Town of Mammoth Lakes | California

Financial Statements

For the Year Ended June 30, 2023

PRICE PAIGE & COMPANY
Certified Public Accountants

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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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 2023, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 15, 2024 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.



Clovis, California
March 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Discussion and Analysis of the Town of Mammoth Lakes' (Town) financial performance for the fiscal year ended June 30, 2023, 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. In addition, it describes the activities during the year related to capital assets and long-term debt. We encourage readers to consider the information presented here in conjunction with the audited financial statements.

Financial Highlights

- As of June 30, 2023, the Town reported a total fund balance of $138,691,677 within the Governmental funds. This was a 33.73% increase from the prior year.
- Business-Type activities saw a change with the movement of the Airport Fund to a Governmental – Special Revenue Fund.
- At the end of the fiscal year the General Fund balance was $16,886,888, or 75.11% of total expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

Discussion and analysis here is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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 government-wide financial statements 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.

The *Statement of Net Position* presents information on all the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as the net position. Changes to the net position 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.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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 expenditure. Hence, this is why the Fund Financial Statements continue to be an important part of the Town's financial overview and are presented after the Statement of Activities.

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

Governmental Activities: Almost all 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, community and economic development, and as of June 30, 2023, the Airport.

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

Business-Type Activities: The Town's Airport has seen a decline in charges and fees from customers to help cover the operating costs. Therefore, the Airport has been moved from a Business-Type activity to a governmental special revenue activity. 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).

FINANCIAL ANALYSIS OF THE FUND 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.

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.

At June 30, 2023, the Town's governmental funds, (including general, special revenue, and capital expenditures) reported an increase in combined fund balances of $12.45 million, a 21.40% increase over the prior year. The increase was due to greater tourism-related revenues for sales tax, transient occupancy tax, a larger amount of grant revenue, and an increased amount of interest revenue.

Proprietary (Enterprise) Fund: 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. The Town's proprietary fund for the Long Valley Mineral Pit is reported in the Statement of Net Position and the Statement of Activities as business-type activity. Other reports, such as the Statement of Cash Flows, provide more details and additional information.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
Current and other assets	$ 97,181,531	$ 86,435,188	$ 410,466	$ 1,541,694	$ 97,591,997	$ 87,976,882
Capital assets, net of depreciation	91,203,481	75,071,280	-	8,711,416	91,203,481	83,782,696
Total Assets	188,385,012	161,506,468	410,466	10,253,110	188,795,478	171,759,578
Deferred outflows of resources	12,260,349	5,454,420	-	332,430	12,260,349	5,786,850
Current and other liabilities	3,502,455	4,042,695	-	41,864	3,502,455	4,084,559
Long-term liabilities	53,380,768	45,560,979	-	919,959	53,380,768	46,480,938
Total Liabilities	56,883,223	49,603,674	-	961,823	56,883,223	50,565,497
Deferred inflows of resources	5,070,461	13,647,501	-	767,961	5,070,461	14,415,462
Invested in capital assets	85,030,523	67,562,809	-	8,711,416	85,030,523	76,274,225
Restricted	54,221,166	49,884,170	-	-	54,221,166	49,884,170
Unrestricted	(560,012)	(13,737,266)	410,466	144,340	(149,546)	(13,592,926)
Total Net Position	$ 138,691,677	$ 103,709,713	$ 410,466	$ 8,855,756	$ 139,102,143	$ 112,565,469

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.

Vehicle Service: The Town's Vehicle Service Fund 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.

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 current net investment in capital assets within the internal service fund is approximately $4.2 million.

Self-Insurance: 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.

The internal service funds are included in the government-wide financial statements under governmental activities as they are for the benefit of the government rather than business-type functions.

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

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
Revenues						
Program revenues:						
Charges for services	$ 4,774,496	$ 4,218,808	$ 198,840	$ 255,975	$ 4,973,336	$ 4,474,783
Operating grants and contributions	4,462,576	2,601,481	-	4,352,792	4,462,576	6,954,273
Capital grants and contributions	3,008,983	1,275,511	-	62,815	3,008,983	1,338,326
General revenues:					-	
Property tax	6,125,639	5,359,179	-	-	6,125,639	5,359,179
Transient occupancy tax	30,116,305	27,127,886	-	-	30,116,305	27,127,886
Sales tax	6,503,407	5,847,179	-	-	6,503,407	5,847,179
American rescue plan act	-	1,969,988	-	-	-	1,969,988
Investment earnings	1,577,787	54,208	7,784	3,464	1,585,571	57,672
Other taxes	8,407,455	7,562,027	-	-	8,407,455	7,562,027
Other revenue	2,184,121	1,583,847	-	6,290	2,184,121	1,590,137
Total Revenues	67,160,769	57,600,114	206,624	4,681,336	67,367,393	62,281,450
Expenses						
General government	8,630,127	21,428,026	-	-	8,630,127	21,428,026
Public safety	4,669,290	4,457,878	-	-	4,669,290	4,457,878
Tourism, parks and recreation	12,200,514	5,938,494	-	-	12,200,514	5,938,494
Community development	5,401,060	3,646,109	-	-	5,401,060	3,646,109
Public works	6,657,940	5,577,609	-	-	6,657,940	5,577,609
Transportation and transit	769,374	255,277	-	-	769,374	255,277
Community support	1,804,371	129,451	-	-	1,804,371	129,451
Interest on long-term debt	669,898	1,177,847	-	-	669,898	1,177,847
Depreciation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Airport	3,100,829	-	-	1,384,534	3,100,829	1,384,534
Solid waste	-	-	8,635	4,238	8,635	4,238
Total Expenses	43,903,403	42,610,691	8,635	1,388,772	43,912,038	43,999,463
Excess (deficiency) before transfers	23,257,366	14,989,423	197,989	3,292,564	23,455,355	18,281,987
Transfers	9,998,768	(493,089)	(8,643,279)	493,089	1,355,489	-
Change in net position	33,256,134	14,496,334	(8,445,290)	3,785,653	24,810,844	18,281,987
Net position - beginning	103,709,713	84,975,366	8,855,756	5,124,443	112,565,469	90,099,809
Prior period adjustments	1,725,830	4,238,013	-	(54,340)	1,725,830	4,183,673
Net position - beginning (restated)	105,435,543	89,213,379	8,855,756	5,070,103	114,291,299	94,283,482
Net position - ending	$ 138,691,677	$ 103,709,713	$ 410,466	$ 8,855,756	$ 139,102,143	$ 112,565,469

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental activities as of June 30, 2023, $54.6 million (net depreciation) and represents, by far, the largest portion of the net position. This investment in capital assets is comprised of land, buildings, infrastructure and machinery and equipment, less any outstanding related debt used to acquire them. The investment in capital assets increased over the prior year by $6.3 million. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Long Term Debt

The Town issued Lease Revenue Bonds in the amount of $3,550,000, replacing the existing Certificates of Participation ($1,430,000) 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 $1,939,000 as of June 30, 2023.

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, 2023, was $18,725,000.

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, 2023, was $2,900,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 the current service levels, increasing reserve levels tied to sustainable funding, identifying funds for current and future capital projects, and investing in one-time strategic planning processes. The Town also remains committed to the reserve policy updated annually. 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 for FY23-24 is $30,000,000. The Reserve for Economic Uncertainty (REU) remains at 20% of baseline revenue, this brings the required balance to $6,000,000. The Operating Reserve (OR) remains at 5% or $1,500,000. Both of these reserve elements are fully funded for FY23-24. 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 FY23-24 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 FY23-24 budget. All these reserve elements add security to the Town's financial position as $8.6 million is 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 any immediate community needs should they arise.

Respectfully submitted,

Rob Patterson
Town Manager

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 76,969,077	$ 395,483	$ 77,364,560
Restricted cash and investments	322,574	-	322,574
Receivables	6,381,514	2,240	6,383,754
Inventory	791,027	-	791,027
Property held for resale	970,515	-	970,515
Internal balances	(12,682)	12,682	-
Other assets	84,491	61	84,552
Lease receivable	193,731	-	193,731
Notes receivable	11,481,284	-	11,481,284
Capital assets not being depreciated	36,620,298	-	36,620,298
Capital assets, net of depreciation	54,583,183	-	54,583,183
Total assets	188,385,012	410,466	188,795,478
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	10,981,250	-	10,981,250
OPEB related	1,279,099	-	1,279,099
Total deferred outflows of resources	12,260,349	-	12,260,349
LIABILITIES			
Accounts payable	2,129,485	-	2,129,485
Accrued salaries and benefits	248,388	-	248,388
Deposits	77,043	-	77,043
Unearned revenue	1,047,539	-	1,047,539
Accrued interest	-		-
Noncurrent liabilities:			
Due within one year	2,416,096	-	2,416,096
Due in more than one year	23,639,180	-	23,639,180
Net pension liability	25,516,217	-	25,516,217
Net OPEB liability	1,809,275	-	1,809,275
Total liabilities	56,883,223	-	56,883,223
DEFERRED INFLOWS OF RESOURCES			
Pension related	3,087,964	-	3,087,964
OPEB related	1,792,215	-	1,792,215
Lease related	190,282	-	190,282
Total deferred inflows of resources	5,070,461	-	5,070,461
NET POSITION			
Net investment in capital assets	85,030,523	-	85,030,523
Restricted:			
Public safety	173,047	-	173,047
Community development	20,821,216	-	20,821,216
Public works	5,150,826	-	5,150,826
Community support	52,742	-	52,742
Tourism, parks and recreation	6,861,166	-	6,861,166
Capital projects	19,059,414	-	19,059,414
Airport	2,102,755	-	2,102,755
Unrestricted	(560,012)	410,466	(149,546)
Total net position	$ 138,691,677	$ 410,466	$ 139,102,143

