

**TOWN OF MAMMOTH LAKES
CALIFORNIA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2022**

**TOWN OF MAMMOTH LAKES
FINANCIAL STATEMENTS
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Town of Mammoth Lakes Council
Town of Mammoth Lakes, California

Report on the Audit of the Financial Statements

Opinions

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 (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, proportionate share of net pension liability and schedule of contributions – cost-sharing plan, schedule of changes in net pension liability and related ratios – single employer defined benefit pension plan, schedule of changes in net OPEB liability and related ratios, and budgetary comparison information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 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 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 report dated March 31, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 31, 2023

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**TOWN OF MAMMOTH LAKES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The Discussion and Analysis of the Town of Mammoth Lakes' financial performance for the fiscal year ended June 30, 2022, 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, inter-governmental 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 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.

**TOWN OF MAMMOTH LAKES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 governmental 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. Proprietary funds, such as the Town's enterprise funds (Airport and Log Valley Mineral Pit) are reported in the Statement of Net Position and the Statement of Activities as business-type activities. Other schedules, such as the Statement of Cash Flows, provide more details 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 \$113 million as of June 30, 2022.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021
Current and other assets	\$ 86,406,565	\$ 66,802,187	\$ 1,541,694	\$ 1,399,398	\$ 87,948,259	\$ 68,201,585
Capital assets, net of depreciation	75,071,280	71,177,654	8,711,416	5,401,505	83,782,696	76,579,159
Total Assets	<u>161,477,845</u>	<u>137,979,841</u>	<u>10,253,110</u>	<u>6,800,903</u>	<u>171,730,955</u>	<u>144,780,744</u>
Deferred outflows of resources	<u>5,454,420</u>	<u>4,456,178</u>	<u>332,430</u>	<u>347,785</u>	<u>5,786,850</u>	<u>4,803,963</u>
Current and other liabilities	4,014,072	3,911,302	41,864	58,857	4,055,936	3,970,159
Long-term liabilities	45,560,979	51,448,261	919,959	1,811,066	46,480,938	53,259,327
Total Liabilities	49,575,051	55,359,563	961,823	1,869,923	50,536,874	57,229,486
Deferred inflows of resources	<u>13,647,501</u>	<u>2,101,090</u>	<u>767,961</u>	<u>154,322</u>	<u>14,415,462</u>	<u>2,255,412</u>
Invested in capital assets	67,562,809	62,744,074	8,711,416	5,401,505	76,274,225	68,145,579
Restricted	49,884,170	24,067,189	-	-	49,884,170	24,067,189
Unrestricted	<u>(13,737,266)</u>	<u>(1,835,897)</u>	<u>144,340</u>	<u>(277,062)</u>	<u>(13,592,926)</u>	<u>(2,112,959)</u>
Total Net Position	<u>\$ 103,709,713</u>	<u>\$ 84,975,366</u>	<u>\$ 8,855,756</u>	<u>\$ 5,124,443</u>	<u>\$ 112,565,469</u>	<u>\$ 90,099,809</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 are still outstanding. These capital assets are used to provide services to citizens and are therefore not available for future spending.

**TOWN OF MAMMOTH LAKES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

General Government Functions

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

Statement of Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2021-2022</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2020-2021</u>
Revenues				
Program revenues:				
Charges for services	\$ 4,218,808	\$ 1,382,737	\$ 255,975	\$ 167,685
Operating grants and contributions	2,601,481	3,797,395	4,352,792	1,070,515
Capital grants and contributions	1,275,511	303,567	62,815	1,022,510
General revenues:				
Property tax	5,359,179	4,572,245	-	-
Transient occupancy tax	27,127,886	16,945,645	-	-
Sales tax	5,847,179	4,153,795	-	-
American rescue plan act	1,969,988	-	-	-
Investment earnings	54,208	-	3,464	4,624
Other taxes	7,562,027	5,833,628	-	4,625
Other revenue	1,583,847	2,853,995	6,290	6,325
Total Revenues	<u>57,600,114</u>	<u>39,843,007</u>	<u>4,681,336</u>	<u>2,276,284</u>
Expenses				
General Government	21,428,026	8,801,164	-	-
Public Safety	4,457,878	4,487,298	-	-
Tourism, parks and recreation	5,938,494	7,319,243	-	-
Community Development	3,646,109	3,671,043	-	-
Public Works	5,577,609	3,202,125	-	-
Transportation and transit	255,277	701,908	-	-
Community Support	129,451	1,301,238	-	-
Interest on long-term debt	1,177,847	-	-	-
Depreciation	-	3,851,394	-	-
Debt service	-	1,070,278	-	-
Airport	-	-	1,384,534	1,878,433
Solid Waste	-	-	4,238	3,529
Total Expenses	<u>42,610,691</u>	<u>34,405,691</u>	<u>1,388,772</u>	<u>1,881,962</u>
Excess (deficiency) before transfers	14,989,423	5,437,316	3,292,564	394,322
Transfers	<u>(493,089)</u>	<u>(125,825)</u>	<u>493,089</u>	<u>100,000</u>
Change in net position	<u>14,496,334</u>	<u>5,311,491</u>	<u>3,785,653</u>	<u>494,322</u>
Net position - beginning	84,975,366	79,663,875	5,124,443	4,634,746
Prior period adjustments	<u>4,238,013</u>	<u>-</u>	<u>(54,340)</u>	<u>-</u>
Net position - beginning (restated)	<u>89,213,379</u>	<u>79,663,875</u>	<u>5,070,103</u>	<u>4,634,746</u>
Net position - ending	<u>\$ 103,709,713</u>	<u>\$ 84,975,366</u>	<u>\$ 8,855,756</u>	<u>\$ 5,129,068</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Town, or to other government units on a cost reimbursement basis.

**TOWN OF MAMMOTH LAKES
MANAGEMENT'S DISCUSSION AND ANALYSIS
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1. 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.
2. 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, 2022, the Town operated two enterprise funds, the Mammoth Yosemite Airport, and the Long Valley Mineral Pit on behalf of the U.S. 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 \$2,296,000 as of June 30, 2022.

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 on June 30, 2022, was \$19,830,000.

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 on June 30, 2022, was \$3,445,000.

Outlook for the Future

The Town continues a strong recovery post pandemic with revenue, in particular Transient Occupancy Tax, exceeding expectations. The conservative budgeting process allows for controlled growth of governmental core services based on strategic priorities and key objectives of Town Council. This practice has allowed the Town to strengthen our reserves and provide a source of funds for critical projects as noted below. Our annual operating budget is built around core services provided for the community and visitors alike.

On an annual basis, the Town sets budget expenditure to meet identified needs that will provide improved amenities or adjust our core services where impacts are being felt. Town Council continues to update a set of Strategic Priorities and Key Objectives that are designed to address the needs of our community. Funding directed at achieving these priorities was provided in the coming fiscal year budget and staff work program is aligned with these directives.

The biggest challenge that the Town of Mammoth Lakes faces is a shortage of affordable housing to support our residents and workers. This is one of the strategic priorities of Town Council, and this year, the Town allocated funding for housing efforts. "The Parcel" project grant funding and Town provided infrastructure funding of a combined \$20.6 million will be used to move the infrastructure forward. A joint effort between Town and our development partner was successful in securing \$31.8 million from the California Housing Accelerator Award to be used for phase 1 of "the Parcel Affordable Housing Project" for the construction of 80 units with a goal to

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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have new affordable housing available in 2023. The Parcel project is envisioned to be developed with up to 450 permanently affordable housing units, to be constructed over multiple phases. In addition to The Parcel project, the Town has numerous residential and commercial projects that have been approved by the Planning and Economic Development Commission. Below is a summary of the projects that have recently been submitted, approved, or completed.

Commercial Projects:

Mammoth Main Lodge Base Redevelopment – The Mammoth Main Lodge Base project is a complete redevelopment of the Mammoth Mountain Ski Area Main Lodge facility and combines diverse overnight accommodations, resort residences, retail, entertainment, food and beverage options, and facilities for skiers and summer visitors. The proposed development includes up to 209 resort residential units, up to 250 lodging keys distributed between several locations, up to 100,000 square feet of commercial space, and up to 105,000 square feet of skier services and support areas. The project encompasses approximately 35-acres split between two parcels at the base of the Main Lodge ski area that was acquired from the United States Forest Service in 2020 through a land exchange. The project is currently going through the entitlement review process with an estimated completion date of late-2024/early-2025. No estimated construction date has been set.

Mammoth Hotel – The Mammoth Hotel project is a complete renovation and remodel of the existing three-story Sierra Center Mall Building to create a new four-story, 164 room boutique luxury hotel. The entitlements were approved in Fall 2019 with construction to tentatively begin summer 2023.

Limelight Hotel – The proposed condominium hotel project consists of 6 levels of hotel guest rooms and managed residences located above one level of subterranean/understructure parking. The project includes 149 hotel rooms and 15 residential units. The entitlements were approved in summer 2022 and construction began in fall 2022. Occupancy is anticipated in 2024.

Residence Inn – The proposed “Residence Inn boutique hotel by Marriott” project consists of a four-story condominium hotel with 101 guest rooms, and two levels of understructure parking. The entitlements were approved in spring 2022. No estimated construction date has been set.

Sierra Nevada Resort Expansion – The proposed project includes interior and exterior improvements to the existing 149-unit hotel and Bar Sierra restaurant, the construction of 30 new resort cabin units, and an expanded event/meeting space. The entitlements were approved in spring 2022 and construction began in summer 2022. Completion of the hotel expansion is expected in 2023.

Residential Projects:

Villas III – The Villas III project proposes to construct 3 standalone units and 30 duplex units on a 4-acre parcel in the Lodestar at Mammoth Master Plan area. The entitlements were approved in spring 2022 and construction is anticipated to begin in summer 2023.

TerraBlanca – The TerraBlanca project is a proposed 12-unit multi-family residential townhome project consisting of four tri-plex structures. Each unit will be three stores tall and include three bedrooms and a 2-car garage. The entitlements were approved in fall 2022. No estimated construction date has been set.

Obsidian – The Obsidian project is a continuation of the existing Tallus development and includes 24 townhome lots (12 duplexes). There are two designs approved, and each unit will be three-stories tall with approximately 2,300 square feet of habitable area. The project was approved in spring 2016 and 10 of 12 duplexes were completed as of fall 2022. Construction of the remaining two duplexes is expected to be completed in 2023.

Snowcreek VII – The Snowcreek VII project consists of 118 condominium units spread across three phases of development. Phase I has been completed and includes 41 units within 12 multi-unit buildings. Phases II and III are partially completed with 54 units within 19 multi-unit buildings completed as of winter 2022. The remaining 23 units within 8 multi-unit buildings are under construction with an expected completion date of fall 2023.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Gray Bear I, II, III – The Gray Bear residential subdivision includes 45 single-family residential lots adjacent to the Sierra Star Golf Course. Approval of the entitlements for the various phases occurred between 2014-2017, and as of winter 2022, 43 lots have been completed with 2 lots remaining.

Lakeview Townhomes – The Lakeview Townhomes project is a six-unit, multi-family planned unit development within the Specialty Lodging zone of the North Village Specific Plan area. All three duplex structures are three stories in height, and each unit features three bedrooms and a two-car garage. The project was approved in summer 2020, and construction was completed in 2022.

Innsbruck Lodge Affordable Housing Project – The Innsbruck Lodge project is an adaptive reuse project that will convert the existing Innsbruck Lodge hotel into a 16-unit rental residential project of which 15 units will be affordable to households earning up to 80% of the area median income (AMI). The project is a partnership project between the Town and Mammoth Lakes Housing, Inc (MLH) with funding coming from the State Homekey program, the Town, and Mono County. Construction began in winter 2022 with an anticipated occupancy date of fall/winter 2023.

Access Apartments - The Access Apartments project is an adaptive reuse project that will convert 2 existing commercial buildings into an 11-unit affordable rental residential project that will be affordable to households earning up to 80% AMI. The project will be owned and operated by MLH with construction funding coming from the State CDBG and HOME programs and the Town. Construction is tentatively scheduled to begin in summer 2023.

60 Joaquin Townhomes – The 60 Joaquin Townhomes project is a four-unit, multi-family planned unit development that is being developed by the Town. The two duplex structures are proposed to be three stories in height, and each unit features two bedrooms and a two-car garage. The units are proposed to be sold as deed-restricted units targeted to households earning up to 150% AMI. Review of the entitlements is currently underway with construction tentatively scheduled to begin in summer 2023.

The Town made significant efforts in FY21-22 developing a 5-year Capital Improvement Program (CIP). In FY22-23 the Town will continue refinement of this program, aligning strategic priorities of Town Council with available funding sources to execute projects. The plan for FY22-23 includes 37 identified projects, either in continuation of prior year projects or implementation of new projects. This aggressive approach is designed to leverage any available grant funding, along with excess, one-time funds generated by Town activities to improve infrastructure and amenities.

The budget for FY22-23 includes the creation of a new department called Arts & Culture. This department was added after a successful lease agreement for Mammoth Lakes Foundation property and operation of the Edison Theater. The Town is bringing back this important amenity to serve unmet artistic and meeting needs of the community. The Town has designs on further improvements to the site that will include a childcare facility. This facility will include 6+/- buildings to create a childcare early child education facility on the MLF property. The project is time constrained due to the need to remove the modular buildings at the High School in the FY23/24 school year. One additional modular is planned to be used for the workshop/storage building to support a new performing arts auditorium. Additional improvements include a new parking lot, plans for an outdoor amphitheater and the location for a temporary dog park. Town Office of Outdoor Recreation expanded in FY22-23 with the addition of an Outdoor Recreation Coordinator and year-round Host Program. The Town's economic base is directly tied to the attraction of visitors to our public lands. The coordination between the Town and federal land managers is critical to the success of our region and this office has direct responsibility for solidifying that partnership. The need for management-level ongoing engagement to address visitor-based improvements, information and services is becoming a critical community need. This is reflected in discussions on fire concerns, trash, impacts on trails and other amenities, snow management, expanded Town amenities on Forest Service lands, transit connections and services, housing, overall land management, and partner opportunities for capital investments.

