

**MAMMOTH COMMUNITY WATER DISTRICT**

**FINANCIAL STATEMENTS**

Year Ended March 31, 2021



**Mammoth Community Water District**  
**Financial Statements**  
Year Ended March 31, 2021

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mammoth Community Water District  
Mammoth Lakes, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the Mammoth Community Water District (the "District") as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of March 31, 2021, 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.

## ***Emphasis of Matters***

### *New Accounting Pronouncements*

As described in Note 1C to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, and No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii to viii be presented to supplement the basic financial statements. Such information, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 schedules 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 September 21, 2021, on our consideration of the District'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 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 District'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 District's internal control over financial reporting and compliance.

*Teaman Ramirez & Smith, L.L.C.*

Riverside, California  
September 21, 2021

## Management's Discussion and Analysis

As management of the Mammoth Community Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended March 31, 2021.

### Financial Highlights

- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$94,646,189 (*net position*). Of this amount, \$28,425,909 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The total net position increased by \$2,614,561. This increase is attributable to higher than expected operating and tax revenue, lower than expected operating expenditures, capital projects completed below budget and delays experienced on planned capital projects.
- Capital assets, net of accumulated depreciation, increased by \$1,356,280. This increase reflects the net of capital projects completed in fiscal year 2021 and the depreciation of all District capital assets. Capital assets equal to \$3,698,858 were added in fiscal year 2021. Significant additions to District assets include an additional well, improvements to the sludge dewatering system at the wastewater treatment plant, upgrade to the PLC system for the wastewater treatment plant, rehabilitation of a water tank and two sewer lift stations and ongoing replacement and rehabilitation of water and sewer distribution and collection systems.
- Construction in progress totals \$2,745,352. This reflects capital projects started but not completed within the fiscal year.
- The District's total liabilities at the end of fiscal year 2021 were \$1,523,034, of which \$817,336 is due within the next year. The District's only long-term liability is the value of accrued leave time for employees. This liability will be paid as employees take paid time off or separate from District service. Total liabilities increased \$418,334 from last fiscal year.
- Cash and investments had a net increase of \$1,516,971. This net increase was a result of cash inflows from revenue that exceeded cash expenditures on expenses and deferred capital projects.
- Operating Revenue increased from the prior year by \$249,605. Water and wastewater revenue decreased by \$50,986 and revenue from connection fees increased by \$300,591. Property taxes increased from the prior year by \$383,281 due to an increase in assessed valuation and collection by Mono County.
- Operating Expenses, including Depreciation and Amortization, decreased from the prior year by \$520,740, a 4% decrease.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of the following: 1) Statement of Net Position, 2) Statement of Revenues, Expenses and Changes in Net Position, 3) Statement of Cash Flows, 4) Statement of Fiduciary Assets and Liabilities and 5) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

The *Statement of Net Position* presents information on all of the District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. 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 and earned but unused vacation leave).

The *Statement of Cash Flows* presents information on cash receipts and payments for the fiscal year.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data supplied in each of the specific financial statements listed above. The *Notes to the Financial Statements* can be found in pages 6-20 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* of the District's Water, Wastewater and New Enterprise activities.

### Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$94,646,189 at the close of fiscal year 2021, an increase of 2.9% over the previous year.

By far the largest portion of the District's net position (70%) is represented by its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The District does not have any debt related to capital assets.

The remaining balance of *unrestricted net position*, \$28,425,909, may be used to meet the District's ongoing obligations to citizens and creditors. The following table shows the projected capital project expenditures for the next five years:

Fiscal Year(s):	2022	2023	2024	2025	2026
Projected Capital Costs:	\$5,138,992	\$5,435,000	\$3,561,000	\$6,535,000	\$2,584,000

At the end of the current fiscal year, the District is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

### Net Position

	<u>FY 2021</u>	<u>FY 2020</u>
Current and Other Assets	\$31,368,942	\$29,594,818
Capital Assets	<u>\$66,220,280</u>	<u>\$64,864,000</u>
Total Assets	<u>\$97,589,222</u>	<u>\$94,458,818</u>
Noncurrent Liabilities	\$ 705,698	\$ 693,704
Other Liabilities	<u>\$ 817,336</u>	<u>\$ 410,996</u>
Total Liabilities	<u>\$ 1,523,034</u>	<u>\$ 1,104,700</u>
Deferred Inflows of Resources	<u>\$ 1,419,999</u>	<u>\$ 1,322,490</u>
Net Position:		
Net Investment in Capital Assets	\$66,220,280	\$64,864,000
Unrestricted	<u>\$28,425,909</u>	<u>\$27,167,628</u>
Total Net Position	<u>\$94,646,189</u>	<u>\$92,031,628</u>



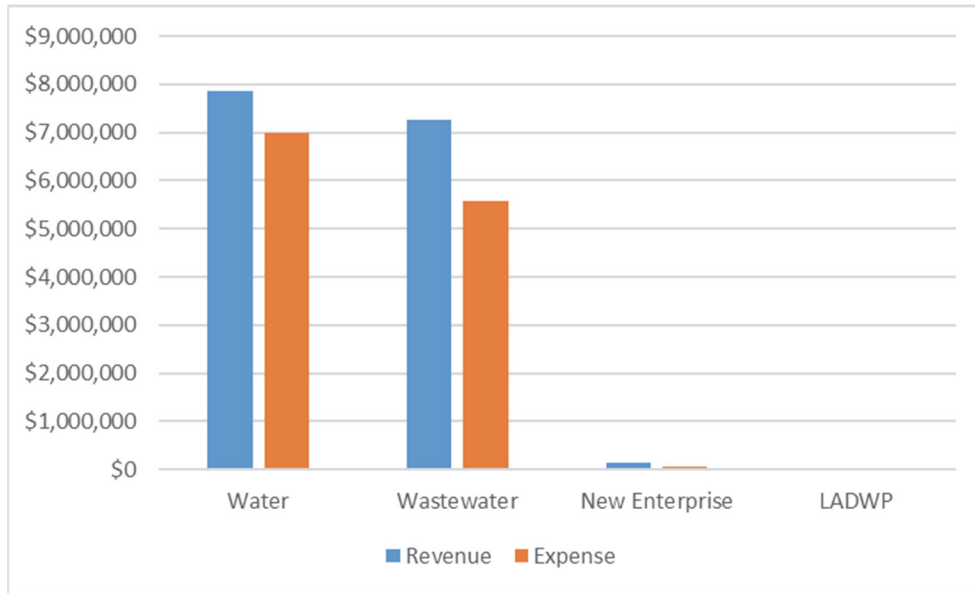
### Change in Net Position

	<u>FY 2021</u>	<u>FY 2020</u>
Revenues:		
Water Services	\$ 3,598,196	\$ 3,488,811
Wastewater Services	\$ 2,630,932	\$ 2,791,303
Permits	\$ 606,230	\$ 305,639
Non-Operating	<u>\$ 8,429,868</u>	<u>\$ 8,635,948</u>
Total Revenues	<u>\$15,265,226</u>	<u>\$ 15,221,701</u>
Expenses:		
Operating:		
General and Administrative	\$ 2,944,802	\$ 3,217,594
Water Services	\$ 3,086,996	\$ 3,355,626
Wastewater Services	\$ 2,469,610	\$ 2,203,895
Depreciation and Amortization	<u>\$ 4,149,257</u>	<u>\$ 4,394,290</u>
Total Expenses	<u>\$ 12,650,665</u>	<u>\$ 13,171,405</u>
Change in Net Position	\$ 2,614,561	\$ 2,050,296
Net Position, Beginning	<u>\$ 92,031,628</u>	<u>\$ 89,981,332</u>
Net Position, Ending	<u>\$ 94,646,189</u>	<u>\$ 92,031,628</u>

