

**MAMMOTH COMMUNITY WATER DISTRICT**

**FINANCIAL STATEMENTS**

Year Ended March 31, 2016



**Mammoth Community Water District**  
**Financial Statements**  
Year Ended March 31, 2016

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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 business-type activities and the aggregate remaining fund information of Mammoth Community Water District (the "District") as of and for the year ended March 31, 2016, 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 business-type activities and the aggregate remaining fund information of the District, as of March 31, 2016, 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.



## ***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 30, 2016, 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 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, Inc.*

Riverside, California  
September 30, 2016





## 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, 2016.

### 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 \$87,359,141 (*net position*). Of this amount, \$15,046,312 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The total net position increased by \$875,863. This increase is attributable primarily to reducing liabilities by paying off all debt owed to Wells Fargo.
- Capital assets, net of accumulated depreciation decreased by \$1,134,120. This decrease reflects the net of capital projects completed in fiscal year 2016, depreciation of all District capital assets, and the reclassification of some items from Construction in Progress as expenses. Significant additions to District assets include completion of the advanced metering infrastructure project, rehabilitation and improvements to six of the District's groundwater wells, and ongoing replacement and rehabilitation of water and sewer pipelines.
- Construction in progress totals \$638,495. Major projects include the equipment storage building and the Laurel Pond monitoring project.
- The District's total liabilities at the end of fiscal year 2016 were \$1,608,722 of which \$891,282 is due within the next year. Total liabilities decreased \$1,317,015 from last fiscal year.
- Cash and investments had a net decrease of \$272,650. This net decrease was a result of cash expenditures on expenses, capital projects, and debt principal reduction that exceeded cash inflows.
- Operating Revenue increased slightly from the prior year by \$74,113. Property taxes also increased slightly from the prior year by \$68,322 due to a slight increase in assessed valuation and collection by Mono County. Operating Expenses, including Depreciation and Amortization decreased over prior year by \$228,017, primarily related to decreased depreciation expense.

### 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 and 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 *Statement of Fiduciary Assets* account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position*

because the resources of those funds are not available to support the District's own program. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 6-19 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 \$87,359,141 at the close of the most recent fiscal year.

By far the largest portion of the District's net position (83 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of *unrestricted net position*, \$15,046,312, 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):	2017	2018	2019	2020	2021
Projected Capital Costs:	\$4,386,345	\$3,425,859	\$3,265,301	\$3,312,390	\$2,690,078

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.

	<b>Net Position</b>	
	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 17,808,579	\$ 17,088,502
Capital Assets	<u>72,312,829</u>	<u>73,446,949</u>
Total Assets	<u>\$ 90,121,408</u>	<u>\$ 90,535,451</u>
Noncurrent Liabilities	\$ 717,440	\$ 808,874
Other Liabilities	<u>891,282</u>	<u>2,116,863</u>
Total Liabilities	<u>\$ 1,608,722</u>	<u>\$ 2,925,737</u>
Deferred Inflows of Resources	<u>\$ 1,153,545</u>	<u>\$ 1,126,436</u>
Net Position:		
Net Investment in		
Capital Assets	\$ 72,312,829	\$ 72,440,959
Unrestricted	<u>15,046,312</u>	<u>14,042,319</u>
Total Net Position	<u>\$ 87,359,141</u>	<u>\$ 86,483,278</u>

