

TOWN COUNCIL STAFF REPORT

Subject: Pre-Audit Financial Results for Fiscal Year 20-21, Fund Balance, Projects, and Continuing Commitments

Meeting Date: October 20, 2021

Written By: Rob Patterson, Administrative Services / Finance Director

RECOMMENDATION:

Staff recommends the Town Council receive the pre-audit actual financial presentation for Fiscal Year 20-21 and adopt the resolution amending the FY21-22 budget as recommended on Attachment A and FY20-21 as recommended on Attachment B.

BACKGROUND:

Fund balance is the variance between revenue generated and expenses incurred in a particular fund. These balances can grow if generated revenue exceeds expenses or decline in a planned use of fund balance or an unexpected economic downturn. Any available fund balance is retained in the fund where it was generated, if restricted, or can be allocated to other funds if unrestricted. Most of the discussion around staff recommendations are for General Fund, unrestricted, fund balance and use to support strategic Town Council initiatives.

An audit of the Town's financial transactions is completed by an independent auditor each fiscal year. In preparation for the audit, staff works to finalize all financial transactions and in doing so prepares a pre-audit actual for Town Council to consider. This provides the Council with an opportunity to review the prior year-end balances, to ratify adjustments to fund balances, to carry over funds for encumbrances, and review staff recommendations on remaining balances. The pre-audit financials are included in this report. The report provides an overview of all the Town's funds with information provided as appropriate. The overview will provide the Council with a "snapshot" of the Town's financial position by fund as of June 30, 2021.

ANALYSIS/DISCUSSION:

The primary focus of staff's review is the General Fund. This is the source of revenue for almost all funds within the Town's control. The primary revenue driver for the General Fund is Transient Occupancy Tax (TOT), which had a strong year in spite of additional restrictions and unplanned closures that occurred during the busy months of December and January. TOT revenue ended the year with a total of \$16.6M, exceeding the initial budget of \$11.2M. Several other revenue sources met their budget expectations as updated throughout the year. The expenses were managed very closely due to the pandemic resulting in savings where possible across the General Fund.

The strong revenue performance for the year, and managed expenses, resulted in an increase in General Fund – fund balance of \$2,512,578 bringing the total fund balance to \$14,169,243 as of June 30, 2021. This fund balance has specific designations restricting some of the money for specific purposes like Housing, Transit, Tourism, and Town reserves resulting in an unrestricted/designated fund balance of \$6,287,071. The remaining balance includes previously allocated funds as noted in the below discussion and recommendations.

Fund Balance - General Fund

As of June 30, 2021

Fund 100 - General Fund	Balance
Total Fund Balance as of 6/30/2020	\$ 11,656,664
Net change to fund Balance from FY20-21 Activity	\$ 2,512,578
Projected Fund Balance as of 6/30/2021	\$ 14,169,243
Long Term Receivable (Vehicle Replacement) - Unspendable	\$ (2,491,207)
Reserve for Economic Uncertainty (REU) - Committed	\$ 4,900,000
Operating Reserve (OR) - Committed	\$ 1,225,000
Housing Reserve - Assigned	\$ 932,531
Transit Reserve - Assigned	\$ 1,300,702
Tourism Reserve - Assigned	\$ 2,015,145
Unrestricted Fund Balance FY20-21	\$ 6,287,071

This fund balance of \$6,287,071 does not include items listed above as Un-spendable, Committed, or Assigned as they are not available for use of fund balance. However, the balance does include items committed in the prior year, by contract, project, or other allocation, to be expended in FY21-22. These items are identified below and will require the fund balance necessary to cover those expenditures to be reserved for such purposes. The carry over commitments are listed below and the total of \$2,354,290 will reduce available fund balance to \$3,932,781.