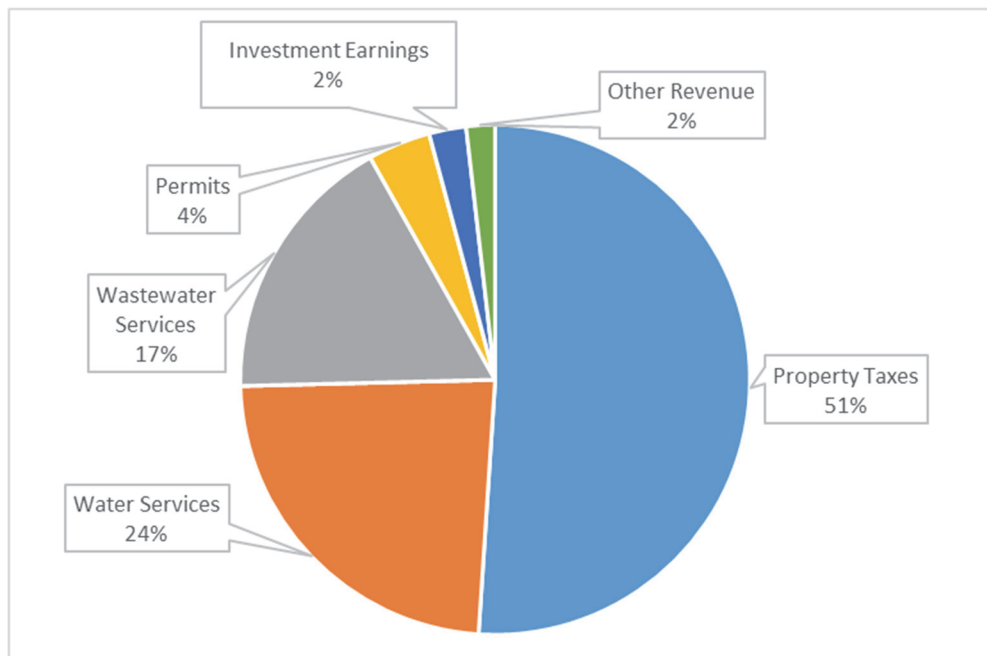
- In March 2020, the District Board of Directors temporarily reduced the water and wastewater base rates to provide relief to customers affected by the economic disruption caused by regulatory response to COVID-19. The revenue lost in this temporary rate reduction was partially offset by increased water use revenue, but the total water and wastewater revenue was \$50,986 lower than in FY 2020.
- Connection permit revenue increased by \$300,591 (98%) over last year. This increase is largely due to connection fees received for a single large housing development that has been pending for several years.
- Factors influencing the decrease in the Water Services and Wastewater Services operating expenses include: savings in personnel expense resulting from unfilled positions, reduction in professional services related to monitoring geothermal impacts on groundwater, and reduced training expense as a result of restrictions on travel and meetings.
- The increase in net position of \$2,614,561 (2.8%) from fiscal year 2020 to 2021 is due to an increase of revenue (primarily property tax and connection permit fees) and a decrease in operating expenses.
- The District's water and wastewater rate structure, effective from April 2016 – March 2021, provides for incremental annual rate increases. A rate study is being conducted to establish new rates for the next five years calculated to meet the ongoing operating and capital of the District.

**District Activities:** The District’s Wastewater, Water, New Enterprise and LADWP activities are as follows.

### Expenses and Program Revenues



### Revenues by Source



## Capital Asset and Debt Administration

**Capital Assets:** The District's capital assets for its business-type activities as of March 31, 2021 amount to \$66,220,280 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. Additional information on the District's capital assets can be found in Note 5 of the *Notes to Financial Statements*.

Major capital asset additions during fiscal year 2021 include the following completed capital projects: installation of improved sludge de-watering equipment at the wastewater treatment plant, upgrade to the PLC system for the wastewater treatment plant, rehabilitation of a water tank and two sewer lift stations and ongoing replacement and rehabilitation of water and sewer distribution and collection systems.

### Mammoth Community Water District's Capital Assets (Net of Depreciation)

	<u>FY 2021</u>	<u>FY 2020</u>
Land	\$ 444,330	\$ 444,330
Construction in Progress	\$ 2,745,352	\$ 938,673
Subsurface Lines	\$ 30,335,114	\$ 37,242,958
General Plant Administration Facilities	\$ 12,608,270	\$ 13,773,962
Water Treatment Facilities	\$ 29,350,467	\$ 33,904,539
Wastewater Collection and Treatment Facilities	\$ 49,061,211	\$ 49,396,502
Source of Supply	\$ 1,416,987	\$ 4,964,661
Vehicles and Equipment	<u>\$ 6,053,358</u>	<u>\$ 4,954,695</u>
Total Capital Assets	\$ 132,015,089	\$ 145,620,320
Less Accumulated Depreciation	<u>\$ (65,794,809)</u>	<u>\$ (80,756,320)</u>
Total Capital Assets, Net	<u>\$ 66,220,280</u>	<u>\$ 64,864,000</u>

**Long-term Liability:** At the end of the current fiscal year, the District had a total long-term liability outstanding of \$705,698. This liability represents the value of accumulated employee leave balances not expected to be paid within one year. The total value of all employee leave balances is \$784,108, with \$78,410 estimated to be payable within one year. Additional information on the District's long-term liability can be found in Note 6 of the *Notes to Financial Statements*.

### Mammoth Community Water District's Outstanding Debt

	<u>FY 2021</u>	<u>FY 2020</u>
Compensated Leave Balances	\$ 784,108	\$ 770,783
Total Long-term Liability	<u>\$ 784,108</u>	<u>\$ 770,783</u>

The increase in long-term liability is due to the increase in the value of employee compensated leave balances.

