**TOWN COUNCIL STAFF REPORT**

Subject: Pre-Audit Financial Results for Fiscal Year 2018-19, Fund Balance, Projects and Continuing Commitments.

Meeting Date: November 20, 2019

Written By: Rob Patterson, Administrative Services / Finance Director

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## RECOMMENDATION:

Staff recommends the Town Council receive the pre-audit actual financial presentation for Fiscal Year 2018-19 and adopt the resolution amending the FY2019-20 budget as recommended on Attachment A.

## BACKGROUND:

An audit of the Town's financial transactions is completed by an independent auditor each fiscal year. In preparation for the audit, staff works to finalize all financial transactions and in doing so prepares a pre-audit actual for Town Council to consider. This provides the Council with an opportunity to review the prior year-end balances, to ratify adjustments to fund balances, to carry over funds for encumbrances, and to make adjustments for closing out capital projects. The pre-audit financials are included in this report.

## ANALYSIS/DISCUSSION:

The primary focus of staff's review is the General Fund. This is the source of revenue for almost all funds within the Town's control. The primary revenue driver for the General Fund is Transient Occupancy Tax, which enjoyed another record year, $20.2M, exceeding the initial budget of $13.5M. Several other revenue sources met their budget expectations as updated throughout the year. The expenses were managed closely resulting is savings where possible across the General Fund. The cumulative results of the strong revenues, managed expenses, and planned use of fund balance resulted in a fund balance of $12,555,389 to end FY2018-19. This fund balance has specific designations restricting some of the money for specific purposes like Housing, Transit, Tourism and Town reserves resulting in an unrestricted fund balance of $6,460,795. The remaining balance includes previously allocated funds as noted in the below discussion and recommendations.

The report provides an overview of all of the Towns funds with information provided as appropriate. The overview will provide the Council with a "snapshot" of the Town's financial position by fund as of June 30, 2019. Staff will review adjustments made to fund balance in keeping with previous Council direction, required to account for encumbrances carried over from last fiscal year to this fiscal year, and adjustments made to close out a number of capital projects. Staff has also assembled a number of recommendations based on demonstrated needs and a commitment to fund our reserves.

# Fund Balance - General Fund

As of June 30,2019

| Fund 100 - General Fund | | Balance |
|---|---|---|
| Total Fund Balance as of 6/30/2018 | $ | 4,984,971 |
| Net change to fund Balance from FY2018-19 Activity | $ | 7,570,417 |
| Projected Fund Balance as of 6/30/2019 | $ | 12,555,389 |
| Long Term Receivable (Vehicle Replacement) - Unspendable | $ | (2,831,207) |
| Reserve for Economic Uncertainty (REU) - Committed | $ | 3,744,294 |
| Operating Reserve (OR) - Committed | $ | 1,864,838 |
| Housing Reserve - Assigned | $ | 779,894 |
| Transit Reserve - Assigned | $ | 1,509,821 |
| Tourism Reserve - Assigned | $ | 1,648,334 |
| **Unrestricted Fund Balance FY2018-19** | **$** | **5,839,415** |

This fund balance of $5,839,415 included commitments from the prior year that were included in the balance but were committed by contract, project or other allocation to be expended in FY2019-20. This resulted in carry over commitments of $3,021,012 resulting in an available fund balance of $2,818,403.

| Carry Over Commitments FY2018-19<br>Item | | Amount |
|---|---|---|
| Workforce Housing - Partnership for housing now | $ | 2,000,000 |
| Code Enforcement Abatement (cost recoverable) | $ | 300,000 |
| Plow Truck - Addition to fleet | $ | 250,000 |
| Machinery & Equipment Capital - Deferred Maintenance | $ | 130,024 |
| Fire Safe Council Grant Matching | $ | 60,425 |
| Community Center - Project enhancements | $ | 55,000 |
| Contractual Services - Tourism - Special Event Carry over | $ | 50,000 |
| Facilities Maintenance - Town owned facilities repairs | $ | 45,000 |
| Contractual Services - Information Systems - Public Wi-Fi Branding for Digital 395 | $ | 27,000 |
| Regional Dispatch - Feasibility Study | $ | 25,000 |
| Contractual Services - Finance - AmeriGas audit | $ | 20,100 |
| Machinery & Equipment Non-Capital - Livescan machine | $ | 18,000 |
| Contract Services - Parks & Recreation - Trails Work | $ | 12,388 |
| CERT Funding - Keep funding for team year over year - Unspent budget | $ | 9,300 |
| Municipal Election - Carry over to election year | $ | 9,000 |
| Contract Services - Patrick Clark Consulting | $ | 7,430 |
| Codification - Increased for Section 3 and 5 Review to be completed FY2019-20 | $ | 2,345 |
| Total Carry over from prior year | $ | 3,021,012 |