Carry Over Commitments FY20-21	
Item	Amount
Housing Program Allocation - General Fund	\$ 200,000
MLH Project - 238 Sierra Manor Rd - General Fund	\$ 1,500,000
Emergency Communication System - Radio Infrastructure	\$ 500,000
SB 1559 Tax Admin Fee	\$ 80,000
Parks & Recreation - Machinery & Equipment Capital - Deferred Maintenance	\$ 41,290
Contractual Services - Planning - Parcel	\$ 20,000
Contractual Services - Finance - Cannabis Audits	\$ 13,000
Total Carry over from prior year	\$ 2,354,290
Available Fund Balance from FY20-21 Activity	\$ 3,932,781

Town Council has also committed some of the reserve accounts (Housing, Transit, and Tourism) that are listed below and will be discussed in the reserve account discussion below. These items only effect the available reserve account balance and have no impact on the available fund balance listed above.

Reserve Account Carry Over Commitments FY20-21	
Item	Amount
Housing Reserve - Carry Over - Detail included in Housing Reserve Reconciliation	\$ 935,000
Transit Reserve - Carry Over - Detail included in Transit Reserve Reconciliation	\$ 1,250,000
Tourism Reserve - Carry Over - Detail included in Tourism Reserve Reconciliation	\$ 1,950,000
	\$ 4,135,000

Staff Recommendations

One-Time Funding

There are a few one-time funding needs that staff is recommending for Council consideration. They include General Fund support for Airport operations, DIF nexus study, housing and Parcel programs, CRC, Emergency communication system, additional fleet vehicle, and various capital projects listed below in order of priority.

Fund 220 – Airport Operations

The FAA CARES Act funds were used to support the majority of Airport operations in FY20-21. This was a planned use of grant funds that relieved some of the pressure on General Fund to cover Airport expense as in normal years but also supported some operational revenues reduced due to lack of commercial flights. Those funds did have some restrictions on what they would cover and therefore a shortfall of operational revenue was incurred for FY20-21. There is available fund balance within the Airport Fund 220 that could be used to fund this shortfall, but staff recommends those funds remain intact for future capital projects at the Airport. The shortfall is \$172,040 and staff is recommending an allocation of available General Fund – fund balance to address this need.

Development Impact Fee (DIF) Nexus Study Update

On September 15, 2021, the Town Council authorized a professional services agreement with DTA to prepare a development impact fee and affordable housing fee nexus study. The cost of this study is \$170,000 and the Town is partnering with the Mammoth Lakes Fire Protection District and the Mono County Office of Education to fund the project with each entity responsible for \$15,000. The Town has approximately \$40,000 in Fund 830 DIF Administration to cover a portion of the cost. Staff is recommending the remaining \$100,000 be allocated from available fund balance in order to complete the study.

Fund 245 – Housing Programs

One of the Town Council strategic priorities adopted May 19, 2021, included a priority to expand availability and affordability of community housing. In response, Town Council made a commitment of \$6.0M to support the Town's housing program in August 2021. Staff is recommending an additional \$1.0M of fund balance be set aside in the Fund 245 Housing Programs to further the Town's ability to respond to this need and have the flexibility to take advantage of land acquisition or to further existing projects should the immediate need arise. This would be in addition to the previous commitments made this fiscal year or included in prior year commitments listed above. A review of the Fund 245 – Housing Programs is included later in this staff report to review the contents of the fund as well as planned use of funds.

Parcel Infrastructure

The Parcel affordable housing project will require significant infrastructure to support the units being constructed. Infrastructure will include new streets, sidewalks, MUP's, storm drains, utilities, parking, parks, transit stops, and shelters. Initial phases of this project will be funded by the Infill Infrastructure Grant (\$20,601,216). Staff is aware that the IIG funding will not fund all of the necessary infrastructure. Staff is recommending Town Council consider allocating \$1.2M in available fund balance to the Parcel project.

