Eq.	Improvement	Program	& Trails	Funds
Assets													
Cash and investments	\$ 44,554	\$ 93,885	\$ 48,820	\$ 75,283	\$ 20,423	\$ 90,428	\$ 38,796	\$ 122,179	\$ 167,067	\$ 14,406	\$ 65,407	\$ 207,858	\$ 989,106
Receivables	105	296	155	236	62	282	-	384	531	168	206	657	3,082
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 44,659</u>	<u>\$ 94,181</u>	<u>\$ 48,975</u>	<u>\$ 75,519</u>	<u>\$ 20,485</u>	<u>\$ 90,710</u>	<u>\$ 38,796</u>	<u>\$ 122,563</u>	<u>\$ 167,598</u>	<u>\$ 14,574</u>	<u>\$ 65,613</u>	<u>\$ 208,515</u>	<u>\$ 992,188</u>
Liabilities													
Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash overdraft	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances													
Special revenue funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects funds	44,659	94,181	48,975	75,519	20,485	90,710	38,796	122,563	167,598	14,574	65,613	208,515	992,188
Debt service fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>44,659</u>	<u>94,181</u>	<u>48,975</u>	<u>75,519</u>	<u>20,485</u>	<u>90,710</u>	<u>38,796</u>	<u>122,563</u>	<u>167,598</u>	<u>14,574</u>	<u>65,613</u>	<u>208,515</u>	<u>992,188</u>
Total Liabilities and													
Fund Balances	<u>\$ 44,659</u>	<u>\$ 94,181</u>	<u>\$ 48,975</u>	<u>\$ 75,519</u>	<u>\$ 20,485</u>	<u>\$ 90,710</u>	<u>\$ 38,796</u>	<u>\$ 122,563</u>	<u>\$ 167,598</u>	<u>\$ 14,574</u>	<u>\$ 65,613</u>	<u>\$ 208,515</u>	<u>\$ 992,188</u>

TOWN OF MAMMOTH LAKES
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Page 2 of 4

	Special Revenue Funds:						Total	Total		Total
	Solid	Measure	Measure	Measure	Drug	LTC Planning	Special	Capital	Debt	Nonmajor
	Waste	R	R	U	Enforcement	Transportation	Revenue	Projects	Service	Governmental
	Fund	Trails	Sales Tax	UUT	Fund	& Transit	Funds	Funds	Fund	Funds
Assets										
Cash and investments	\$ 1,038,063	\$ 608,352	\$ 124,374	\$ 3,092,307	\$ 17	\$ (28,840)	\$ 4,834,273	\$ 989,106	\$ 744,346	\$ 6,567,725
Receivables	48,279	3,273	304,407	44,452	-	27,501	427,912	3,082	-	430,994
Due from other funds	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	317,241	317,241
Totals	<u>\$ 1,086,342</u>	<u>\$ 611,625</u>	<u>\$ 428,781</u>	<u>\$ 3,136,759</u>	<u>\$ 17</u>	<u>\$ (1,339)</u>	<u>\$ 5,262,185</u>	<u>\$ 992,188</u>	<u>\$ 1,061,587</u>	<u>\$ 7,315,960</u>
Liabilities										
Payables	\$ -	\$ -	\$ 1,800	\$ 1,700	\$ 17	\$ -	\$ 3,517	\$ -	\$ -	\$ 3,517
Cash overdraft	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>1,700</u>	<u>17</u>	<u>-</u>	<u>3,517</u>	<u>-</u>	<u>-</u>	<u>3,517</u>
Fund Balances										
Special revenue funds	1,086,342	611,625	426,981	3,135,059	-	(1,339)	5,258,668	-	-	5,258,668
Capital projects funds	-	-	-	-	-	-	-	992,188	-	992,188
Debt service fund	-	-	-	-	-	-	-	-	1,061,587	1,061,587
Totals	<u>1,086,342</u>	<u>611,625</u>	<u>426,981</u>	<u>3,135,059</u>	<u>-</u>	<u>(1,339)</u>	<u>5,258,668</u>	<u>992,188</u>	<u>1,061,587</u>	<u>7,312,443</u>
Total Liabilities and										
Fund Balances	<u>\$ 1,086,342</u>	<u>\$ 611,625</u>	<u>\$ 428,781</u>	<u>\$ 3,136,759</u>	<u>\$ 17</u>	<u>\$ (1,339)</u>	<u>\$ 5,262,185</u>	<u>\$ 992,188</u>	<u>\$ 1,061,587</u>	<u>\$ 7,315,960</u>