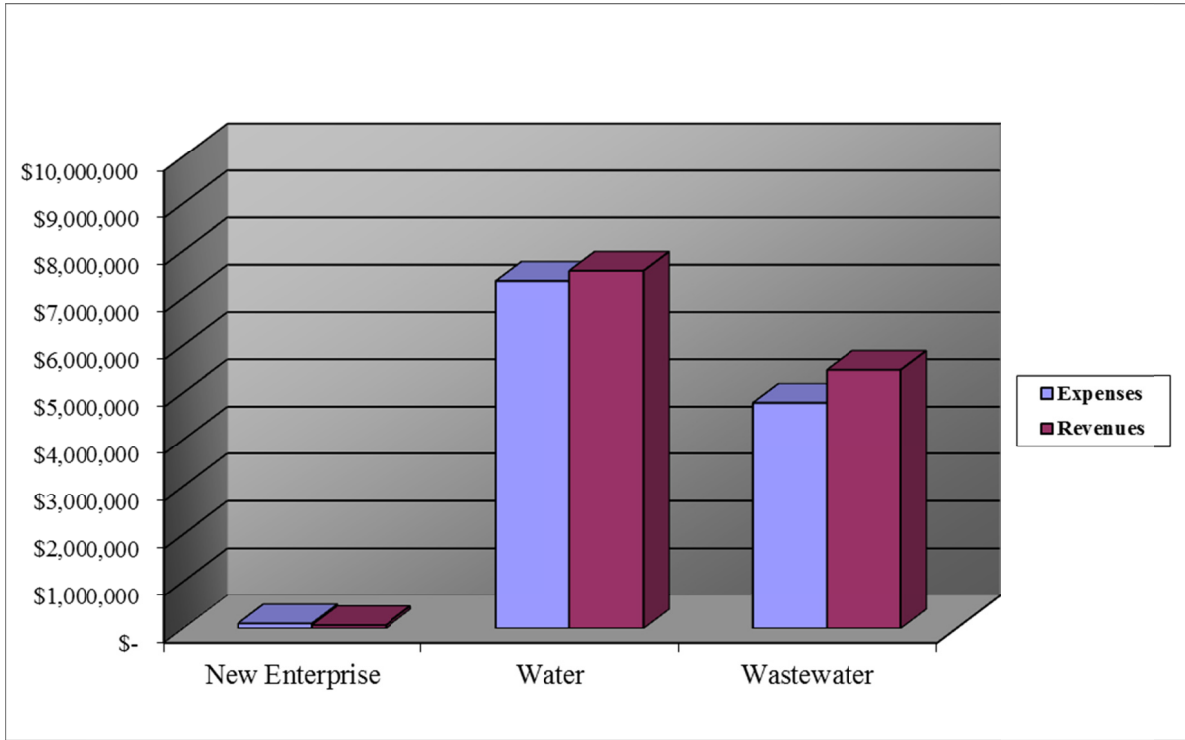
### Change in Net Position

	2016	2015
Revenues:		
Water Services	\$ 2,752,785	\$ 3,081,224
Wastewater Services	2,697,150	2,644,471
Permits	534,492	184,619
Non-Operating	7,146,759	6,867,665
Total Revenues	13,131,186	12,777,979
Expenses:		
Operating:		
General and Administrative	2,979,993	3,169,176
Water Services	3,178,317	3,332,264
Wastewater Services	1,813,093	1,485,979
Depreciation and Amortization	4,248,493	4,460,494
Non-Operating	35,427	59,251
Total Expenses	12,255,323	12,507,164
Change in Net Position	875,863	270,815
Net Position, Beginning	86,483,278	86,212,463
Net Position, Ending	\$ 87,359,141	\$ 86,483,278

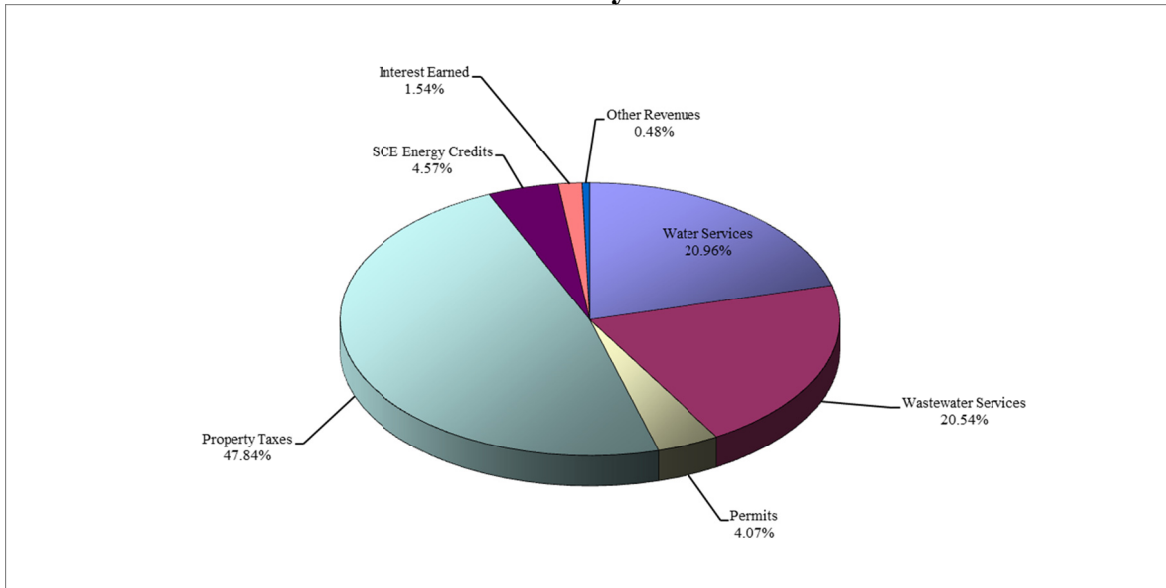
- The District's water revenue decreased by \$328,439, a result of successful water conservation efforts by the District and our customers. Permit revenue increased by \$349,873, reflecting an increase in building activity in the Town.
- At the end of fiscal year 2016, the District had completed a rate study for water and wastewater services, to be effective April 1, 2016. This study is intended to affirm the adequacy of rates and fees to meet the operating and capital needs of the District, and achieve revenue neutrality during periods of drought and water conservation.
- The slight increase in net position (1% from fiscal year 2015 to 2016) is due to increases to operating and non-operating revenue, and decreases to operating and non-operating expenses.