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

Statement of Activities

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 8,630,127	$ 3,234,197	$ 190,373	$ 2,165,451	$ (3,040,106)	$ -	$ (3,040,106)
Public safety	4,669,290	312,950	164,964	-	(4,191,376)	-	(4,191,376)
Tourism, parks and recreation	12,200,514	295,344	-	-	(11,905,170)	-	(11,905,170)
Community development	5,401,060	199,904	1,807,588	-	(3,393,568)	-	(3,393,568)
Public works/streets	6,657,940	331,976	1,878,755	-	(4,447,209)	-	(4,447,209)
Transportation and transit	769,374	35,408	51,631	-	(682,335)	-	(682,335)
Community support	1,804,371	-	-	-	(1,804,371)	-	(1,804,371)
Airport	3,100,829	364,717	369,265	843,532	(1,523,315)	-	(1,523,315)
Interest on long-term debt	669,898	-	-	-	(669,898)	-	(669,898)
Total governmental activities	43,903,403	4,774,496	4,462,576	3,008,983	(31,657,348)	-	(31,657,348)
Business-type activities:							
Landfill management	8,635	198,840	-	-	-	190,205	190,205
Total business-type activities	8,635	198,840	-	-	-	190,205	190,205
Total primary government	$ 43,912,038	$ 4,973,336	$ 4,462,576	$ 3,008,983	(31,657,348)	190,205	(31,467,143)
General revenues:							
Taxes:							
Property tax					6,125,639	-	6,125,639
Transient occupancy tax					30,116,305	-	30,116,305
Sales tax					6,503,407	-	6,503,407
Measure U tax					1,301,329	-	1,301,329
TBID tax					7,106,126	-	7,106,126
Franchise fees					1,112,662	-	1,112,662
Investment earnings					1,577,787	7,784	1,585,571
Other revenue					1,071,459	-	1,071,459
Transfers					9,998,768	(8,643,279)	1,355,489
Total general revenues and transfers					64,913,482	(8,635,495)	56,277,987
Change in net position					33,256,134	(8,445,290)	24,810,844
Net position - beginning (restated)					105,435,543	8,855,756	114,291,299
Net position - ending					$ 138,691,677	$ 410,466	$ 139,102,143

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

FUND FINANCIAL STATEMENTS

TOWN OF MAMMOTH LAKES | JUNE 30, 2023
Governmental Funds
Balance Sheet

	General Fund	Capital Projects Fund	Special Revenue Funds: Tourism Business Improvement District Fund	Special Revenue Funds: Housing and Community Development Fund	Special Revenue Funds: Gas Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 16,610,839	$ 18,798,728	$ 11,008	$ 12,988,892	$ 2,383,473	$ 16,908,306	$ 67,701,246
Restricted cash and investments	-	-	-	-	-	322,574	322,574
Receivables	4,552,392	230,500	-	53	33,884	1,066,664	5,883,493
Inventory	-	-	-	-	-	9,320	9,320
Property held for resale	-	-	-	970,515	-	-	970,515
Lease receivable	-	-	-	-	-	193,731	193,731
Notes receivable	-	-	-	11,481,284	-	-	11,481,284
Due from other funds	29,056	-	-	-	-	-	29,056
Other assets	-	30,186	-	-	20,587	16,791	67,564
Total assets	$ 21,192,287	$ 19,059,414	$ 11,008	$ 25,440,744	$ 2,437,944	$ 18,517,386	$ 86,658,783
LIABILITIES							
Accounts payable	$ 2,129,485	$ -	$ -	$ -	$ -	$ -	$ 2,129,485
Accrued salaries and benefits	200,125	-	-	-	12,935	15,025	228,085
Deposits	77,043	-	-	-	-	-	77,043
Unearned revenue	1,047,539	-	-	-	-	-	1,047,539
Due to other funds	-	-	-	-	-	29,056	29,056
Advances from other funds	851,207	-	-	-	-	-	851,207
Total liabilities	4,305,399	-	-	-	12,935	44,081	4,362,415
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	11,481,284	-	-	11,481,284
Lease related	-	-	-	-	-	190,282	190,282
Total deferred inflows of resources	-	-	-	11,481,284	-	190,282	11,671,566
FUND BALANCES							
Nonspendable	-	-	-	-	-	9,320	9,320
Restricted:							
Public safety	-	-	-	-	-	173,047	173,047
Community development	-	-	-	9,959,460	-	902,296	10,861,756
Public works	-	-	-	-	2,425,009	2,725,817	5,150,826
Community support	52,742	-	-	-	-	-	52,742
Tourism, parks and recreation	-	-	11,008	-	-	6,850,158	6,861,166
Transportation and transit	-	-	-	-	-	100,011	100,011
Capital projects	-	19,059,414	-	-	-	-	19,059,414
Airport	-	-	-	-	-	2,102,755	2,102,755
Committed:							
Community development	961,367	-	-	4,000,000	-	-	4,961,367
Tourism, parks and recreation	1,244,526	-	-	-	-	-	1,244,526
Transportation and transit	1,865,307	-	-	-	-	-	1,865,307
Debt service	1,100,000	-	-	-	-	-	1,100,000
Assigned:							
Debt service	-	-	-	-	-	5,445,560	5,445,560
Unassigned	11,662,946	-	-	-	-	(25,941)	11,637,005
Total fund balances	16,886,888	19,059,414	11,008	13,959,460	2,425,009	18,283,023	70,624,802
Total liabilities, deferred inflows of resources and fund balances	$ 21,192,287	$ 19,059,414	$ 11,008	$ 25,440,744	$ 2,437,944	$ 18,517,386	$ 86,658,783

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

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

Total fund balance – governmental funds	$	70,624,802
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		87,056,479
Pension and OPEB related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.		6,980,175
Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.		11,481,284
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		(23,564,000)
Compensated absences		(1,107,331)
Lease related		(1,296,694)
Subscription related		(37,264)
Net pension liability		(24,198,597)
Net OPEB liability		(1,809,275)
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.		14,562,098
Net position of governmental activities	$	138,691,677

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	General Fund	Capital Projects Fund	Special Revenue Funds: Tourism Business Improvement District Fund	Special Revenue Funds: Housing and Community Development Fund	Special Revenue Funds: Gas Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes and assessments	$ 40,928,429	$ -	$ 7,106,126	$ 843,445	$ -	$ 4,407,595	$ 53,285,595
Licenses and permits	908,337	-	-	-	-	1,252,168	2,160,505
Intergovernmental	355,337	2,165,451	-	939,675	1,878,755	1,284,428	6,623,646
Charges for services	1,895,073	-	-	-	154,625	364,717	2,414,415
Fines and forfeitures	149,707	-	-	-	-	-	149,707
Use of money and property	924,642	-	15,701	181,259	82,442	373,743	1,577,787
Other revenue	243,939	425,022	-	254,013	13,621	118,208	1,054,803
Total revenues	45,405,464	2,590,473	7,121,827	2,218,392	2,129,443	7,800,859	67,266,458
EXPENDITURES							
Current:							
General government	5,387,964	-	-	-	-	-	5,387,964
Public safety	5,096,687	-	-	-	-	-	5,096,687
Tourism, parks and recreation	4,751,693	-	7,442,894	-	-	1,177,992	13,372,579
Community development	2,825,380	-	-	3,060,757	-	143,143	6,029,280
Public works/streets	1,833,637	-	-	-	5,447,797	894,341	8,175,775
Transportation and transit	784,605	-	-	-	-	-	784,605
Community support	1,804,371	-	-	-	-	-	1,804,371
Airport	-	-	-	-	-	2,087,258	2,087,258
Capital outlay	-	10,770,108	-	-	-	760,000	11,530,108
Debt service	-	-	-	-	-	2,962,390	2,962,390
Total expenditures	22,484,337	10,770,108	7,442,894	3,060,757	5,447,797	8,025,124	57,231,017
Excess (deficiency) of revenues over (under) expenditures	22,921,127	(8,179,635)	(321,067)	(842,365)	(3,318,354)	(224,265)	10,035,441
OTHER FINANCING SOURCES (USES)							
Transfers in	2,965,995	15,124,210	-	8,768,832	3,506,199	10,659,522	41,024,758
Transfers out	(24,921,318)	(3,842,000)	-	(3,700,000)	(162,096)	(5,986,878)	(38,612,292)
Total other financing sources (uses)	(21,955,323)	11,282,210	-	5,068,832	3,344,103	4,672,644	2,412,466
Net change in fund balances	965,804	3,102,575	(321,067)	4,226,467	25,749	4,448,379	12,447,907
Fund balances (deficit) - beginning, restated	15,921,084	15,956,839	332,075	9,732,993	2,399,260	13,834,644	58,176,895
Fund balances (deficit) - ending	$ 16,886,888	$ 19,059,414	$ 11,008	$ 13,959,460	$ 2,425,009	$ 18,283,023	$ 70,624,802

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

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

Change in fund balances – governmental funds	$	12,447,907
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.		14,697,896
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.		3,945,024
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.		770,011
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		296,986
Subscriptions		15,971
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.		1,916,666
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.		(122,345)
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.		(711,982)
Change in net position of governmental activities	$	33,256,134

	Business-Type Activities			Governmental Activities
	Airport	Landfill Management	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	$ -	$ 395,483	$ 395,483	$ 9,267,831
Receivables	-	2,240	2,240	498,021
Inventory	-	-	-	781,707
Other assets	-	61	61	16,927
Advance to other funds	-	-	-	851,207
Total current assets	-	397,784	397,784	11,415,693
Noncurrent assets:				
Capital assets, net of depreciation	-	-	-	4,147,002
Total noncurrent assets	-	-	-	4,147,002
Total assets	-	397,784	397,784	15,562,695
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	-	-	-	599,884
Total deferred outflows	-	-	-	599,884
LIABILITIES				
Current liabilities:				
Accrued salaries and benefits	-	-	-	20,303
Total current liabilities	-	-	-	20,303
Noncurrent liabilities:				
Due within one year				
Compensated absences	-	-	-	12,496
Due in more than one year				
Compensated absences	-	-	-	37,491
Net pension liability	-	-	-	1,317,620
Total noncurrent liabilities	-	-	-	1,367,607
Total liabilities	-	-	-	1,387,910
DEFERRED INFLOWS OF RESOURCES				
Pension related	-	-	-	199,889
Total deferred inflows	-	-	-	199,889
NET POSITION				
Net investment in capital assets	-	-	-	4,147,002
Unrestricted	-	397,784	397,784	10,427,778
Total net position	$ -	$ 397,784	397,784	$ 14,574,780
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			12,682	
Net position of business-type activities (page 13)			$ 410,466	