TOWN OF MAMMOTH LAKES
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

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	Capital Projects Funds:												Total Capital Projects Funds
	DIF Admin Overhead	DIF Gen. Fund	DIF Law Enforcement	DIF Storm Drains	DIF Parks & Recreation	DIF MCOE Library	DIF Circulation (Streets)	DIF MCOE Child Care	DIF Fire Facility, Veh. & Eq.	DIF Airport Improvement	Public Arts Program	DIF Transit & Trails	
Revenue													
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for services	-	26,816	14,410	18,362	20,585	16,504	11,167	17,096	76,023	-	-	58,292	259,255
Use of money and property	602	1,562	833	1,249	907	1,515	529	2,096	2,713	381	1,173	3,505	17,065
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	602	28,378	15,243	19,611	21,492	18,019	11,696	19,192	78,736	381	1,173	61,797	276,320
Expenditures													
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Tourism, parks, recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works / streets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and transit	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Revenue over (under) Expenditures	602	28,378	15,243	19,611	21,492	18,019	11,696	19,192	78,736	381	1,173	61,797	276,320
Other Financing Sources (Uses)													
Transfers in	10,966	-	-	-	-	-	-	-	-	-	-	-	10,966
Transfers (out)	-	(1,135)	(610)	(784)	(75,860)	(721)	(467)	(768)	(3,149)	-	-	(2,472)	(85,966)
Proceeds from financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources	10,966	(1,135)	(610)	(784)	(75,860)	(721)	(467)	(768)	(3,149)	-	-	(2,472)	(75,000)
Change in Fund Balances	11,568	27,243	14,633	18,827	(54,368)	17,298	11,229	18,424	75,587	381	1,173	59,325	201,320
Fund Balances - beginning	33,091	66,938	34,342	56,692	74,853	73,412	27,567	104,139	92,011	14,193	64,440	149,190	790,868
Fund Balances - end of year	\$ 44,659	\$ 94,181	\$ 48,975	\$ 75,519	\$ 20,485	\$ 90,710	\$ 38,796	\$ 122,563	\$ 167,598	\$ 14,574	\$ 65,613	\$ 208,515	\$ 992,188

TOWN OF MAMMOTH LAKES
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

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	Special Revenue Funds:						Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Nonmajor Governmental Funds
	Solid Waste Fund	Measure R Trails	Measure R Sales Tax	Measure U UUT	Drug Enforcement Fund	LTC Planning Transportation & Transit				
Revenue										
Taxes and assessments	\$ -	\$ -	\$ 1,354,383	\$ 808,346	\$ -	\$ -	\$ 2,162,729	\$ -	\$ -	\$ 2,162,729
Intergovernmental	12,281	-	-	-	-	96,762	109,043	-	-	109,043
Charge for services	252,595	-	-	-	-	-	252,595	259,255	-	511,850
Use of money and property	21,300	14,661	204,028	66,070	-	-	306,059	17,065	2,710	325,834
Other revenue	-	-	-	112	-	-	112	-	-	112
Total Revenue	286,176	14,661	1,558,411	874,528	-	96,762	2,830,538	276,320	2,710	3,109,568
Expenditures										
Public safety	-	-	-	-	-	-	-	-	-	-
Tourism, parks, recreation	-	431,555	250,729	243,691	-	-	925,975	-	-	925,975
Community development	734,345	-	-	-	-	-	734,345	-	-	734,345
Public works / streets	-	-	-	-	-	98,101	98,101	-	-	98,101
Transportation and transit	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	2,806,283	2,806,283
Total Expenditures	734,345	431,555	250,729	243,691	-	98,101	1,758,421	-	2,806,283	4,564,704
Excess Revenue over (under) Expenditures	(448,169)	(416,894)	1,307,682	630,837	-	(1,339)	1,072,117	276,320	(2,803,573)	(1,455,136)
Other Financing Sources (Uses)										
Transfers in	-	345,000	-	-	-	-	345,000	10,966	3,942,117	4,298,083
Transfers (out)	-	-	(2,445,925)	(1,090,000)	-	-	(3,535,925)	(85,966)	(340,000)	(3,961,891)
Proceeds from financing	-	-	-	-	-	-	-	-	-	-
Total Other Sources	-	345,000	(2,445,925)	(1,090,000)	-	-	(3,190,925)	(75,000)	3,602,117	336,192
Change in Fund Balances	(448,169)	(71,894)	(1,138,243)	(459,163)	-	(1,339)	(2,118,808)	201,320	798,544	(1,118,944)
Fund Balances - beginning	1,534,511	683,519	1,565,224	3,594,222	-	-	7,377,476	790,868	263,043	8,431,387
Fund Balances - end of year	\$ 1,086,342	\$ 611,625	\$ 426,981	\$ 3,135,059	\$ -	\$ (1,339)	\$ 5,258,668	\$ 992,188	\$ 1,061,587	\$ 7,312,443