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

**TOWN OF MAMMOTH LAKES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

sustainable funding, identifying funds for current and future capital projects, and investing in one-time strategic planning processes. The Town also remains committed to the reserve policy updated last year. The update included establishing a baseline revenue that is updated on an annual basis. This baseline would prevent a reduction in expected reserve amounts, should there be an economic downturn and lower revenue expectations. The baseline is updated as a part of the budget process and the current rate is \$27,500,000. The Reserve for Economic Uncertainty (REU) remains at 20% of baseline revenue, and for FY 22-23, this brings the required balance to \$5,500,000. The Operating Reserve (OR) remains at 5% or \$1,375,000. These reserve elements retained the 25% of baseline revenue of the previous policy but moved more of the reserve to the more secure REU. Both of these reserve elements are fully funded for FY22-23. The Town also maintains a separate reserve that will cover 50% of the debt service payments covered by the General Fund. This Debt Reserve (DR) is fully funded for FY22-23 with \$1,100,000 in this reserve element. This enhancement was done to provide additional security in the event of an economic downturn and to provide a source to cover the Town's debts. The Town retained the annual \$100,000 of contingency funding as part of the FY22-23 budget. All these reserve elements add security to the Town's financial position as \$8.075M are available for continuing operation of Town services.

In conclusion, the Town continues to position itself in a strong financial position through proven fiscal policy that will enable it to meet the needs of our community and deliver the core services provided by the Town. We anticipate keeping our reserves intact for future needs, and while the duration and ultimate level is undetermined, we are confident we have adequate funding to meet debit obligations, meet current level of operations, and to respond to our current health emergency while we return to normal operations.

Respectfully submitted,



Rob Patterson
Administrative Services/Finance Director

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWN OF MAMMOTH LAKES
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 67,280,547	\$ 1,252,247	\$ 68,532,794
Restricted cash and investments	473,746	-	473,746
Receivables	4,745,789	266,312	5,012,101
Prepaid expenses	243,669	-	243,669
Inventory	649,305	3,858	653,163
Property held for resale	1,250,649	-	1,250,649
Internal balances	(12,682)	12,682	-
Other assets	96,545	6,595	103,140
Lease receivable	202,181	-	202,181
Notes receivable	11,476,816	-	11,476,816
Capital assets not being depreciated	26,861,655	544,316	27,405,971
Capital assets, net of depreciation	<u>48,209,625</u>	<u>8,167,100</u>	<u>56,376,725</u>
 Total assets	 <u>161,477,845</u>	 <u>10,253,110</u>	 <u>171,730,955</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	4,994,150	297,786	5,291,936
OPEB related	<u>460,270</u>	<u>34,644</u>	<u>494,914</u>
 Total deferred outflows of resources	 <u>5,454,420</u>	 <u>332,430</u>	 <u>5,786,850</u>
LIABILITIES			
Accounts payable	2,177,567	41,864	2,219,431
Accrued salaries and benefits	511,412	-	511,412
Deposits	77,043	-	77,043
Unearned revenue	1,248,050	-	1,248,050
Noncurrent liabilities:			
Due within one year	2,482,614	10,535	2,493,149
Due in more than one year	25,922,841	31,606	25,954,447
Net pension liability	14,955,654	712,236	15,667,890
Net OPEB liability	<u>2,199,870</u>	<u>165,582</u>	<u>2,365,452</u>
 Total liabilities	 <u>49,575,051</u>	 <u>961,823</u>	 <u>50,536,874</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	12,093,386	666,137	12,759,523
OPEB related	1,352,802	101,824	1,454,626
Lease related	<u>201,313</u>	<u>-</u>	<u>201,313</u>
 Total deferred inflows of resources	 <u>13,647,501</u>	 <u>767,961</u>	 <u>14,415,462</u>
NET POSITION			
Net investment in capital assets	67,562,809	8,711,416	76,274,225
Restricted:			
Community development	18,988,390	-	18,988,390
Public works	6,703,942	-	6,703,942
Community support	2,604,352	-	2,604,352
Tourism, Parks and recreation	5,630,647	-	5,630,647
Capital projects	15,956,839	-	15,956,839
Unrestricted	<u>(13,737,266)</u>	<u>144,340</u>	<u>(13,592,926)</u>
 Total net position	 <u>\$ 103,709,713</u>	 <u>\$ 8,855,756</u>	 <u>\$ 112,565,469</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 21,428,026	\$ 3,228,838	\$ 246,490	\$ 1,275,511	\$ (16,677,187)	\$ -	\$ (16,677,187)
Public safety	4,457,878	326,222	145,370	-	(3,986,286)	-	(3,986,286)
Tourism, parks and recreation	5,938,494	106,479	-	-	(5,832,015)	-	(5,832,015)
Community development	3,646,109	125,413	230,787	-	(3,289,909)	-	(3,289,909)
Public works/streets	5,577,609	418,775	1,917,669	-	(3,241,165)	-	(3,241,165)
Transportation and transit	255,277	13,081	61,165	-	(181,031)	-	(181,031)
Community support	129,451	-	-	-	(129,451)	-	(129,451)
Interest on long-term debt	1,177,847	-	-	-	(1,177,847)	-	(1,177,847)
Total governmental activities	<u>42,610,691</u>	<u>4,218,808</u>	<u>2,601,481</u>	<u>1,275,511</u>	<u>(34,514,891)</u>	<u>-</u>	<u>(34,514,891)</u>
Business-type activities:							
Airport	1,384,534	225,247	4,352,792	62,815	-	3,256,320	3,256,320
Landfill management	<u>4,238</u>	<u>30,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,490</u>	<u>26,490</u>
Total business-type activities	<u>1,388,772</u>	<u>255,975</u>	<u>4,352,792</u>	<u>62,815</u>	<u>-</u>	<u>3,282,810</u>	<u>3,282,810</u>
Total primary government	<u>\$ 43,999,463</u>	<u>\$ 4,474,783</u>	<u>\$ 6,954,273</u>	<u>\$ 1,338,326</u>	<u>(34,514,891)</u>	<u>3,282,810</u>	<u>(31,232,081)</u>
General revenues:							
Taxes:							
Property tax					5,359,179	-	5,359,179
Transient occupancy tax					27,127,886	-	27,127,886
Sales tax					5,847,179	-	5,847,179
Measure U tax					1,050,709	-	1,050,709
TBID tax					6,511,318	-	6,511,318
Franchise fees					982,578	-	982,578
American rescue plan act					1,969,988	-	1,969,988
Investment earnings					54,208	3,464	57,672
Gain on sale of assets					-	-	-
Other revenue					601,269	6,290	607,559
Transfers					(493,089)	493,089	-
Total general revenues and transfers					<u>49,011,225</u>	<u>502,843</u>	<u>49,514,068</u>
Change in net position					14,496,334	3,785,653	18,281,987
Net position - beginning, restated					<u>89,213,379</u>	<u>5,070,103</u>	<u>94,283,482</u>
Net position - ending					<u>\$ 103,709,713</u>	<u>\$ 8,855,756</u>	<u>\$ 112,565,469</u>

The notes to the basic financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

**TOWN OF MAMMOTH LAKES
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds						Total Governmental Funds
	General Fund	Capital Projects Fund	Tourism Business Improvement District Fund	Housing & Community Development Fund	Gas Tax Fund	Nonmajor Governmental Funds	
ASSETS							
Cash and investments	\$ 17,720,531	\$ 15,748,484	\$ -	\$ 8,233,235	\$ 2,312,333	\$ 12,859,636	\$ 56,874,219
Restricted cash and investments	-	-	-	-	-	473,746	473,746
Receivables	3,525,195	178,125	339,304	10,294	56,965	485,212	4,595,095
Inventory	-	-	-	-	-	-	-
Property held for resale	-	-	-	1,250,649	-	-	1,250,649
Lease receivable	-	-	-	-	-	202,181	202,181
Notes receivable	-	-	-	11,476,816	-	-	11,476,816
Due from other funds	7,229	-	-	-	-	-	7,229
Other assets	-	30,230	-	17	29,962	19,045	79,254
Total assets	\$ 21,252,955	\$ 15,956,839	\$ 339,304	\$ 20,971,011	\$ 2,399,260	\$ 14,039,820	\$ 74,959,189
LIABILITIES							
Payables	\$ 2,174,067	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ 2,177,567
Accrued salaries and benefits	503,301	-	-	-	-	363	503,664
Deposits	77,043	-	-	-	-	-	77,043
Unearned revenue	1,221,357	-	-	-	-	-	1,221,357
Due to other funds	-	-	7,229	-	-	-	7,229
Advances to other funds	1,671,207	-	-	-	-	-	1,671,207
Total liabilities	5,646,975	-	7,229	-	-	3,863	5,658,067
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	126,813	-	-	11,476,816	-	-	11,603,629
Lease related	-	-	-	-	-	201,313	201,313
Total deferred inflows of resources	126,813	-	-	11,476,816	-	201,313	11,804,942
FUND BALANCES							
Restricted:							
Community development	-	-	-	9,494,195	-	-	9,494,195
Public works	-	-	-	-	2,399,260	4,304,682	6,703,942
Community support	1,812,196	-	-	-	-	792,156	2,604,352
Tourism, Parks and recreation	-	-	332,075	-	-	5,298,572	5,630,647
Capital projects	-	15,956,839	-	-	-	-	15,956,839
Committed:							
Community development	1,394,338	-	-	-	-	-	1,394,338
Tourism, Parks and recreation	3,284,260	-	-	-	-	-	3,284,260
Transportation and transit	2,033,538	-	-	-	-	-	2,033,538
Assigned:							
Debt service	-	-	-	-	-	3,483,204	3,483,204
Unassigned	6,954,835	-	-	-	-	(43,970)	6,910,865
Total fund balances	15,479,167	15,956,839	332,075	9,494,195	2,399,260	13,834,644	57,496,180
Total liabilities, deferred inflows of resources and fund balances	\$ 21,252,955	\$ 15,956,839	\$ 339,304	\$ 20,971,011	\$ 2,399,260	\$ 14,039,820	\$ 74,959,189

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

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

Total fund balance – governmental funds	\$ 57,496,180
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	71,366,812
Pension and OPEB related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.	(7,486,405)
Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	11,603,629
Long-term debt and obligations are not due and payable in the current year period and therefore, are not reported in the governmental funds. Those liabilities consist of:	
Debt and obligations	(25,571,000)
Compensated absences	(1,016,997)
Lease related	(1,767,471)
Net pension liability	(14,056,456)
Net OPEB liability	(2,199,870)
Internal service funds are used by the management to charge the cost of the motor pool and employee benefits activities to individual funds. Those assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the statement of net position governmental activities.	15,341,291
Net position of governmental activities	\$ 103,709,713

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue Funds						Total Governmental Funds
	General Fund	Capital Projects Fund	Tourism Business Improvement District Fund	Housing & Community Development Fund	Gas Tax Fund	Nonmajor Governmental Funds	
REVENUES							
Taxes and assessments	\$ 36,700,248	\$ -	\$ 6,511,318	\$ 154,053	\$ -	\$ 3,703,928	\$ 47,069,547
Licenses and permits	1,254,841	-	-	-	-	1,017,925	2,272,766
Intergovernmental	2,361,848	1,275,511	-	5,366	1,917,669	132,533	5,692,927
Charges for services	1,323,448	-	-	-	247,022	-	1,570,470
Fines and forfeitures	212,114	-	-	-	-	-	212,114
Use of money and property	129,617	-	1,033	(143,097)	7,800	58,855	54,208
Other revenue	168,884	101,696	-	43,371	39,063	248,255	601,269
Total revenues	42,151,000	1,377,207	6,512,351	59,693	2,211,554	5,161,496	57,473,301
EXPENDITURES							
Current:							
General government	5,146,090	-	6,208,789	-	-	-	11,354,879
Public safety	4,527,653	-	-	-	-	-	4,527,653
Tourism, parks and recreation	4,904,993	-	-	-	-	946,838	5,851,831
Community development	2,688,356	-	-	1,067,237	-	377,645	4,133,238
Public works/streets	924,665	-	-	-	4,353,018	396,231	5,673,914
Transportation and transit	787,091	-	-	-	-	-	787,091
Community support	129,451	-	-	-	-	-	129,451
Capital outlay	-	7,981,409	-	-	-	115,809	8,097,218
Debt service	-	-	-	-	-	3,300,665	3,300,665
Total expenditures	19,108,299	7,981,409	6,208,789	1,067,237	4,353,018	5,137,188	43,855,940
Excess (deficiency) of revenues over (under) expenditures	23,042,701	(6,604,202)	303,562	(1,007,544)	(2,141,464)	24,308	13,617,361
OTHER FINANCING SOURCES (USES)							
Transfers in	160,027	9,791,813	-	7,600,000	3,040,926	4,954,311	25,547,077
Transfers out	(22,992,279)	(10,027)	-	-	(1,287,251)	(2,053,111)	(26,342,668)
Total other financing sources (uses)	(22,832,252)	9,781,786	-	7,600,000	1,753,675	2,901,200	(795,591)
Net change in fund balances	210,449	3,177,584	303,562	6,592,456	(387,789)	2,925,508	12,821,770
Fund balances (deficit) - beginning, restated	15,268,718	12,779,255	28,513	2,901,739	2,787,049	10,909,136	44,674,410
Fund balances (deficit) - ending	\$ 15,479,167	\$ 15,956,839	\$ 332,075	\$ 9,494,195	\$ 2,399,260	\$ 13,834,644	\$ 57,496,180

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

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

Change in fund balances – governmental funds	\$ 12,821,770
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.	3,330,071
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,741,363)
Changes to OPEB liability and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	524,404
Proceeds from leases and new long-term debt provide current resources in the funds financial statements but have no effect on net position in the government- wide financials.	
Leases	(17,961)
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.	1,870,385
Certain revenues and expenses reported in the statement of activities and changes in net position do not require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds.	126,813
The internal service funds are used by management to charge the costs of motor pool and employee benefits activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>582,215</u>
Change in net position of governmental activities	<u>\$ 14,496,334</u>

The notes to the basic financial statements are an integral part of this statement.