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

	Business-Type Activities			Governmental Activities
	Airport	Landfill Management	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Charges for services	$ -	$ 198,840	$ 198,840	$ 2,937,766
Total operating revenues	-	198,840	198,840	2,937,766
Operating expenses:				
Personnel costs	-	1,695	1,695	499,753
Operations and maintenance	-	6,940	6,940	852,708
Benefit claims	-	-	-	990,306
Depreciation	-	-	-	422,174
Total operating expenses	-	8,635	8,635	2,764,941
Operating income (loss)	-	190,205	190,205	172,825
Nonoperating revenues (expenses):				
Operating grant	-	-	-	26,693
Investment earnings	-	7,784	7,784	196,957
Other nonoperating revenues	-	-	-	16,656
Loss on disposal	(8,711,416)	-	(8,711,416)	-
Gain on extinguishment of long-term debt	1,355,490	-	1,355,490	-
Total nonoperating revenues (expenses)	(7,355,926)	7,784	(7,348,142)	240,306
Income (loss) before transfers	(7,355,926)	197,989	(7,157,937)	413,131
Transfers in	-	-	-	590,000
Transfers out	(1,287,353)	-	(1,287,353)	(1,715,113)
Change in net position	(8,643,279)	197,989	(8,445,290)	(711,982)
Net position - beginning (restated)	8,643,279	199,795		15,286,762
Net position - ending	$ -	$ 397,784		$ 14,574,780
Adjustment for the net effect on the current year activity between the internal service funds and the enterprise funds			-	
Changes in net position of business-type activities (page 13)			$ (8,445,290)	

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

Proprietary Funds
Statement of Cash Flows

	Business-Type Activities			Governmental Activities
	Airport	Landfill Management	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 272,380	$ 197,066	$ 469,446	$ 2,590,803
Payments to suppliers	(38,006)	(6,940)	(44,946)	(741,441)
Payments paid for personnel costs	-	(1,695)	(1,695)	(2,031,651)
Net cash provided by (used for) operating activities	234,374	188,431	422,805	(182,289)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans (to)/from other funds	-	-	-	820,000
Transfers in from other funds	-	-	-	590,000
Transfers (out) to other funds	(1,287,353)	-	(1,287,353)	(1,715,113)
Other nonoperating revenues	-	-	-	16,656
Net cash provided by (used for) noncapital financing activities	(1,287,353)	-	(1,287,353)	(288,457)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	-	-	(867,150)
Proceeds from sale of capital assets	-	-	-	2,442
Net cash provided by (used for) capital and related financing activities	-	-	-	(864,708)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment received (paid)	-	7,784	7,784	196,957
Net cash provided by (used for) investing activities	-	7,784	7,784	196,957
Net increase (decrease) in cash and investments	(1,052,979)	196,215	(856,764)	(1,138,497)
Cash and investments - beginning	1,052,979	199,268	1,252,247	10,406,328
Cash and investments - ending	$ -	$ 395,483	$ 395,483	$ 9,267,831

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

Proprietary Funds
Statement of Cash Flows
(Continued)

	Business-Type Activities			Governmental Activities
	Airport	Landfill Management	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ -	$ 190,205	$ 190,205	$ 172,825
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	-	-	422,174
(Increase) decrease in accounts receivables	272,380	(1,774)	270,606	(346,963)
(Increase) decrease in inventory	3,858	-	3,858	(132,402)
(Increase) decrease in prepaid expenses	-	-	-	243,669
Increase (decrease) in deferred outflows of resources from pensions	-	-	-	(268,722)
Increase (decrease) in accounts payables	(41,864)	-	(41,864)	-
Increase (decrease) in accrued salaries and benefits	-	-	-	12,555
Increase (decrease) in deferred inflows of resources from pensions	-	-	-	(636,636)
Increase (decrease) in net pension liability	-	-	-	351,211
Net cash provided by (used for) operating activities	$ 234,374	$ 188,431	$ 422,805	$ (182,289)

	Airport
Schedule of non-cash capital and related financing activities:	
Contributions of capital assets to governmental activities	$ (8,711,416)
Schedule of non-cash noncapital financing activities:	
Extinguishment of long-term debt	$ 1,355,490

ASSETS		
Cash and investments	$	506,124
Cash with fiscal agent		134,289
Accounts receivables		2,250
Total assets		642,663
LIABILITIES		-
NET POSITION		
Restricted for:		
Other organizations and other governments		642,663
Total net position	$	642,663

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

Custodial Funds
Statement of Changes in Fiduciary Net Position

ADDITIONS		
Tax assessments	$	529,296
Interest on investments		12,304
Total additions		541,600
DEDUCTIONS		
Contractual services		14,210
Debt service		514,136
Total deductions		528,346
Net increase (decrease) in fiduciary net position		13,254
Net position - beginning		629,409
Net position - ending	$	642,663

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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.

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 Long Valley Landfill is reported as an enterprise fund.

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 Funds – Used to account for assets held by the Town as a custodian for individuals and other governmental units.

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. During the current fiscal year, this fund was moved from an enterprise fund to a special revenue fund.

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.

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 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements or transfers. Loans reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and 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 the *business-type activities* are reported in the government-wide financial statements as "internal balances".

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Capital Assets (Continued)

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.

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

Lessee: The Town is a lessee for noncancellable lease of a building. The lessee recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of $25,000 or more for equipment and vehicles and $100,000 or more for buildings.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Leases (Continued)

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.

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.

Subscription Based Information Technology Arrangements (SBITAs)

Lessee: The Town entered into noncancellable subscription-based information technology arrangements (SBITAs) for information technology services. SBITAs are accounted for in accordance with GASB Statement No. 96.

Upon commencement of a subscription, the Town recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. Subscription liabilities are recognized when their initial individual values are $50,000 or more. The subscription liability is initially measured at the present value of payments expected to be made during the subscription term and is subsequently reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, and any directly attributable initial costs. The subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include determining the discount rate used to discount expected subscription payments to present value, the subscription term, and the composition of subscription payments.

- The Town generally uses the interest rate charged by the subscription provider as the discount rate. When the interest rate charged by the provider is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for SBITAs, which is the prime rate at the inception of the subscription.
- The subscription term includes the noncancellable period of the subscription and subscription payments that the Town is reasonably certain to make.
- The measurement of subscription liability excludes any variable payments such as payments based on the number of user seats unless they depend on an index or a rate or are fixed in substance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Subscription Based Information Technology Arrangements (SBITAs) (Continued)

The Town monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other intangible assets, and subscription liabilities are reported as liabilities on the Statement of Net Position.

This disclosure provides information on the accounting policies related to Subscription-Based Information Technology Arrangements (SBITAs) in accordance with GASB Statement No. 96 and should be read in conjunction with the accompanying financial statements.

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.

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 – Represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Represents the net position of the Town, which is not restricted for any project or other 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Net Position and Fund Balances (Continued)

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.

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, 2023, the stabilization fund had a balance of approximately $5,730,000, 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, OPEB plans are required by GASB Statement No. 75 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Other Accounting Policies (Continued)

Pension Plan

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

The Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position (*plan assets owned*) of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS) 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 XIIIA 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.

Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Pronouncements

New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 96

For the year ended June 30, 2023, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 establishes uniform accounting and financial reporting requirements for subscription-based information technology arrangements (SBITAs). These changes were incorporated into the Town's June 30, 2023 financial statements and resulted in a net increase to the opening balance of capital assets of $87,224, and long-term debt of $53,235 and had an effect of $11,176 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 devise during the year for the governmental type funds.
- All appropriations lapse at year end.

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.

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

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:

	2019	2020	2021	2022	2023
Transient Occupancy tax	66%	61%	61%	67%	67%
Property tax	12%	15%	16%	12%	12%
Sales tax (excludes Measure R)	9%	9%	9%	8%	8%
	87%	85%	86%	87%	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 three 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.

The Town has subsequently passed an ordinance implemented on September 1, 2023 with a sunset provision date of August 31, 2028.

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 and 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	$	77,364,560
Restricted cash and investments		322,574
Statement of Fiduciary Net Position:		
Cash and investments		506,124
Restricted cash and investments		134,289
Total cash and investments	$	78,327,547

Cash and investments as of June 30, 2023 consist of the following:

Demand deposits with financial institutions	$	4,539,489
Petty cash		2,200
Investments with County Investment Pool		5,725,176
Investments with Local Agency Investment Fund (LAIF)		26,929,628
Investments with California Asset Management Program		40,674,191
Investments by fiscal agents		456,863
Total cash and investments	$	78,327,547

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Deposits

At fiscal year-end, the Town's carrying amount of demand deposits was $4,539,489 and the bank account balances were $4,845,991, 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 2022-23, and in accordance with Section 53601 of the California Government Code. The table also identifies certain provisions of the investment policy that address concentration or maximum percentages and maturity.

Permitted Investments/Deposits	Maximum Percentages	Maximum Maturity
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)	$75,000,000	n/a
California Asset Management Program	$20,000,000	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.

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:

Investment Type	Amount	Remaining Maturity Date
Local Agency Investment Fund (LAIF)	$ 26,929,628	12 months or less
Mono County Investment Pool	5,725,176	12 months or less
Money Market (with Fiscal Agent)	456,863	12 months or less
California Asset Management Program	40,674,191	12 months or less
Total	$ 73,785,858	

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.

Investment Type	Amount	Exempt from Disclosure
Local Agency Investment Fund (LAIF)	$ 26,929,628	$ 26,929,628
Mono County Investment Pool	5,725,176	5,725,176
Money Market (with Fiscal Agent)	456,863	456,863
California Asset Management Program	40,674,191	40,674,191
Total	$ 73,785,858	$ 73,785,858

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, 2023, the Town did not have any investments in any one issuer that is not exempt that represents 5% or more of the total investments.

NOTE 3 – CASH AND INVESTMENTS (Continued)

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).

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, 2023, PMIA had approximately $25.6 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, 2023, the Pool had approximately $204 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 Town 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.

NOTE 4 – RECEIVABLES

A. Disaggregated Receivables

Disaggregated receivables as of June 30, 2023 consist of the following:

Governmental Funds

	General Fund	Capital Projects Fund	Tourism Business Improvement District	Housing and Community Development Fund	Gas Tax Fund	Other Governmental Funds	Total Governmental Funds
Receivables:							
Accounts receivable	$ 844,106	$ -	$ -	$ 53	$ -	$ 170,841	1,015,000
Due from other governments	1,785,418	230,500	-	-	33,884	895,823	2,945,625
Interest receivable	-	-	-	-	-	-	-
Other	1,922,868	-	-	-	-	-	1,922,868
Total receivables	$ 4,552,392	$ 230,500	$ -	$ 53	$ 33,884	$ 1,066,664	$ 5,883,493

Proprietary Funds

	Business-Type Activities		Governmental Activities
	Landfill Management	Total Enterprise Funds	Internal Service Funds
Receivables:			
Customer receivable	$ 2,240	$ 2,240	$ 479,137
Due from other governments	-	-	18,884
Total receivables	$ 2,240	$ 2,240	$ 498,021

B. Town Loans

The Town makes long-term loans for low-income housing and collection of the loans are uncertain. Accordingly, loans are expended when made. If a loan is collected, it is recorded as revenue at that time.