| Available Fund Balance from FY2018-19 Activity | $ | 2,818,403 |
|---|---|---|

A number of capital projects were finalized this year through our current capital project reconciliation system. The additional efforts on project tracking resulted in only minor revenue adjustments to complete the project funding. Below are the recommendations in the General Fund to finalize the accounting on the noted capital projects to close them out.

| Completed Project Adjustments<br>Item | | Amount |
|---|---|---|
| RTIP - Mammoth Creek Gap Closure | $ | 14,000 |
| Concrete Improvements - Shady Rest Park CAP 17-006 | $ | - |
| Concrete Improvements - Meridian Blvd CAP 17-005 | $ | - |
| Sawmill Cutoff Drainage CAP 17-004 | $ | - |
| | | |
| Capital Project Close Outs | $ | 14,000 |
| | | |
| Uncommitted and Available Fund Balance FY2018-19 | $ | 2,804,403 |

## Staff Recommendations

## One-Time Funding

There are a number of identified one-time funding needs that staff is recommending for Council consideration. They include an evaluation of emergency power needs for critical Town facilities in the event of a PSPS or other loss of power. The estimated cost of this project is $280,000 and the Town has submitted the project for a grant. Due to the critical need and uncertainty of grant funding, staff is recommending a set aside of the full amount to ensure project completion. This is an estimated cost and pending final equipment and installation, the budget will need to be adjusted accordingly. If the Town is awarded a grant for this project, these set aside funds will be available for reallocation by Town Council.

Staff is recommending the replacement of the Town yard fuel island (Pubic Works/Fleet Maintenance). This fuel station covers all Town equipment, ESTA busses, School Busses and Fire vehicles. The station is past the useful life and has a number of current problems resulting in additional staff time used to mitigate water intrusion and keep the system clean and functioning. The estimate for this project is $150,000 which includes all new equipment, paving and other infrastructure. The Town is evaluating both above ground and underground tank systems. **This project is currently unfunded and will be brought before Town Council in spring 2020 depending on available funds.**

Staff is recommending an allocation of funds for improvements to Suite Z and the Town Offices. These improvements would include updates to carpeting where needed and overall refresh of damaged paint areas, door replacement in Suite Z, etc. This is not a remodel but a refresh of existing sections in need of repair. The set aside request for this project is $75,000.

Staff is recommending $27,000 for improvements to the Police facility property evidence room to bring the facility up to International Association for Property and Evidence (IAPE) Accreditation standards. These improvements are in response to a recent audit of the facility and deficiencies in meeting new requirements for both narcotic and confiscated gun storage.

Staff is recommending an allocation of funds to install a flagpole at the Town Offices. The current location for flags is atop the building, requiring specialized lifts to maintain or replace the flags. The harsh winds in our region often destroy the flags and we are unable to address these problems due to the challenge of access. In addition, the landlord will no longer service the flags. The cost of a standalone flagpole structure is estimated at $7,000, with the majority of the cost in the required foundation.

**Staff Recommendations**

**One Time Funding and Project Recommendations**

| Item | | Amount |
|---|---|---|
| Generator Capacity - various Town facilities (Possible Grant Opportunity) | $ | 280,000 |
| Town Office and Suite Z - Upgrades | $ | 75,000 |
| Police - Property Evidence Room - IAPE Accreditation Standards | $ | 27,000 |
| Flagpole at Town Office | $ | 7,000 |
| | | |
| Total One Time Funding and Project Recommendations | $ | 389,000 |

## Funding Requests with Ongoing Annual Expenses

There are just two identified funding needs that staff is recommending for Council consideration where current year expenditures are impacted as well as subsequent year budgets. Staff has elected to show these requests separately to highlight this ongoing annual need. Both of these requests are based on new technology to enhance wellbeing and performance of our Police force.