TOWN OF MAMMOTH LAKES
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2022

	Business-type Activities			Governmental
			Total	Internal
	Airport	Landfill Management	Enterprise Funds	Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,052,979	\$ 199,268	\$ 1,252,247	\$ 10,406,328
Receivables	265,846	466	266,312	150,694
Prepaid expenses	-	-	-	243,669
Inventory	3,858	-	3,858	649,305
Other assets	6,534	61	6,595	17,291
Advance to other funds	-	-	-	1,671,207
Total current assets	<u>1,329,217</u>	<u>199,795</u>	<u>1,529,012</u>	<u>13,138,494</u>
Noncurrent assets:				
Capital assets not being depreciated	544,316	-	544,316	-
Capital assets, net of depreciation	<u>8,167,100</u>	<u>-</u>	<u>8,167,100</u>	<u>3,704,468</u>
Total noncurrent assets	<u>8,711,416</u>	<u>-</u>	<u>8,711,416</u>	<u>3,704,468</u>
Total assets	<u>10,040,633</u>	<u>199,795</u>	<u>10,240,428</u>	<u>16,842,962</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	297,786	-	297,786	331,162
OPEB related	<u>34,644</u>	<u>-</u>	<u>34,644</u>	<u>-</u>
Total deferred outflows	<u>332,430</u>	<u>-</u>	<u>332,430</u>	<u>331,162</u>
LIABILITIES				
Current liabilities:				
Accounts payable	41,864	-	41,864	-
Accrued salaries and benefits	-	-	-	7,748
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,693</u>
Total current liabilities	<u>41,864</u>	<u>-</u>	<u>41,864</u>	<u>34,441</u>
Noncurrent liabilities:				
Due within one year				
Compensated absences	10,535	-	10,535	12,496
Due in more than one year				
Compensated absences	31,606	-	31,606	37,491
Net pension liability	712,236	-	712,236	899,198
Net OPEB liability	<u>165,582</u>	<u>-</u>	<u>165,582</u>	<u>-</u>
Total noncurrent liabilities	<u>919,959</u>	<u>-</u>	<u>919,959</u>	<u>949,185</u>
Total liabilities	<u>961,823</u>	<u>-</u>	<u>961,823</u>	<u>983,626</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	666,137	-	666,137	836,525
OPEB related	<u>101,824</u>	<u>-</u>	<u>101,824</u>	<u>-</u>
Total deferred inflows	<u>767,961</u>	<u>-</u>	<u>767,961</u>	<u>836,525</u>
NET POSITION				
Net investment in capital assets	8,711,416	-	8,711,416	3,704,468
Unrestricted	<u>(68,137)</u>	<u>199,795</u>	<u>131,658</u>	<u>11,649,505</u>
Total net position	<u>\$ 8,643,279</u>	<u>\$ 199,795</u>	<u>8,843,074</u>	<u>\$ 15,353,973</u>
Adjustments to report the cumulative internal balance for the net effect of the activity between the internal services funds and the enterprise funds over time			<u>12,682</u>	
Net position of business-type activities (page 16)			<u>\$ 8,855,756</u>	

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-type Activities			Governmental Activities
	Airport	Landfill Management	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Charges for services	\$ 225,247	\$ 30,728	\$ 255,975	\$ 2,719,431
Total operating revenues	<u>225,247</u>	<u>30,728</u>	<u>255,975</u>	<u>2,719,431</u>
Operating expenses:				
Personnel costs	674,472	4,238	678,710	1,335,416
Operations and maintenance	529,298	-	529,298	784,702
Benefit claims	-	-	-	177,595
Depreciation	193,446	-	193,446	409,676
Total operating expenses	<u>1,397,216</u>	<u>4,238</u>	<u>1,401,454</u>	<u>2,707,389</u>
Operating income (loss)	<u>(1,171,969)</u>	<u>26,490</u>	<u>(1,145,479)</u>	<u>12,042</u>
Nonoperating revenues (expenses):				
Operating grant	766,413	-	766,413	237,396
Capital grants	3,649,194	-	3,649,194	-
Investment earnings	2,829	635	3,464	30,455
Other nonoperating revenues	6,290	-	6,290	12,506
Total nonoperating revenues (expenses)	<u>4,424,726</u>	<u>635</u>	<u>4,425,361</u>	<u>280,357</u>
Income (loss) before transfers	3,252,757	27,125	3,279,882	292,399
Transfers in	493,089	-	493,089	390,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,498)</u>
Net position - beginning (restated)	<u>4,897,433</u>	<u>172,670</u>		<u>14,759,072</u>
Net position - ending	<u>\$ 8,643,279</u>	<u>\$ 199,795</u>		<u>\$ 15,353,973</u>
Adjustment for the net effect on the current year activity between the internal service funds and the enterprise funds			<u>12,682</u>	
Changes in net position of business-type activities (page 17)			<u>\$ 3,785,653</u>	

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Business-type Activities			Governmental Activities Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Cash flows from operating activities:				
Receipts from customers and users	\$ 214,935	\$ 30,380	\$ 245,315	\$ 2,652,195
Payments to suppliers	(552,749)	(137)	(552,886)	(1,087,436)
Payments paid for personnel costs	(990,986)	(4,177)	(995,163)	(939,575)
Net cash provided (used) by operating activities	(1,328,800)	26,066	(1,302,734)	625,184
Cash flows from noncapital financing activities:				
Operating grants	766,413	-	766,413	264,089
Loans (to)/from other funds	-	-	-	820,000
Transfers in from other funds	493,089	-	493,089	390,000
Transfers (out) to other funds	-	-	-	(87,498)
Other nonoperating revenues	6,290	-	6,290	12,506
Net cash provided (used) by noncapital financing activities	1,265,792	-	1,265,792	1,399,097
Cash flows from capital and related financing activities:				
Capital grants received	3,649,194	-	3,649,194	-
Acquisition of capital assets	(3,503,357)	-	(3,503,357)	(1,293,483)
Net cash provided (used) by capital and related financing activities	145,837	-	145,837	(1,293,483)
Cash flows from investing activities:				
Investment received (paid)	2,829	635	3,464	30,455
Net cash provided (used) by investing activities	2,829	635	3,464	30,455
Net increase (decrease) in cash and investments	85,658	26,701	112,359	761,253
Cash and investments - beginning	967,321	172,567	1,139,888	9,645,075
Cash and investments - ending	\$ 1,052,979	\$ 199,268	\$ 1,252,247	\$ 10,406,328

The notes to the basic financial statements are an integral part of this statement.

TOWN OF MAMMOTH LAKES
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)

	Business-type Activities			Governmental Activities Internal Service Funds
	Airport	Landfill Management	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (1,171,969)	\$ 26,490	\$ (1,145,479)	\$ 12,042
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	193,446	-	193,446	409,676
(Increase) decrease in accounts receivables	(16,846)	(409)	(17,255)	(67,236)
(Increase) decrease in inventory	(3,858)	-	(3,858)	(649,305)
(Increase) decrease in prepaid expenses	3,858	-	3,858	370,683
Increase (decrease) in deferred outflows of resources from pensions	37,265	-	37,265	(331,162)
Increase (decrease) in deferred outflows of resources from opeb	(21,910)	-	(21,910)	-
Increase (decrease) in accounts payables	(16,917)	(76)	(16,993)	(24,112)
Increase (decrease) in accrued salaries and benefits	12,382	61	12,443	9,060
Increase (decrease) in compensated absences	-	-	-	-
Increase (decrease) in deferred inflows of resources from pensions	626,316	-	626,316	836,525
Increase (decrease) in deferred inflows of resources from OPEB	(12,677)	-	(12,677)	-
Increase (decrease) in net pension liability	(969,566)	-	(969,566)	59,013
Increase (decrease) in net OPEB liability	11,676	-	11,676	-
Net cash provided by (used for) operating activities	<u>\$ (1,328,800)</u>	<u>\$ 26,066</u>	<u>\$ (1,302,734)</u>	<u>\$ 625,184</u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022**

ASSETS

Cash and investments	\$	498,528
Cash with fiscal agent		130,185
Accounts receivables		<u>696</u>
 Total assets		 <u>629,409</u>

LIABILITIES

-

NET POSITION

Restricted for:		
Other organizations and other governments		<u>629,409</u>
 Total net position	\$	 <u><u>629,409</u></u>

The notes to the basic financial statements are an integral part of this statement.

**TOWN OF MAMMOTH LAKES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

ADDITIONS

Tax assessments	\$	539,990
Interest on investments		<u>1,177</u>
 Total additions		 <u>541,167</u>

DEDUCTIONS

Contractual services		93,973
Debt service		<u>428,990</u>
 Total deductions		 <u>522,963</u>

Net increase (decrease) in fiduciary net position		18,204
Net position - beginning (restated)		<u>611,205</u>
Net position - ending	\$	<u>629,409</u>

The notes to the basic financial statements are an integral part of this statement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Mammoth Lakes, California (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 below.

A. Reporting Entity

The Town of Mammoth Lakes was incorporated in 1985 under the laws of the State of California. The Town 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 (the 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.

The 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.

B. Basis of Presentation

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

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements.

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. These statements distinguish between the *governmental* and *business-type activities* of the Town. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenue, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. 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 program, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Governmental Fund Types

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

General Fund – 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 – 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 – 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 – 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 – 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:

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

Internal Service Funds – 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, maintenance of transportation vehicles, and the self-insurance employee benefit program, are reported as internal service funds.

Fiduciary Custodial Funds – used to account for assets held by the Town as a custodian for individuals and other units of governments.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

The Town reports the following major governmental funds in the accompanying financial statements:

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

The Town reports the following major enterprise funds in the accompanying financial statements:

Airport Fund – used to account for operations, and maintenance of the Town's commercial and general aviation airport.

Landfill Management Fund - used to account for proceeds generated from use of the clean material waste disposal site.

The Town reports the following fiduciary fund in the accompanying financial statements:

Custodial Fund - The Town acts as a custodian for collection of property taxes and repayment of a special assessment improvement bonds issued by an Assessment District located within the Town. The financial activities of this fund are excluded from the entity-wide financial statements but are presented in separate Fiduciary Fund financial statements.

E. Measurement Focus, Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues other than grant reimbursements reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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 principal, interest and unmatured interest on long-term debt in the governmental funds, which is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under finance leases are reported as other financing sources.

F. Budgetary Data

General Budget Policies

The Town maintains budgetary controls of which the objective is to ensure that compliance with legal provisions embodied in the annual budget approval by the Town Council. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The Town's budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments 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 and special revenue major governmental funds 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.

G. 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 fewer 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 captions "cash and investments" on the statement of net position and balance sheet.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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.

Inventory of Supplies, Properties Held for Resale, and Prepaid Expenses

Inventories consist of fuel, vehicle parts and expendable supplies which are valued at cost on the weighted average method, which approximates fair value. Inventories consist of expendable supplies held on a consumption basis, wherein the cost is recorded as an expense at the time an item is consumed. Inventories also consists of properties held for resale which are valued at lower of cost or market.

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 \$20,000. Capital outlay is recorded as *expenditures* in the governmental 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, 20 to 50 years for buildings and improvements, 20 years for infrastructure, and 50 years for utility systems. Land, art and treasures are not considered exhaustible, therefore are not being depreciated.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Right-to-Use Lease Assets

Right-to-use lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Right-to-use lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the Town has determined is reasonably certain of being exercised.

Leases

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases, which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor: The Town is a lessor for a noncancellable lease. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses the interest rate charged to the lessees as the discount rate. When the interest rate charged to the lessees is not provided, the Town generally uses the implied rate of return as the discount rate for leases. When the implied rate of return cannot be determined, the Town uses its estimated incremental borrowing rate which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Leases (Continued)

The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Unearned Revenue

Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrued basis of accounting. The Town records unavailable revenue for transactions for which revenues have been earned but are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are property taxes earned but not yet available.

Compensated Absences

The Town utilizes the General Fund and proprietary funds to account for a portion of 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. Vested or accumulated compensated absences that are expected to be liquidated with current financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated compensated absences that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities of the government-wide financial statements.

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 to 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.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town's practice is to apply restricted net position first.

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 – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Net Position and Fund Balances (Continued)

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. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts that are constrained by the Town's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by the Town Council or its designee and may be changed at the direction of the Town Council or its designee. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – this classification includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the Town.

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* through a resolution. Stabilization amounts may be expended only when Council determines that a qualifying event has occurred and the level of impact from the emergency warrants the use of the funds. As of June 30, 2022, the stabilization fund had a balance of approximately \$4,994,000, which is reported within Unassigned within the General Fund. The policy does not meet the GASB 54 stabilization arrangement criteria requirements.

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

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Pension Plan (Continued)

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) and the excess of total pension liability over the fiduciary net position of the pension reflected in the Town's Retirement Enhancement Plan, administered through the Public Agency Retirement Services (PARS). The defined benefit plans are cost-sharing and single-employer plans, respectively. 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 – Established by the Assessor of Mono County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies – 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 – 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 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 the 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.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

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.