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 $11,031 in lease revenue and $5,950 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the Town's receivable for lease payments was $193,731. 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, 2023, the balance of the deferred inflow of resources was $190,282.

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	$4,714,082

NOTE 7 – CAPITAL ASSETS

A. Governmental-Type Activities

Capital assets activity of the governmental activities for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022 (Restated)	Transfers	Additions	Retirements/ Adjustments	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	$ 17,041,184	$ 544,316	$ -	$ -	$ 17,585,500
Construction in progress	10,921,621	-	8,113,177	-	19,034,798
Total capital assets, not being depreciated	27,962,805	544,316	8,113,177	-	36,620,298
Capital assets, being depreciated:					
Buildings and structures	27,318,800	15,210,371	-	-	42,529,171
Vehicles and equipment	14,517,218	2,608,671	867,150	(1,507,658)	16,485,381
Streets and roads	198,340,392	3,151,465	2,684,870	-	204,176,727
Storm drains	16,141,809	-	-	-	16,141,809
Right-to-use lease building	2,925,988	-	-	(579,306)	2,346,682
Right-to-use subscription	87,224	-	-	-	87,224
Total capital assets, being depreciated	259,331,431	20,970,507	3,552,020	(2,086,964)	281,766,994
Less accumulated depreciation:					
Buildings and structures	(16,037,165)	(10,304,213)	(1,282,689)	-	(27,624,067)
Vehicles and equipment	(10,111,325)	(2,499,194)	(580,243)	1,505,216	(11,685,546)
Streets and roads	(174,110,107)	-	(2,753,056)	-	(176,863,163)
Storm drains	(9,464,325)	-	(322,836)	-	(9,787,161)
Right-to-use lease building	(1,311,660)	-	(278,814)	405,515	(1,184,959)
Right-to-use subscription	(22,812)	-	(16,103)	-	(38,915)
Total accumulated depreciated	(211,057,394)	(12,803,407)	(5,233,741)	1,910,731	(227,183,811)
Total capital assets, being depreciated, net	48,274,037	8,167,100	(1,681,721)	(176,233)	54,583,183
Governmental activities capital assets, net	$ 76,236,842	$ 8,711,416	$ 6,431,456	$ (176,233)	$ 91,203,481

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

General government	$ 498,211
Public safety	182,604
Tourism, parks and recreation	1,842,028
Community development	-
Public works/ streets	1,571,290
Transportation and transit	284,055
Airport	433,379
Capital assets held by the internal service funds are charged to the various functions based on usage of the asset	422,174
Total depreciation and amortization expense - governmental activities	$ 5,233,741

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Capital assets activity of the Mammoth Yosemite Airport for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Transfers	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	$ 544,316	$ -	$ (544,316)	$ -
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	544,316	-	(544,316)	-
Capital assets, being depreciated:				
Buildings and runway	18,361,836	-	(18,361,836)	-
Vehicles and equipment	2,608,671	-	(2,608,671)	-
Total capital assets, being depreciated	20,970,507	-	(20,970,507)	-
Less accumulated depreciation:				
Buildings and runway	(10,304,213)	-	10,304,213	-
Vehicles and equipment	(2,499,194)	-	2,499,194	-
Total accumulated depreciation	(12,803,407)	-	12,803,407	-
Total capital assets, being depreciated, net	8,167,100	-	(8,167,100)	-
Business-type capital assets, net	$ 8,711,416	$ -	$ (8,711,416)	$ -

During the current fiscal year, the Mammoth Yosemite Airport fund was moved to a special revenue fund. Accordingly, there was no depreciation expense charged during the current fiscal year.

NOTE 8 – LONG-TERM OBLIGATIONS

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

	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Net pension liability (CalPERS)	$ 15,421,438	$ 18,933,572	$ (8,960,249)	$ 25,394,761	$ -
Net pension liability (PARS)	246,452	162,029	(287,025)	121,456	-
Net OPEB liability	2,199,870	340,896	(731,491)	1,809,275	-
Compensated absences	1,066,984	90,334	-	1,157,318	169,671
Leases	1,767,471	-	(470,777)	1,296,694	284,724
Subscription liability	53,235	-	(15,971)	37,264	17,701
Direct borrowings and direct placements:					
Lease Revenue Bonds Agreement	2,296,000	-	(357,000)	1,939,000	249,000
Installment Sales Agreement	3,445,000	-	(545,000)	2,900,000	555,000
Taxable Judgment Obligation Bonds	19,830,000	-	(1,105,000)	18,725,000	1,140,000
Total Governmental Activities	$ 46,326,450	$ 19,526,831	$ (12,472,513)	$ 53,380,768	$ 2,416,096

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:

Fiscal Years	Lease Revenue Bonds		
Ending June 30	Principal	Interest	Total
2024	$ 249,000	$ 65,900	$ 314,900
2025	258,000	57,073	315,073
2026	267,000	47,947	314,947
2027	276,000	38,487	314,487
2028	286,000	28,712	314,712
2029-2030	603,000	26,694	629,694
Total	$ 1,939,000	$ 264,813	$ 2,203,813

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:

Fiscal Years	Lease Revenue Bonds Agreement		
Ending June 30	Principal	Interest	Total
2024	$ 555,000	$ 58,482	$ 613,482
2025	565,000	45,994	610,994
2026	580,000	33,227	613,227
2027	595,000	20,126	615,126
2028	605,000	6,746	611,746
Total	$ 2,900,000	$ 164,575	$ 3,064,575

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

Fiscal Years	Taxable Judgment Obligation Bonds		
Ending June 30	Principal	Interest	Total
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	1,255,000	612,856	1,867,856
2028	1,300,000	567,331	1,867,331
2029-2033	7,385,000	1,960,963	9,345,963
2034-2036	5,255,000	351,641	5,606,641
Total	$ 18,725,000	$ 5,574,145	$ 24,299,145

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, 2023, the value of the lease liability was $1,296,694. The Town is required to make monthly principal and interest payments that range from $26,325 to $31,646. The lease carries an interest rate of 5.5%. 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 $1,184,959.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Fiscal Years	Minaret Village		
Ending June 30	Principal	Interest	Total
2024	$ 284,724	$ 64,212	$ 348,936
2025	300,785	48,151	348,936
2026	317,751	31,185	348,936
2027	335,675	13,261	348,936
2028	57,759	397	58,156
Total	$ 1,296,694	$ 157,206	$ 1,453,900

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. This lease was terminated during the current fiscal year. The Town entered into a new lease that did not qualify under GASB 87. The lease termination resulted in a termination loss of $27,465.

E. SBITAs as Lessee

In fiscal year 2021, the Town General Fund entered into a five and a half year SBITA arrangement as the lessee to acquire the eScribe software. An initial SBITA liability in the amount of $87,224 was recorded. As of June 30, 2023, the SBITA liability's carrying amount had decreased to $37,265. The Town is obligated to make annual payments for both principal and interest, that range from $16,900 to $20,542. The SBITA carries an interest rate of 5%. The software subscription, corresponding to the SBITA, has a duration of five and a half years. As of the end of the current fiscal year, the right-to-use software was valued at $87,224, with accumulated amortization amounting to $38,915.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Fiscal Years	SBITA		
Ending June 30	Principal	Interest	Total
2024	$ 17,701	$ 1,863	$ 19,564
2025	19,563	978	20,541
Total	$ 37,264	$ 2,841	$ 40,105

NOTE 9 – INTERFUND BALANCES

A. Advance To/From

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 $851,207 at fiscal year-end.

B. Current Interfund Receivables/Payables

Current interfund balances represent short-term borrowings resulting from a fund's temporary need for additional cash. Primarily, these amounts have been recorded when timing differences between when the services are provided and when they are paid for/reimbursed causes the funds to temporarily overdraw their share of pooled cash. These balances are generally expected to be repaid within the next few months and not longer than a 12- month fiscal operating cycle.

The Town's interfund receivable and payables consisted of the LTC Planning Transportation and Transit fund nonmajor special revenue fund having a payable to the General Fund in the amount of $29,056.

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:

	Transfers In	Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	$ 2,965,995	$ 24,921,318
Capital Projects Fund	15,124,210	3,842,000
Housing and Community Development Fund	8,768,832	3,700,000
Gas Tax Fund	3,506,199	162,096
Nonmajor Funds:		
DIF Admin Overhead	41,743	-
DIF General Facilities	-	3,710
DIF Law Enforcement	-	2,321
DIF Storm Drains	-	3,688
DIF Parks and Recreation	-	4,393
DIF MCOE Library	-	3,792
DIF Circulation (Streets)	-	1,416
DIF MCOE Childcare	-	164,805
DIF Fire Facility, Veh. And Eq.	-	10,197
DIF Transit and Trails	-	7,421
Measure R Trails	305,038	-
Measure R Sales Tax	-	1,552,747
Measure U UUT	-	1,000,000
Assessment District Maintenance	274,096	500,000
Airport	2,512,354	-
Debt Service Fund	7,526,291	2,732,388
Enterprise Funds:		
Airport	-	1,287,353
Internal Service Funds	590,000	1,715,113
Total	$ 41,614,758	$ 41,614,758

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 (the Plan). Eligible retirees are entitled to the minimum CalPERS medical benefit ($149 per month for 2022 and $151 per month for 2023). 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	29
Total	110

C. Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2022, 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, 2022
Measurement Period	June 30, 2021 to June 30, 2022
Reporting Date	June 30, 2023
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	4.70%[1]
Investment rate of return	6.00%
General Inflation	2.30%
Payroll Growth Rate	2.80% wage inflation 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% from 2021 to 2022 followed by 14.00% from 2022 to 2023
Active Safety	3.30% from 2021 to 2022 followed by 5.80% from 2022 to 2023
Retired Miscellaneous	12.80% from 2021 to 2022 followed by 14.20% from 2022 to 2023
Retired Safety	1.20% from 2021 to 2022 followed by 4.10% from 2022 to 2023
Medicare	
All Groups	4.20% followed by 1.30% for all subsequent years
Mortality Factors	CalPERS 2021 experience study

[1] The Trust is expected to be depleted by the year ending 2049 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.