Community Recreation Center – Interior Improvements

The CRC is currently under construction with completion expected in the summer of 2022. The current project includes all amenities necessary to enhance the facility functionality. Staff is recommending additional funds specifically for build out of interior sections to support the Town's recreation programs. These builds were considered for future phases of the project but the completion during initial construction may save resources in the long run. Staff is recommending \$350,000 to support these interior improvements.

Emergency Communication System – Radio Infrastructure

The Town of Mammoth Lakes and its partners have been working on a solution to replace and upgrade the region's communications system. Town staff has been including this request for funding during quarterly budget review when funds are available. To date the Town has set aside \$1.0M for its portion of this system replacement. Staff is recommending an additional \$250,000 be set aside from available fund balance. These funds will be held in Fund 990 – Future Capital, designated for this project. With the inclusion of this request, the set aside balance will be \$1.25M and that represents the majority of the funds the Town will need to cover its portion of the project. Likely there will be one additional request during FY21-22 if funds are available and our approach is finalized.

Fleet Addition – Code Compliance

The Town's FY21-22 operating budget included a new position within the Police Department for code enforcement. This position was expected to share existing vehicles with alternating schedules of law enforcement and code enforcement activities. Staff recognizes the need to have a dedicated, specialized vehicle (pickup) to better equip the position. This additional vehicle may free up the planned vehicle, an SUV, to be available for the CERT program once it is retrofitted and branded as such. Since this is an addition to the fleet, no vehicle replacement funds will be available for this purchase. Staff is recommending \$50,000 be set aside to cover the cost of a new Ford F150, upfit for code enforcement duty and possible updates to SUV for CERT duty.

Replace Fuel Island at the Yard

This fuel island covers all Town equipment, ESTA busses, School Busses, and Fire vehicles. The station is past the useful life and has a number of current problems resulting in additional staff time used to mitigate water intrusion and keep the system clean and functioning. This project is included in the 5-year CIP and is slated for construction in FY22/23 at an estimated cost of \$600,000. In FY20-21, engineering staff recommended \$55,000 be expended for project design work to scope and manage the project. Staff is recommending \$600,000 of fund balance be committed now to complete the project as scheduled.

Main Street Landscaping

This project is identified in the 5-year CIP as a project slated for FY22-23, with no funding secured. The projected total project cost is \$335,000 with \$200,000 required in FY22-23. Staff is recommending the \$200,000 be allocated from fund balance to establish the project. The project description from the CIP is included below:

The Town worked with a landscaping architect and engineering consultant to develop a landscaping plan to revive the landscape and streetscape along both sides of Main Street between Mountain Boulevard and the driveway entrance to the Shell Station. The scope includes installation of a new drip irrigation system, using existing conduit that was installed during the sidewalk projects and existing controllers and materials where applicable. The scope also includes installation of seed mix, trees, bushes, flowers, mulch, boulders and cobble.

Staff recommendations described above total \$3,922,040 and would almost fully allocate available fund balance available at the close of FY20-21.

Staff Recommendations

One Time Funding and Project Recommendations	
Item	Amount
Fund 220 - Airport Operations	\$ 172,040
DIF Nexus Study Update	\$ 100,000
Housing Programs	\$ 1,000,000
Parcel Infrastructure	\$ 1,200,000
CRC Interior Improvements	\$ 350,000
Emergency Communication System - Radio Infrastructure	\$ 250,000
Fleet Addition - Unfunded Replacement - Code Compliance	\$ 50,000
Replace Fuel Island at Yard	\$ 600,000
Main Street Landscaping	\$ 200,000
Total One Time Funding and Project Recommendations	\$ 3,922,040
Total Staff Recommendations	\$ 3,922,040
Remaining Unassigned Fund Balance FY20-21	\$ 10,742