H. Pronouncements

New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 87

For the year ended June 30, 2022, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the Town's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated into the Town's June 30, 2022 financial statements and resulted in a net increase to the opening balance of capital assets of \$1,922,107, and long-term debt of \$2,057,289 and had an effect of \$135,182 on beginning net position of governmental activities. The implementation had no effect on the beginning fund balance of the governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

- The Town Manager submits to the Town Council a proposed draft budget for the fiscal year commencing the following July 1, which includes proposed expenditures and the means of financing them.
- The Town Council reviews the proposed budget at special scheduled sessions which are open to the public.
- The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
- Prior to July 1, the budget is adopted by 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 if employed as a management control device during the year for the governmental type funds.
- All appropriations lapse at year end.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. 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.

C. 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:

	2017	2018	2019	2020	2021	2022
Transient Occupancy tax	67%	64%	66%	61%	61%	67%
Property tax	12%	13%	12%	15%	16%	12%
Sales tax (excludes Measure R)	9%	9%	9%	9%	9%	8%
	79%	86%	87%	85%	86%	87%

D. 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.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

E. 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.

NOTE 3 – CASH AND INVESTMENTS

The Town maintains a cash and investments pool 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	\$ 68,532,794
Restricted cash and investments	473,746
Statement of fiduciary net position:	
Cash and investments	498,528
Restricted cash and investments	<u>130,185</u>
Total cash and investments	<u>\$ 69,635,253</u>

Cash and investments as of June 30, 2022 consist of the following:

Demand deposits with financial institutions	\$ 6,260,794
Petty Cash	2,200
Investments with County Investment Pool	3,921,627
Investments with Local Agency Investment Fund	58,846,701
Investments by fiscal agents	<u>603,931</u>
Total cash and investments	<u>\$ 69,635,253</u>

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Deposits

At fiscal year-end, the Town’s carrying amount of demand deposits was \$6,260,794 and the bank account balances were \$6,271,520, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the Town’s name as described below.

Custodial 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 government 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 percent 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 percent of the secured public deposits.

B. Investment Policy

The table below identifies the investment types that are authorized under provisions of the Town’s investment policy adopted for fiscal year 2021-22, 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>
Investment Type A:		
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)	\$55,000,000	n/a
Mono County Investment Pool	\$6,000,000	n/a
Passbook Deposits	n/a	n/a
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.

As of June 30, 2022, the amount invested in LAIF, \$58,846,701, was in violation of the Town’s investment policy maximum which was \$55,000,000.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. 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.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity Date</u>
Local Agency Investment Fund (LAIF)	\$ 58,846,701	12 months or less
Mono County Investment Pool	3,921,627	12 months or less
Money Market (with Fiscal Agent)	603,931	12 months or less
Total	<u>\$ 63,372,259</u>	

D. 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Town's investment policy, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB 40 does not require disclosures as to credit risk.

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>
Local Agency Investment Fund (LAIF)	\$ 58,846,701	\$ 58,846,701
Mono County Investment Pool	3,921,627	3,921,627
Money Market (with Fiscal Agent)	603,931	603,931
Total	<u>\$ 63,372,259</u>	<u>\$ 63,372,259</u>

E. 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. The Town's potential losses from credit risk are increased if a significant portion of its resources are invested in a single issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are exempt from these limitations. At June 30, 2022, the Town did not have any investments in any one issuer that is not exempt that represents 5% or more of the total investments.

F. Custodial Credit Risk

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).

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. 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, 2022, PMIA had approximately \$234.5 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, 2022, the Pool had approximately \$171 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.

H. Investment Valuation

The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town's only investments, which are allocated at fair value, are in the various external investments pools and money market. The external investments pools invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, it is not an investment type that can be categorized in any particular level in the fair value hierarchy. Money market funds have a maturity of less than one year and are presented at amortized costs, which approximates fair value. Since they are presented at amortized costs, they are not an investment type that can be categorized in any particular level in the fair value hierarchy.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – RECEIVABLES

Receivables as of June 30, 2022 consist of the following:

Governmental Funds

	General Fund	Capital Projects Fund	Tourism Business Improvement District	Housing & Community Development Fund	Gas Tax Fund	Other Governmental Funds	Total Governmental Funds
Receivables:							
Accounts receivable	\$ 1,707,155	\$ -	\$ 338,732	\$ -	\$ 23,408	\$ 39,259	2,108,554
Due from other government	1,616,449	178,125	-	-	29,578	401,450	2,225,602
Interest receivable	44,469	-	572	10,294	3,979	29,165	88,479
Other	157,122	-	-	-	-	15,338	172,460
Total receivables	<u>\$ 3,525,195</u>	<u>\$ 178,125</u>	<u>\$ 339,304</u>	<u>\$ 10,294</u>	<u>\$ 56,965</u>	<u>\$ 485,212</u>	<u>\$ 4,595,095</u>

Proprietary Funds

	Business-type Activities			Governmental Activities
	Airport	Landfill Management	Total Enterprise Funds	Internal Service Funds
Receivables:				
Customer receivable	\$ 2,126	\$ 150	\$ 2,276	\$ 136,051
Due from other government	255,392	-	255,392	-
Interest receivable	1,757	316	2,073	14,643
Other	6,571	-	6,571	-
Total receivables	<u>\$ 265,846</u>	<u>\$ 466</u>	<u>\$ 266,312</u>	<u>\$ 150,694</u>

NOTE 5 – LEASE RECEIVABLE

In 2021, the Town began leasing a building to a third party. The lease is for 19 years and the Town will receive monthly payments of \$1,200, increasing by between 2% and 5% annually. The Town recognized \$5,515 in lease revenue and \$2,553 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the Town's receivable for lease payments was \$202,181. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$201,313.

NOTE 6 – ASSESSMENT DISTRICT DEBT

The Town acts as a custodian for collection of property taxes and repayment of a special assessment improvement bonds issued by an Assessment District 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	\$5,066,352
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**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – CAPITAL ASSETS

A. Governmental-Type Activities

Capital assets activity of the governmental activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021 (Restated)	Additions	Retirements/ Adjustments	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 16,840,808	\$ 200,376	\$ -	\$ 17,041,184
Construction in progress	3,772,486	6,194,602	(146,617)	9,820,471
Total capital assets, not being depreciated	<u>20,613,294</u>	<u>6,394,978</u>	<u>(146,617)</u>	<u>26,861,655</u>
Capital assets, being depreciated:				
Buildings and structures	26,185,991	1,132,809	-	27,318,800
Vehicles and equipment	13,463,980	1,281,010	(227,772)	14,517,218
Streets and roads	198,340,392	-	-	198,340,392
Storm drains	16,141,809	-	-	16,141,809
Right-to-use lease equipment	2,925,988	-	-	2,925,988
Total capital assets, being depreciated	<u>257,058,160</u>	<u>2,413,819</u>	<u>(227,772)</u>	<u>259,244,207</u>
Less accumulated depreciation:				
Buildings and structures	(15,015,724)	(1,021,441)	-	(16,037,165)
Vehicles and equipment	(9,818,082)	(521,015)	227,772	(10,111,325)
Streets and roads	(171,514,624)	(2,595,483)	-	(174,110,107)
Storm drains	(9,141,489)	(322,836)	-	(9,464,325)
Right-to-use lease equipment	(1,003,881)	(307,779)	-	(1,311,660)
Total accumulated depreciated	<u>(206,493,800)</u>	<u>(4,768,554)</u>	<u>227,772</u>	<u>(211,034,582)</u>
Total capital assets, being depreciated, net	<u>50,564,360</u>	<u>(2,354,735)</u>	<u>-</u>	<u>48,209,625</u>
Governmental activities capital assets, net	<u>\$ 71,177,654</u>	<u>\$ 4,040,243</u>	<u>\$ (146,617)</u>	<u>\$ 75,071,280</u>

Depreciation and amortization expense was charged to the following governmental activities functions on the statement of activities:

General government	\$ 511,074
Public safety	182,604
Tourism, parks and rec	1,842,026
Public works/ streets	1,565,709
Transportation and transit	257,465
Capital assets held by the internal service funds are charged to the various functions based on usage of the asset	<u>409,676</u>
Total depreciation and amortization expense - governmental activities	<u>\$ 4,768,554</u>

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Capital assets activity of the Mammoth Yosemite Airport for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Retirements/ Adjustments	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 544,316	\$ -	\$ -	\$ 544,316
Total capital assets, not being depreciated	544,316	-	-	544,316
Capital assets, being depreciated:				
Buildings and runway	14,858,479	3,503,357	-	18,361,836
Vehicles and equipment	2,608,671	-	-	2,608,671
Total capital assets, being depreciated	17,467,150	3,503,357	-	20,970,507
Less accumulated depreciation:				
Buildings and runway	(10,157,497)	(146,716)	-	(10,304,213)
Vehicles and equipment	(2,452,464)	(46,730)	-	(2,499,194)
Total accumulated depreciation	(12,609,961)	(193,446)	-	(12,803,407)
Total capital assets, being depreciated, net	4,857,189	3,309,911	-	8,167,100
Business-type capital assets, net	<u>\$ 5,401,505</u>	<u>\$ 3,309,911</u>	<u>\$ -</u>	<u>\$ 8,711,416</u>

Depreciation expense was charged to business-type activities within the Airport Fund on the statement of Activities totaling \$193,446.

NOTE 8 – LONG-TERM OBLIGATIONS

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

	Balance July 1, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Net pension liability (CalPERS)	\$ 21,203,214	\$ 8,007,145	\$ (14,501,157)	\$ 14,709,202	\$ -
Net pension liability (PARS)	(135,859)	422,239	(39,928)	246,452	-
Net OPEB liability	2,044,757	225,279	(70,166)	2,199,870	-
Compensated absences	678,685	388,299	-	1,066,984	169,671
Leases	2,057,289	-	(289,818)	1,767,471	305,943
Direct borrowings and direct placements:					
Lease Revenue Bonds Agreement	2,524,000	-	(228,000)	2,296,000	357,000
Installment Sales Agreement	3,975,000	-	(530,000)	3,445,000	545,000
Taxable Judgment Obligation Bonds	20,905,000	-	(1,075,000)	19,830,000	1,105,000
Total Governmental Activities	<u>\$ 53,252,086</u>	<u>\$ 9,042,962</u>	<u>\$ (16,734,069)</u>	<u>\$ 45,560,979</u>	<u>\$ 2,482,614</u>
Business-type Activities:					
Net pension liability (CalPERS)	\$ 1,868,483	\$ 13,327	\$ (1,169,574)	\$ 712,236	\$ -
Net OPEB liability	153,906	16,957	(5,281)	165,582	-
Compensated absences	42,141	-	-	42,141	10,535
Total Business-type Activities	<u>\$ 2,064,530</u>	<u>\$ 30,284</u>	<u>\$ (1,174,855)</u>	<u>\$ 919,959</u>	<u>\$ 10,535</u>

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

A. 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. The agreement has a provision that, in the event of default, the purchaser may terminate its obligation to purchase the Corporation's rights, title and interest under the agreement.

Future debt service requirements are as follows:

Year Ending June 30	Lease Revenue Bonds		
	Principal	Interest	Total
2023	\$ 357,000	\$ 114,689	\$ 471,689
2024	249,000	65,900	314,900
2025	258,000	57,073	315,073
2026	267,000	47,947	314,947
2027-2030	<u>1,165,000</u>	<u>93,893</u>	<u>1,258,893</u>
Total	<u>\$ 2,296,000</u>	<u>\$ 379,502</u>	<u>\$ 2,675,502</u>

B. 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 \$619,000, with a fixed interest rate of 2.23% per annum. The debt is scheduled to mature in fiscal year 2027-28. The agreement has a provision that, whenever any event of default occurs, the lender can exercise any and all remedies available pursuant to law or granted pursuant to the agreement; provided, however, that there shall be no right under any circumstances to accelerate the installment payments or otherwise declare any installment payments not then in default to be immediately due and payable or to terminate the agreement.

Future debt service requirements are as follows:

Year Ending June 30	Lease Revenue Bonds Agreement		
	Principal	Interest	Total
2023	\$ 545,000	\$ 70,747	\$ 615,747
2024	555,000	58,482	613,482
2025	565,000	45,994	610,994
2026	580,000	33,227	613,227
2027-2028	<u>1,200,000</u>	<u>26,872</u>	<u>1,226,872</u>
Total	<u>\$ 3,445,000</u>	<u>\$ 235,322</u>	<u>\$ 3,680,322</u>

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

C. 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 judgement 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. The agreement has a provision that, in the event of default, any owner may take such actions, by mandamus, suit, action or proceeding, as may be necessary and appropriate to cause the Town to comply with its obligations under the bond agreement.

Future debt service requirements are as follows:

Year Ending June 30	Taxable Judgment Obligation Bonds		
	Principal	Interest	Total
2023	\$ 1,105,000	\$ 763,406	\$ 1,868,406
2024	1,140,000	731,113	1,871,113
2025	1,175,000	694,919	1,869,919
2026	1,215,000	655,322	1,870,322
2027-2031	6,795,000	2,364,509	9,159,509
2032-2036	8,400,000	1,128,281	9,528,281
Total	<u>\$ 19,830,000</u>	<u>\$ 6,337,550</u>	<u>\$ 26,167,550</u>

D. Leases

During 2001, the Town entered into a lease agreement as lessee for a building. The lease term has been extended multiple times. The current lease term is from April 1, 2019 to September 30, 2025. An initial lease liability was recorded in the amount of \$2,346,682 for the year the lease was entered. As of June 30, 2022, the value of the lease liability was \$1,566,216. The Town is required to make monthly principal and interest payments that range from \$26,325 to \$31,646. The lease has an interest rate of 5.5%, which is equal to the Prime interest rate at April 1, 2019. The value of the right-to-use asset as of the end of the current fiscal year was \$2,346,682 and had accumulated amortization of \$906,145.