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	100.00%	

D. Discount Rate

The discount rate used to measure the total OPEB liability is 4.70%. 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)		
Balance at June 30, 2022 (Measurement Date June 30, 2021)	Total OPEB Liability	OPEB Fiduciary Net Position	Net OPEB Liability
Changes recognized for the measurement period:	$ 2,854,089	$ 488,637	$ 2,365,452
Service cost	210,883	-	210,883
Interest on total the OPEB liability	70,612	-	70,612
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(11,999)	-	(11,999)
Changes of assumptions	(763,999)	-	(763,999)
Contributions:			
Contributions - employer	-	121,075	(121,075)
Contributions - employees	-	-	-
Net investment income (loss)	-	(54,140)	54,140
Benefit payments	(55,373)	(55,373)	-
Implicit Rate Subsidy Fulfilled	(65,702)	(65,702)	-
Administrative expenses	-	(5,261)	5,261
Net changes	(615,578)	(59,401)	(556,177)
Balance at June 30, 2023 (Measurement Date June 30, 2022)	$ 2,238,511	$ 429,236	$ 1,809,275

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

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, 2022:

Discount Rate -1% 3.70%	Current Rate 4.70%	Discount Rate +1% 5.70%
$ 2,091,434	$ 1,809,275	$ 1,575,211

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, 2022:

1% Decrease	Healthcare Cost Trend Rates	1% Increase
$ 1,519,099	$ 1,809,275	$ 2,170,145

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

For the year ended June 30, 2023, the Town recognized an OPEB income of $76,306. At June 30, 2023, 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	$ 926,467	$ -
Differences between actual and expected experience	-	890,921
Change of assumptions	315,865	901,294
Net difference between projected and actual earnings	36,767	-
Total	$ 1,279,099	$ 1,792,215

The $926,467 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30	OPEB Expense
2024	$ (332,905)
2025	(317,129)
2026	(285,888)
2027	(220,196)
2028	(45,139)
Thereafter	(238,326)
Total	$ (1,439,583)

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, 2023 are summarized as follows:

	Miscellaneous 1st Tier	Miscellaneous PEPRA
Hire date	Prior to	On or after
Benefit formula	January 1, 2013	January 1, 2013
Benefit vesting schedule	2.7% @ 60	2% @ 62
Benefit payments	5 years service	5 years service
Retirement age	monthly for life	monthly for life
Monthly benefits, as a % of annual salary	50 to 60	52 to 67
Required employee contribution rates	2.0% to 3.0%	1.0% to 2.5%
Required employer contribution rates	8.000%	6.750%
	13.350%	7.470%

	Safety 1st Tier	Safety PEPRA Fire and Police
Hire Date	Prior to	On or after
Benefit formula	January 1, 2013	January 1, 2013
Benefit vesting schedule	3% @ 50	2.7% @ 57
Benefit payments	5 years service	5 years service
Retirement age	monthly for life	monthly for life
Monthly benefits, as a % of annual salary	50-60	52-67
Required employee contribution rates	2.0% to 3.0%	1.0% to 2.5%
Required employer contribution rates	9.000%	13.000%
	22.470%	12.780%

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 $2,149,881 for the fiscal year ended.

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, 2023 were $2,736,606.

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

As of June 30, 2023, the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan of $25,394,761.

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, 2022, 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, 2021, rolled forward to June 30, 2022, 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, 2021 and 2022 was as follows:

Proportion - June 30, 2021	0.8122%
Proportion - June 30, 2022	0.5427%
Change - Increase (Decrease)	-0.2695%

For the year ended June 30, 2023, the Town recognized pension revenue of $2,453,301. At June 30, 2023, 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	$ 3,001,098	$ -
Change of assumptions	2,587,183	-
Differences between projected and actual experience	705,293	317,807
Difference between projected and actual investment earnings	4,420,069	-
Change in employer's proportion	-	2,386,404
Differences between the employer's actual contributions and the employer's proportionate share of contributions	154,781	383,753
Total	$ 10,868,424	$ 3,087,964

NOTE 12 – PENSION PLAN (Continued)

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

$3,001,098 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, 2024. 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		
2024	$	1,001,062
2025		745,966
2026		331,214
2027		2,701,120
2028		-
Thereafter		-
Total	$	4,779,362

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, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Assumptions:	
Actuarial Cost Method	Entry- Age Normal Cost Method
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90%[1]
Mortality Rate Table	Derived using CalPERS' Membership 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 80% of scale MP 2020.

NOTE 12 – PENSION PLAN (Continued)

C. Actuarial Assumptions (Continued)

Change of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

D. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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[a]	New Strategic Allocation	Real Return[a,b]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

[a] An expected inflation of 2.30% used for this period.

[b] Figures are based on the 2021 Asset Liability Management study.

NOTE 12 – PENSION PLAN (Continued)

D. Discount Rate (Continued)

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% 5.90%	Current Rate 6.90%	Discount Rate +1% 7.90%
$ 36,591,150	$ 25,394,761	$ 16,205,460

E. Pension Plan Fiduciary Net Position

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

F. Payable to the Pension Plan

The Town did not have any outstanding contributions payable to the pension plan as of June 30, 2023.

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.

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

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, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023
Reporting Date	June 30, 2023
Actuarial Assumptions:	
Actuarial Cost Method	Entry-Age Normal, Level of Percentage of Salary
Amortization Method	Straight-line amortization over a closed 5-year period
Discount Rate	6.58%
General Inflation	2.30%
Expected Return on Assets	6.22%

E. Funded Status

Total Pension Liability	$ 2,134,679
Plan Fiduciary Net Position (plan assets owned)	2,013,223
Net Pension Liability	$ 121,456
Pension plan expense for the year	$ (50,308)

F. Covered Employees

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

G. Discount Rate

The discount rate used to measure the total pension liability was 6.58%, which is the long-term expected rate of return on pension plan investments. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of June 30, 2023.

GASB 68 allows the use of a discount rate that is up to the expected long-term rate of return on the assets in the Trust set aside to pay benefits, if the plan sponsor makes regular contributions to the Trust such that the assets are not depleted at any point in the future. If the Plans' actuary determines that contributions are not sufficient to keep the Trust funded, a blend of the long-term rate of return and the yield or index rate for 20-year, tax-exempt municipal bonds will be used for the periods when the Trust funds are not sufficient to cover benefit payments. Based on this requirement, and with the approval of the plan sponsor, the discount rate used to measure the total pension liability is 6.58%.

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

Asset Class	Target Allocation	Expected Real Rate of Return
Equity		
Large Cap Core	26.50%	7.70%
Mid Cap Core	5.00%	8.00%
Small Cap Core	7.50%	8.50%
Real Estate	1.75%	6.60%
International Equity	6.00%	7.50%
Emerging Markets	3.25%	7.50%
Fixed income		
Short-Term Bonds	10.00%	3.30%
Intermediate-Term Bonds	33.50%	4.00%
High Yield	1.50%	5.70%
Cash	5.00%	2.60%
	100.00%	

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% 5.58%	Current Rate 6.58%	Discount Rate +1% 7.58%
$ 352,167	$ 121,456	$ (74,012)

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	$ 1,440	$ -
Difference between economic/demographic gains or losses and assumption changes or inputs	-	-
Differences between projected and actual earnings	111,386	-
Total	$ 112,826	$ -

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

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		
2024	$	25,089
2025		12,176
2026		79,342
2027		(5,221)
2028		-
Total	$	111,386

K. Pension Plan Fiduciary Net Position

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

L. Payable to the Pension Plan

The Town did not have any outstanding contributions payable to the pension plan as of June 30, 2023.

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.

NOTE 15 – DEFICIT FUND BALANCES

The following funds had deficit fund equity at June 30, 2023:

Nonmajor Governmental Funds:	
LTC Planning Transportation and Transit Fund	$ 25,941

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:

			Governmental Funds		Proprietary Funds
Description	Governmental Activities	Business-Type Activities	General Fund	Housing and Community Development Fund	Internal Service Funds
Net position, as previously reported, June 30, 2022	$ 103,709,713	$ 8,855,756	$ 15,479,167	$ 9,494,195	$ 15,353,973
Net effect of prior year misstatements related to expenses/expenditures:					
Understated/(overstatement) of revenues	72,108	-	(166,690)	238,798	-
Overstatement of unearned revenue in the prior year	608,607	-	608,607	-	-
Overstatement of cash in the prior year	(67,211)	-	-	-	(67,211)
Capital assets	1,101,150	-	-	-	-
Total prior period adjustments	1,714,654	-	441,917	238,798	(67,211)
Change in accounting principle:					
Record beginning balances related to:					
Net effect of GASB 96 SBITA implementation	11,176	-	-	-	-
Total change in accounting principle	11,176	-	-	-	-
Net position, as restated, July 1, 2022	$ 105,435,543	$ 8,855,756	$ 15,921,084	$ 9,732,993	$ 15,286,762

During the year management analyzed deferred revenue accounts and determined that the balances represented revenues that were earned in prior years. As a result, the balances were eliminated and recorded as a prior period adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLANS

Pension Plans – Cost-Sharing Multiple-Employer Plan
Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions
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								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability	0.5427%	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	$ 25,394,761	$ 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**	$ 6,495,446	$ 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	390.96%	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	68.93%	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								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer obligation	$ 3,001,098	$ 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	3,001,098	2,736,606	2,698,794	2,294,971	2,125,168	1,886,543	1,773,473	1,595,253	1,132,342
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total covered payroll***	$ 7,048,168	$ 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	42.58%	42.13%	40.27%	39.15%	37.81%	35.62%	35.99%	34.55%	23.37%

NOTES TO THE SCHEDULE

Changes in Benefit Terms - None

Changes of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

*Fiscal year 2015 was the first year of implementation, therefore only nine years are shown
**For the measurement date fiscal year
***For the fiscal year ended on the date shown

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.