## **Economic Factors and Next Year's Budgets and Rates**

The financial position of the District is significantly influenced by weather, with both operating cost and revenue affected. In years of low snowfall, the District must impose water use restrictions and operating costs increase as the water source shifts from surface to groundwater. When there is average snowfall, more recreational visitors generate additional revenue, and water treatment and delivery costs decrease with the use of surface water. After four years of historic drought ending in 2015, the winters of 2016 through 2020 alternated between high and average snowfall. The winter of 2021 brought below average snowfall, which will prompt water conservation measures over the next year.

Because of the wide and unpredictable variation in snowfall, the District's rate structure has a provision for a Water Shortage Surcharge (WSS) which can be imposed by the Board during periods of water use restrictions to offset the loss of revenue. Since approximately 95% of the District's operating costs are fixed, the WSS provides a structure that matches fixed and variable costs and revenue.

Water sales typically provide between 10% and 15% of the District's total revenue. This segment of our revenue increased by \$193,507 (12% increase in water sales revenue) from FY 2020 to FY 2021.

Property valuation and related tax revenue continues to increase gradually. New housing development generates connection fee revenue designated for future infrastructure needs and increases the assessed valuation of our tax base. The District has projected revenue conservatively and anticipated rising operating costs in the preparation of the budget for the 2022 fiscal year. The FY 2022 capital budget of \$5,139,000 includes completion of a new production well with expected cost of approximately \$450,000, two monitoring wells totaling approximately \$800,000, additional water system improvements of approximately \$1,456,000, and improvements to the wastewater collection system and treatment plant of approximately \$1,338,000.

During FY 2021, actions by state and local politicians in response to COVID-19 caused significant economic disruption. Many local businesses closed, either temporarily or permanently. Many local residents were forced from productive work to unemployment. Housing costs rose sharply as work-from-home and remote learning motivated many second homeowners to make Mammoth Lakes their primary home. Throughout the economic disruption the District's customers continued to responsibly pay their bills for service and revenue loss was minor. The District experienced some increased cost and decreased productivity related to remote work and rotating shifts but the overall impact on the District has been minimal.

## **Requests for Information**

This report is designed to provide a general overview of the Mammoth Community Water District for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager, P.O. Box 597, Mammoth Lakes, CA 93546.

## **BASIC FINANCIAL STATEMENTS**



**Mammoth Community Water District**  
**Statement of Net Position**  
March 31, 2021

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 6,791,621
Restricted Cash and Cash Equivalents	87,985
Investments	18,228,499
Receivables:	
Billings	455,222
Interest	74,068
Property Taxes	2,872,156
Loans	2,274,370
Other	134,109
Inventory	349,538
Deposits and Prepaid Items	101,374
Total Current Assets	31,368,942

Land and Construction in Progress, Not Being Depreciated	3,189,682
Capital Assets, Net of Depreciation	63,030,598
Total Assets	97,589,222

**LIABILITIES**

Current Liabilities:

Accounts Payable	529,300
Restricted Accounts Payable	87,985
Accrued Expenses	68,931
Deposits Payable	52,710
Current Maturities of Long-Term Debt	78,410
Total Current Liabilities	817,336

Noncurrent Liabilities:

Long-Term Debt:	
Compensated Absences	705,698
Total Liabilities	1,523,034

**DEFERRED INFLOWS OF RESOURCES**

Deferred Property Taxes	1,419,999
Total Deferred Inflows of Resources	1,419,999

**NET POSITION**

Net Investment in Capital Assets	66,220,280
Unrestricted	28,425,909
Total Net Position	\$ 94,646,189

The accompanying notes are an integral part of this statement.

**Mammoth Community Water District**  
**Statement of Revenues, Expenses and Changes in Net Position**  
Year Ended March 31, 2021

<b>OPERATING REVENUES</b>	
Water Services	\$ 3,598,196
Wastewater Services	2,630,932
Permits	<u>606,230</u>
Total Operating Revenues	<u>6,835,358</u>
<b>OPERATING EXPENSES</b>	
General and Administrative	2,944,802
Water Services	3,086,996
Wastewater Services	2,469,610
Depreciation and Amortization	<u>4,149,257</u>
Total Operating Expenses	<u>12,650,665</u>
Operating Income (Loss)	<u>(5,815,307)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Property Taxes	7,791,754
Investment Earnings	359,693
Other Revenues	232,843
Gain (Loss) on Sale of Assets	<u>45,578</u>
Total Non-Operating Revenues (Expenses)	<u>8,429,868</u>
Change in Net Position	2,614,561
Net Position - Beginning	<u>92,031,628</u>
Net Position - Ending	<u><u>\$ 94,646,189</u></u>

The accompanying notes are an integral part of this statement.



**Mammoth Community Water District**  
**Statement of Cash Flows**  
Year Ended March 31, 2021

**CASH FLOWS FROM OPERATING  
ACTIVITIES**

Receipts from Customers	\$ 6,800,725
Payments to Suppliers	(2,615,323)
Payments to Employees	(5,940,576)
Other Receipts	<u>501,029</u>

Net Cash Provided (Used) by Operating Activities	<u>(1,254,145)</u>
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**CASH FLOWS FROM NON-CAPITAL  
FINANCING ACTIVITIES**

Property Taxes	<u>7,606,902</u>
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Net Cash Provided (Used) by Non-Capital Financing Activities	<u>7,606,902</u>
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**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Proceeds from Sale of Assets	45,578
Acquisition and Construction of Capital Assets	<u>(5,320,810)</u>

Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,275,232)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(15,124,967)
Proceeds from the Sale and Maturities of Investments	11,661,699
Interest on Investments	<u>363,343</u>

Net Cash Provided by Investing Activities	<u>(3,099,925)</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	<u>(2,022,400)</u>
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Cash and Cash Equivalents - Beginning of Year, As Previously Reported	8,825,903
Prior Period Adjustment	<u>76,103</u>

Cash and Cash Equivalents - Beginning of Year, As Restated	<u>8,902,006</u>
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Cash and Cash Equivalents - End of Year	<u><u>\$ 6,879,606</u></u>
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The accompanying notes are an integral part of this statement.

**Mammoth Community Water District**  
**Statement of Cash Flows - Continued**  
Year Ended March 31, 2021

**RECONCILIATION OF OPERATING INCOME  
(LOSS) TO NET CASH PROVIDED (USED) BY  
OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (5,815,307)
Depreciation and Amortization	4,149,257
Other Receipts	501,029

**Change in Assets and Liabilities:**

Decrease (Increase) in Operating Assets:	
Accounts Receivable	(198,901)
Inventory	(28,899)
Deposits and Prepaid Expenses	(18,828)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	368,145
Accounts Payable Related to Capital Assets	(184,727)
Restricted Accounts Payable	11,882
Accrued Expenses	(45,389)
Deposits Payable	(5,732)
Compensated Absences	13,325

Net Cash Provided (Used) by Operating Activities	\$ (1,254,145)
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**SUPPLEMENTAL DISCLOSURES**

Cash and Cash Equivalents:	
Cash and Cash Equivalents	\$ 6,791,621
Restricted Cash and Cash Equivalents	87,985
Total	\$ 6,879,606

The accompanying notes are an integral part of this statement.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The Mammoth Community Water District (District) was organized in 1957, for the purpose of providing water distribution services as well as wastewater collection and treatment facilities for the residents and businesses of the Mammoth Lakes area. The District's name was Mammoth County Water District and was changed by the Board of Directors (Board) in January 1995, to Mammoth Community Water District.