**District Activities:** The District’s Wastewater, Water and New Enterprise 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, 2016, amounts to \$72,312,829 (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 4 of the *Notes to Financial Statements*.

Major capital asset events during the current fiscal year include the following:

- Capital projects completed in fiscal year 2016 include: water and sewer line scheduled replacements, completion of the advanced metering infrastructure, and improvements and rehabilitations of the District's wells.
- Projects still in progress at the end of fiscal year 2016 include the equipment storage building and Laurel Pond monitoring system.

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

	<u>2016</u>	<u>2015</u>
Land	\$ 312,000	\$ 312,000
Construction in Progress	638,495	2,963,247
Subsurface Lines	34,980,749	33,429,980
General Plant Administration Facilities	11,951,429	11,983,402
Water Treatment Facilities	32,583,125	29,230,398
Collection Facilities	44,401,054	43,993,718
Wastewater Treatment Facilities	1,498,978	1,498,978
Source of Supply	4,871,806	4,871,806
Vehicles and Equipment	<u>4,044,248</u>	<u>3,942,540</u>
 Total Capital Assets	 135,281,884	 132,226,069
 Less Accumulated Depreciation	 <u>(62,969,055)</u>	 <u>(58,779,121)</u>
 Total Capital Assets, Net	 <u>\$ 72,312,829</u>	 <u>\$ 73,446,948</u>

**Long-term Debt:** At the end of the current fiscal year, the District had total debt outstanding of \$932,200. Additional information on the District's long-term debt can be found in Note 5 of the *Notes to Financial Statements*.

### Mammoth Community Water District's Outstanding Debt

	<u>2016</u>	<u>2015</u>
Notes Payable	\$ 170,600	\$ 1,307,590
Compensated Absences	<u>761,600</u>	<u>709,194</u>
Long-term Liabilities	<u>\$ 932,200</u>	<u>\$ 2,016,784</u>

The decrease in long-term debt is the net of principal payments of \$1,136,990 on Notes Payable and the increase in compensated absences of \$52,406.

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

For the first six months of fiscal year 2016, California's extended drought continued to exert downward pressure on revenue as our customers conserved water and upward pressure on the cost of producing water. The winter of 2015-2016 provided precipitation and snowpack that was significantly better than any of the prior four years, but still below average. Because of uncertainty regarding runoff and groundwater recharge, the District continued with water conservation messaging and water use restrictions through the winter.

Property valuation and related tax revenue is gradually recovering from the extended economic recession, and new housing development generates connection fee revenue designated for future infrastructure needs. The District has projected revenue conservatively and considered rising costs in the preparation of the Mammoth Community Water District's budget for the 2017 fiscal year. The new water and wastewater rate structure implemented April 1, 2016 provides the opportunity for a drought surcharge to stabilize revenue during periods of water conservation.

## **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 Department Manager, P.O. Box 597, Mammoth Lakes, CA 93546.

## **BASIC FINANCIAL STATEMENTS**





**Mammoth Community Water District**  
**Statement of Net Position**  
March 31, 2016

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 3,291,913
Investments	9,378,677
Receivables:	
Billings	383,136
Interest	28,881
Property Taxes	2,318,521
Loans	1,926,326
Other	68,996
Inventory	233,873
Deposits and Prepaid Items	<u>178,256</u>
Total Current Assets	17,808,579

Land and Construction in Progress, Not Being Depreciated	950,495
Capital Assets, Net of Depreciation	<u>71,362,334</u>