Pension Plans – Single-Employer Defined Benefit Pension Plan

Schedule of Changes in Net Pension Liability and Related Ratios

*Last Eight Fiscal Years

Schedule of Changes in the Net Pension Liability and Related Ratios	Report Date - Fiscal Year Ended June 30							
	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability								
Service cost	$ 163	$ 163	$ 2,462	$ 2,462	$ -	$ -	$ -	$ -
Interest on total pension liability	134,856	134,819	134,652	134,166	137,832	134,711	132,879	124,394
Differences - expected/actual experience	18,297	-	26,940	-	(97,782)	61,461	54,634	-
Change of assumptions	(118,730)	-	65,932	-	25,909	118,450	38,254	-
Changes in benefit terms	-	-	-	-	-	-	-	-
Benefit payments	(135,710)	(133,049)	(130,440)	(127,882)	(121,755)	(113,479)	(100,131)	(92,141)
Net change in total pension liability	(101,124)	1,933	99,546	8,746	(55,796)	201,143	125,636	32,253
Total pension liability - beginning	2,235,803	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)	$ 2,134,679	$ 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	$ 22,240	$ 39,928	$ 43,006	$ 38,821	$ 35,084	$ 42,826	$ 26,458	$ 54,775
Other additions	-	-	-	-	33,398	-	-	-
Net investment income	146,055	(278,597)	462,928	64,573	119,296	186,638	18,860	41,942
Benefit payments	(135,710)	(133,049)	(130,440)	(127,882)	(121,755)	(113,280)	(99,751)	(100,071)
Administration expenses	(8,713)	(8,660)	(8,478)	(8,169)	(8,088)	(8,060)	(8,056)	-
Net change in plan fiduciary net position	23,872	(380,378)	367,016	(32,657)	57,935	108,124	(62,489)	(3,354)
Plan fiduciary net position - beginning	1,989,351	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)	$ 2,013,223	$ 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)	$ 121,456	$ 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	94.31%	88.98%	106.08%	93.83%	95.76%	90.65%	94.40%	104.16%
Covered employee payroll	$ 102,885	$ 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	118.05%	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	22,240	39,928	43,006	38,821	35,084	42,826	26,458	54,775
Contribution excess (deficiency)	$ 22,240	$ 12,088	$ 15,166	$ (11,824)	$ (15,561)	$ 39,816	$ 19,903	$ 44,406
Town's covered-employee payroll	$ 102,885	$ 146,487	$ 250,623	$ 274,724	$ 297,013	$ 808,659	$ 785,106	$ 1,239,392
Contributions as a percentage of covered-employee payroll	21.62%	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 6/30/2023 valuation data.

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.

Pension Plans – Retiree Healthcare Plan (OPEB)

Schedule of Changes in Net OPEB Liability and Related Ratios

Last 6 Fiscal Years*

For Reporting at Fiscal Year Ended June 30:	2023	2022	2021	2020	2019	2018
Measurement Date -- Fiscal Year Ended June 30:	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 210,883	$ 128,263	$ 107,427	$ 151,476	$ 148,580	$ 167,398
Interest on the total OPEB liability	70,612	89,497	96,291	163,159	157,363	137,748
Change of benefit terms	-	-	-	-	-	-
Differences - expected/actual experience	(11,999)	(89,635)	(1,360)	(1,669,385)	-	-
Change of assumptions	(763,999)	252,355	205,888	(277,785)	(25,531)	(358,937)
Contribution from the employer	-	-	-	(190,668)	(182,831)	-
Benefit payments	(121,075)	(138,244)	(133,047)	-	-	(178,946)
Net change in total OPEB liability	(615,578)	242,236	275,199	(1,823,203)	97,581	(232,737)
Total OPEB liability - beginning	2,854,089	2,611,853	2,336,654	4,159,857	4,062,276	4,295,013
Total OPEB liability - ending (a)	$ 2,238,511	$ 2,854,089	$ 2,611,853	$ 2,336,654	$ 4,159,857	$ 4,062,276
Plan Fiduciary New Position						
Contributions - employer	$ 121,075	$ 138,244	$ 133,047	$ 190,668	$ 182,831	$ 178,946
Net investment income	(54,140)	80,563	18,762	25,184	21,380	30,084
Benefit payments	(121,075)	(138,244)	(133,047)	(190,668)	(182,831)	(178,946)
Administration expenses	(5,261)	(5,116)	(4,939)	(4,712)	(4,859)	(4,865)
Net change in plan fiduciary net position	(59,401)	75,447	13,823	20,472	16,521	25,219
Plan fiduciary net position - beginning	488,637	413,190	399,367	378,895	362,374	337,155
Plan fiduciary net position - ending (b)	$ 429,236	$ 488,637	$ 413,190	$ 399,367	$ 378,895	$ 362,374
Net OPEB liability (asset) - ending (a) - (b)	$ 1,809,275	$ 2,365,452	$ 2,198,663	$ 1,937,287	$ 3,780,962	$ 3,699,902
Plan fiduciary net position as a percentage of the total OPEB liability	19.18%	17.12%	15.82%	17.09%	9.11%	8.92%
Covered employee payroll	$ 6,353,650	$ 6,116,700	$ 6,710,147	$ 6,818,242	$ 5,679,402	$ 4,742,733
Net OPEB liability as percentage of covered employee payroll	28.48%	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	-	-	43,006	38,821	35,084	42,826
Contribution excess (deficiency)	$ -	$ -	$ 70,846	$ 89,466	$ 85,729	$ 45,836
Town's covered-employee payroll	$ 6,353,650	$ 6,116,700	$ 6,710,147	$ 6,818,242	$ 5,679,402	$ 4,742,733
Contributions as a percentage of covered-employee payroll	0%	0%	33%	28%	67%	78%

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

BUDGETARY COMPARISON SCHEDULES

Budgetary Comparison Schedule
General Fund

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes and assessments	$ 25,041,000	$ 39,729,775	$ 40,928,429	$ 1,198,654
Licenses and permits	785,400	903,400	908,337	4,937
Intergovernmental	1,493,800	1,396,600	355,337	(1,041,263)
Charges for services	987,490	1,429,490	1,895,073	465,583
Fines and forfeitures	87,200	137,200	149,707	12,507
Use of money and property	85,000	235,000	924,642	689,642
Other revenue	146,000	207,400	243,939	36,539
Total revenues	28,625,890	44,038,865	45,405,464	1,366,599
EXPENDITURES				
Current:				
General government	5,153,241	5,156,941	5,387,964	(231,023)
Public safety	4,984,809	5,107,009	5,096,687	10,322
Tourism, parks and recreation	4,600,720	4,652,199	4,751,693	(99,494)
Community development	2,528,529	2,769,829	2,825,380	(55,551)
Public works/streets	1,690,808	1,921,008	1,833,637	87,371
Transportation and transit	1,171,200	1,171,200	784,605	386,595
Community support	-	1,939,600	1,804,371	135,229
Total expenditures	20,129,307	22,717,786	22,484,337	233,449
Excess (deficiency) of revenues over (under) expenditures	8,496,583	21,321,079	22,921,127	1,600,048
OTHER FINANCING SOURCES (USES)				
Transfers in	375,000	375,000	2,965,995	2,590,995
Transfers out	(7,501,582)	(23,319,332)	(24,921,318)	(1,601,986)
Total other financing sources (uses)	(7,126,582)	(22,944,332)	(21,955,323)	989,009
Net change in fund balances	$ 1,370,000	$ (1,623,253)	965,804	$ 2,589,057
Fund balances - beginning (restated)			15,921,084	
Fund balances - ending			$ 16,886,888	

The notes to the budgetary comparison schedule are an integral part of this schedule.

Budgetary Comparison Schedule
Tourism Business Improvement District Fund

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes and assessments	$ 6,449,500	$ 6,449,500	$ 7,106,126	$ 656,626
Use of money and property	-	-	15,701	15,701
Total revenues	6,449,500	6,449,500	7,121,827	672,327
EXPENDITURES				
Current:				
Tourism, parks and recreation	6,449,500	6,449,500	7,442,894	(993,394)
Total expenditures	6,449,500	6,449,500	7,442,894	(993,394)
Excess (deficiency) of revenues over (under) expenditures	-	-	(321,067)	(321,067)
Net change in fund balances	$ -	$ -	(321,067)	$ (321,067)
Fund balances - beginning			332,075	
Fund balances - ending			$ 11,008	

The notes to the budgetary comparison schedule are an integral part of this schedule.

Budgetary Comparison Schedule
Housing and Community Development Fund

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes and assessments	$ -	$ -	$ 843,445	$ 843,445
Intergovernmental	15,000	15,000	939,675	924,675
Use of money and property	8,000	8,000	181,259	173,259
Other revenue	150,000	150,000	254,013	104,013
Total revenues	173,000	173,000	2,218,392	2,045,392
EXPENDITURES				
Current:				
Community development	5,335,000	5,335,000	3,060,757	2,274,243
Total expenditures	5,335,000	5,335,000	3,060,757	2,274,243
Excess (deficiency) of revenues over (under) expenditures	(5,162,000)	(5,162,000)	(842,365)	4,319,635
OTHER FINANCING SOURCES (USES)				
Transfers in	842,232	4,926,832	8,768,832	3,842,000
Transfers out	(3,400,000)	(3,400,000)	(3,700,000)	(300,000)
Total other financing sources (uses)	(2,557,768)	1,526,832	5,068,832	3,542,000
Net change in fund balances	$ (7,719,768)	$ (3,635,168)	4,226,467	$ 7,861,635
Fund balances - beginning (restated)			9,732,993	
Fund balances - ending			$ 13,959,460	

The notes to the budgetary comparison schedule are an integral part of this schedule.

Budgetary Comparison Schedule
Gas Tax Fund

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 2,168,033	$ 1,844,733	$ 1,878,755	$ 34,022
Charges for services	10,000	54,700	154,625	99,925
Use of money and property	-	90,000	82,442	(7,558)
Other	13,000	13,000	13,621	621
Total revenues	2,191,033	2,002,433	2,129,443	127,010
EXPENDITURES				
Current:				
Public works/streets	4,845,128	6,373,813	5,447,797	926,016
Total expenditures	4,845,128	6,373,813	5,447,797	926,016
Excess (deficiency) of revenues over (under) expenditures	(2,654,095)	(4,371,380)	(3,318,354)	1,053,026
OTHER FINANCING SOURCES (USES)				
Transfers in	3,091,086	3,491,086	3,506,199	15,113
Transfers out	(437,691)	(437,691)	(162,096)	275,595
Total other financing sources (uses)	2,653,395	3,053,395	3,344,103	290,708
Net change in fund balances	$ (700)	$ (1,317,985)	25,749	$ 1,343,734
Fund balances - beginning			2,399,260	
Fund balances - ending			$ 2,425,009	

The notes to the budgetary comparison schedule are an integral part of this schedule.