The District's basic financial statements include the operations of all organizations for which the District Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying basic financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements No. 39, No. 80 and No. 90.

The basic financial statements include the activities of the New Enterprise Division (expansion and other activities), the Water Division (water distribution services), the Wastewater Division (wastewater collection and treatment facilities), Trout Habitat Enhancement Program (see Note 9) and the Los Angeles Department of Water and Power (LADWP) settlement reserve (see Note 9). The activities for each division and the settlement reserve are reflected in the combining schedules.

**B) Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting standards followed by governmental entities in the United States of America.

The District reports its activities as an enterprise fund using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of the timing of cash flows.

Net position is displayed as three components: (1) Net investment in capital assets, which reflects the cost of capital assets less accumulated depreciation and capital-related deferred outflows of resources, less the outstanding principal of related debt not associated with unspent bond proceeds and deferred inflows of resources; (2) Restricted, which reflect the carrying value of assets less related liabilities and deferred inflows of resources that are restricted by outside covenants or by law; and (3) Unrestricted, which represents the remaining net position.

The District distinguished operating revenues and expenses from those revenues and expenses that are non-operating. Operating revenues are those revenues that are generated by water sales and wastewater services while operating expenses pertain directly to the furnishing of those services. Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water and wastewater treatment services.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standard Board Statement No. 84

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This Statement establishes the criteria for identifying fiduciary activities which should be reported in a fiduciary fund in the basic financial statements. The fiduciary funds that should be reported, if applicable: a) pensions trust funds, b) investment trust funds, c) private purpose trust funds, d) custodial funds. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Due to the COVID-19 pandemic, GASB No. 95 delayed the implementation of this GASB Statement by one year for reporting periods beginning after December 15, 2019. The District implemented this Statement in the 2021 fiscal year which is reflected in the District's financial statements.

Governmental Accounting Standard Board Statement No. 95

In May of 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides which are as follows:

- A. Statement 83 - Reporting periods beginning after June 15, 2019.
- B. Statement 84 and Implementation Guide 2019-2 - Reporting periods beginning after December 15, 2019.
- C. Statement 87 and Implementation Guide 2019-3 - Fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- D. Statement 88 - Reporting periods beginning after June 15, 2019.
- E. Statement 89 - Reporting periods beginning after December 15, 2020.
- F. Statement 90 - Reporting periods beginning after December 15, 2019.
- G. Statement 91 - Reporting periods beginning after December 15, 2021.
- H. Statement 92, paragraphs 6 and 7 - Fiscal years beginning after June 15, 2021.
- I. Statement 92, paragraphs 8, 9, and 12 - Reporting periods beginning after June 15, 2021.
- J. Statement 92, paragraph 10 - Government acquisitions occurring in reporting periods beginning after June 15, 2021.
- K. Statement 93, paragraphs 13 and 14 - Fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- L. Implementation Guide 2017-3, Questions 4.484 and 4.491 - The first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019.
- M. Implementation Guide 2017-3, Questions 4.85, 4.103, 4.108, 4.109, 4.225, 4.239, 4.244, 4.245, and 5.1-5.4 - Actuarial valuations as of December 15, 2018, or later.
- N. Implementation Guide 2018-1 - Reporting periods beginning after June 15, 2019.
- O. Implementation Guide 2019-1 - Reporting periods beginning after June 15, 2020.

Statement No. 95 is effective immediately. The District has elected to delay certain provisions in the GASB Statements as allowed by GASB Statement No. 95.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Budget and Budgeting**

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect the following April 1. The budgets are used as a management tool and are not a legal requirement.

**E) Cash Equivalents, Restricted Cash and Cash Equivalents and Restricted Accounts Payable**

For the purposes of the statement of cash flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

Restricted cash and cash equivalents consist of amounts restricted for the trout habitat enhancement program as part of a legal settlement (See Note 9). These amounts are offset against restricted accounts payable since the District is holding these funds until they are used for specified projects.

**F) Allowances for Uncollectible Accounts**

The District does not provide an allowance for uncollectible accounts. Based upon prior experience and management's assessment of the collectability of existing specific accounts, all past due accounts have been paid. When accounts become past due, they are transferred to the tax roll and eventually collected.

**G) Inventory and Prepaid Items**

Inventories of supplies and expendable equipment are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than purchased.

**H) Capital Assets**

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets, donated work of art and similar items are recorded at their estimated acquisition value rather than fair value. Capital assets purchased of at least \$5,000 are capitalized if they have an expected useful life of 5 years or more.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Plant and Pipelines	30-60
Source of Supply	5-50
Vehicles and Equipment	5-15

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Compensated Absences**

All earned vacation and accumulated sick leave payable upon termination or retirement are accrued as compensated absences. A liability is accrued for a portion of the sick leave balances of all employees who are currently eligible to receive a payment for sick leave upon termination, as well as for those expected to become eligible. As of March 31, 2021, the total estimated liability for all compensated absences was \$784,108.

**J) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. Currently, the District has no items that qualify for this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category. The deferred property taxes are related to property taxes receivables. The District will receive the second installment of property taxes from the County that relate to the period of January to June subsequent to year end. Only half of those property taxes relate to the current year and the other half is deferred to be recognized in the following year.

**K) Property Taxes**

The County of Mono (County) is responsible for the assessment, collection, and apportionment of property taxes for the District.

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of Mono for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State of California (Proposition 13 adopted by the votes on September 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, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies - are limited to 1% of full value which results in a tax rate of \$1 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1 proceeding 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 as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K) Property Taxes - Continued**

Tax Collections - are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes, does not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments - Due to the nature of the District-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 the County Auditor-Controller based primarily on the ratio that each agency represented of the total District-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Administrative fees are expensed and included in general and administrative expenses.

**L) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2) CASH AND INVESTMENTS**

The primary goals of the District's investment policy are to assure compliance with all Federal, State, and Local laws governing the investment of funds under the control of the organization, protect the principal of investments entrusted, and generate income under the parameters of such policies.

The District's investment policy and State statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities, prime commercial paper, banker acceptances, repurchase agreements, negotiable certificates of deposits and other investments. Funds may also be invested in the State Treasurer's Local Agency Investment Fund (LAIF), County Pooled Investment Funds, and the Investment Trust of California (CalTRUST).