The future principal and interest lease payments as of June 30, 2022, are as follows:

Fiscal Years Ending June 30	Minaret Village		
	Principal	Interest	Total
2023	\$ 269,521	\$ 79,415	\$ 348,936
2024	284,724	64,212	348,936
2025	300,785	48,151	348,936
2026	317,751	31,185	348,936
2027-2028	393,435	13,658	407,093
Total	<u>\$ 1,566,216</u>	<u>\$ 236,621</u>	<u>\$ 1,802,837</u>

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – LONG-TERM OBLIGATIONS (Continued)

D. Leases (Continued)

In 2007, the Town entered into a lease agreement as lessee for two parcels of property. The lease term is for 20 years, with an option to extend for ten additional years if all parties agree. An initial lease liability was recorded in the amount of \$579,306 for the year the lease was entered. As of June 30, 2022, the value of the lease liability was \$201,255. The Town is required to make annual principal and interest payments of \$42,000 that are scheduled to increase by between 2% - 6% every five years. The lease has an interest rate of 5.0%, which is equal to the Prime interest rate at July 31, 2008. The value of the right-to-use asset as of the end of the current fiscal year was \$579,306 and had accumulated amortization of \$405,515.

The future principal and interest lease payments as of June 30, 2022, are as follows:

Fiscal Years Ending June 30	Recreation Center		
	Principal	Interest	Total
2023	\$ 36,422	\$ 10,063	\$ 46,485
2024	38,243	8,242	46,485
2025	40,155	6,330	46,485
2026	42,163	4,322	46,485
2027	44,272	2,214	46,486
Total	<u>\$ 201,255</u>	<u>\$ 31,171</u>	<u>\$ 232,426</u>

NOTE 9 – 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 \$1,671,207 at fiscal year-end.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – INTERFUND TRANSFERS

The Town reports interfund transfers between many of its funds. Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from funds collecting the receipts, to the debt service fund as debt service payments become due, (3) use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) transfers to assessment district maintenance are for street related expenditures. 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. 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>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 160,027	\$ 22,992,279
Capital Projects Fund	9,791,813	10,027
Housing & Community Development Fund	7,600,000	-
Gas Tax Fund	3,040,926	1,287,251
Nonmajor Funds:		
DIF Admin Overhead	30,378	-
DIF General Facilities	-	1,712
DIF Law Enforcement	-	489
DIF Storm Drains	-	1,518
DIF Parks and Recreation	-	1,519
DIF MCOE Library	-	6,914
DIF Circulation (Streets)	-	523
DIF MCOE Childcare	-	2,403
DIF Fire Facility, Veh. And Eq.	-	12,560
DIF Transit and Trails	-	2,740
Solid Waste Fund	-	300,000
Measure R Trails	420,000	150,000
Measure R Sales Tax	-	987,733
Measure U UUT	-	145,000
Assessment District Maintenance	77,251	-
Debt Service Fund	4,426,682	440,000
Enterprise Funds:		
Airport	493,089	-
Internal Service Funds	<u>390,000</u>	<u>87,498</u>
Total	<u>\$ 26,430,166</u>	<u>\$ 26,430,166</u>

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB)

A. 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 (\$143 per month for 2021 and \$149 per month for 2022). The retiree pays the balance of the premium for the option and tier of coverage, which 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.

B. Employees Covered

As of the June 30, 2021 actuarial valuation, the following current former employees were covered by the benefit terms:

Active employees electing coverage	72
Active employees waiving coverage	9
Retirees electing coverage	<u>29</u>
Total	<u>110</u>

C. Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021
Reporting Date	June 30, 2022
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay
Amortization Method	Straight-line amortization over a closed 5-year period
Discount Rate	2.35% ¹
Investment rate of return	6.25%
General Inflation	2.50%
Payroll Growth Rate	2.80% wage inflation plus seniority, merit, and promotion salary increases based on CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021
Participation Rate	50% of active employees
Spouse Coverage	60% of future retirees
Healthcare Cost Trend Rate	
Non-Medicare	
Active Miscellaneous	12.90% followed by 5.75% decreasing to 4.04% ultimate rate
Active Safety	3.30% followed by 5.75% decreasing to 4.04% ultimate rate
Retired Miscellaneous	12.80% followed by 5.75% decreasing to 4.04% ultimate rate
Retired Safety	1.20% followed by 5.75% decreasing to 4.04% ultimate rate
Medicare	
All Groups	4.20% followed by 3.75% for all subsequent years
Mortality Factors	CalPERS 2021 experience study

¹ The Trust is expected to be depleted by the year ending 2038 based on the assumption that the Town will continue to pay for benefit payments from outside of the Trust plus ad-hoc additional pre-funding contribution.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (Continued)

C. Net OPEB Liability (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	48.25%	4.37%
Fixed Income	45.00%	1.10%
Real Estate	1.75%	3.54%
Cash	5.00%	-0.45%
Total	<u>100.00%</u>	

D. Discount Rate

The discount rate used to measure the total OPEB liability is 2.35%. This is the expected long-term rate of return on Town assets using investment Strategy 1 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the Town contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

E. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	OPEB Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 (Measurement Date June 30, 2020)	<u>\$ 2,611,853</u>	<u>\$ 413,190</u>	<u>\$ 2,198,663</u>
Changes recognized for the measurement period:			
Service cost	128,263	-	128,263
Interest on total the OPEB liability	89,497	-	89,497
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(89,635)	-	(89,635)
Changes of assumptions	252,355	-	252,355
Contributions:			
Contributions - employer	-	138,244	(138,244)
Contributions - employees	-	-	-
Net investment income	-	80,563	(80,563)
Benefit payments	(49,068)	(49,068)	-
Implicit Rate Subsidy Fulfilled	(89,176)	(89,176)	-
Administrative expenses	-	(5,116)	5,116
Net changes	<u>242,236</u>	<u>75,447</u>	<u>166,789</u>
Balance at June 30, 2022 (Measurement Date June 30, 2021)	<u>\$ 2,854,089</u>	<u>\$ 488,637</u>	<u>\$ 2,365,452</u>

Historically, the OPEB liability for governmental activities has generally been liquidated by the General Fund.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (OPEB) (Continued)

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

The following presents the net OPEB liability of the Town if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

Discount Rate -1%	Current Rate	Discount Rate +1%
1.35%	2.35%	3.35%
\$ 2,800,494	\$ 2,365,452	\$ 2,014,152

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

The following presents the net OPEB liability of the Town if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$ 1,963,488	\$ 2,365,452	\$ 2,877,108

H. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$206,234. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 121,075	\$ -
Differences between actual and expected experience	-	1,105,932
Change of assumptions	373,839	307,970
Net difference between projected and actual earnings	-	40,724
Totals	\$ 494,914	\$ 1,454,626

The \$121,075 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30		
2023	\$	(263,366)
2024		(263,587)
2025		(247,811)
2026		(216,570)
2027		(150,876)
Thereafter		61,423
Total	\$	(1,080,787)

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Town sponsors four rate plans (two miscellaneous and two safety.) Benefit provisions under the Plan are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous 1st Tier	Miscellaneous PEPRA
	Prior to	On or after
Hire date	January 1, 2011	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 to 55	52 to 67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.750%
Required employer contribution rates	13.350%	7.590%
		Safety
	Safety 1st Tier	PEPRA Fire and Police
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 to 57
Monthly benefits, as a % of annual salary	3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	13.000%
Required employer contribution rates	22.480%	13.130%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The Town's required contribution for the unfunded liability was \$1,926,501 for the fiscal year ended.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer 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 Town 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.

The Town’s contributions to the plan recognized as a part of pension expense for the year ended June 30, 2022 were \$2,970,041.

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

As of June 30, 2022, the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$15,421,438.

The Town’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town’s proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.5470%
Proportion - June 30, 2021	0.8122%
Change - Increase (Decrease)	0.2652%

For the year ended June 30, 2022, the Town recognized pension expense of \$7,373,195. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,736,606	\$ -
Differences between projected and actual experience	2,053,971	-
Difference between projected and actual investment earnings	-	11,926,320
Change in employer’s proportion	-	722,790
Differences between the employer’s actual contributions and the employer’s proportionate share of contributions	321,684	110,413
Totals	\$ 5,112,261	\$ 12,759,523

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – PENSION PLAN (Continued)

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

\$2,736,606 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2023	\$ (2,110,316)
2024	(2,308,849)
2025	(2,672,712)
2026	(3,291,991)
2027	-
Thereafter	-
Total	<u>\$ (10,383,868)</u>

Historically, the pension liability for governmental activities has generally been liquidated by the General Fund.

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry- Age Normal Cost Method
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% ⁽¹⁾
	Derived using CalPERS' Membership
Mortality Rate Table	Data for all Funds ⁽²⁾

⁽¹⁾ Net of pension plan investment expenses, including inflation

⁽²⁾ The mortality table was developed based on CalPERS specific data.

The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020, valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – PENSION PLAN (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 PERF cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10 ^(b)	Real Return Years 11+ ^(c)
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquid Assets	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

^(a) In the CalPERS ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

^(b) An expected inflation of 2.00% used for this period

^(c) An expected inflation of 2.92% used for this 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 net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate -1%	Current Rate	Discount Rate +1%
<u>6.15%</u>	<u>7.15%</u>	<u>8.15%</u>
\$ 25,468,323	\$ 15,421,438	\$ 7,135,240

E. Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – PENSION PLAN (Continued)

F. Payable to the Pension Plan

The Town did not have any outstanding contributions payable to the pension plan as of June 30, 2022.

NOTE 13 – SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN

A. Overview of the Plan

All eligible full-time public safety employees are eligible to participate in the Town's Retirement Enhancement Plan (the 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.

B. 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.

C. Contribution Description

The Town makes contributions required as the employer. Employee members are not required to make contributions. The contribution requirements of the plan are established and may be amended by PARS. California Public Employees' Retirement Law Section 20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan 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.

D. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022
Reporting Date	June 30, 2022
Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal cost
Amortization Method	Straight-line amortization over a closed 5-year period
Discount Rate	6.22%
General Inflation	2.25%
Expected Return on Assets	6.22%

TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

E. Funded Status

Total Pension Liability	\$ 2,235,803
Plan Fiduciary Net Position (plan assets owned)	<u>1,989,351</u>
Net Pension Liability	<u>\$ 246,452</u>
Pension plan expense for the year	\$ 31,442

F. Covered Employees

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>1</u>
Total	<u>16</u>

G. Discount Rate

The discount rate used to measure the total pension liability was 6.22%, which is the long-term expected rate of return on pension plan investments. The best-estimate range for 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, 2022.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Domestic Equity	48.25%	4.37%
Fixed income	45.00%	1.10%
Real Estate and Alternatives	1.75%	3.54%
Cash and Equivalents	<u>5.00%</u>	-0.45%
	<u>100.00%</u>	

H. 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:

Discount Rate -1%		Current Rate		Discount Rate +1%
5.22%		6.22%		7.22%
\$ 503,397	\$	246,452	\$	30,783

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 – SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)

I. 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 15,841	\$ -
Differences between projected and actual earnings	163,834	-
Totals	\$ 179,675	\$ -

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

Recognition of deferred outflows and inflows of resources in future pension expense is as follows:

Year Ending June 30			
2023	\$	31,555	
2024		30,313	
2025		17,400	
2026		84,566	
thereafter		-	
Total	\$	163,834	

NOTE 14 – RISK MANAGEMENT

The Town is a member of the California Joint Powers Insurance Authority (the 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.

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 – DEFICIT FUND BALANCES

The following funds had deficit fund equity at June 30, 2022:

Nonmajor Governmental Funds:	
LTC Planning Transportation and Transit Fund	\$ 43,970

NOTE 16 – 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, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

The Town participates in various state and federal grant programs for specific purposes that are subject to review and audit by the grantor agencies. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 17 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The beginning net position/fund balances of the funds identified below have been restated to record a prior period adjustment and a change in accounting principle as presented in the reconciliation below:

Description	Governmental Funds						
	Governmental Activities	Business-type Activities	General Fund	Capital Projects Fund	Housing & Community Development Fund	Gas Tax Fund	Nonmajor Governmental Funds
Net position, as previously reported, June 30, 2021	\$ 84,975,366	\$ 5,124,443	\$ 14,592,236	\$ 12,685,938	\$ 2,411,212	\$ 2,766,307	\$ 8,170,945
Net effect of prior year misstatements related to expenses/expenditures (understated)/overstated and revenues understated/(overstated)	1,746,560	(54,340)	676,482	93,317	490,527	20,742	111,556
Total prior period adjustments	1,746,560	(54,340)	676,482	93,317	490,527	20,742	111,556
Change in Accounting Principle							
Record beginning balances related to:							
Fiduciary Funds as part of GASB 84 implementation	2,626,635	-	-	-	-	-	2,626,635
Net effect of GASB 87 Lease implementation	(135,182)	-	-	-	-	-	-
Total change in accounting principle	2,491,453	-	-	-	-	-	2,626,635
Net position, as restated, July 1, 2021	<u>\$ 89,213,379</u>	<u>\$ 5,070,103</u>	<u>\$ 15,268,718</u>	<u>\$ 12,779,255</u>	<u>\$ 2,901,739</u>	<u>\$ 2,787,049</u>	<u>\$ 10,909,136</u>

**TOWN OF MAMMOTH LAKES
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 – RESTATEMENT OF NET POSITION AND FUND BALANCE (Continued)

Description	Proprietary Funds			Fiduciary Funds
	Airport	Landfill Management	Internal Service Funds	Custodial
Net position, as previously reported, June 30, 2021	\$ 4,951,834	\$ 172,609	\$ 15,597,945	\$ -
Net effect of prior year misstatements related to expenses/expenditures (understated)/overstated and revenues understated/(overstated)	(54,401)	61	(838,873)	-
Total prior period adjustments	(54,401)	61	(838,873)	-
Change in Accounting Principle				
Record beginning balances related to:				
Fiduciary Funds as part of GASB 84 implementation	-	-	-	-
Net effect of GASB 87 Lease implementation	-	-	-	611,205
Total change in accounting principle	-	-	-	611,205
Net position, as restated, July 1, 2021	\$ 4,897,433	\$ 172,670	\$ 14,759,072	\$ 611,205

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REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF MAMMOTH LAKES
REQUIRED SUPPLEMENTARY INFORMATION
PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF CONTRIBUTIONS – COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2022
LAST TEN FISCAL YEARS***

Schedule of the Town's Proportionate Share of the Plan's Net Pension Liability:	Measurement Date - Fiscal Year Ending June 30:							
	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.8122%	0.5470%	0.5477%	0.5530%	0.5393%	0.5481%	0.2314%	0.2170%
Town's proportionate share of the net pension liability	\$ 15,421,438	\$ 23,071,697	\$ 21,932,805	\$ 20,842,273	\$ 21,259,879	\$ 19,039,905	\$ 15,881,436	\$ 13,498,217
Total covered payroll**	\$ 6,701,933	\$ 5,862,517	\$ 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	230.10%	393.55%	390.20%	393.53%	431.46%	412.38%	327.74%	291.52%
Plan fiduciary net pension as a percentage of the total pension liability	79.59%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.80%

Schedule of the Town's Contributions	Report Date - Fiscal Year Ended June 30:							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer obligation	\$ 2,736,606	\$ 2,698,794	\$ 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	<u>2,736,606</u>	<u>2,698,794</u>	<u>2,294,971</u>	<u>2,125,168</u>	<u>1,886,543</u>	<u>1,773,473</u>	<u>1,595,253</u>	<u>1,132,342</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total covered payroll***	\$ 6,495,446	\$ 6,701,933	\$ 5,862,517	\$ 5,620,984	\$ 5,296,220	\$ 4,927,404	\$ 4,617,105	\$ 4,845,793
Plan fiduciary net pension as a percentage of the total pension liability	42.13%	40.27%	39.15%	37.81%	35.62%	35.99%	34.55%	23.37%

*Fiscal year 2015 was the first year of implementation, therefore only eight 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
NOTES TO THE PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF
CONTRIBUTIONS – COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – 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.