Cordico is a mobile application specifically designed for Law Enforcement professionals to receive 24/7 support and wellness solutions. This application provided to each of our law enforcement officers and their families, enables them to reach out to receive professional help with emotional or behavioral issues that can increase stress on the job. This application is newly developed and has made a significant impact on agencies that have implemented the tool. The application is designed specifically for the needs of MLPD and has an annual cost of $5,000.

IRims is a mobile application of our Records Management and Dispatch System. This will allow officers to use their mobile device to access this information in the field while investigating cases. This includes prior contacts, arrest information, addresses and other investigative information. Currently, officers have two options to get the information. They can request the info from Dispatch, which ties up airtime from other users or go to the station and access the computer. The application has an initial cost of $5,000 and an annual cost of $900 for year two and beyond.

These cumulative recommendations of both one-time funding and funding with annual commitments result in first year cost of $553,000 and expected annual budget needs of $5,900.

| Funding Recommendations with Annual Ongoing Expenses<br>Item | FY2019-20<br>Amount | Annual<br>Amount |
|---|---|---|
| Police Wellness Application (Cordico) | $ 5,000 | $ 5,000 |
| Police Mobile Records Management System (IRIMS) | $ 9,000 | $ 900 |
| | | |
| | | |
| Total Funding Project Recommendations - Annual Ongoing | $ 14,000 | $ 5,900 |
| Total Staff Recommendations | $ 403,000 | |
| Remaining Unassigned Fund Balance FY2018-19 | $ 2,401,403 | |

## Other Key funds

## Fund 210 – Gas Tax

The engineering team has been busy this last year with significant road projects, most of which were funded from Gas Tax. These projects include the conclusion of North Main Street and the expected completion of the Lower Main Street project. Both projects have had a positive impact on the Town's presentation for visitors. North Main project closeout includes a return of unspent funds of $416,244. These funds are available for road projects. The Lower Main Street project currently underway has an identified funding shortfall of $240,000. Staff will net these two project updates and return a net amount of $176,244 to Gas Tax for future road projects. Details of the two projects in question are summarized below.

**Upper Main Street:** Construction of this project began in FY2015-16 and thus far includes a retaining wall. We are currently working on a sidewalk on the north side of Main Street extending from Main Street/Mountain Boulevard to Minaret Road. The total project cost is budgeted not to exceed $2,914,000 and the completion is estimated at $526,542 for FY2018-19. The majority of this project was paid for by the Federal Highway's State Transportation Improvement Program (FSTIP). Other funding includes a general fund contribution of $329,480, Road Rehabilitation funds in the amount of $303,066, and a contribution from the Mammoth View LLC development in the amount of $404,455.

**Lower Main Street:** This is a multi-phase construction project to place sidewalks and transit improvements. The section of sidewalk along North Main Street from the post office entrance to Forest Trail was completed last construction season. Improvements between Mountain Boulevard to Sierra Boulevard and along south Main Street from Laurel Mountain Road to Manzanita Road will be completed in FY2019-20. Total funding for this multi-phase project is coming from State Transportation Improvement Program (STIP) funds in the amount of $3,860,000. The budget for FY2019-20 is $2,750,000 and the project is expected to be completed by FY2019-20.

# Fund Balance - Gas Tax

As of June 30,2019

| Fund 210 - Gas Tax Fund | | Balance |
|---|---|---|
| Fund Balance FY2018-19 | $ | 875,556 |

| Carry Over Commitments FY2018-19 | | |
|---|---|---|
| Item | | Amount |
| | $ | - |
| Total Carry Over Commitments | $ | - |

| Remaining Restricted Fund Balance from FY2018-19 Activity | $ | 875,556 |
|---|---|---|

| Completed Project Adjustments | | |
|---|---|---|
| Item | | Amount |
| North Main Street FSTIP | $ | (416,244) |
| Lower Main Street Funding Gap | $ | 240,000 |
| | | |
| Capital Project Close Outs | $ | (176,244) |

| Staff Recommendations | | |
|---|---|---|
| Item | | Amount |
| | | |
| Total Staff Recommendations | $ | - |

| Remaining Restricted Fund Balance from FY2018-19 Activity | $ | 1,051,800 |
|---|---|---|

The $1,051,800 fund balance is available for future road projects. Staff is recommending this be combined with existing budget allocations for road rehabilitation to bring forward a road project in the $1.5M – $2.0M range in the next fiscal year.