Other Reserve funds held in General Fund

Housing Reserve

This reserve account is considered "Assigned Fund Balance" within the General Fund and is included in the overall fund balance of \$14,169,243 listed above. The housing reserve was established to provide funding for housing projects and is based on the normal allocation of TOT for housing which is .85 points or 6.54% of TOT collected. The housing reserve receives this same rate of allocation on TOT received above the adopted budget for the fiscal year. Below is a reconciliation of the housing reserve for FY20-21. This reconciliation includes a carryover or allocation of \$935,000 from the prior year. The \$25,000 remaining for the Chamber of Commerce was paid in FY21-22 with the deed monitoring

program invoice still outstanding at the time of this report. On August 4, 2021, Town Council authorized \$900,000 from this reserve be allocated to Fund 245 – Housing Programs as part of a \$6.0M request to support community housing. These funds are shown committed on this reconciliation and have been transferred to Fund 245 in FY21-22. The negative balance of \$2,469 is not a concern as FY21-22 budget provides for additional funding to address this deficit.

Housing Reserve

As of June 30, 2021

Item	Amount
FY2019-20 Housing Reserve Fund Balance	\$ 876,503
General Fund Contribution - Housing FY20-21	
General Fund TOT Budget = \$11,200,000	
Housing Allocation (revenue) calculated as $+\$11.2M / 13 \times .85 =$	\$ 732,308
Excess TOT \$5,399,247 over budget provided additional allocation	\$ 353,029
Total FY20-21 Revenue for Housing	\$ 1,085,336
Expenditures:	
MLH Contract	\$ 330,000
Staff Time	\$ 288,020
Rental Assistance - COVID-19 Community Support	\$ 250,000
Middle Income - Transferred to Housing Programs Fund 245	\$ 101,000
Mammoth Lakes Chamber of Commerce	\$ 50,000
TOML for Clerk Services	\$ 10,000
Advertising & Legal Notices	\$ 288
	\$ 1,029,308
Housing Expenditures FY20-21 YTD	\$ 1,029,308
Estimated Current Fund Balance for Housing Reserve	\$ 932,531
Carry over or Anticipated Items	
Contractual Services - Housing - Chamber of Commerce - Final Payment	\$ 25,000
Deed Monitoring Program	\$ 10,000
Town of Mammoth Lakes - Housing Program Funding	\$ 900,000
	\$ 935,000
Estimated Available Fund Balance for Housing Reserve	\$ (2,469)

Transit Reserve

This reserve account is considered “Assigned Fund Balance” within the General Fund and is included in the overall fund balance of \$14,169,243 listed above. The transit reserve was established to provide funding for transit projects and is based on the normal allocation of TOT for transit which is .85 points or 6.54% of TOT collected. The transit reserve receives this same rate of allocation on TOT received above the adopted budget for the fiscal year. Below is a reconciliation of the transit reserve for FY20-

21. This reconciliation includes a carryover of \$350,000 from the prior year and a \$900,000 staff recommendation, totaling \$1,250,000. The request for \$900,000 will support the construction of the Mobility Hub as part of the CRC Project. This is a key element of the project and preliminary cost estimates were \$800,000 but with contingency and additional cost estimates for added elements (Electric charging stations etc.), staff is recommending \$900,000 of Transit Reserve be allocated to this project.

Transit Reserve

As of June 30, 2021

Item	Amount
FY2019-20 Transit Reserve Fund Balance	\$ 1,018,697
General Fund Contribution - Transit FY20-21	
General Fund TOT Budget = \$11,200,000	
Housing Allocation (revenue) calculated as +\$11.2M / 13 *.85 =	\$ 732,308
Transit Fee (Actual)	\$ 119,889
	<u>\$ 852,197</u>
Excess TOT \$5,399,247 over budget provided additional allocation	\$ 353,028
Total FY20-21 Revenue for Transit	<u>\$ 1,205,224</u>
Expenditures:	
ESTA Contract	\$ 871,705
Staff Time	\$ 31,372
Supplies	\$ 1,045
Public Utilities	\$ 1,614
Transit Building Maintenance	\$ 17,483
	<u>\$ 923,219</u>
Transit Expenditures FY20-21 YTD	<u>\$ 923,219</u>
Projected Transit Reserve Fund Balance	\$ 1,300,702
Carry over or Anticipated Items	
Grant match for ESTA bus purchases	\$ 350,000
CRC - Mobility Hub	\$ 900,000
	<u>\$ 1,250,000</u>
Projected Transit Reserve Fund Balance	<u>\$ 50,702</u>