NOTE 2 – 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
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2022
LAST SEVEN FISCAL YEARS***

Schedule of Changes in the Net Pension Liability and Related Ratios	Report Date - Fiscal Year Ended June 30:						
	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability							
Service cost	\$ 163	\$ 2,462	\$ 2,462	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	134,819	134,652	134,166	137,832	134,711	132,879	124,394
Differences - expected/actual experience	-	26,940	-	(97,782)	61,461	54,634	-
Change of assumptions	-	65,932	-	25,909	118,450	38,254	-
Changes in benefit terms	-	-	-	-	-	-	-
Benefit payments	(133,049)	(130,440)	(127,882)	(121,755)	(113,479)	(100,131)	(92,141)
Net change in total pension liability	1,933	99,546	8,746	(55,796)	201,143	125,636	32,253
Total pension liability - beginning	2,233,870	2,134,324	2,125,578	2,181,374	1,980,231	1,854,595	1,822,342
Total pension liability - ending (a)	\$ 2,235,803	\$ 2,233,870	\$ 2,134,324	\$ 2,125,578	\$ 2,181,374	\$ 1,980,231	\$ 1,854,595
Plan Fiduciary New Position (plan assets)							
Contributions - employer	\$ 39,928	\$ 43,006	\$ 38,821	\$ 35,084	\$ 42,826	\$ 26,458	\$ 54,775
Other additions	-	-	-	33,398	-	-	-
Net investment income	(278,597)	462,928	64,573	119,296	186,638	18,860	41,942
Benefit payments	(133,049)	(130,440)	(127,882)	(121,755)	(113,280)	(99,751)	(100,071)
Administration expenses	(8,660)	(8,478)	(8,169)	(8,088)	(8,060)	(8,056)	-
Net change in plan fiduciary net position	(380,378)	367,016	(32,657)	57,935	108,124	(62,489)	(3,354)
Plan fiduciary net position - beginning	2,369,729	2,002,713	2,035,370	1,977,435	1,869,311	1,931,800	1,935,154
Plan fiduciary net position - ending (b)	\$ 1,989,351	\$ 2,369,729	\$ 2,002,713	\$ 2,035,370	\$ 1,977,435	\$ 1,869,311	\$ 1,931,800
Net pension liability (asset) - ending (a) - (b)	\$ 246,452	\$ (135,859)	\$ 131,611	\$ 90,208	\$ 203,939	\$ 110,920	\$ (77,205)
Plan fiduciary net position as a percentage of the total pension liability	88.98%	106.08%	93.83%	95.76%	90.65%	94.40%	104.16%
Covered employee payroll	\$ 146,487	\$ 250,623	\$ 274,724	\$ 297,013	\$ 808,659	\$ 785,106	\$ 1,239,392
Net pension liability (asset) as percentage of covered employee payroll	168.24%	-54.21%	47.91%	30.37%	25.22%	14.13%	-6.23%
Schedule of Town Contributions							
Actuarially determined employer contributions	\$ 27,840	\$ 27,840	\$ 50,645	\$ 50,645	\$ 3,010	\$ 6,555	\$ 10,369
Actual employer contributions	39,928	43,006	38,821	35,084	42,826	26,458	54,775
Contribution excess (deficiency)	\$ 12,088	\$ 15,166	\$ (11,824)	\$ (15,561)	\$ 39,816	\$ 19,903	\$ 44,406
Town's covered-employee payroll	\$ 146,487	\$ 250,623	\$ 274,724	\$ 297,013	\$ 808,659	\$ 785,106	\$ 1,239,392
Contributions as a percentage of covered-employee payroll	27.26%	17.16%	14.13%	11.81%	5.30%	3.37%	4.42%

*The most recent pension plan report was completed with fiscal year data 6/30/2021 valuation data.

**TOWN OF MAMMOTH LAKES
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLAN SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – 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.

NOTE 2 – 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
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022
LAST FIVE FISCAL YEARS***

For Reporting at Fiscal Year Ended June 30: Measurement Date -- Fiscal Year Ended June 30:	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017
Total OPEB Liability					
Service cost	\$ 128,263	\$ 107,427	\$ 151,476	\$ 148,580	\$ 167,398
Interest on the total OPEB liability	89,497	96,291	163,159	157,363	137,748
Change of benefit terms	-	-	-	-	-
Differences - expected/actual experience	(89,635)	(1,360)	(1,669,385)	-	-
Change of assumptions	252,355	205,888	(277,785)	(25,531)	(358,937)
Contribution from the employer	-	-	(190,668)	(182,831)	-
Benefit payments	<u>(138,244)</u>	<u>(133,047)</u>	<u>-</u>	<u>-</u>	<u>(178,946)</u>
Net change in total OPEB liability	242,236	275,199	(1,823,203)	97,581	(232,737)
Total OPEB liability - beginning	<u>2,611,853</u>	<u>2,336,654</u>	<u>4,159,857</u>	<u>4,062,276</u>	<u>4,295,013</u>
Total OPEB liability - ending (a)	<u>\$ 2,854,089</u>	<u>\$ 2,611,853</u>	<u>\$ 2,336,654</u>	<u>\$ 4,159,857</u>	<u>\$ 4,062,276</u>
Plan Fiduciary New Position					
Contributions - employer	\$ 138,244	\$ 133,047	\$ 190,668	\$ 182,831	\$ 178,946
Net investment income	80,563	18,762	25,184	21,380	30,084
Benefit payments	(138,244)	(133,047)	(190,668)	(182,831)	(178,946)
Administration expenses	<u>(5,116)</u>	<u>(4,939)</u>	<u>(4,712)</u>	<u>(4,859)</u>	<u>(4,865)</u>
Net change in plan fiduciary net position	75,447	13,823	20,472	16,521	25,219
Plan fiduciary net position - beginning	<u>413,190</u>	<u>399,367</u>	<u>378,895</u>	<u>362,374</u>	<u>337,155</u>
Plan fiduciary net position - ending (b)	<u>\$ 488,637</u>	<u>\$ 413,190</u>	<u>\$ 399,367</u>	<u>\$ 378,895</u>	<u>\$ 362,374</u>
Net OPEB liability (asset) - ending (a) - (b)	<u>\$ 2,365,452</u>	<u>\$ 2,198,663</u>	<u>\$ 1,937,287</u>	<u>\$ 3,780,962</u>	<u>\$ 3,699,902</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.12%	15.82%	17.09%	9.11%	8.92%
Covered employee payroll	\$ 6,116,700	\$ 6,710,147	\$ 6,818,242	\$ 5,679,402	\$ 4,742,733
Net OPEB liability as percentage of covered employee payroll	38.67%	32.77%	28.41%	66.57%	78.01%
Schedule of Town Contributions					
Actuarially determined employer contributions	\$ -	\$ 27,840	\$ 50,645	\$ 50,645	\$ 3,010
Actual employer contributions	<u>-</u>	<u>43,006</u>	<u>38,821</u>	<u>35,084</u>	<u>42,826</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ 70,846</u>	<u>\$ 89,466</u>	<u>\$ 85,729</u>	<u>\$ 45,836</u>
Town's covered-employee payroll	\$ 6,116,700	\$ 6,710,147	\$ 6,818,242	\$ 5,679,402	\$ 4,742,733
Contributions as a percentage of covered-employee payroll	0%	33%	28%	67%	78%

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

**TOWN OF MAMMOTH LAKES
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and assessments	\$ 22,859,850	\$ 36,178,950	\$ 36,700,248	\$ 521,298
Licenses and permits	718,980	1,168,980	1,254,841	85,861
Intergovernmental	141,000	321,624	2,361,848	2,040,224
Charges for services	858,049	1,368,049	1,323,448	(44,601)
Fines and forfeitures	67,200	212,000	212,114	114
Use of money and property	49,670	61,370	129,617	68,247
Other revenue	146,000	286,000	168,884	(117,116)
Total revenues	<u>24,840,749</u>	<u>39,596,973</u>	<u>42,151,000</u>	<u>2,554,027</u>
EXPENDITURES				
Current:				
General government	4,873,330	5,073,426	5,146,090	(72,664)
Public safety	4,778,579	4,535,971	4,527,653	8,318
Tourism, parks and recreation	4,479,225	4,516,132	4,904,993	(388,861)
Community development	2,105,326	2,535,024	2,688,356	(153,332)
Public works/streets	1,157,421	1,019,461	924,665	94,796
Transportation and transit	1,132,918	1,133,958	787,091	346,867
Community support	-	-	129,451	(129,451)
Total expenditures	<u>18,526,799</u>	<u>18,813,972</u>	<u>19,108,299</u>	<u>(294,327)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,313,950</u>	<u>20,783,001</u>	<u>23,042,701</u>	<u>2,259,700</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	160,027	10,027
Transfers out	(5,954,085)	(22,587,279)	(22,992,279)	(405,000)
Total other financing sources (uses)	<u>(5,804,085)</u>	<u>(22,437,279)</u>	<u>(22,832,252)</u>	<u>(394,973)</u>
Net change in funds balances	<u>\$ 509,865</u>	<u>\$ (1,654,278)</u>	210,449	<u>\$ 1,864,727</u>
Fund balances - beginning (restated)			<u>15,268,718</u>	
Fund balances - ending			<u>\$ 15,479,167</u>	

**TOWN OF MAMMOTH LAKES
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TOURISM BUSINESS IMPROVEMENT DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and assessments	\$ 4,802,458	\$ 4,802,458	\$ 6,511,318	\$ 1,708,860
Use of money and property	-	-	1,033	1,033
Total revenues	<u>4,802,458</u>	<u>4,802,458</u>	<u>6,512,351</u>	<u>1,709,893</u>
EXPENDITURES				
Current:				
General government	<u>4,802,458</u>	<u>4,802,458</u>	<u>6,208,789</u>	<u>(1,406,331)</u>
Total expenditures	<u>4,802,458</u>	<u>4,802,458</u>	<u>6,208,789</u>	<u>(1,406,331)</u>
Net change in funds balances	<u>\$ -</u>	<u>\$ -</u>	303,562	<u>\$ 303,562</u>
Fund balances - beginning			<u>28,513</u>	
Fund balances - ending			<u>\$ 332,075</u>	

**TOWN OF MAMMOTH LAKES
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 154,053	\$ 154,053
Intergovernmental	500,000	500,000	5,366	(494,634)
Use of money and property	-	-	(143,097)	(143,097)
Other revenue	70,000	70,000	43,371	(26,629)
Total revenues	<u>570,000</u>	<u>570,000</u>	<u>59,693</u>	<u>(510,307)</u>
EXPENDITURES				
Current:				
Community development	<u>570,000</u>	<u>570,000</u>	<u>1,067,237</u>	<u>(497,237)</u>
Total expenditures	<u>570,000</u>	<u>570,000</u>	<u>1,067,237</u>	<u>(497,237)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,007,544)</u>	<u>(1,007,544)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>7,600,000</u>	<u>7,600,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>7,600,000</u>	<u>7,600,000</u>	<u>-</u>
Net change in funds balances	<u>\$ -</u>	<u>\$ 7,600,000</u>	6,592,456	<u>\$ (1,007,544)</u>
Fund balances - beginning (restated)			<u>2,901,739</u>	
Fund balances - ending			<u>\$ 9,494,195</u>	