## Fund 215 – Measure R Trails

This fund is one of two that represent our Measure R special funds. The normal annual allocation of revenue from Measure R – Sales Tax is $300,000. In addition to these annual commitments, an additional $500,000 in one-time funds for capital projects were committed at Council direction at the close of FY2016-17. There is a planned use of fund balance with the ongoing trails construction as outlined in the Trails System Master Plan. The plan includes concepts the team develops into prioritized projects. The Sherwin Area Recreation Plan (SHARP) currently has carry over amounts from the prior year of $13,323 for California Environmental Quality Act (CEQA) costs and National Environmental Policy Act (NEPA) analysis costs. The commitment of these funds will reduce the fund balance to $670,197. The fund also receives General Fund support for work projects that are not eligible under Measure R.

# Fund Balance - Measure R Trails

**As of June 30,2019**

| Fund 215 - Measure R - Trails | | Balance |
|---|---|---|
| Fund Balance FY2018-19 | $ | 683,520 |

| Carry over commitments | | |
|---|---|---|
| Item | | Amount |
| ESA - SHARP CEQA NEPA - remaining balance | $ | 13,323 |
| | | |
| Total Carry Over Commitments | $ | 13,323 |

| Remaining Restricted Fund Balance FY2018-19 | $ | 670,197 |
|---|---|---|

## Fund 216 – Measure R

This fund is one of two that represent our Measure R special funds. This fund provides commitment to our Parks and Recreation teams for maintenance at Whitmore Park as well as Trails End Park. The fund includes an annual allocation of $192,000 for Mammoth Lakes Recreation and other smaller operational programs (Equipment Maintenance, Audit, etc.).

# Fund Balance - Measure R

**As of June 30,2019**

| Fund 216 - Measure R | | Balance |
|---|---|---|
| Fund Balance FY2018-19 | $ | 1,565,224 |

| Carry over commitments | | |
|---|---|---|
| Item | | Amount |
| Total Carry Over Commitments | $ | - |

| Remaining Unassigned Fund Balance FY2018-19 | $ | 1,565,224 |
|---|---|---|

Measure R has no identified carry over commitments not reflected in the existing fund balance. This unassigned Fund Balance remains open to MLR recommendation and Council action to commit to recreation-based projects.

## Fund 217 – Measure U

This fund finished the year with a restricted fund balance of $3,594,222 with some carry over commitments from prior Town Council action. Prior Council action committed $2,500,000 to the MACC for construction of that facility. These funds will remain in the fund balance until the construction project begins. The commitment of these funds reduces the unassigned fund balance to $1,094,222.

# Fund Balance - Measure U

**As of June 30,2019**

| Fund 217 - Measure U | | Balance |
|---|---|---|
| Fund Balance FY2018-19 | $ | 3,594,222 |

| Carry over commitments | | |
|---|---|---|
| Item | | Amount |
| MACC funding commitments | $ | 2,500,000 |
| | | |
| Total Carry Over Commitments | $ | 2,500,000 |

| Remaining Unassigned Fund Balance FY2018-19 | $ | 1,094,222 |
|---|---|---|

## Fund 220 – Airport Restricted Revenue Fund

This Restricted Revenue fund means that part of the funding revenue comes from charges to external users for goods and services. This fund receives support and ongoing commitment from the General Fund and FAA grant revenues. This fund consists of activity from Airport Operations as well as Airport Capital Projects. All funds transferred to the Airport remain in this fund, designated for future capital projects. In FY2018-19, we had an operating revenue excess of $552, which will be held in reserve for future capital.

# Fund Balance - Airport Restricted Revenue Fund

**As of June 30,2019**

| Fund 220 - Airport Operating Fund | | Balance |
|---|---|---|
| Operating Expenses | $ | 1,120,855 |
| Operating Revenue | $ | 444,096 |
| General Fund Allocation - Annual Budget | $ | 677,311 |
| Operating Revenue Total | $ | 1,121,407 |
| Excess Revenues - Held in Airport Reserve for Future Capital | $ | 552 |
| Operating Fund Balance | $ | - |

The airport performed limited work on two projects for FY2018-19, environmental work for the new terminal, and relocation of the segmented circle, resulting in capital project expense of $13,211. These projects are funded using AIP Grant Revenue and Restricted Passenger Facility Charge (PFC). The revenue, mainly from PFC's and limited capital project work, brings the capital reserve to $1,481,976.