Cash and Investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 6,791,621
Restricted Cash and Cash Equivalents	87,985
Investments	18,228,499
Total Cash and Investments	\$ 25,108,105



**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**2) CASH AND INVESTMENTS - Continued**

Cash and investments consist of the following:

Cash on Hand		\$	300
Deposits with Financial Institutions			653,575
Investments			<u>24,454,230</u>
Total Cash and Investments			<u>\$ 25,108,105</u>

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio <sup>(1)</sup>	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations - CA and Others	5 years	30% <sup>(2)</sup>	5%
CA Local Agency Obligations	5 years	30% <sup>(2)</sup>	5%
Federal Agency Securities	5 years	None	25%
Bankers' Acceptance	180 days	40%	5%
Commercial Paper	270 days	25% <sup>(2)</sup>	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Non-negotiable Certificates of Deposit	5 years	20%	None
Placement Service Deposits and Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Notes	5 years	30%	5%
Mutual Funds and Money Market Funds	N/A	20%	10% <sup>(3)</sup>
Collateralized Bank Deposits	5 years	20%	None
Mortgage Pass Through and Asset-Backed Securities	5 years <sup>(4)</sup>	20%	5%
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	10%

<sup>(1)</sup> Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

<sup>(2)</sup> No more than 30% of the portfolio may be in Municipal Securities.

<sup>(3)</sup> Pooled funds can be 40% of the maximum percentage of the portfolio.

<sup>(4)</sup> The 10% limitation does not apply to money market funds.

<sup>(4)</sup> The California Government Code has a maximum maturity of 5 years. Under Government Code Section 53601, the District's Board of Directors may grant authority to exceed this maximum maturity. For Mortgage Pass Through and Asset-Backed Securities, the Board of Directors have approved certain investments to exceed the 5 years maturity.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**2) CASH AND INVESTMENTS - Continued**

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustee, are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

Investment Type	Remaining Maturity (in Months)			
	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Money Market	\$ 590,267	\$ 590,267	\$	\$
U.S. Treasury Obligations	4,274,380	545,102	949,689	2,779,589
Federal Agency Securities	6,924,640	1,090,807	1,431,592	4,402,241
Medium Term Notes	4,420,311	1,681,162	503,436	2,235,713
Supranational	593,528		593,528	
Mortgage Pass Through and Asset-Backed Securities	2,366,048	357,096		1,054,331 954,621
State Investment Pool - LAIF	3,533,336	3,533,336		
Investment Trust of California (CalTRUST)	1,737,444	1,737,444		
Mono County Investment Pool	14,276	14,276		
Total	\$ 24,454,230	\$ 9,549,490	\$ 2,884,717	\$ 11,065,402 \$ 954,621

**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 or the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

2) CASH AND INVESTMENTS - Continued

**Disclosures Relating to Credit Risk - Continued**

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>
Money Market	\$ 590,267	N/A	\$
U.S. Treasury Obligations	4,274,380	N/A	
Federal Agency Securities	6,924,640	N/A	
Medium Term Notes	4,420,311	A	
Supranational	593,528		
Mortgage Pass Through and Asset-Backed Securities	2,366,048	AA	
State Investment Pool - LAIF	3,533,336	N/A	
Investment Trust of California (CalTRUST)	1,737,444	N/A	
Mono County Investment Pool	<u>14,276</u>	N/A	<u>          </u>
Total	<u>\$ 24,454,230</u>		<u>\$ 0</u>

<u>Investment Type</u>		<u>Ratings of Year End</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Money Market	\$ 590,267	\$ 590,267			\$
U.S. Treasury Obligations	4,274,380	4,274,380			
Federal Agency Securities	6,924,640	6,924,640			
Medium Term Notes	4,420,311		1,315,637	3,104,674	
Supranational	593,528	593,528			
Mortgage Pass Through and Asset-Backed Securities	2,366,048	2,366,048			
State Investment Pool - LAIF	3,533,336				3,533,336
Investment Trust of California (CalTRUST)	1,737,444		1,737,444		
Mono County Investment Pool	<u>14,276</u>				<u>14,276</u>
Total	<u>\$ 24,454,230</u>	<u>\$14,748,863</u>	<u>\$ 3,053,081</u>	<u>\$ 3,104,674</u>	<u>\$ 3,547,612</u>

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**2) CASH AND INVESTMENTS - Continued**

**Concentration of Credit Risk**

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total District's investments is as follows:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association (FNMA)	Federal Agency Securities	\$ 2,668,290
Federal Home Loan Bank (FHLB)	Federal Agency Securities	\$ 2,207,890
Federal Home Loan Mortgage Corporation (FHLMC)	Federal Agency Securities	\$ 1,723,060

**Custodial Credit Risk**

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 custodial 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 District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, 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 depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of March 31, 2021, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of March 31, 2021, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Investment Type	Reported Amount
Money Market	\$ 590,267
U.S. Treasury Obligations	4,274,380
Federal Agency Securities	6,924,640
Medium Term Notes	4,420,311
Supranational	593,528
Mortgage Pass Through and Asset-Backed Securities	2,366,048

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**2) CASH AND INVESTMENTS - Continued**

**Local Agency Investment Fund (LAIF)**

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The District may invest up to \$75,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended March 31, 2021 was 0.357%. The carrying value and estimated market value of the LAIF Pool at March 31, 2021 was \$126,743,941,017 and \$126,904,887,135, respectively. The District's share of the Pool at March 31, 2021 was approximately 0.0028 percent.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District'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. Included in LAIF's investment portfolio are structured notes and asset-backed securities totaling \$1,100,000,000 and \$2,340,565,000, respectively. LAIF's and the District's exposure to risk (credit, market or legal) is not currently available.

The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by Statute. LAIF is also regulated by California Government Code Section 16429.

**Investment Trust of California (CalTRUST)**

The Investment Trust of California (CalTRUST) is organized as a Joint Powers Authority ("JPA") that was established by public agencies in California for the purpose of pooling and investing local agency funds - operating reserves as well as bond proceeds. Investments with CalTRUST are highly liquid. CalTRUST is governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST. CalTRUST offers the option of four accounts to provide participating agencies - a governmental fund, a money market fund, a short-term account, and a medium-term account. As of March 31, 2021, the District's investment in CalTRUST is \$1,737,444 in the short-term account. Amounts that may be withdrawn from the money market fund are based upon the fund's assets valued using the amortized cost method. Amounts that may be withdrawn from the short-term and medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

**Collateral for Deposits**

All Cash and certificates of deposits are entirely insured or collateralized.

Under the provisions of the California Government Code, California banks and savings and loan associations are required to secure the District's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits.