Tourism Reserve

This reserve account is considered "Assigned Fund Balance" within the General Fund and is included in the overall fund balance of \$14,169,243 listed above. The tourism reserve was established to provide funding for tourism expenditures and is based on the normal allocation of TOT for tourism which is 2.35

points or 18.08% of TOT collected. The tourism reserve receives this same rate of allocation on TOT received above the adopted budget for the fiscal year. Below is a reconciliation of the tourism reserve for FY20-21. This reconciliation includes a carryover of \$1,950,000 from the prior year and previous Town Council action in FY21-22. On August 4, 2021, Town Council authorized \$1,900,000 from this reserve be allocated to Fund 245 – Housing Programs as part of a \$6.0M request to support community housing.

Tourism Reserve

As of June 30,2021

Item	Amount
FY2019-20 Tourism Reserve Fund Balance	\$ 1,368,845
General Fund Contribution - Tourism FY20-21	
General Fund TOT Budget = \$11,200,000	
Tourism Allocation (revenue) calculated as $+\$11.2M / 13 * 2.35 =$	\$ 2,024,615
	<u>\$ 2,024,615</u>
Excess TOT \$5,399,247 over budget provided additional allocation	\$ 976,018
Total FY20-21 General Fund Revenue for Tourism	<u>\$ 3,000,633</u>
Expenditures:	
Payment to MLT for Promotional Activity	\$ 1,751,600
Payment to Chamber of Commerce	\$ 273,000
Litigation Support	\$ 19,733
Business Assistance - COVID-19 Community Support	\$ 300,000
TOML for Clerk Services	\$ 10,000
	<u>\$ 2,354,333</u>
Tourism Expenditures FY20-21	<u>\$ 2,354,333</u>
Projected Tourism Reserve Fund Balance	<u>\$ 2,015,145</u>
Carry over or Anticipated Items	
Town of Mammoth Lakes - Housing Program Funding	\$ 1,900,000
Litigation Reserve	\$ 50,000
	<u>\$ 1,950,000</u>
Available Tourism Reserve Fund Balance	<u>\$ 65,145</u>

Other Key Funds

Fund 105 – COVID-19

In the fourth quarter of FY2019-20 the Town established a new fund, 105 – COVID-19 Response, to track the funding used to fight this health emergency. There were a number of revenue sources used to start the fund. Staff expects some amount of reimbursement from FEMA for expenses incurred to combat the pandemic provided they qualify under rules established and frequently changed by FEMA. Staff has strong documentation procedures established by the Emergency Operations Center (EOC) Unified Command. There are elements of this fund, like staff time, that are used for tracking purposes only with no expected reimbursement from FEMA. The Town has experienced challenges in the past securing funding from FEMA so full reimbursement for the expenditures should not be expected. Staff will do everything possible to maximize the reimbursement received. During FY20-21 support for the Emergency Operations Center and several Community and Business support programs were run through this fund. The fund currently has a negative balance, but future FEMA reimbursement and American Recovery Act funding received in FY21-22 are enough to cover the current deficit and provide funding in the future. Note in the reconciliation below, more than \$1.3M was allocated to rental assistance and business assistance during the pandemic.