Total Assets	<u><u>90,121,408</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts Payable	167,461
Accrued Expenses	234,537
Retentions Payable	6,560
Deposits Payable	265,831
Accrued Interest Payable	2,133
Current Maturities of Long-Term Debt	<u>214,760</u>
Total Current Liabilities	891,282

Noncurrent Liabilities:

Long-Term Debt:

Notes Payable	32,000
Compensated Absences	<u>685,440</u>
Total Liabilities	<u><u>1,608,722</u></u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Property Taxes	<u>1,153,545</u>
Total Deferred Inflows of Resources	<u><u>1,153,545</u></u>

**NET POSITION**

Net Investment in Capital Assets	72,312,829
Unrestricted	<u>15,046,312</u>
Total Net Position	<u><u>\$ 87,359,141</u></u>

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, 2016

**OPERATING REVENUES**

Water Services	\$ 2,752,785
Wastewater Services	2,697,150
Permits	534,492
	5,984,427
Total Operating Revenues	5,984,427

**OPERATING EXPENSES**

General and Administrative	2,979,993
Water Services	3,178,317
Wastewater Services	1,813,093
Depreciation and Amortization	4,248,493
	12,219,896

Total Operating Expenses	12,219,896
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Operating Income (Loss)	(6,235,469)
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**NON-OPERATING REVENUES (EXPENSES)**

Property Taxes	6,281,738
SCE Energy Credits	599,737
Investment Earnings	201,699
Other Revenues	63,585
Interest Expense	(35,427)
	7,111,332

Total Non-Operating Revenues (Expenses)	7,111,332
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Change in Net Position	875,863
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Net Position - Beginning	86,483,278
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Net Position - Ending	\$ 87,359,141
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The accompanying notes are an integral part of this statement.

**Mammoth Community Water District**  
**Statement of Cash Flows**  
Year Ended March 31, 2016

**CASH FLOWS FROM OPERATING  
ACTIVITIES**

Receipts from Customers	\$ 6,215,795
Payments to Suppliers	(3,555,007)
Payments to Employees	(5,402,938)
Other Receipts	897,771
Other Payments	<u>(367,450)</u>

Net Cash Provided (Used) by Operating Activities	<u>(2,211,829)</u>
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**CASH FLOWS FROM NON-CAPITAL  
FINANCING ACTIVITIES**

Property Taxes	<u>6,039,473</u>
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Net Cash Provided (Used) by Non-Capital Financing Activities	<u>6,039,473</u>
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**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Acquisition and Construction of Capital Assets	(3,114,373)
Principal Payments on Long-term Debt	(1,136,990)
Interest Paid	<u>(38,549)</u>

Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(4,289,912)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(7,648,853)
Proceeds from the Sale and Maturities of Investments	3,908,570
Interest on Investments	<u>158,894</u>

Net Cash Provided by Investing Activities	<u>(3,581,389)</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	(4,043,657)
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Cash and Cash Equivalents - Beginning of Year	<u>7,335,570</u>
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Cash and Cash Equivalents - End of Year	<u><u>\$ 3,291,913</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, 2016

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

Operating Income (Loss)	\$ (6,235,469)
Depreciation and Amortization	4,248,493
Other Receipts	662,970
<b>Change in Assets and Liabilities:</b>	
Decrease (Increase) in Operating Assets:	
Account Receivable	(725,370)
Inventory	(3,707)
Deposits and Prepaid Expenses	18,157
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(281,267)
Accrued Expenses	(110,430)
Retentions Payable	(68,201)
Deposits Payable	230,589
Compensated Absences	<u>52,406</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (2,211,829)</u></u>

The accompanying notes are an integral part of this statement.

**Mammoth Community Water District**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
March 31, 2016

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Investments	<u>\$ 30,786</u>
Total Assets	<u><u>\$ 30,786</u></u>
 <b>LIABILITIES</b>	
Deposits Payable	<u>\$ 30,786</u>
Total Liabilities	<u><u>\$ 30,786</u></u>

The accompanying notes are an integral part of this statement.

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**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

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**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**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 Statement No. 39.

The basic financial statements include the activities of the New Enterprise Division (expansion and other activities), the Water Division (water distribution services), and the Wastewater Division (wastewater collection and treatment facilities). The activities for each division 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.

Additionally the District reports the following fund type:

The *Agency Funds* are used to account for activities related to the Trout Habitat Enhancement Program.