The District may waive the 110% collateral requirement for deposits which are insured up to \$250,000 by the FDIC.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**3) FAIR VALUE MEASUREMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

*Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

*Level 2* inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

*Level 3* inputs are unobservable inputs for the asset or liability.

Fair values of assets measured on a recurring basis are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)	Uncategorized
Money Market	\$ 590,267	\$	\$ 590,267
U.S. Treasury Obligations	4,274,380	4,274,380	
Federal Agency Securities	6,924,640	6,924,640	
Medium Term Notes	4,420,311	4,420,311	
Supranational	593,528	593,528	
Mortgage Pass Through and Asset-Backed Securities	2,366,048	2,366,048	
State Investment Pool - LAIF	3,533,336		3,533,336
Investment Trust of California (CalTRUST)	1,737,444		1,737,444
Mono County Investment Pool	14,276		14,276
<b>Total</b>	<b>\$ 24,454,230</b>	<b>\$ 18,578,907</b>	<b>\$ 5,875,323</b>

Fair values for investments are determined by using a matrix pricing technique. Matrix pricing is used to value securities based on the security's relationship to benchmark quoted prices. Uncategorized investments do not fall under the fair value hierarchy as there is no active market for the investments.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**4) LOANS RECEIVABLE**

Loans receivable includes \$2,099,268 of loans to employees for home down payment assistance and \$250 in miscellaneous loans. The District has a program for employee home down payment assistance to assist employees in purchasing homes within the District's geographic area. The down payment assistance is secured by the property being purchased and subject to the terms of each employee down payment agreement.

On April 8, 2015, the District approved a promissory note to loan amounts to Snowcreek Investment Company for \$365,000. The loan was provided for the purpose of assisting the company with recycled water and untreated groundwater service. Interest accrues at an annual rate of 5%. Principal and Interest are due in 120 monthly payments of \$3,881 commencing on June 15, 2015. All accrued and unpaid interest and principal balance shall be due the earlier of (i) June 14, 2025; (ii) at such time as the company commences construction of the additional 9 holes to be added to the existing 9 holes of Snowcreek Golf Course; (iii) the date of funding of the construction loan use to construct the new 9 holes to be added to the existing 9 holes of the Snowcreek Golf Course; (iv) the sale of the of the property; and (v) any change in the ownership of the company. The balance of the loan is \$174,852 as of March 31, 2021.

**5) CAPITAL ASSETS**

Capital Assets are presented as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 444,330	\$	\$	\$ 444,330
Construction in Progress	938,673	5,983,150	4,176,471	2,745,352
<b>Total Capital Assets, Not Depreciated</b>	<b>1,383,003</b>	<b>5,983,150</b>	<b>4,176,471</b>	<b>3,189,682</b>
Capital Assets, Being Depreciated:				
Subsurface Lines	37,242,958	773,157	7,681,001	30,335,114
General Plant Administration Facilities	13,773,962	215,864	1,381,556	12,608,270
Water Treatment Facilities	33,904,539	622,309	5,176,381	29,350,467
Wastewater Collection and Treatment Facilities	49,396,502	716,101	1,051,392	49,061,211
Source of Supply	4,964,661		3,547,674	1,416,987
Vehicles and Equipment	4,954,695	1,371,427	272,764	6,053,358
<b>Total Capital Assets Being Depreciated</b>	<b>144,237,317</b>	<b>3,698,858</b>	<b>19,110,768</b>	<b>128,825,407</b>
Less Accumulated Depreciation	(80,756,320)	(4,149,257)	(19,110,768)	(65,794,809)
<b>Total Capital Assets Being Depreciated, Net</b>	<b>63,480,997</b>	<b>(450,399)</b>	<b>0</b>	<b>63,030,598</b>
<b>Total Capital Assets, Net</b>	<b>\$ 64,864,000</b>	<b>\$ 5,532,751</b>	<b>\$ 4,176,471</b>	<b>\$ 66,220,280</b>

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**6) LONG-TERM LIABILITIES**

**A) Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 770,783	\$ 499,249	\$ 485,924	\$ 784,108	\$ 78,410
Total Long-Term Liabilities	<u>\$ 770,783</u>	<u>\$ 499,249</u>	<u>\$ 485,924</u>	<u>\$ 784,108</u>	<u>\$ 78,410</u>

**B) Compensated Absences**

District employees accumulate earned but unused vacation benefits and sick leave benefits which can be converted to cash at termination of employment. In accordance with GASB Codification Section C60, a liability is recorded for unused vacation and sick leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement. Management has estimated the amount expected to be liquidated in the next current period and reflected this amount as a current liability. The remaining liability is reported as long-term debt on the Statement of Net Position.

**7) DEFINED CONTRIBUTION PLANS**

The District provides pension benefits for all its eligible represented and non-represented employees through a defined contribution plan (the "Plan"). The Money Purchase Pension Plan is administered for the District by Orion Portfolio Solutions, LLC. The District retains the authority to define and amend Plan provisions. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate from the first full month following the date of employment if they are over 18 years of age. The District's contributions for each employee vest annually at 20% per year after 1,000 hours of service for that year and are fully vested after five year continuous service. District's contributions for, and earnings forfeited by, employees who leave employment before five years of service are used to supplement the District's current period contribution requirement. The District contributed an amount equal to 20% of the participant's total compensation for both represented and non-represented employees. In addition, the District matches employee's contributions to their 457 deferred compensation plan to a maximum of 2% of compensation. There were no changes to the Plans during the fiscal year ended March 31, 2021.

Employees are not required to, and do not, contribute to the Money Purchase Pension Plan. During the fiscal year ended March 31, 2021, payroll for covered employees was \$3,896,737. Contributions for the fiscal year ended March 31, 2021 was \$853,906.



**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**8) RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWAJPIA), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The purpose of ACWAJPIA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expenses. The District pays an annual premium to the ACWAJPIA for its general liability, automobile, and property coverage. The agreement for formation of the ACWAJPIA provides that the ACWAJPIA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. The District continues to carry commercial insurance for all other risks of loss, including worker’s compensation, employee health, and accident insurance.

**9) COMMITMENTS AND CONTINGENCIES**

Various claims have been filed against the District. In the opinion of the District’s management and legal counsel, the claims will not have a material impact on the basic financial statements.

**Los Angeles Department of Water and Power Settlement**

The District entered into a settlement agreement with the Los Angeles Department of Water of Power (LADWP) regarding water rights from the Mammoth Creek and the Owens River watershed. As part of the settlement, the District during the 2014 fiscal year paid LADWP \$3,400,000 for implementation of, and on-going operation and maintenance of, water conservation and water use efficiency actions in the watershed. The settlement agreement is effective for a primary term of 50 years, until January 1, 2064, and can be extended for up to ten years subject to the District’s savings in water consumption of less than 4,387 acre feet per year.