**TOWN OF MAMMOTH LAKES
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,885,856	\$ 1,888,756	\$ 1,917,669	\$ 28,913
Charges for services	10,000	148,900	247,022	98,122
Use of money and property	-	3,800	7,800	4,000
Other	13,000	39,000	39,063	63
Total revenues	<u>1,908,856</u>	<u>2,080,456</u>	<u>2,211,554</u>	<u>131,098</u>
EXPENDITURES				
Current:				
Public works/streets	<u>4,692,471</u>	<u>4,819,802</u>	<u>4,353,018</u>	<u>466,784</u>
Total expenditures	<u>4,692,471</u>	<u>4,819,802</u>	<u>4,353,018</u>	<u>466,784</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,783,615)</u>	<u>(2,739,346)</u>	<u>(2,141,464)</u>	<u>597,882</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,013,428	3,013,428	3,040,926	27,498
Transfers out	<u>(230,514)</u>	<u>(1,210,014)</u>	<u>(1,287,251)</u>	<u>(77,237)</u>
Total other financing sources (uses)	<u>2,782,914</u>	<u>1,803,414</u>	<u>1,753,675</u>	<u>(49,739)</u>
Net change in funds balances	<u>\$ (701)</u>	<u>\$ (935,932)</u>	<u>(387,789)</u>	<u>\$ 548,143</u>
Fund balances - beginning			<u>2,787,049</u>	
Fund balances - ending			<u>\$ 2,399,260</u>	

**TOWN OF MAMMOTH LAKES
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – BUDGETARY DATA

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.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2022, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund:	
General government	\$ 72,664
Tourism, parks and recreation	388,861
Community development	153,332
Community support	129,451
Tourism Business Improvement District Fund:	
General government	1,406,331
Housing and Community Development Fund	
Community development	497,237

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SUPPLEMENTARY INFORMATION

**TOWN OF MAMMOTH LAKES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Capital Projects Funds						
	DIF Admin Overhead	DIF General Facilities	DIF Law Enforcement	DIF Storm Drains	DIF Parks and Recreation	DIF MCOE Library	DIF Circulation (Streets)
ASSETS							
Cash and investments	\$ 90,207	\$ 179,994	\$ 70,448	\$ 150,795	\$ 100,975	\$ 166,060	\$ 63,772
Restricted cash and investments	-	-	-	-	-	-	-
Receivables	99	274	110	228	146	174	(24)
Lease receivable	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 90,306</u>	<u>\$ 180,268</u>	<u>\$ 70,558</u>	<u>\$ 151,023</u>	<u>\$ 101,121</u>	<u>\$ 166,234</u>	<u>\$ 63,748</u>
LIABILITIES							
Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Lease related	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
FUND BALANCES							
Restricted:							
Public works	90,306	180,268	70,558	151,023	101,121	166,234	63,748
Community support	-	-	-	-	-	-	-
Tourism, Parks and recreation	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	<u>90,306</u>	<u>180,268</u>	<u>70,558</u>	<u>151,023</u>	<u>101,121</u>	<u>166,234</u>	<u>63,748</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 90,306</u>	<u>\$ 180,268</u>	<u>\$ 70,558</u>	<u>\$ 151,023</u>	<u>\$ 101,121</u>	<u>\$ 166,234</u>	<u>\$ 63,748</u>

**TOWN OF MAMMOTH LAKES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022
(Continued)**

	Capital Projects Funds					
	DIF MCOE Childcare	DIF Fire Facility, Veh. & Eq.	DIF Airport Improvement	Public Arts Program	DIF Transit and Trails	Total Capital Project Funds
ASSETS						
Cash and investments	\$ 216,860	\$ 556,477	\$ 14,555	\$ 66,042	\$ 338,982	\$ 2,015,167
Restricted cash and investments	-	-	-	-	-	-
Receivables	312	672	137	109	523	2,760
Lease receivable	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 217,172</u>	<u>\$ 557,149</u>	<u>\$ 14,692</u>	<u>\$ 66,151</u>	<u>\$ 339,505</u>	<u>\$ 2,017,927</u>
LIABILITIES						
Payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Lease related	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted:						
Public works	217,172	557,149	14,692	66,151	339,505	2,017,927
Community support	-	-	-	-	-	-
Tourism, Parks and recreation	-	-	-	-	-	-
Assigned:						
Debt service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	<u>217,172</u>	<u>557,149</u>	<u>14,692</u>	<u>66,151</u>	<u>339,505</u>	<u>2,017,927</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 217,172</u>	<u>\$ 557,149</u>	<u>\$ 14,692</u>	<u>\$ 66,151</u>	<u>\$ 339,505</u>	<u>\$ 2,017,927</u>

**TOWN OF MAMMOTH LAKES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022
(Continued)**

	Special Revenue Funds				
	Solid Waste Fund	Measure R Trails	Measure R Sales Tax	Measure U UUT	Assessment District Maintenance
ASSETS					
Cash and investments	\$ 775,190	\$ 423,322	\$ 1,624,199	\$ 2,824,573	\$ 2,274,279
Restricted cash and investments	-	-	-	-	-
Receivables	16,127	24,415	327,838	64,209	7,535
Lease receivable	202,181	-	-	-	-
Other assets	-	13,432	84	-	5,275
Total assets	<u>\$ 993,498</u>	<u>\$ 461,169</u>	<u>\$ 1,952,121</u>	<u>\$ 2,888,782</u>	<u>\$ 2,287,089</u>
LIABILITIES					
Payables	\$ -	\$ -	\$ 1,800	\$ 1,700	\$ -
Accrued salaries and benefits	29	-	-	-	334
Total liabilities	<u>29</u>	<u>-</u>	<u>1,800</u>	<u>1,700</u>	<u>334</u>
DEFERRED INFLOWS OF RESOURCES					
Lease related	201,313	-	-	-	-
Total deferred inflows of resources	<u>201,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted:					
Public works	-	-	-	-	2,286,755
Community support	792,156	-	-	-	-
Tourism, Parks and recreation	-	461,169	1,950,321	2,887,082	-
Assigned:					
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>792,156</u>	<u>461,169</u>	<u>1,950,321</u>	<u>2,887,082</u>	<u>2,286,755</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 993,498</u>	<u>\$ 461,169</u>	<u>\$ 1,952,121</u>	<u>\$ 2,888,782</u>	<u>\$ 2,287,089</u>

**TOWN OF MAMMOTH LAKES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022
(Continued)**

	Special Revenue Funds		Total Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
	LTC Planning Transportation and Transit	Total Special Revenue Funds			
ASSETS					
Cash and investments	\$ (67,170)	\$ 7,854,393	\$ 2,015,167	\$ 2,990,076	\$ 12,859,636
Restricted cash and investments	-	-	-	473,746	473,746
Receivables	22,946	463,070	2,760	19,382	485,212
Lease receivable	-	202,181	-	-	202,181
Other assets	254	19,045	-	-	19,045
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ (43,970)</u>	<u>\$ 8,538,689</u>	<u>\$ 2,017,927</u>	<u>\$ 3,483,204</u>	<u>\$ 14,039,820</u>
LIABILITIES					
Payables	\$ -	\$ 3,500	\$ -	\$ -	\$ 3,500
Accrued salaries and benefits	-	363	-	-	363
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>3,863</u>	<u>-</u>	<u>-</u>	<u>3,863</u>
DEFERRED INFLOWS OF RESOURCES					
Lease related	-	201,313	-	-	201,313
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>201,313</u>	<u>-</u>	<u>-</u>	<u>201,313</u>
FUND BALANCES					
Restricted:					
Public works	-	2,286,755	2,017,927	-	4,304,682
Community support	-	792,156	-	-	792,156
Tourism, Parks and recreation	-	5,298,572	-	-	5,298,572
Assigned:					
Debt service	-	-	-	3,483,204	3,483,204
Unassigned	(43,970)	(43,970)	-	-	(43,970)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficit)	<u>(43,970)</u>	<u>8,333,513</u>	<u>2,017,927</u>	<u>3,483,204</u>	<u>13,834,644</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ (43,970)</u>	<u>\$ 8,538,689</u>	<u>\$ 2,017,927</u>	<u>\$ 3,483,204</u>	<u>\$ 14,039,820</u>

**TOWN OF MAMMOTH LAKES
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Capital Projects Funds						
	DIF Admin Overhead	DIF General Facilities	DIF Law Enforcement	DIF Storm Drains	DIF Parks and Recreation	DIF MCOE Library	DIF Circulation (Streets)
REVENUES							
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	42,789	12,224	37,944	37,977	172,846	13,081
Intergovernmental	-	-	-	-	-	-	-
Use of money and property	199	526	214	436	270	210	190
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>199</u>	<u>43,315</u>	<u>12,438</u>	<u>38,380</u>	<u>38,247</u>	<u>173,056</u>	<u>13,271</u>
EXPENDITURES							
Current:							
Tourism, parks, recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public works/streets	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	115,809	-
Debt service	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,809</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>199</u>	<u>43,315</u>	<u>12,438</u>	<u>38,380</u>	<u>38,247</u>	<u>57,247</u>	<u>13,271</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	30,378	-	-	-	-	-	-
Transfers out	-	(1,712)	(489)	(1,518)	(1,519)	(6,914)	(523)
Total other financing sources (uses)	<u>30,378</u>	<u>(1,712)</u>	<u>(489)</u>	<u>(1,518)</u>	<u>(1,519)</u>	<u>(6,914)</u>	<u>(523)</u>
Net change in fund balances	30,577	41,603	11,949	36,862	36,728	50,333	12,748
Fund balances (deficit) - beginning (restated)	<u>59,729</u>	<u>138,665</u>	<u>58,609</u>	<u>114,161</u>	<u>64,393</u>	<u>115,901</u>	<u>51,000</u>
Fund balances (deficit) - ending	<u>\$ 90,306</u>	<u>\$ 180,268</u>	<u>\$ 70,558</u>	<u>\$ 151,023</u>	<u>\$ 101,121</u>	<u>\$ 166,234</u>	<u>\$ 63,748</u>

TOWN OF MAMMOTH LAKES
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022
(Continued)

	Capital Projects Funds					
	DIF MCOE Childcare	DIF Fire Facility, Veh. and Eq.	DIF Airport Improvement	Public Arts Program	DIF Transit and Trails	Total Capital Projects Funds
REVENUES						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	60,084	313,998	-	-	68,502	759,445
Intergovernmental	-	-	-	-	-	-
Use of money and property	590	1,151	48	219	1,011	5,064
Other revenue	-	-	-	-	-	-
	<u>60,674</u>	<u>315,149</u>	<u>48</u>	<u>219</u>	<u>69,513</u>	<u>764,509</u>
EXPENDITURES						
Current:						
Tourism, parks, recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works/streets	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	115,809
Debt service	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,674</u>	<u>315,149</u>	<u>48</u>	<u>219</u>	<u>69,513</u>	<u>648,700</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	30,378
Transfers out	(2,403)	(12,560)	-	-	(2,740)	(30,378)
	<u>(2,403)</u>	<u>(12,560)</u>	<u>-</u>	<u>-</u>	<u>(2,740)</u>	<u>-</u>
Net change in fund balances	58,271	302,589	48	219	66,773	648,700
Fund balances - beginning (restated)	<u>158,901</u>	<u>254,560</u>	<u>14,644</u>	<u>65,932</u>	<u>272,732</u>	<u>1,369,227</u>
Fund balances (deficit) - ending	<u>\$ 217,172</u>	<u>\$ 557,149</u>	<u>\$ 14,692</u>	<u>\$ 66,151</u>	<u>\$ 339,505</u>	<u>\$ 2,017,927</u>

TOWN OF MAMMOTH LAKES
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022
(Continued)

	Special Revenue Funds				
	Solid Waste Fund	Measure R Trails	Measure R Sales Tax	Measure U UUT	Assessment District Maintenance
REVENUES					
Taxes and assessments	\$ 125,413	\$ -	\$ 1,905,558	\$ 1,050,709	\$ 622,248
Licenses and permits	-	-	-	-	133,809
Intergovernmental	71,368	-	-	-	-
Use of money and property	5,104	1,445	22,537	17,256	7,955
Other revenue	122,663	117,190	-	-	8,402
Total revenues	<u>324,548</u>	<u>118,635</u>	<u>1,928,095</u>	<u>1,067,965</u>	<u>772,414</u>
EXPENDITURES					
Current:					
Tourism, parks, recreation	-	349,598	124,061	251,466	221,713
Community development	377,645	-	-	-	-
Public works/streets	-	-	-	-	308,033
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	660,105
Total expenditures	<u>377,645</u>	<u>349,598</u>	<u>124,061</u>	<u>251,466</u>	<u>1,189,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,097)</u>	<u>(230,963)</u>	<u>1,804,034</u>	<u>816,499</u>	<u>(417,437)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	420,000	-	-	77,251
Transfers out	(300,000)	(150,000)	(987,733)	(145,000)	-
Total other financing sources (uses)	<u>(300,000)</u>	<u>270,000</u>	<u>(987,733)</u>	<u>(145,000)</u>	<u>77,251</u>
Net change in fund balances	(353,097)	39,037	816,301	671,499	(340,186)
Fund balances - beginning (restated)	<u>1,145,253</u>	<u>422,132</u>	<u>1,134,020</u>	<u>2,215,583</u>	<u>2,626,941</u>
Fund balances (deficit) - ending	<u>\$ 792,156</u>	<u>\$ 461,169</u>	<u>\$ 1,950,321</u>	<u>\$ 2,887,082</u>	<u>\$ 2,286,755</u>

TOWN OF MAMMOTH LAKES
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022
(Continued)