Net position is displayed as three components: (1) Net investment in capital assets, which reflects the cost of capital assets less accumulated depreciation and less the outstanding principle of related debt not associated with unspent bond proceeds; (2) Restricted, which reflect the carrying value of assets less related liabilities 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



**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

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

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

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.

**C) 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.

**D) Cash Equivalents**

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.

**E) 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.

**F) 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.

**G) Capital Assets**

Purchased capital assets are stated at historical cost or estimated historical cost when original cost is not available. Donated capital assets are recorded at their estimated fair value at the date of donation. 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
Equipment	5-15

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

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

**H) 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, 2016, the total estimated liability for all compensated absences was \$761,600.

**I) 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.

**J) 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.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

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

**J) Property Taxes - Continued**

Tax Levy Dates - are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property 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.

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.

Property tax revenues are recognized when they are apportioned.

**K) 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.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**2) CASH AND INVESTMENTS - Continued**

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) 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	\$ 3,291,913
Investments	9,378,677
Statement of Fiduciary Assets and Liabilities:	
Cash and Investments	30,786
Total Cash and Investments	\$ 12,701,376

Cash and investments consist of the following:

Cash on Hand	\$ 200
Deposits with Financial Institutions	985,153
Investments	11,716,023
Total Cash and Investments	\$ 12,701,376

**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
Federal Agency Securities	5 years	None	None
CA Local Agency Obligations	5 years	None	None
Bankers' Acceptance	180 days	40%	None
Repurchase Agreements	1 year	None	None

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**2) CASH AND INVESTMENTS - Continued**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio <sup>(1)</sup>	Maximum Investment In One Issuer
Reverse Repurchase Agreements	92 days	20%	None
Commercial Paper	270 days	25%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium Term Notes	5 years	30%	None
Mortgage Pass Through and Asset-Backed Securities	7 years <sup>(2)</sup>	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Collateralized Bank Deposits	5 years	None	None
Joint Powers Authority Pool	5 years	None	None
Supranational Obligations	5 years	30%	None

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

<sup>(2)</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 these investments to exceed the 5 years maturity but the expected average life of these investments may not exceed 7 years.

**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.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**2) CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Interest Rate Risk - Continued**

Investment Type	Remaining Maturity (in Months)			
	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Money Market	\$ 108,494	\$ 108,494	\$	\$
U.S. Treasury Obligations	2,107,334		2,107,334	
Federal Agency Securities	2,629,255	1,202,094	1,427,161	
Medium Term Notes	2,811,207	151,320	592,346	2,067,541
Mortgage Pass Through and Asset-Backed Securities	1,830,882	22	872,180	958,680
State Investment Pool - LAIF	1,223,354	1,223,354		
Investment Trust of California (CalTRUST)	1,002,006	1,002,006		
Mono County Investment Pool	3,491	3,491		
Total	<u>\$ 11,716,023</u>	<u>\$ 2,488,665</u>	<u>\$ 1,794,462</u>	<u>\$ 6,474,216</u>

**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.

Investment Type	Minimum Legal Rating	Exempt From Disclosure
Money Market	\$ 108,494	N/A
U.S. Treasury Obligations	2,107,334	N/A
Federal Agency Securities	2,629,255	N/A
Medium Term Notes	2,811,207	A
Mortgage Pass Through and Asset-Backed Securities	1,830,882	AA
State Investment Pool - LAIF	1,223,354	N/A
Investment Trust of California (CalTRUST)	1,002,006	N/A
Mono County Investment Pool	3,491	N/A
Total	<u>\$ 11,716,023</u>	<u>\$ 0</u>

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

2) **CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Credit Risk -Continued**

<u>Investment Type</u>	<u>Rating as of Year End</u>			
	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Not Rated</u>
Money Market	\$ 108,494	\$	\$	\$ 108,494
U.S. Treasury Obligations	2,107,334			2,107,334
Federal Agency Securities	2,629,255			2,629,255
Medium Term Notes	2,811,207	995,995	1,642,942	172,270
Mortgage Pass Through and Asset-Backed Securities	1,830,882	1,830,882		
State Investment Pool - LAIF	1,223,354			1,223,354
Investment Trust of California (CalTRUST)	1,002,006			1,002,006
Mono County Investment Pool	3,491			3,491
Total	<u>\$ 11,716,023</u>	<u>\$ 2,826,877</u>	<u>\$ 1,642,942</u>	<u>\$ 7,073,934</u>

**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. There were no 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.