The agreement may extend for a second fifty year term, after the primary term extension, subject to the District paying LADWP \$2,400,000. The \$2,400,000 will be adjusted for an annual escalation rate, from January 1, 2014, equal to the smaller of the consumer price index (CPI) for that year or three percent. The CPI as of January 1, 2021 was 0.9%. Therefore, the annual escalation rate used was 0.9% for fiscal year 2021. As of March 31, 2021, the LADWP adjusted extension payment was \$2,779,986. This was an increase of \$24,797 over the prior year’s estimated adjusted extension payment. The Board of Directors have authorized to set aside annual amounts to pay the future obligation to LADWP. The District set aside \$50,000 during the fiscal year. The balance of the amounts set aside was \$368,467 on March 31, 2021.

Fiscal Year	CPI-U <sup>(2)</sup>	Actual Factor	Adjusted Settlement Due	Funding	Reserve Balance <sup>(2)</sup>
2014	N/A	N/A	\$ 2,400,000	\$ -	\$ -
2015	-0.1%	-0.1%	\$ 2,397,600	\$ -	\$ -
2016	3.1%	3.0%	\$ 2,469,528	\$ -	\$ -
2017	2.1%	2.1%	\$ 2,521,388	\$ 50,000	\$ 50,188

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2021

**9) COMMITMENTS AND CONTINGENCIES - Continued**

**Los Angeles Department of Water and Power Settlement - Continued**

Fiscal Year	CPI-U <sup>(1)</sup>	Actual Factor	Adjusted Settlement Due	Funding	Reserve Balance <sup>(2)</sup>
2018	3.5%	3.0%	\$ 2,597,030	\$ 55,000	\$ 105,414
2019	3.2%	3.0%	\$ 2,674,941	\$ 55,000	\$ 164,095
2020	3.1%	3.0%	\$ 2,755,189	\$ 150,000	\$ 316,580
2021	0.9%	0.9%	\$ 2,779,986	\$ 50,000	\$ 368,467

<sup>(1)</sup> The Consumer Price Index for All Urban Consumers (CPI-U) for the Los Angeles area as of January 1<sup>st</sup> of each year.

<sup>(2)</sup> Reserve balance includes investment earnings on the amounts set aside.

**Trout Habitat Enhancement Program**

The District entered into a settlement agreement with the California Department of Fish and Game and the California Trout, Inc., regarding the fishery bypass flow requirements for Mammoth Creek. As part of the settlement, the District agreed to contribute \$10,000 per year, adjusted annually for inflation or deflation using the ENR Construction Cost Index (CCI) to support appropriate projects selected for implementation under the Trout Habitat Enhancement Program. The contributions are required for 20 consecutive years from the effective date of the agreement which was January 28, 2010. The Governance Committee, consisting of one member from each party above, will select projects to fund and implement and have designated the District as the fiscal agent. Currently, the District has \$87,985 of restricted cash and cash equivalents and related restricted accounts payable to this settlement agreement.

**COVID-19**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic continued subsequent to year end with certain restrictions required by the Governor of California, as well as local governments, which may affect revenue sources and also caused subsequent stock market volatility. The duration of the pandemic and the impact of COVID-19 on the District's operational and financial performance is uncertain at this time.

**10) PRIOR PERIOD ADJUSTMENT**

The Statement of Cash Flows includes a prior period adjustment of \$76,103. The District implemented GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year. Due to the implementation, this reclassified the Trout Habitat Enhancement Program activities, which only had cash and investments, from an agency fund to the District's enterprise fund.

## **SUPPLEMENTARY SCHEDULES**



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**Mammoth Community Water District**  
**Combining Schedule of Net Position**  
March 31, 2021

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Trout Habitat Enhancement</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$	\$ 1,263,914	\$ 5,159,240	\$
Restricted Cash and Cash Equivalents				87,985
Investments	897,869	12,231,323	5,099,307	
Receivables:				
Billings		301,019	154,203	
Interest		45,440	28,628	
Property Taxes		807,327	2,064,829	
Loans	2,274,370			
Other	10,203	55,984	67,922	
Inventory		174,769	174,769	
Deposits and Prepaid Items		50,687	50,687	
Total Current Assets	3,182,442	14,930,463	12,799,585	87,985
Land and Construction in Progress, Not Being Depreciated				
	186,330	2,516,111	487,241	
Capital Assets, Net of Depreciation	1,095,229	42,043,925	19,891,444	
Total Assets	4,464,001	59,490,499	33,178,270	87,985
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	105	386,079	143,116	
Restricted Accounts Payable				87,985
Accrued Expenses		40,505	28,426	
Deposits Payable	12,110	20,246	20,354	
Current Maturities of Long-Term Debt		40,271	38,139	
Total Current Liabilities	12,215	487,101	230,035	87,985
Noncurrent Liabilities:				
Long-Term Debt:				
Compensated Absences		362,440	343,258	
Total Liabilities	12,215	849,541	573,293	87,985
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Taxes		396,537	1,023,462	
Total Deferred Inflows of Resources	0	396,537	1,023,462	0
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,281,559	44,560,036	20,378,685	
Unrestricted	3,170,227	13,684,385	11,202,830	
Total Net Position	\$ 4,451,786	\$ 58,244,421	\$ 31,581,515	\$ 0

<u>LADWP</u>	<u>Totals</u>
\$ 368,467	\$ 6,791,621
	87,985
	18,228,499
	455,222
	74,068
	2,872,156
	2,274,370
	134,109
	349,538
	101,374
<u>368,467</u>	<u>31,368,942</u>
	3,189,682
	<u>63,030,598</u>
<u>368,467</u>	<u>97,589,222</u>
	529,300
	87,985
	68,931
	52,710
	78,410
<u>0</u>	<u>817,336</u>
	705,698
<u>0</u>	<u>1,523,034</u>
	1,419,999
<u>0</u>	<u>1,419,999</u>
<u>368,467</u>	66,220,280
	<u>28,425,909</u>
<u>\$ 368,467</u>	<u>\$ 94,646,189</u>