## Fund 220 - Airport Capital Projects

| | | |
|---|---|---|
| **Prior Capital Reserve - FY2017-18** | **$** | **1,412,724** |

| **Project Description** | | **Amount** |
|---|---|---|
| **AIP 37 - Environmental - Terminal** | **$** | **6,220** |
| **AIP 39 - Segmented Circle** | **$** | **6,991** |
| | **$** | **13,211** |

| **Funding Sources** | | **Amount** |
|---|---|---|
| **AIP Grant Revenue Received** | **$** | **1,879** |
| **Restricted Passenger Facility Charge (PFC)** | **$** | **80,031** |
| | **$** | **81,910** |
| **Excess Revenue from Operations** | **$** | **552** |
| **Remaining Capital Reserve for future projects - FY2018-19** | **$** | **1,481,976** |

Note: Capital Reserve contains the following designations

| | | |
|---|---|---|
| **Capital Balance - Unrestricted** | **$** | **1,427,891** |
| **Passenger Facility Fees - Restricted** | **$** | **54,085** |

## Fund 858 – Fractional Mello Roos

This fund finished the year with a restricted fund balance of $259,648. There are no carry over commitments or Council action on this balance leaving the full amount remaining and available. This fund is used to support operations and capital needs of the Community Multi-Use Facility (Community Recreation Center CRC).

# Fund Balance - Fractional Mello Roos

**As of June 30,2019**

| Fund 858 Fractional Mello Roos | | Balance |
|---|---|---|
| Fund Balance FY2018-19 | $ | 259,648 |

| Carry over commitments | | |
|---|---|---|
| Item | | Amount |
| | | |
| Total Carry Over Commitments | $ | - |

| Remaining Restricted Fund Balance FY2018-19 | $ | 259,648 |
|---|---|---|

## Assessment Districts

These districts exist to provide a funding source for improvement projects or maintenance of the property within the special district. These districts are reviewed on an annual basis considering the total funds available and the anticipated projects or maintenance needs. NBS consulting group performs an annual review of each district in order to recommend district assessments based on projected needs for the coming year. Below is a chart of the current assessment district, individual balances.

# Fund Balance - Assessment Districts

**As of June 30,2019**

| Assessment District | | Balance |
|---|---|---|
| **Fund 850 - Juniper Ridge** | $ | 100,562 |
| **Purpose** - Maintenance of landscaping, ornamental street lighting, street signs, snow stakes , and the decorative walls at the entrance. | | |
| **Fund 852 - Bluffs** | $ | 527,762 |
| **Purpose** - Debt Service for the development costs of the Bluff's Subdivision. | | |
| **Fund 853 - Bluffs Maintenance** | $ | 244,161 |
| **Purpose** - Roadway, drainage, sewer, power, street light, telephone, television cable and gas line improvements on streets within the Bluff's subdivision and between subdivision entrances. | | |
| **Fund 854 - North Village** | $ | 599,938 |
| **Purpose** - Debt Service for the District improvements include the installation, upgrade, construction, or reconstruction of irrigation and landscaping, street lighting, streets, sidewalks and driveways, curb and gutter, drainage facilities, and snowmelt tubing systems and appurtenant facilities. | | |
| **Fund 856 - Old Mammoth Road** | $ | 424,861 |
| **Purpose** - Maintenance of irrigation and landscaping, street lighting, streets, sidewalks and driveways, curb and gutter, drainage facilities, and snowmelt tubing systems and limited appurtenant services. | | |
| **Fund 857 - Village Benefit** | $ | 648,258 |
| **Purpose** - Maintenance of irrigation and landscaping, street lighting, streets, sidewalks and driveways, curb and gutter, drainage facilities, and snowmelt tubing systems and appurtenant facilities. | | |