TOWN OF MAMMOTH LAKES
Internal Service Funds
Combining Statement of Net Position
June 30, 2020

Page 1 of 2

	Vehicle Service	Self- Insurance	Totals
Assets			
Cash and investments	\$ 8,382,309	\$ 712,880	\$ 9,095,189
Receivables	142,719	28,957	171,676
Prepaid expenses	609,519	-	609,519
Interfund loans - general fund	2,491,207	-	2,491,207
Capital assets, net of depreciation	3,298,540	-	3,298,540
Total assets	<u>14,924,294</u>	<u>741,837</u>	<u>15,666,131</u>
Liabilities			
Payables	13,430	509	13,939
Compensated absences	47,353	-	47,353
Total liabilities	<u>60,783</u>	<u>509</u>	<u>61,292</u>
Net Position			
Net investment in capital assets	3,298,540	-	3,298,540
Unrestricted	11,564,971	741,328	12,306,299
Total net position	<u>\$ 14,863,511</u>	<u>\$ 741,328</u>	<u>\$ 15,604,839</u>

TOWN OF MAMMOTH LAKES**Internal Service Funds****Combining Statement of Revenue, Expenses, and Change in Net Position****Year Ended June 30, 2020***Page 2 of 2*

	Vehicle Service	Self- Insurance	Totals
Operating Revenue			
Charges for services	\$ 2,042,358	\$ 360,717	\$ 2,403,075
Operating Expenses			
Personal costs	786,674	-	786,674
Operations and maintenance	592,477	-	592,477
Benefit claims	-	169,900	169,900
Depreciation	369,975	-	369,975
Total operating expenses	1,749,126	169,900	1,919,026
Operating Income (Loss)	293,232	190,817	484,049
Nonoperating Revenue (Expenses)			
Investment earnings	155,051	-	155,051
Other revenue	10,080	-	10,080
Total nonoperating revenue (expenses)	165,131	-	165,131
Income Before Transfers	-	-	649,180
Transfers in from other funds	740,000	-	740,000
Transfers (out) to other funds	(407,885)	-	(407,885)
Change in Net Position	790,478	190,817	981,295
Net Position - beginning	14,073,033	550,511	14,623,544
Net Position - end of year	\$ 14,863,511	\$ 741,328	\$ 15,604,839

APPENDIX A

SINGLE AUDIT REPORT

TOWN OF MAMMOTH LAKES, CALIFORNIA

Single Audit Report

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

8715 Seville Circle / Granite Bay, California 95746-5823

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, 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, the 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Mammoth Lakes basic financial statements, and have issued our report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcello & Company

Certified Public Accountants
Granite Bay, California
December 28, 2020

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

8715 Seville Circle / Granite Bay, California 95746-5823

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance Required by the Uniform Guidance;
and Report on the Schedule of Expenditures of Federal Awards**

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Mammoth Lakes compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2020. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Mammoth Lakes' basic financial statements. We issued our report thereon dated December 28, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Marcello & Company