**Mammoth Community Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
Year Ended March 31, 2021

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Trout Habitat Enhancement</u>
<b>OPERATING REVENUES</b>				
Water Services	\$	\$ 3,598,196	\$	\$
Wastewater Services			2,630,932	
Permits		394,148	212,082	
		<u>0</u>	<u>2,843,014</u>	<u>0</u>
<b>OPERATING EXPENSES</b>				
General and Administrative	39,637	1,453,010	1,452,155	
Water Services		3,086,996		
Wastewater Services			2,469,610	
Depreciation and Amortization	27,233	2,457,823	1,664,201	
	<u>66,870</u>	<u>6,997,829</u>	<u>5,585,966</u>	<u>0</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(66,870)</u>	<u>(3,005,485)</u>	<u>(2,742,952)</u>	<u>0</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Property Taxes		3,582,415	4,209,339	
Investment Earnings	32,856	206,818	118,132	
Other Revenues	102,857	59,847	70,139	
Gain (Loss) on Sale of Assets		10,439	35,139	
	<u>135,713</u>	<u>3,859,519</u>	<u>4,432,749</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)				
Income before Transfers	68,843	854,034	1,689,797	0
Transfers In		3,250,847	2,257,745	
Transfers Out		<u>(3,002,453)</u>	<u>(2,556,139)</u>	
Change in Net Position	68,843	1,102,428	1,391,403	0
Net Position - Beginning	<u>4,382,943</u>	<u>57,141,993</u>	<u>30,190,112</u>	<u>0</u>
Net Position - Ending	<u>\$ 4,451,786</u>	<u>\$ 58,244,421</u>	<u>\$ 31,581,515</u>	<u>\$ 0</u>



<u>LADWP</u>	<u>Totals</u>
\$	\$ 3,598,196
	2,630,932
	606,230
<u>0</u>	<u>6,835,358</u>
	2,944,802
	3,086,996
	2,469,610
	4,149,257
<u>0</u>	<u>12,650,665</u>
<u>0</u>	<u>(5,815,307)</u>
	7,791,754
1,887	359,693
	232,843
	45,578
<u>1,887</u>	<u>8,429,868</u>
1,887	2,614,561
50,000	5,558,592
	(5,558,592)
<u>51,887</u>	<u>2,614,561</u>
<u>316,580</u>	<u>92,031,628</u>
<u>\$ 368,467</u>	<u>\$ 94,646,189</u>

**Mammoth Community Water District**  
**Combining Schedule of Cash Flows**  
Year Ended March 31, 2021

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Trout Habitat Enhancement</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 3,500	\$ 3,963,013	\$ 2,834,212	\$
Payments to Suppliers	(17,061)	(1,526,689)	(1,071,573)	
Payments to Employees	(209,549)	(2,921,682)	(2,809,345)	
Other Receipts	477,213	7,354	16,462	
Payments from Other Funds for Trout Habitat				11,882
Payments to Other Funds for Trout Habitat		(11,882)		
Net Cash Provided (Used) by Operating Activities	<u>254,103</u>	<u>(489,886)</u>	<u>(1,030,244)</u>	<u>11,882</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Advances from Other Funds		3,250,847	2,257,745	
Advances to Other Funds		(3,002,453)	(2,556,139)	
Property Taxes		3,805,544	3,801,358	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>0</u>	<u>4,053,938</u>	<u>3,502,964</u>	<u>0</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from Sale of Assets		10,439	35,139	
Acquisition & Construction of Capital Assets	(17,244)	(3,271,707)	(2,031,859)	
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(17,244)</u>	<u>(3,261,268)</u>	<u>(1,996,720)</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(922,770)	(9,750,192)	(4,452,005)	
Proceeds from the Sale and Maturities of Investments	653,055	7,825,000	3,183,644	
Interest on Investments	32,856	208,643	119,957	
Net Cash Provided by Investing Activities	<u>(236,859)</u>	<u>(1,716,549)</u>	<u>(1,148,404)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>0</u>	<u>(1,413,765)</u>	<u>(672,404)</u>	<u>11,882</u>
Cash and Cash Equivalents - Beginning of Year, As Previously Reported	0	2,677,679	5,831,644	
Prior Period Adjustment				76,103
Cash and Cash Equivalents - Beginning of Year, As Restated	<u>0</u>	<u>2,677,679</u>	<u>5,831,644</u>	<u>76,103</u>
Cash and Cash Equivalents - End of Year	<u>\$ 0</u>	<u>\$ 1,263,914</u>	<u>\$ 5,159,240</u>	<u>\$ 87,985</u>

<u>LADWP</u>	<u>Totals</u>
\$	\$ 6,800,725
	(2,615,323)
	(5,940,576)
	501,029
	11,882
	<u>(11,882)</u>
<u>0</u>	<u>(1,254,145)</u>
50,000	5,558,592
	(5,558,592)
	<u>7,606,902</u>
<u>50,000</u>	<u>7,606,902</u>
	45,578
	<u>(5,320,810)</u>
<u>0</u>	<u>(5,275,232)</u>
	(15,124,967)
	11,661,699
<u>1,887</u>	<u>363,343</u>
<u>1,887</u>	<u>(3,099,925)</u>
<u>51,887</u>	<u>(2,022,400)</u>
316,580	8,825,903
	<u>76,103</u>
<u>316,580</u>	<u>8,902,006</u>
<u>\$ 368,467</u>	<u>\$ 6,879,606</u>

**Mammoth Community Water District**  
**Combining Schedule of Cash Flows - Continued**  
Year Ended March 31, 2021

	New Enterprise	Water	Wastewater	Trout Habitat Enhancement
<b>RECONCILIATION OF OPERATING INCOME</b>				
<b>(LOSS) TO NET CASH PROVIDED (USED) BY</b>				
<b>OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (66,870)	\$ (3,005,485)	\$ (2,742,952)	\$ 0
Depreciation and Amortization	27,233	2,457,823	1,664,201	
Other Receipts	477,213	7,354	16,462	
<b>Change in Assets and Liabilities:</b>				
Decrease (Increase) in Operating Assets:				
Account Receivable	(170,000)	(24,583)	(4,318)	
Inventory		(13,264)	(15,635)	
Deposits and Prepaid Expenses		(2,210)	(16,618)	
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	(16,973)	290,099	95,019	
Accounts Payable Related to Capital Assets		(170,259)	(14,468)	
Restricted Accounts Payable				11,882
Accrued Expenses		(27,933)	(17,456)	
Deposits Payable	3,500	(4,748)	(4,484)	
Compensated Absences		3,320	10,005	
Net Cash Provided (Used) by Operating Activities	\$ 254,103	\$ (489,886)	\$ (1,030,244)	\$ 11,882
<b>SUPPLEMENTAL DISCLOSURES</b>				
Cash and Cash Equivalents:				
Cash and Cash Equivalents	\$	\$ 1,263,914	\$ 5,159,240	\$
Restricted Cash and Cash Equivalents				87,985
Total	\$ 0	\$ 1,263,914	\$ 5,159,240	\$ 87,985

<u>LADWP</u>	<u>Totals</u>
\$ 0	\$ (5,815,307)
	4,149,257
	501,029
	(198,901)
	(28,899)
	(18,828)
	368,145
	(184,727)
	11,882
	(45,389)
	(5,732)
	<u>13,325</u>
<u>\$ 0</u>	<u>\$ (1,254,145)</u>
\$ 368,467	\$ 6,791,621
	87,985
<u>\$ 368,467</u>	<u>\$ 6,879,606</u>