**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, 2016, 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, 2016, 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:

<u>Investment Type</u>	<u>Reported Amount</u>
Money Market	\$ 108,494
U.S. Treasury Obligations	2,107,334
Federal Agency Securities	3,712,551
Medium Term Notes	3,558,793

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**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 \$50,000,000 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, 2016 was 0.46%. The carrying value and estimated market value of the LAIF Pool at March 31, 2016 was \$67,162,806,020 and \$67,207,758,780, respectively. The District's share of the Pool at March 31, 2016 was approximately 0.00002 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 \$300,000,000 and \$968,950,000, 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. 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, 2016, the District's investment in CalTRUST is \$1,002,006 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, 2016

**3) LOANS RECEIVABLE**

Loans receivable includes \$1,584,163 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 \$341,913 as of March 31, 2016.

**4) CAPITAL ASSETS**

Capital Assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, Not Depreciated:				
Land	\$ 312,000	\$	\$	\$ 312,000
Construction in Progress	<u>2,963,247</u>	<u>2,749,461</u>	<u>5,074,213</u>	<u>638,495</u>
 Total Capital Assets, Not Depreciated	 <u>3,275,247</u>	 <u>2,749,461</u>	 <u>5,074,213</u>	 <u>950,495</u>
Capital Assets, Being Depreciated:				
Subsurface Lines	33,429,980	1,550,769		34,980,749
General Plant Administration Facilities	11,983,402	8,905	40,878	11,951,429
Water Treatment Facilities	29,230,398	3,374,168	21,441	32,583,125
Collection Facilities	43,993,718	407,336		44,401,054
Wastewater Treatment Facilities	1,498,978			1,498,978
Source of Supply	4,871,806			4,871,806
Vehicles and Equipment	<u>3,942,540</u>	<u>101,708</u>		<u>4,044,248</u>
 Total Capital Assets Being Depreciated	 <u>128,950,822</u>	 <u>5,442,886</u>	 <u>62,319</u>	 <u>134,331,389</u>
Less Accumulated Depreciation	<u>(58,779,121)</u>	<u>(4,248,493)</u>	<u>(58,559)</u>	<u>(62,969,055)</u>
 Total Capital Assets Being Depreciated, Net	 <u>70,171,701</u>	 <u>1,194,393</u>	 <u>3,760</u>	 <u>71,362,334</u>
 Total Capital Assets, Net	 <u>\$ 73,446,948</u>	 <u>\$ 3,943,854</u>	 <u>\$ 5,077,973</u>	 <u>\$ 72,312,829</u>

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**5) 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
Notes Payable	\$ 1,307,590	\$	\$ 1,136,990	\$ 170,600	\$ 138,600
Compensated Absences	709,194	123,326	70,920	761,600	76,160
Total Long-Term Liabilities	<u>\$ 2,016,784</u>	<u>\$ 123,326</u>	<u>\$ 1,207,910</u>	<u>\$ 932,200</u>	<u>\$ 214,760</u>

**B) Notes Payable**

(a) Note payable to Farmers Home Administration for drought relief; bearing interest at 5%; annual installments ranging from \$2,000 to \$108,600 plus interest; final payment January 1, 2017.

Year Ending March 31,	Principal	Interest	Total
2017	\$ 108,600	\$ 5,430	\$ 114,030
Totals	<u>\$ 108,600</u>	<u>\$ 5,430</u>	<u>\$ 114,030</u>

The District has pledged a portion of future water revenues to repay a loan with the Farmers Home Administration for drought relief. The District's loan is payable solely from the water revenues. Total principal and interest remaining on the Farmers Home Administration loan is \$114,030, payable through fiscal year 2017. For the current year, principal and interest paid by water revenues were \$102,000 and \$10,930, respectively.

(b) Note payable to Farmers Home administration for drought relief; bearing interest at 5%; annual installments ranging from \$700 to \$32,000 plus interest; final payment January 1, 2018.

Year Ending March 31,	Principal	Interest	Total
2017	\$ 30,000	\$ 3,100	\$ 33,100
2018	32,000	1,600	33,600
Totals	<u>\$ 62,000</u>	<u>\$ 4,700</u>	<u>\$ 66,700</u>

The District has pledged a portion of future water revenues to repay a loan with the Farmers Home Administration for drought relief. The District's loan is payable solely from the water revenues. Total principal and interest remaining on the Farmers Home Administration loan is \$66,700, payable through fiscal year 2018. For the current year, principal and interest paid by water revenues were \$29,000 and \$4,550, respectively.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**5) LONG-TERM LIABILITIES - Continued**

**C) 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 Statement No. 16, 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.