COVID -19 Funding

As of June 30, 2021

Item	Amount
FY2019-20 COVID-19 Fund Balance	\$ 693,085
Revenue	
General Fund - Emergency Preparedness & Rental Support	\$ 532,308
Gas Tax - Emergency Preparedness (Staff)	\$ 499
Tourism Reserve - Business Support	\$ 300,000
Housing Reserve - Rental Support	\$ 250,000
FEMA Reimbursement	\$ 59,824
State Grant - COVID 19 Relief	\$ 97,036
Refunds & Rebates	\$ 10,486
Total FY20-21 Revenue for COVID-19 Response	\$ 1,250,154
Expenditures:	
Staff Time	\$ 218,315
Supplies	\$ 41,285
Rental Assistance	\$ 431,625
Business Assistance	\$ 919,613
Maintenance	\$ 175
Legal Fees	\$ 140,016
Emergency Operations Center	\$ 301,127
Advertising & Legal Notices	\$ 2,130
	\$ 2,054,285
COVID-19 Expenditures FY20-21	\$ 2,054,285
Estimated Current Fund Balance for FY20-21	\$ (111,047)
Carry over or Anticipated Items	
	\$ -
Estimated Available Fund Balance for COVID-19	\$ (111,047)

Notes:

FEMA Reimbursement - Work continues to recover all costs possible

American Recovery Plan Act - Funds received in FY21-22 and FY22-23

Fund 205 – Solid Waste

The Solid Waste Fund accounts for restricted revenues related to providing solid waste related services and programs and was established in FY18-19. The majority of the solid waste programs and services are provided by Mammoth Disposal under a Solid Waste Franchise Agreement. Solid Waste Parcel fees levied in Mono County are shared with the Town under agreement with the County (\$75,000). This fund has an available balance of \$1,042,168 with no carry over commitments or staff recommendations. The fund will support construction of the Town's and Waste Connection lots within the Sierra Business Park in FY21-22 as part of the 5-year CIP.

Solid Waste Fund 205

As of June 30, 2021

Item	Amount
FY2019-20 Solid Waste Fund Balance	\$ 1,086,342
Revenue	
Solid Waste Parcel Fee - County	\$ 106,187
Refunds and Rebates	\$ 75,745
AB939 Fee Collected - Waste Connection	\$ 45,000
USFS Wood Innovation Grant	\$ 40,336
Interest on Investments	\$ 4,937
Total FY20-21 Revenue for Solid Waste	\$ 272,205
Expenditures:	
Staff Time	\$ 8,255
Public Utilities	\$ 26,726
Professional Services - HF & A Consultants	\$ 3,076
Contractual Services - EARTHCARE, LLC - Biomass Plant Design	\$ 121,945
Contractual Services - Michael Baker Int. - CEQA Mammoth Disposal	\$ 88,745
Contractual Services - Triad Holmes Assoc - Land Survey & Design	\$ 11,346
Contractual Services - Environmental Diversion Solutions	\$ 2,864
Building - Capital	\$ 50,504
Sierra Business Park - Owners Association - HOA	\$ 1,945
Advertising & Legal Notices	\$ 973
	\$ 316,379
Total FY20-21 Expenditures for Solid Waste	\$ 316,379
Estimated Current Fund Balance for FY20-21	\$ 1,042,168
Carry over or Anticipated Items	
	\$ -
Estimated Available Fund Balance for Solid Waste	\$ 1,042,168

Notes:

Sierra Business Park Construction in FY21-22

Fund 210 – Gas Tax

Gas Tax contained a significant fund balance in the prior year with the anticipation of a larger winter and uncertain snow storage and hauling requirements. Due to lower snow amounts, those concerns did not come to fruition and much of the fund balance was retained. In addition to the snow removal support, the engineering team has been busy this last year with significant road projects, some of which were funded from Gas Tax. The reconciliation below shows, in summary, the revenue and expenditures of this fund. Note the current balance of \$2,766,307 is available for future road projects or up-front funding of a heavy snow year. There are no carry over items or staff recommendations for this fund.