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, 2023, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund:	
General government	$ 231,023
Tourism, parks and recreation	99,494
Community development	55,551
Tourism Business Improvement District Fund:	
Tourism, parks and recreation	993,394

SUPPLEMENTARY INFORMATION

COMBINING FUND FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Capital Project Funds are used to account for all financial resources that are restricted, committed or assigned to expenditure for capital outlays.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

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

	Capital Projects Funds						
	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	$ 134,175	$ 275,652	$ 129,173	$ 245,149	$ 211,423	$ 262,955	$ 100,011
Restricted cash and investments	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	$ 134,175	$ 275,652	$ 129,173	$ 245,149	$ 211,423	$ 262,955	$ 100,011
LIABILITIES							
Accrued salaries and benefits	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Lease related	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted:							
Public safety	-	-	129,173	-	-	-	-
Community development	-	-	-	-	-	-	-
Public works	134,175	275,652	-	245,149	-	262,955	-
Tourism, parks and recreation	-	-	-	-	211,423	-	-
Transportation and transit	-	-	-	-	-	-	100,011
Airport	-	-	-	-	-	-	-
Assigned:							
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficit)	134,175	275,652	129,173	245,149	211,423	262,955	100,011
Total liabilities, deferred inflows of resources and fund balances	$ 134,175	$ 275,652	$ 129,173	$ 245,149	$ 211,423	$ 262,955	$ 100,011

	Capital Projects Funds					
	DIF MCOE Childcare	DIF Fire Facility, Veh. and Eq.	DIF Airport Improvement	Public Arts Program	DIF Transit and Trails	Total Capital Project Funds
ASSETS						
Cash and investments	$ 176,423	$ 43,874	$ 15,036	$ 67,708	$ 529,617	$ 2,191,196
Restricted cash and investments	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	$ 176,423	$ 43,874	$ 15,036	$ 67,708	$ 529,617	$ 2,191,196
LIABILITIES						
Accrued salaries and benefits	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Lease related	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted:						
Public safety	-	43,874	-	-	-	173,047
Community development	-	-	-	-	-	-
Public works	176,423	-	-	67,708	-	1,162,062
Tourism, parks and recreation	-	-	-	-	529,617	741,040
Transportation and transit	-	-	-	-	-	100,011
Airport	-	-	15,036	-	-	15,036
Assigned:						
Debt service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficit)	176,423	43,874	15,036	67,708	529,617	2,191,196
Total liabilities, deferred inflows of resources and fund balances	$ 176,423	$ 43,874	$ 15,036	$ 67,708	$ 529,617	$ 2,191,196

	Special Revenue Funds				
	Solid Waste Fund	Measure R Trails	Measure R Sales Tax	Measure U UUT	Assessment District Maintenance
ASSETS					
Cash and investments	$ 835,314	$ 515,552	$ 2,179,651	$ 2,924,593	$ 1,555,447
Restricted cash and investments	-	-	-	-	-
Receivables	63,758	-	383,027	95,091	5,734
Inventory	-	-	-	-	-
Lease receivable	193,731	-	-	-	-
Other assets	-	11,204	-	-	5,431
Total assets	$ 1,092,803	$ 526,756	$ 2,562,678	$ 3,019,684	$ 1,566,612
LIABILITIES					
Accrued salaries and benefits	$ 225	$ -	$ -	$ -	$ 2,857
Due to other funds	-	-	-	-	-
Total liabilities	225	-	-	-	2,857
DEFERRED INFLOWS OF RESOURCES					
Lease related	190,282	-	-	-	-
Total deferred inflows of resources	190,282	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted:					
Public safety	-	-	-	-	-
Community development	902,296	-	-	-	-
Public works	-	-	-	-	1,563,755
Tourism, parks and recreation	-	526,756	2,562,678	3,019,684	-
Transportation and transit	-	-	-	-	-
Airport	-	-	-	-	-
Assigned:					
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	902,296	526,756	2,562,678	3,019,684	1,563,755
Total liabilities, deferred inflows of resources and fund balances	$ 1,092,803	$ 526,756	$ 2,562,678	$ 3,019,684	$ 1,566,612

Nonmajor Governmental Funds
Combining Balance Sheet
(Continued)

	Special Revenue Funds					
	LTC Planning Transportation and Transit	Airport	Total Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	$ -	$ 1,596,452	$ 9,607,009	$ 2,191,196	$ 5,110,101	$ 16,908,306
Restricted cash and investments	-	-	-	-	322,574	322,574
Receivables	2,959	503,210	1,053,779	-	12,885	1,066,664
Inventory	-	9,320	9,320	-	-	9,320
Lease receivable	-	-	193,731	-	-	193,731
Other assets	156	-	16,791	-	-	16,791
Total assets	$ 3,115	$ 2,108,982	$ 10,880,630	$ 2,191,196	$ 5,445,560	$ 18,517,386
LIABILITIES						
Accrued salaries and benefits	$ -	$ 11,943	$ 15,025	$ -	$ -	$ 15,025
Due to other funds	29,056	-	29,056	-	-	29,056
Total liabilities	29,056	11,943	44,081	-	-	44,081
DEFERRED INFLOWS OF RESOURCES						
Lease related	-	-	190,282	-	-	190,282
Total deferred inflows of resources	-	-	190,282	-	-	190,282
FUND BALANCES						
Nonspendable	-	9,320	9,320	-	-	9,320
Restricted:						
Public safety	-	-	-	173,047	-	173,047
Community development	-	-	902,296	-	-	902,296
Public works	-	-	1,563,755	1,162,062	-	2,725,817
Tourism, parks and recreation	-	-	6,109,118	741,040	-	6,850,158
Transportation and transit	-	-	-	100,011	-	100,011
Airport	-	2,087,719	2,087,719	15,036	-	2,102,755
Assigned:			-			
Debt service	-	-	-	-	5,445,560	5,445,560
Unassigned	(25,941)	-	(25,941)	-	-	(25,941)
Total fund balances (deficit)	(25,941)	2,097,039	10,646,267	2,191,196	5,445,560	18,283,023
Total liabilities, deferred inflows of resources and fund balances	$ 3,115	$ 2,108,982	$ 10,880,630	$ 2,191,196	$ 5,445,560	$ 18,517,386

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Net Position

	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	-	92,759	58,023	92,195	109,827	94,798	35,408
Intergovernmental	-	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-	-
Use of money and property	2,126	6,335	2,913	5,619	4,868	5,715	2,271
Other revenue	-	-	-	-	-	-	-
Total revenues	2,126	99,094	60,936	97,814	114,695	100,513	37,679
EXPENDITURES							
Current:							
Tourism, parks and recreation	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Public works/streets	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	2,126	99,094	60,936	97,814	114,695	100,513	37,679
OTHER FINANCING SOURCES (USES)							
Transfers in	41,743	-	-	-	-	-	-
Transfers out	-	(3,710)	(2,321)	(3,688)	(4,393)	(3,792)	(1,416)
Total other financing sources (uses)	41,743	(3,710)	(2,321)	(3,688)	(4,393)	(3,792)	(1,416)
Net change in fund balances	43,869	95,384	58,615	94,126	110,302	96,721	36,263
Fund balances (deficit) - beginning	90,306	180,268	70,558	151,023	101,121	166,234	63,748
Fund balances (deficit) - ending	$ 134,175	$ 275,652	$ 129,173	$ 245,149	$ 211,423	$ 262,955	$ 100,011

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
(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	120,113	254,927	-	-	185,517	1,043,567
Intergovernmental	-	-	-	-	-	-
Charge for services	-	-	-	-	-	-
Use of money and property	3,943	1,995	344	1,557	12,016	49,702
Other revenue	-	-	-	-	-	-
Total revenues	124,056	256,922	344	1,557	197,533	1,093,269
EXPENDITURES						
Current:						
Tourism, parks and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Public works/streets	-	-	-	-	-	-
Airport	-	-	-	-	-	-
Capital outlay	-	760,000	-	-	-	760,000
Debt service	-	-	-	-	-	-
Total expenditures	-	760,000	-	-	-	760,000
Excess (deficiency) of revenues over (under) expenditures	124,056	(503,078)	344	1,557	197,533	333,269
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	41,743
Transfers out	(164,805)	(10,197)	-	-	(7,421)	(201,743)
Total other financing sources (uses)	(164,805)	(10,197)	-	-	(7,421)	(160,000)
Net change in fund balances	(40,749)	(513,275)	344	1,557	190,112	173,269
Fund balances (deficit) - beginning	217,172	557,149	14,692	66,151	339,505	2,017,927
Fund balances (deficit) - ending	$ 176,423	$ 43,874	$ 15,036	$ 67,708	$ 529,617	$ 2,191,196

	Special Revenue Funds				
	Solid Waste Fund	Measure R Trails	Measure R Sales Tax	Measure U UUT	Assessment District Maintenance
REVENUES					
Taxes and assessments	$ 199,904	$ -	$ 2,154,985	$ 1,301,329	$ 751,377
Licenses and permits	-	-	-	-	85,156
Intergovernmental	20,000	-	-	-	-
Charge for services	-	-	-	-	-
Use of money and property	23,548	14,051	93,807	112,248	39,705
Other revenue	9,831	2,686	32,761	1,700	10,112
Total revenues	253,283	16,737	2,281,553	1,415,277	886,350
EXPENDITURES					
Current:					
Tourism, parks and recreation	-	256,188	116,449	282,675	522,680
Community development	143,143	-	-	-	-
Public works/streets	-	-	-	-	860,739
Airport	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	27
Total expenditures	143,143	256,188	116,449	282,675	1,383,446
Excess (deficiency) of revenues over (under) expenditures	110,140	(239,451)	2,165,104	1,132,602	(497,096)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	305,038	-	-	274,096
Transfers out	-	-	(1,552,747)	(1,000,000)	(500,000)
Total other financing sources (uses)	-	305,038	(1,552,747)	(1,000,000)	(225,904)
Net change in fund balances	110,140	65,587	612,357	132,602	(723,000)
Fund balances (deficit) - beginning	792,156	461,169	1,950,321	2,887,082	2,286,755
Fund balances (deficit) - ending	$ 902,296	$ 526,756	$ 2,562,678	$ 3,019,684	$ 1,563,755

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
(Continued)

	Special Revenue Funds					
	LTC Planning Transportation and Transit	Airport	Total Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes and assessments	$ -	$ -	$ 4,407,595	$ -	$ -	$ 4,407,595
Licenses and permits	-	-	85,156	1,043,567	123,445	1,252,168
Intergovernmental	51,631	1,212,797	1,284,428	-	-	1,284,428
Charge for services	-	364,717	364,717	-	-	364,717
Use of money and property	-	33,311	316,670	49,702	7,371	373,743
Other revenue	-	61,118	118,208	-	-	118,208
Total revenues	51,631	1,671,943	6,576,774	1,093,269	130,816	7,800,859
				-		
EXPENDITURES				-		
Current:						
Tourism, parks and recreation	-	-	1,177,992	-	-	1,177,992
Community development	-	-	143,143	-	-	143,143
Public works/streets	33,602	-	894,341	-	-	894,341
Airport	-	2,087,258	2,087,258	-	-	2,087,258
Capital outlay	-	-	-	760,000	-	760,000
Debt service	-	-	27	-	2,962,363	2,962,390
Total expenditures	33,602	2,087,258	4,302,761	760,000	2,962,363	8,025,124
Excess (deficiency) of revenues over (under) expenditures	18,029	(415,315)	2,274,013	333,269	(2,831,547)	(224,265)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	2,512,354	3,091,488	41,743	7,526,291	10,659,522
Transfers out	-	-	(3,052,747)	(201,743)	(2,732,388)	(5,986,878)
Total other financing sources (uses)	-	2,512,354	38,741	(160,000)	4,793,903	4,672,644
Net change in fund balances	18,029	2,097,039	2,312,754	173,269	1,962,356	4,448,379
Fund balances (deficit) - beginning	(43,970)	-	8,333,513	2,017,927	3,483,204	13,834,644
Fund balances (deficit) - ending	$ (25,941)	$ 2,097,039	$ 10,646,267	$ 2,191,196	$ 5,445,560	$ 18,283,023

INTERNAL SERVICE FUNDS

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

Vehicle Service – This fund is used to account for the rental of motor vehicles to other departments and related costs.