| Assessment District | | Balance |
|---|---|---|
| **Fund 858 - CFD 2004-01 (Fractional Use)** | **$** | **259,648** |
| **Purpose -** Finance the costs and expenses of providing enhanced services and facilities to the Town including police protection services, criminal justice, recreation program operations and maintenance, library services, museums, cultural facilities, parks, parkways and various other facilities and equipment. | | |
| | | |
| **Fund 859 - DIF in Lieu Mello Roos Tax** | **$** | **19,516** |
| **Purpose -** Developer's have the option to pay an annual assessment rather than pay Development Impact Fees upfront. These fees may be used for public benefit facilities. The Town currently has one property within this assessment district. | | |
| | | |
| **Fund 860 - Transit Facilities** | **$** | **14,962** |
| **Purpose -** Contributes to the town-wide transit system. | | |
| | | |
| **Fund 861 - Mammoth View** | **$** | **51,014** |
| **Purpose -** The improvements maintained by the District include Viewpoint Road, the Viewpoint condominium emergency access area located to the north of the Viewpoint condominiums, sidewalks fronting the District along Main Street, Mountain Boulevard, and Alpine Circle, and appurtenant facilities. | | |

## Development Impact Fee Accounts

Development Impacts Fees continue to be recorded through the permit process within the Community Development Department. All funds collected are restricted for specific use intended under the Development Impact Fee schedule. Last fiscal year, the Town had a significant increase in construction resulting in significant permit revenue for the Town. This increase in activity is evident in the performance of the DIF accounts as the balances have grown significantly over FY2018-19. Below is the balance of each account as of June 30, 2019.

# Development Impact Fee Funds

**As of June 30,2019**

| Account | | Balance |
|---|---|---|
| Fund 830 - DIF Administration | $ | 33,091 |
| Fund 831 - DIF General Facilities | $ | 66,938 |
| Fund 832 - DIF Law Enforcement | $ | 34,343 |
| Fund 833 - DIF Storm Drains | $ | 56,692 |
| Fund 834 - DIF Parks & Recreation | $ | 74,853 |
| Fund 835 - DIF Mono County Office of Education - Library | $ | 73,412 |
| Fund 836 - DIF Circulation | $ | 27,567 |
| Fund 837 - DIF Mono County Office of Education - Child Care | $ | 104,139 |
| Fund 838 - DIF - Fire Facilities & Equipment | $ | 92,011 |
| Fund 839 - DIF Airport Improvements | $ | 14,193 |
| Fund 840 - Public Art | $ | 64,441 |
| Fund 841 - DIF Transit & Trails | $ | 149,190 |

## Fund 910 – Vehicle Replacement Fund

This fund is restricted specifically for vehicle replacement and has an available balance of $8,722,831 as of June 30, 2019 consisting of Restricted Gas Tax Reimbursements and Assigned Fund Balance. Town of Mammoth Lakes Fleet Management does an excellent job of servicing our vehicles that allow them to go beyond their normal service life. The Fleet Manager does a thorough review of equipment in the fall and provides a list of recommended replacements, usually by mid-year budget review. Town Council did authorize the purchase of vehicles during the FY2019-20 budget adoption and those vehicles were delivered or are in the process of being built.

When vehicles are purchased, their total cost and expected life are considered in the calculation to determine annual vehicle replacement charges. For the duration of that vehicle's expected life span, we will charge the department that operates the vehicle, the equivalent cost of replacement by the end of the lifecycle. This amount is increased for inflation on an annual basis to ensure we have the proper funds when we need them. If a vehicle continues to be useful beyond the calculated useful life, the replacement charges will only be needed to cover the annual inflation. When a replacement is finally purchased, the expense of vehicle replacement charges can be significantly different for the department, especially when prior charges have only been for inflation. Attached is a list of vehicles authorized for replacement in FY2018-19 and FY2019-20