**6) DEFINED CONTRIBUTION PLAN**

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 FTJ FundChoice, 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. There were no changes to the Plans during the fiscal year ended March 31, 2016.

Employees are not required to, and do not, contribute to the Plans. During the fiscal year ended March 31, 2016, payroll for covered employees were \$1,200,553 and \$2,130,118 for represented and non-represented employees, respectively. The total District's payroll was \$3,330,671. Contributions for the fiscal year ended March 31, 2016 were \$240,110 and \$426,022 for represented and non-represented employees, respectively.

**7) 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.

**Mammoth Community Water District**  
**Notes to Financial Statements**  
Year Ended March 31, 2016

**8) 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 another ten years subject to the terms of the agreement. 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. Any savings in water consumed less than the 4,387 acre feet per year will accrue to the District's credit and thereby extend the actual date of the payment by up to 10 years. As of March 31, 2016, the LADWP adjusted extension payment was \$2,469,538.

## **SUPPLEMENTARY SCHEDULES**



**Mammoth Community Water District**  
**Combining Schedule of Net Position**  
March 31, 2016

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 815,285	\$ 342,019	\$ 2,134,609	\$ 3,291,913
Investments	187,573	6,377,501	2,813,603	9,378,677
Receivables:				
Billings		245,147	137,989	383,136
Interest	348	17,435	11,098	28,881
Property Taxes		1,620,945	697,576	2,318,521
Loans	1,926,326			1,926,326
Other	2,465		66,531	68,996
Inventory		116,814	117,059	233,873
Deposits and Prepaid Items		89,128	89,128	178,256
	<u>2,931,997</u>	<u>8,808,989</u>	<u>6,067,593</u>	<u>17,808,579</u>
Land and Construction in Progress, Not Being Depreciated				
	54,000	471,497	424,998	950,495
Capital Assets, Net of Depreciation	<u>483,466</u>	<u>49,602,323</u>	<u>21,276,545</u>	<u>71,362,334</u>
	<u>3,469,463</u>	<u>58,882,809</u>	<u>27,769,136</u>	<u>90,121,408</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable		98,328	69,133	167,461
Accrued Expenses		134,214	100,323	234,537
Retentions Payable			6,560	6,560
Deposits Payable	3,000	131,742	131,089	265,831
Accrued Interest Payable		2,133		2,133
Current Maturities of Long-Term Debt		174,965	39,795	214,760
Noncurrent Liabilities:				
Long-Term Debt:				
Notes Payable		32,000		32,000
Compensated Absences		327,290	358,150	685,440
	<u>3,000</u>	<u>900,672</u>	<u>705,050</u>	<u>1,608,722</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Taxes		807,481	346,064	1,153,545
	<u>0</u>	<u>807,481</u>	<u>346,064</u>	<u>1,153,545</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	537,466	50,073,820	21,701,543	72,312,829
Unrestricted	<u>2,928,997</u>	<u>7,100,836</u>	<u>5,016,479</u>	<u>15,046,312</u>
	<u>\$ 3,466,463</u>	<u>\$ 57,174,656</u>	<u>\$ 26,718,022</u>	<u>\$ 87,359,141</u>

**Mammoth Community Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
Year Ended March 31, 2016

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Water Services	\$	\$ 2,752,785	\$	\$ 2,752,785
Wastewater Services			2,697,150	2,697,150
Permits		400,874	133,618	534,492
		<u>0</u>	<u>3,153,659</u>	<u>2,830,768</u>
Total Operating Revenues				<u>5,984,427</u>
<b>OPERATING EXPENSES</b>				
General and Administrative	32,287	1,473,853	1,473,853	2,979,993
Water Services		3,178,317		3,178,317
Wastewater Services			1,813,093	1,813,093
Depreciation and Amortization	73,081	2,684,908	1,490,504	4,248,493
		<u>105,368</u>	<u>7,337,078</u>	<u>4,777,450</u>
Total Operating Expenses				<u>12,219,896</u>
Operating Income (Loss)	<u>(105,368)</u>	<u>(4,183,419)</u>	<u>(1,946,682)</u>	<u>(6,235,469)</u>
<b>NON-OPERATING REVENUES</b>				
<b>(EXPENSES)</b>				
Property Taxes		4,299,027	1,982,711	6,281,738
SCE Energy Credits			599,737	599,737
Investment Earnings	19,806	115,549	66,344	201,699
Other Revenues	50,495	11,017	2,073	63,585
Interest Expense		(25,586)	(9,841)	(35,427)
		<u>70,301</u>	<u>4,400,007</u>	<u>2,641,024</u>
Total Non-Operating Revenues (Expenses)				<u>7,111,332</u>
Transfers In	494,316	23,148,264	19,124,086	42,766,666
Transfers Out	<u>(1,728,621)</u>	<u>(16,824,439)</u>	<u>(24,213,606)</u>	<u>(42,766,666)</u>
Change in Net Position	(1,269,372)	6,540,413	(4,395,178)	875,863
Net Position - Beginning	<u>4,735,835</u>	<u>50,634,243</u>	<u>31,113,200</u>	<u>86,483,278</u>
Net Position - Ending	<u>\$ 3,466,463</u>	<u>\$ 57,174,656</u>	<u>\$ 26,718,022</u>	<u>\$ 87,359,141</u>