Certified Public Accountants
Granite Bay, California
December 28, 2020

TOWN OF MAMMOTH LAKES, CALIFORNIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION (DOT)		
Highway Planning & Construction (Federal-Aid Highway Program)		
Passed through the State of California		
Lower Main Street (SR 203 PM 5.10/5.23, 5.30/5.66) Sidewalk Project		
CA ID #09-1600-0013		
	SUBTOTAL CFDA No. 20.205	\$ 2,522,547
U.S. DEPARTMENT OF TRANSPORTATION (DOT)		
Airport Improvement Program (AIP)		
Direct Award: Federal Aviation Administration (FAA)		
FAA Grant: AIP Project #03-06-0146-20-1	20.106	45,840
FAA Grant: AIP Project #03-06-0146-20-3	20.106	35,474
FAA Grant: AIP Project #03-06-0146-20-4	20.106	6,709
FAA Grant: AIP Project #03-06-0146-037	20.106	303,083
FAA Grant: AIP Project #03-06-0146-038	20.106	537,273
FAA Grant: AIP Project #03-06-0146-040	20.106	<u>83,260</u>
	AIP - SUBTOTAL	1,011,639
Coronavirus Aid, Relief, and Economic Security (CARES) Act - Airport Grants		
FAA Grant No. 3-06-0146-043-2020	20.106	<u>315,804</u>
	SUBTOTAL CFDA No. 20.106	\$ 1,327,443
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)		
Community Development Block Grants/State's Program		
Passed through the State of California,		
Department of Housing and Community Development		
Community Development Block Grant (CDBG) Program		
CDBG Standard Agreement #17-CDBG-12096	14.228	388,412
CDBG Standard Agreement #16-HOME-11381	14.228	<u>8,354</u>
	SUBTOTAL CFDA No. 14.228	\$ 396,766
U.S. DEPARTMENT OF AGRICULTURE		
Wood Utilization Assistance		
USFS Wood Innovation Grant 2017		
Direct Award: U.S. Forest Service		
USFS Grant 17-DG-11052021-227	10.674	5,227
OFFICE OF MANAGEMENT AND BUDGET		
Passed through the State of California, Department of Finance		
Coronavirus Aid, Relief, and Economic Security (CARES) Act	93.084	<u>97,038</u>
Total Expenditures of Federal Awards		<u>\$ 4,349,021</u>

TOWN OF MAMMOTH LAKES, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the expenditures for all federal award programs received by the Town of Mammoth Lakes, California (Town). The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position or change in net position of the Town.

Note 2 - Summary of Significant Accounting Policies

The federal award expenditures reported in the Schedule are prepared from records maintained by the Town for federal funds and reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, when applicable, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - De Minimis Cost Rates

The Town has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Pass-through

Federal awards passed through the State of California are identified on the Schedule.

Note 5 - Subrecipients

There were no subrecipients of federal awards this year.

Note 6 - Catalog of Federal Domestic Assistance Numbers

The Catalog of Federal Domestic Assistance (CFDA) numbers included in the accompanying Schedule were determined based upon program name, review of grant contract information, and the Office of Management and Budget's CFDA.

TOWN OF MAMMOTH LAKES, CALIFORNIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:
Unmodified Opinion
2. Internal controls examined during the audit of the financial statements:
 - a. Material weaknesses identified? *None disclosed*
 - b. Significant deficiencies identified? *None disclosed*
3. Noncompliance material to the financial statements identified during the audit? *None disclosed*
4. Internal control over major programs examined during the audit of the financial statements:
 - a. Material weaknesses identified? *None disclosed*
 - b. Significant deficiencies identified? *None disclosed*
5. Type of auditor's report issued on compliance for major programs: *Unmodified Opinion*
6. Any audit findings relating to major programs disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? *None disclosed*
7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	US Department of Transportation (DOT)
20.106	US Department of Transportation (FAA)
8. Dollar threshold used to distinguish between Type A and Type B programs? *\$750,000*
9. Auditee qualifies as a low-risk auditee? *Yes*

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year: *None disclosed*
Prior Year: *None disclosed*

SECTION III - MAJOR FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS

Current Year: *None disclosed*
Prior Year: *None disclosed*