| Vehicle # | Replacement Model | Division | Estimated Cost |
|---|---|---|---|
| L011 - Loader | Caterpillar 966M Loader (Blade, Coupler, Max Chains) | Div #1 - Roads | $ 431,000 |
| J002 - 1999 Ford Expedition | Ford F150 - Extra Cab | Div #1 - Roads | $ 28,500 |
| PU03 - 2000 Ford F250 | Ford F250 | Div #1 - Roads | $ 35,000 |
| PU10 - 2000 Ford F250 | Ford F250 | Div #1 - Roads | $ 35,000 |
| PU19 - 2008 Ford F350 | Ford F350 - 4 Door | Div #1 - Roads | $ 44,000 |
| PU11 - 2001 Ford F150 | F150 - new utility bed | Div #2 - Parks & Recreation | $ 35,000 |
| John Deere Gater | Toro Utility Vehicle | Div #2 - Parks & Recreation | $ 13,646 |
| A004 - 2004 Ford Expedition | Ford F150 - 4 Door | Div #6 - Airport | $ 40,000 |
| SB11 - Snow Blower | Kodiak LMSP5252 Blower | Div #8 - Snow Removal | $ 430,000 |
| L012 - Loader | Caterpillar 966M Loader | Div #8 - Snow Removal | $ 385,000 |
| 14ft Balderson Snow Blade (Replacement Blade) | | Div #8 - Snow Removal | $ 20,000 |
| | | Total Purchases | $ 1,497,146 |

**Replaced Vehicles to remain in Service**

| Vehicle # | In Service Assignment | Accrue Replacement? |
|---|---|---|
| PU11 - 2001 Ford F150 | Vehicle to be used for USFS position clearing lakes basin | Yes |
| PU19 - 2008 Ford F350 | Transfer to Airport | Yes |

# Fund Balance - Vehicle Replacement Fund

As of June 30, 2019

| Fund 910 Vehicle Replacement | | Balance |
|---|---|---|
| FY2018-19 Ending Balance | $ | 8,722,831 |
| **Balance Components** | | |
| Restricted: Gas Tax Reimbursements | $ | 3,139,969 |
| Assigned Fund Balance | $ | 5,582,861 |
| Available Fund Balance FY2018-19 | $ | 8,722,831 |
| General Fund Loan Balance Outstanding | $ | 2,831,207 |
| Total Vehicle Replacement Reserve Account | $ | 11,554,038 |

## Fund 990 – Debt Service / Capital Reserve

This fund is designated to pay our debt requirements and contains assigned balances for future capital needs. The balance at the close of FY2018-19 is $263,043 with one carryover item, Future Computer/Technology Requirements ($30,000). The remaining fund balance of $233,043 is uncommitted and will remain available for future capital projects or Council assignments. The chart below reflects current balances.

# Fund Balance - Debt Service / Capital Fund

**As of June 30,2019**

| Fund 990 Capital Fund | | Balance |
|---|---|---|
| Fund Balance FY2018-19 | $ | 263,043 |

| Carry over commitments | | |
|---|---|---|
| Item | | Amount |
| Reserved for Future Computer / Technology | $ | 30,000 |
| Total Reserve | $ | 30,000 |

| Staff Recommendations | | |
|---|---|---|
| Item | | Amount |
| | $ | - |
| Total Staff Recommendations | $ | - |

| Uncommitted Fund Balance FY2018-19 | $ | 233,043 |
|---|---|---|

## Housing Reserve

The housing reserve had a number of funding requests to support a strong focus on workforce housing in FY2018-19. Key projects include pre-development work on The Parcel as well as specific projects proposed by Mammoth Lakes Housing and Chamber of Commerce. Many of the requests had not started as of 6/30/2019 and therefore the Council allocated funds need to be carried forward. The available fund balance as of 6/30/2019 is $779,894 with carry over commitments of $751,166 leaving an uncommitted fund balance of $28,728. The Chamber of Commerce contract including their housing program has a remaining commitment of $125,000. The original amount was $149,100, with $24,000 allocated for FY2018-19 but not paid until FY2019-20.

## Housing Reserve

**As of June 30,2019**

| Assigned Fund Balance | | Balance |
|---|---|---|
| Fiscal Year 2018-19 | $ | 779,894 |

| Carry over commitments | | |
|---|---|---|
| Item | | Amount |
| Contractual Services - Housing - Lisa Wise Consulting - Parcel | $ | 280,066 |
| Contractual Services - Housing - Hastings & Associates - HOME monitoring | $ | 9,500 |
| Contractual Services - Housing - Placeworks - Housing / Safety Element | $ | 11,600 |
| Contractual Services - Housing - Parcel Consulting | $ | 200,000 |
| Contractual Services - Housing - Mammoth Lakes Housing - Missing Middle program | $ | 101,000 |
| Contractual Services - Housing - Chamber of Commerce Housing Agent FY2018-19 | $ | 24,000 |
| Contractual Services - Housing - Chamber of Commerce Housing Agent FY2019-20 and Beyond | $ | 125,000 |
| | | |
| Total Carry over from prior year | $ | 751,166 |