**Mammoth Community Water District**  
**Combining Schedule of Cash Flows**  
Year Ended March 31, 2016

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$	\$ 3,268,553	\$ 2,947,242	\$ 6,215,795
Payments to Suppliers	(32,287)	(2,249,661)	(1,273,059)	(3,555,007)
Payments to Employees	(593,500)	(2,678,950)	(2,130,488)	(5,402,938)
Other Receipts	285,296	11,018	601,457	897,771
Other Payments	(367,450)			(367,450)
Net Cash Provided (Used) by Operating Activities	<u>(707,941)</u>	<u>(1,649,040)</u>	<u>145,152</u>	<u>(2,211,829)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Advances from Other Funds	494,316	23,148,264	19,124,086	42,766,666
Advances to Other Funds	(1,728,621)	(16,824,439)	(24,213,606)	(42,766,666)
Property Taxes		4,198,845	1,840,628	6,039,473
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,234,305)</u>	<u>10,522,670</u>	<u>(3,248,892)</u>	<u>6,039,473</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition & Construction of Capital Assets	(347,252)	(2,273,212)	(493,909)	(3,114,373)
Principal Payments on Long-term Debt		(690,329)	(446,661)	(1,136,990)
Interest Paid		(28,129)	(10,420)	(38,549)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(347,252)</u>	<u>(2,991,670)</u>	<u>(950,990)</u>	<u>(4,289,912)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Investments	(152,977)	(6,743,768)	(752,108)	(7,648,853)
Proceeds from the Sale and Maturities of Investments	78,171	1,115,280	2,715,119	3,908,570
Interest on Investments	19,192	88,547	51,155	158,894
Net Cash Provided by Investing Activities	<u>(55,614)</u>	<u>(5,539,941)</u>	<u>2,014,166</u>	<u>(3,581,389)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,345,112)	342,019	(2,040,564)	(4,043,657)
Cash and Cash Equivalents - Beginning of Year	<u>3,160,397</u>	<u>0</u>	<u>4,175,173</u>	<u>7,335,570</u>
Cash and Cash Equivalents - End of Year	<u>\$ 815,285</u>	<u>\$ 342,019</u>	<u>\$ 2,134,609</u>	<u>\$ 3,291,913</u>

**Mammoth Community Water District**  
**Combining Schedule of Cash Flows - Continued**  
Year Ended March 31, 2016

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME</b>				
<b>(LOSS) TO NET CASH PROVIDED (USED) BY</b>				
<b>OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (105,368)	\$ (4,183,419)	\$ (1,946,682)	\$ (6,235,469)
Depreciation and Amortization	73,081	2,684,908	1,490,504	4,248,493
Other Receipts	50,495	11,018	601,457	662,970
<b>Change in Assets and Liabilities:</b>				
Decrease (Increase) in Operating Assets:				
Account Receivable	(726,149)	(200)	979	(725,370)
Inventory		(1,731)	(1,976)	(3,707)
Deposits and Prepaid Expenses		9,079	9,078	18,157
Increase (Decrease) in Operating Liabilities:				
Accounts Payable		(176,561)	(104,706)	(281,267)
Accrued Expenses		(49,319)	(61,111)	(110,430)
Retentions Payable		(74,761)	6,560	(68,201)
Deposits Payable		115,094	115,495	230,589
Compensated Absences		16,852	35,554	52,406
Net Cash Provided (Used) by Operating Activities	<u>\$ (707,941)</u>	<u>\$ (1,649,040)</u>	<u>\$ 145,152</u>	<u>\$ (2,211,829)</u>