	Special Revenue Funds				
	LTC Planning Transportation and Transit	Total Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES					
Taxes and assessments	\$ -	\$ 3,703,928	\$ -	\$ -	\$ 3,703,928
Licenses and permits	-	133,809	759,445	124,671	1,017,925
Intergovernmental	61,165	132,533	-	-	132,533
Use of money and property	-	54,297	5,064	(506)	58,855
Other revenue	-	248,255	-	-	248,255
	<u>61,165</u>	<u>4,272,822</u>	<u>764,509</u>	<u>124,165</u>	<u>5,161,496</u>
			-		
			-		
EXPENDITURES					
Current:					
Tourism, parks, recreation	-	946,838	-	-	946,838
Community development	-	377,645	-	-	377,645
Public works/streets	88,198	396,231	-	-	396,231
Capital outlay	-	-	115,809	-	115,809
Debt service	-	660,105	-	2,640,560	3,300,665
	<u>88,198</u>	<u>2,380,819</u>	<u>115,809</u>	<u>2,640,560</u>	<u>5,137,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,033)</u>	<u>1,892,003</u>	<u>648,700</u>	<u>(2,516,395)</u>	<u>24,308</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	497,251	30,378	4,426,682	4,954,311
Transfers out	-	(1,582,733)	(30,378)	(440,000)	(2,053,111)
Total other financing sources (uses)	<u>-</u>	<u>(1,085,482)</u>	<u>-</u>	<u>3,986,682</u>	<u>2,901,200</u>
Net change in fund balances	(27,033)	806,521	648,700	1,470,287	2,925,508
Fund balances - beginning (restated)	<u>(16,937)</u>	<u>7,526,992</u>	<u>1,369,227</u>	<u>2,012,917</u>	<u>10,909,136</u>
Fund balances (deficit) - ending	<u>\$ (43,970)</u>	<u>\$ 8,333,513</u>	<u>\$ 2,017,927</u>	<u>\$ 3,483,204</u>	<u>\$ 13,834,644</u>

**TOWN OF MAMMOTH LAKES
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022**

	<u>Vehicle Service</u>	<u>Self- Insurance</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and investments	\$ 9,378,790	\$ 1,027,538	\$ 10,406,328
Receivables	150,694	-	150,694
Prepaid expenses	243,669	-	243,669
Inventory	649,305	-	649,305
Other assets	11,964	5,327	17,291
Advance to other funds	<u>1,671,207</u>	<u>-</u>	<u>1,671,207</u>
Total current assets	<u>12,105,629</u>	<u>1,032,865</u>	<u>13,138,494</u>
Noncurrent assets:			
Capital assets, net of depreciation	<u>3,704,468</u>	<u>-</u>	<u>3,704,468</u>
Total noncurrent assets	<u>3,704,468</u>	<u>-</u>	<u>3,704,468</u>
Total assets	<u>15,810,097</u>	<u>1,032,865</u>	<u>16,842,962</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>331,162</u>	<u>-</u>	<u>331,162</u>
Total deferred outflows	<u>331,162</u>	<u>-</u>	<u>331,162</u>
 LIABILITIES			
Current liabilities:			
Accrued salaries and benefits	7,748	-	7,748
Unearned revenue	<u>26,693</u>	<u>-</u>	<u>26,693</u>
Total current liabilities	<u>34,441</u>	<u>-</u>	<u>34,441</u>
Noncurrent liabilities:			
Due within one year			
Compensated absences	12,496	-	12,496
Due in more than one year			
Compensated absences	37,491	-	37,491
Net pension liability	<u>899,198</u>	<u>-</u>	<u>899,198</u>
Total noncurrent liabilities	<u>949,185</u>	<u>-</u>	<u>949,185</u>
Total liabilities	<u>983,626</u>	<u>-</u>	<u>983,626</u>
 DEFERRED INFLOWS OF RESOURCES			
Pension related	<u>836,525</u>	<u>-</u>	<u>836,525</u>
Total deferred inflows	<u>836,525</u>	<u>-</u>	<u>836,525</u>
 NET POSITION			
Net investment in capital assets	3,704,468	-	3,704,468
Unrestricted	<u>10,616,640</u>	<u>1,032,865</u>	<u>11,649,505</u>
Total net position	<u>\$ 14,321,108</u>	<u>\$ 1,032,865</u>	<u>\$ 15,353,973</u>

**TOWN OF MAMMOTH LAKES
COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022**

	Vehicle Service	Self- Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	\$ 2,354,066	\$ 365,365	\$ 2,719,431
Total operating revenues	<u>2,354,066</u>	<u>365,365</u>	<u>2,719,431</u>
Operating expenses:			
Personnel costs	1,335,416	-	1,335,416
Operations and maintenance	784,702	-	784,702
Benefit claims	-	177,595	177,595
Depreciation	409,676	-	409,676
Total operating expenses	<u>2,529,794</u>	<u>177,595</u>	<u>2,707,389</u>
Operating income (loss)	<u>(175,728)</u>	<u>187,770</u>	<u>12,042</u>
Nonoperating revenues (expenses):			
Operating grant	237,396	-	237,396
Investment earnings	30,455	-	30,455
Other nonoperating revenues	12,506	-	12,506
Total nonoperating revenues (expenses)	<u>280,357</u>	<u>-</u>	<u>280,357</u>
Income (loss) before transfers	104,629	187,770	292,399
Transfers in	390,000	-	390,000
Transfers out	<u>(87,498)</u>	<u>-</u>	<u>(87,498)</u>
Change in net position	407,131	187,770	594,901
Net position - beginning (restated)	<u>13,913,977</u>	<u>845,095</u>	<u>14,759,072</u>
Net position - ending	<u>\$ 14,321,108</u>	<u>\$ 1,032,865</u>	<u>\$ 15,353,973</u>

**TOWN OF MAMMOTH LAKES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Contract/Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Transportation (DOT)			
Passed through the State of California Department of Transportation			
Airport Improvement Program (AIP) 37 Environmental Terminal Reimbursable NEPA	20.106	3-06-0146-037-2017	\$ 28,723
Airport Improvement Program (AIP) Update Airport Master Plan Study	20.106	3-06-0146-040-2019	36,408
Airport Improvement Program (AIP) 20-1 Security Fencing	20.106	3-06-0146-042-2020	568,290
COVID-19 - Airport Improvement Program (AIP) 20-1 Security Fencing	20.106	3-06-0146-042-2020	58,547
Airport Improvement Program (AIP) 21-1 Reconstruct East GA Apron	20.106	3-06-0146-044-2021	2,651,151
COVID-19 - Airport Improvement Program (AIP) 21-1 Reconstruct East GA Apron	20.106	3-06-0146-044-2021	273,128
Airport Improvement Program (AIP) Airport Coronavirus Response Grant Program	20.106	3-06-0146-045-2021	766,413
Airport Improvement Program (AIP) Relocate and Upgrade AWOS	20.106	3-06-0146-048-2022	30,659
Airport Improvement Program (AIP) ARFF/Snow Equipment Building	20.106	3-06-0146-049-2022	<u>62,815</u>
Total U.S. Department of Transportation (DOT)			<u>4,476,134</u>
U.S. Department of Housing and Urban Development (HUD)			
Passed through the State of California Department of Housing and Community Development			
Community Development Block Grant/State Program and non-entitlement Grants in Hawaii - CDBG Standard Agreement	14.228	17-CDBG-12096	3,680
Community Development Block Grant/State Program and non-entitlement Grants in Hawaii - CDBG Standard Agreement	14.228	16-Home-11381	<u>102,786</u>
Total U.S. Department of Housing and Urban Development (HUD)			<u>106,466</u>
U.S. Department of Agriculture			
Direct Award			
Wood Utilization Assistance - USFS Wood Innovation Grant 2017	10.674	17-DG-11052021-227	<u>96,480</u>
Total U.S. Department of Agriculture			<u>96,480</u>
U.S. Department of Treasury			
Passed through the State of California Department of Finance			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027	1505-0271	<u>1,968,000</u>
Total U.S. Department of Treasury			<u>1,968,000</u>
Total Expenditures of Federal Awards			<u>\$ 6,647,080</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

TOWN OF MAMMOTH LAKES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Town of Mammoth Lakes, California (the Town). All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. The information in this schedule is presented 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, changes in net position or cash flows of the Town.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting for program expenditures accounted for in governmental funds and the accrual basis of accounting for expenditures accounted for in proprietary funds, as described in Note 1 of the Town's basic financial statements.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the Town's financial statements.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – PASS-THROUGH ENTITY IDENTIFYING NUMBERS

When federal awards were received from a pass-through entity; the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When the Town determined that no identifying number is assigned for the program or the Town was unable to obtain an identifying number from the pass-through entity, the Town has indicated "-" as the pass-through identifying number.

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OTHER INDEPENDENT AUDITOR'S REPORTS

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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

To the Town of Mammoth Lakes Council
Town of Mammoth Lakes, California

We have audited, in accordance with the 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 (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 31, 2023.

Report on 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) as a basis for designing 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 Town'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on 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 financial statements. 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*.

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Town of Mammoth Lakes, California's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying corrective action plan. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Price Pange & Company

Clovis, California
March 31, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Town of Mammoth Lakes Council
Town of Mammoth Lakes, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Mammoth Lakes' (the Town) compliance with the types of compliance requirements identified as subject to audit in the 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

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assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Price Pange & Company

Clovis, California
March 31, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**TOWN OF MAMMOTH LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weaknesses identified? X Yes No
 Significant deficiencies identified that are
 not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Material weaknesses identified? Yes X No
 Significant deficiencies identified that are
 not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for
 major programs? Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with 2CFR section 200.516(a)? Yes X No

Identification of major programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds - ARPA
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

**TOWN OF MAMMOTH LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-001 – Financial Close and Reporting (Material Weakness)

Condition: The Town’s year-end financial closing process was not complete or accurate and did not allow for the timely closing of the Town’s financial records in accordance with applicable standards.

Criteria: As described in the California State Controller’s “2015 Internal Control Guidelines” an effective internal control system and timely financial reporting of all financial activity provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations. This includes the design and implementation of control systems that ensure accurate financial reporting in accordance with applicable standards and regulations.

Cause: Contributing factors include the Town’s challenges with the Caselle accounting software as well as an inadequate review of the year-end closing process.

Effect: Various adjustments were required to correct the Town’s general ledger during our audit, including the following.

- 1) Bank balances were not reconciled to the Town’s pooled cash general ledger resulting in an adjustment of approximately \$341k.
- 2) Fund balance in four funds did not reconcile to prior year ending trial balance amounts.
- 3) Governmental, including grant receivables and internal service fund receivables, were not accrued (approximately \$292K).
- 4) Various adjustments were needed to reconcile the Town’s governmental activities depreciation schedule to the Town’s general ledger.
- 5) Property held for resale was not reported as an asset (approximately \$1.6 million).
- 6) Payroll accrual was not properly reported for both governmental and proprietary funds (approximately \$96K).
- 7) Nine special revenue funds were improperly reported as fiduciary funds.
- 8) The Town’s Schedule of Expenditures of Federal Awards (SEFA) did not include approximately \$186K of federal expenditures.
- 9) There were various prior period adjustments to correct beginning account balances.

Recommendation: We recommend that the Town review its current design of controls (processes and procedures) to determine what changes are required to reduce the likelihood of future misstatements in the year-end financial close. Additional considerations in the design should include the explicit review and approval of year-end schedules and other financial close and reporting processes to reduce the likelihood of misstatement due to unintentional error.

Management’s Response: See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS

None reported.

**TOWN OF MAMMOTH LAKES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS

None reported.



Finance Department

P.O. Box 1609, Mammoth Lakes, CA, 93546

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TOWN OF MAMMOTH LAKES CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2022

Finding: 2022-001 **Anticipated Completion: 06/30/2023**
Responsible Contact Person: Stephanie Trujillo, Accounting Manager

1. Bank Balance Response:

Cash is reconciled monthly, in a timely manner. The cash balance is verified as true and accurate as part of this process. The accounting software used by the Town of Mammoth Lakes (Town) uses clearing accounts for receivables, business tax, and specific project payments. The cash is held in these clearing accounts until applied to customer accounts. Once the funds are applied to the proper customer accounts the funds are moved to the appropriate funds. The adjustment that was completed was to move the funds from the clearing accounts to the appropriate fund.

Planned Corrective Action:

Will verify and reconcile the clearing accounts as part of the monthly process and have up to date documentation as to the clearing accounts running balances.

2. Fund Balance Response:

The Town's accounting software requires general ledger updates in every module monthly. There is also a checkout function that will look back and verify updates have appropriately occurred. During an update in one of the modules, prior year periods were erroneously updated. This led to the fund balances not reconciling to the prior year ending trial balance amounts.

Planned Corrective Action:

General ledger updates will be run and reviewed monthly, with verification by the accounting team that all updates have been completed prior to the monthly reconciliation process.

3. Various Adjustments Response:

The accruals made at year end were based on the Town's prior auditor recommendations.

Planned Corrective Action:

The Town will implement a year-end receivable process using tracking software and updated procedures.

4. Depreciation Adjustments Response:

The adjustments needing to be made to reconcile the depreciation schedule came about from the Town's software inaccuracies. The asset management module of the Town's accounting software missed capitalizing and depreciating multiple assets. The other discrepancy in the depreciation schedule came from adjustments made by the auditor in past years.

Planned Corrective Action:

A reconciliation process will be included as part of the year-end procedures to ensure that all assets were depreciated appropriately by the software.

5. Resale Assets Response:

The property held for resale was not reported as assets based on the prior auditor's recommendations.

Planned Corrective Action:

Property held for resale will be reported as assets, as recommended by our new auditors going forward.

6. Payroll Accrual Response:

Prior year adjustments were made to correct the payroll accrual.

Planned Corrective Action:

Procedures will be updated to incorporate secondary review of year end journals.

7. Special Revenue Funds Response:

The prior auditor for the Town had incorrectly reported certain funds as fiduciary.

Planned Corrective Action:

The funds have been updated and will be reported as recommended by our new auditors going forward.

8. SEFA Response:

The Town's software has no ability to track awards and grants.

Planned Corrective Action:

Tracking software has been developed and implemented by the Town to correct this deficiency. All awards, grants, and associated expenditures will be tracked within this software. A report will be run at year end to capture all federal awards to be included on the SEFA.

9. Prior Period Adjustments Response:

The accounting department had staff turnover late in the fiscal year. Several items were identified by the new staff to have been missing in prior years. Staff corrected all that was identified but some were not completed before year end.

Planned Corrective Action:

Staff have better controls and check procedures to ensure all processes are completed in a timely manner. Staff will continue to review prior work for any discrepancies in process and correct.



Rob Patterson
Administrative Services / Finance Director