| Uncommitted Fund Balance FY2018-19 | $ | 28,728 |
|---|---|---|

## Transit Reserve

The transit reserve has not had a lot of request for use of funds over the last few years and has been able to build up a significant balance of available funds. This last year, several large-scale requests were presented to Town Council. These allocations include the replacement of three key bus shelters, Carl's Jr, North side of Main Street by Station 1 and the Post Office. These shelters are designated for rebuild in the spring / summer 2020. ESTA brought forward a request for grant matching funds to replace some of the aging fleet of Town Trolleys. The Town also dedicated $400,000 in funding for future vehicle replacements. All of these funding requests are carried over from FY2018-19, $1,080,00 in total.

Staff is recommending the one-time allocation of funds from the Transit Reserve to fund building maintenance at the Transit building. This building is in need of a roof replacement and a new HVAC unit for a total of $350,000. A future project is the relocation of the Vons parking lot stop to Meridian. A final location and design will require support from the property owner, who has requested the current stop be relocated.

With these carry over commitments and funding requests, the Transit Reserve will have a remaining uncommitted fund balance of $79,821.

## Transit Reserve

**As of June 30,2019**

| Assigned Fund Balance | | Balance |
|---|---|---|
| Fiscal Year 2018-19 | $ | 1,509,821 |

| Carry over commitments<br>Item | | Amount |
|---|---|---|
| Bus Shelter Replacements - Slated for build Summer 2020 | $ | 330,000 |
| Vehicle Replacement - Funds Transferred FY2019-20 | $ | 400,000 |
| Grant Match for ESTA | $ | 350,000 |
| | | |
| Total Carry over from prior year | $ | 1,080,000 |

| One Time Funding and Project Recommendations<br>Item | | Amount |
|---|---|---|
| Transit Building Maintenance - (HVAC & Roof) | $ | 350,000 |
| | | |
| Total Staff Recommendations | $ | 350,000 |

| Uncommitted Fund Balance FY2018-19 | $ | 79,821 |
|---|---|---|

## Tourism Reserve

The tourism reserve has been utilized heavily since its creation by both Mammoth Lakes Tourism and the Town of Mammoth Lakes. There are two carry over items in the fund balance as of FY2018-19, LA Kings sponsorship ($300,000) and Winter Street animation ($100,000) leaving an available fund balance of $1,248,334. There are no staff requests for use of this fund balance at this time.

### Tourism Reserve

As of June 30,2019

| Assigned Fund Balance | | Balance |
|---|---|---|
| Fiscal Year 2018-19 | $ | 1,648,334 |

| Carry over commitments<br>Item | | Amount |
|---|---|---|
| Los Angeles Kings Sponsorship / Partnership | $ | 300,000 |
| Winter Street Animation | $ | 100,000 |
| | | |
| Total Carry over from prior year | $ | 400,000 |
| Uncommitted Fund Balance FY2018-19 | $ | 1,248,334 |

## Conclusion

The above discussion touches on a number of modifications made or proposed to the various fund balances as part of year-end pre-audit analysis. Staff has presented recommendations based on identified needs and presented them for Council consideration. Staff has prepared the necessary budget adjustment documents and resolution based on these recommendations. Council may provide alternative direction as part of the discussion and if significant adjustments are made, staff will need to return next Council meeting with budget adjustment and resolution documents.

Staff is pleased with the financial performance of the last fiscal year. We enjoyed strong revenue performance and executed fiscal responsibility on the expenses providing good fund balances to further our initiatives and projects.

## OPTIONS ANALYSIS

**Option 1:** Staff recommends the Town Council receive the pre-audit actual financial presentation for Fiscal Year 2018-19 and adopt the resolution amending the FY2019-20 budget as recommended on Attachment A.

**Option 2:** Council provide alternate direction on staff recommendations and direct staff to bring back appropriately amended budget adjustments for future Council adoption.

## FINANCIAL CONSIDERATIONS:

The update provides Town Council with year-end financial results and recommends a number of budget modifications that will have a direct impact on Fiscal Year 2018-19 budgets.