Self-Insurance – These funds are used to account for workers' compensation, liability, and medical malpractice insurance expense.

TOWN OF MAMMOTH LAKES | JUNE 30, 2023
Internal Service Funds
Combining Statement of Net Position

	Vehicle Service	Self-Insurance	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	$ 8,852,364	$ 415,467	$ 9,267,831
Receivables	498,021	-	498,021
Inventory	781,707	-	781,707
Other assets	11,600	5,327	16,927
Advance to other funds	851,207	-	851,207
Total current assets	10,994,899	420,794	11,415,693
Noncurrent assets:			
Capital assets, net of depreciation	4,147,002	-	4,147,002
Total noncurrent assets	4,147,002	-	4,147,002
Total assets	15,141,901	420,794	15,562,695
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	599,884	-	599,884
Total deferred outflows of resources	599,884	-	599,884
LIABILITIES			
Current liabilities:			
Accrued salaries and benefits	20,303	-	20,303
Total current liabilities	20,303	-	20,303
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	1,317,620	-	1,317,620
Total noncurrent liabilities	1,367,607	-	1,367,607
Total liabilities	1,387,910	-	1,387,910
DEFERRED INFLOWS OF RESOURCES			
Pension related	199,889	-	199,889
Total deferred inflows of resources	199,889	-	199,889
NET POSITION			
Net investment in capital assets	4,147,002	-	4,147,002
Unrestricted	10,006,984	420,794	10,427,778
Total net position	$ 14,153,986	$ 420,794	$ 14,574,780

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

	Vehicle Service	Self-Insurance	Total Internal Service Funds
Operating revenues:			
Charges for services	$ 2,559,531	$ 378,235	$ 2,937,766
Total operating revenues	2,559,531	378,235	2,937,766
Operating expenses:			
Personnel costs	499,753	-	499,753
Operations and maintenance	852,708	-	852,708
Benefit claims	-	990,306	990,306
Depreciation	422,174	-	422,174
Total operating expenses	1,774,635	990,306	2,764,941
Operating income (loss)	784,896	(612,071)	172,825
Nonoperating revenues (expenses):			
Operating grant	26,693	-	26,693
Investment earnings	196,957	-	196,957
Other nonoperating revenues	16,656	-	16,656
Total nonoperating revenues (expenses)	240,306	-	240,306
Income (loss) before transfers	1,025,202	(612,071)	413,131
Transfers in	590,000	-	590,000
Transfers out	(1,715,113)	-	(1,715,113)
Change in net position	(99,911)	(612,071)	(711,982)
Net position - beginning (restated)	14,253,897	1,032,865	15,286,762
Net position - ending	$ 14,153,986	$ 420,794	$ 14,574,780

Internal Service Funds
Combining Statement of Cash Flows

	Governmental Activities Internal Service Funds		
	Vehicle Service	Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,212,568	$ 378,235	$ 2,590,803
Payments to suppliers	(741,441)	-	(741,441)
Payments paid for personnel costs	(1,041,345)	(990,306)	(2,031,651)
Net cash provided by (used for) operating activities	429,782	(612,071)	(182,289)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans (to)/from other funds	820,000	-	820,000
Transfers in from other funds	590,000	-	590,000
Transfers (out) to other funds	(1,715,113)	-	(1,715,113)
Other nonoperating revenues	16,656	-	16,656
Net cash provided by (used for) noncapital financing activities	(288,457)	-	(288,457)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(867,150)	-	(867,150)
Proceeds from sale of capital assets	2,442	-	2,442
Net cash provided by (used for) capital and related financing activities	(864,708)	-	(864,708)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment received (paid)	196,957	-	196,957
Net cash provided by (used for) investing activities	196,957	-	196,957
Net increase (decrease) in cash and investments	(526,426)	(612,071)	(1,138,497)
Cash and investments - beginning	9,378,790	1,027,538	10,406,328
Cash and investments - ending	$ 8,852,364	$ 415,467	$ 9,267,831

Internal Service Funds
Combining Statement of Cash Flows
(Continued)

	Governmental Activities Internal Service Funds		
	Vehicle Service	Self-Insurance	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ 784,896	$ (612,071)	$ 172,825
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	422,174	-	422,174
(Increase) decrease in accounts receivables	(346,963)	-	(346,963)
(Increase) decrease in inventory	(132,402)	-	(132,402)
(Increase) decrease in prepaid expenses	243,669	-	243,669
Increase (decrease) in deferred outflows of resources from pensions	(268,722)	-	(268,722)
Increase (decrease) in accounts payables	-	-	-
Increase (decrease) in accrued salaries and benefits	12,555	-	12,555
Increase (decrease) in deferred inflows of resources from pensions	(636,636)	-	(636,636)
Increase (decrease) in net pension liability	351,211	-	351,211
Net cash provided by (used for) operating activities	$ 429,782	$ (612,071)	$ (182,289)

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 Update Airport Master Plan Study	20.106	3-06-0146-040-2019	$ 19,921
Airport Improvement Program (AIP) 20-1 Security Fencing	20.106	3-06-0146-042-2020	1,983
COVID-19 Airport Improvement Program Airport Coronavirus Response Grant Program	20.106	3-06-0146-045-2021	239,472
COVID-19 Airport Improvement Program Airport Coronavirus Response Grant Program	20.106	3-06-0146-047-2021	461,802
Airport Improvement Program Relocate and Upgrade AWOS	20.106	3-06-0146-048-2022	25,374
Airport Improvement Program ARFF/Snow Equipment Building	20.106	3-06-0146-049-2022	392,745
Airport Improvement Program ARFF/Snow Equipment Building	20.106	3-06-0146-052-2023	69,623
Total U.S. Department of Transportation (DOT)			1,210,920
U.S. Department of Homeland Security			
Direct Award:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		97,062
Total U.S. Department of Homeland Security			97,062
Total Expenditures of Federal Awards			$ 1,307,982

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

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.

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, 2023, 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 15, 2024.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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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*.

The Town'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 schedule of findings and questioned costs. 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 Paige & Company

Clovis, California
March 15, 2024

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, 2023. 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, 2023.

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 assurance and

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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 Paige & Company

Clovis, California
March 15, 2024

FINDINGS AND QUESTIONED COSTS

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 No	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 No	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:

Federal Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000		
Auditee qualified as low-risk auditee?	____ Yes	X No	

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001 – Fund Balance Reconciliation (Material Weakness)

Condition: The Town's opening fund balance within the General Fund and Vehicle Service Fund did not reconcile to the prior year audited financial statements.

Criteria: The Town's fund balance accounts represent the resources available to the Town by considering assets and the related liabilities associated with that fund. Opening fund balance accounts should be reconciled to the prior year ending fund balances of the audited financial statements to ensure proper reporting under Generally Accepted Accounting Principles.

Cause: The Town does not have an adequate review whereby fund balance accounts are reconciled to prior year audited financial statements or other similar reports.

Effect: Fund balances were initially misstated by the following:

- General Fund by approximately $220,000
- Vehicle Service Fund by approximately $110,000

Recommendation: We recommend that the Town implement a process where all fund balance accounts are reconciled to the prior year, and ultimately, reconciled to the audited financial statements to ensure accurate financial reporting. In addition, the Town should generally not post activity directly to fund balance unless it has identified an adjustment to a prior period requiring correction.

Management's Response: See Corrective Action Plan.

Finding 2023-002 – Revenue Recognition & Transfers In/Out (Material Weakness)

Condition: The Town did not properly record revenues or transfers in/out into the correct accounts. Several transactions were recorded directly to equity accounts during the year and were not identified and reclassified during the year-end closing process.

Criteria: A strong system of internal controls requires that all transactions be reviewed to ensure they are being recorded in the correct accounts.

Cause: The Town records these revenue and transfer entries into equity accounts during the year for internal financial reporting purposes but does not have an effective process during the year-end closing to identify and reclassify the activity to the correct accounts.

Effect: General Fund revenue was understated by approximately $100,000, and transfers in and out were understated by approximately $40,000. Housing and Community Development Fund revenue was understated by approximately $840,000.

Recommendation: We recommend that the Town establish and implement a review process to ensure that all revenues and transfers are recorded in the proper accounts and not in the equity accounts.

Management's Response: See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS

None reported.

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.

Status: Partially implemented.

FEDERAL AWARD FINDINGS

None reported.

Mammoth Lakes
CALIFORNIA

TOWN OF MAMMOTH LAKES
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The Town is implementing a more thorough process that will ensure no fund balance discrepancies occur.	06/30/2024	Stephanie Trujillo, Accounting Manager
2023-002	As processes are reviewed, they are updated to ensure accurate accounting standards are being met. A new process has been created for tracking and accounting for the equity accounts and has been put into practice.	06/30/2024	Stephanie Trujillo, Accounting Manager

Stephanie Trujillo
Name: Stephanie Trujillo
Title: Accounting Manager

Robert Patterson
Name: Robert Patterson
Title: Town Manager