Gas Tax - Fund 210

As of June 30, 2021

Item	Amount	Notes
FY2019-20 Gas Tax Fund Balance	\$ 1,566,030	
Revenue		
General Fund Support	\$ 2,695,390	
Gas Tax - Snow Removal	\$ 2,186,069	
Gas Tax - Road	\$ 208,821	
Gas Tax - SB1	\$ 139,710	
Snow Management & Charges for Services	\$ 48,456	
Refunds and Rebates	\$ 16,600	
Interest on Investments	\$ 5,416	
Total FY20-21 Revenue for Gas Tax	\$ 5,300,461	
Expenditures:		
Street Maintenance	\$ 1,181,166	Staff Costs and Facilities
Summer Equipment - Garage	\$ 337,570	Vehicle replacement, fuel, parts - Summer
Snow Removal	\$ 1,306,381	Staff Costs, Facilities and Assessment District
Winter Equipment - Garage	\$ 1,066,796	Vehicle replacement, fuel, parts - Winter
Garage Operations	\$ 150,807	
Promenade Maintenance	\$ 57,464	
	\$ 4,100,185	
Total FY20-21 Expenditure for Gas Tax	\$ 4,100,185	
Estimated Current Fund Balance for FY20-21	\$ 2,766,307	
Carry over or Anticipated Items		
	\$ -	
Estimated Available Fund Balance for Gas Tax	\$ 2,766,307	

Note:

Balance Available for Road Projects, Heavy snow years and emergency maintenance

Fund 215 – Measure R Trails

This fund is one of two that represent our Measure R special funds. The revenue from this fund comes from an annual allocation from Measure R – Sales Tax, Measure U – Utility Tax, and a General Fund contribution. In addition to these annual commitments, an additional \$500,000 in one-time funds for capital projects were committed at Council direction at the close of FY2016-17. There is a planned use of fund balance with ongoing trails construction as outlined in the Trails System Master Plan. The plan includes concepts the team develops into prioritized projects. The available fund balance at the close of FY20-21 was \$414,305 with no identified carryover commitments.

Measure R - Trails - Fund 215

As of June 30, 2021

Item	Amount	
FY2019-20 Measure R - Trails Fund Balance	\$	611,626
Revenue		
Measure R - Support	\$	300,000
Measure U - Support	\$	75,000
General Fund - Support for Staff	\$	30,000
Refunds and Rebates	\$	29,721
Interest on Investments	\$	16,311
Total FY20-21 Revenue for Measure R - Trails	\$	451,032
Expenditures:		
Contract Work	\$	331,262
Staff Time	\$	264,651
Supplies	\$	31,971
Machinery & Equipment	\$	11,449
Disposal	\$	6,841
Public Utilities	\$	2,178
	\$	648,353
Total FY20-21 Expenditure for Measure R - Trails	\$	648,353
Estimated Current Fund Balance for FY20-21	\$	414,305
Carry over or Anticipated Items		
	\$	-
Estimated Available Fund Balance for Measure R - Trails	\$	414,305

Fund 216 – Measure R

This fund is one of two that represent our Measure R special funds. This fund provides commitment to our Parks and Recreation teams for maintenance at Whitmore Park as well as Trails End Park. The fund included an allocation of \$12,000 for Mammoth Lakes Recreation (FY20-21) and other smaller operational programs (Equipment Maintenance, Audit, etc.). In FY20-21 the sales tax revenue was much better than anticipated due to increased visitation and online sales inclusion in the state allocations. The fund has a balance of \$1,133,935 to close FY20-21 with no identified carry over or staff recommendation. This unassigned Fund Balance remains open to MLR recommendation and Council action to commit to recreation-based projects.

Measure R - Fund 216

As of June 30, 2021

Item	Amount
FY2019-20 Measure R Fund Balance	\$ 426,981
Revenue	
Sales Tax	\$ 1,640,496
Interest on Investments	\$ 33,211
Total FY20-21 Revenue for Measure R	\$ 1,673,707
Expenditures:	
CRC - Debt Service	\$ 614,441
Measure R - Trails Support	\$ 300,000
Salaries - Parks Maintenance	\$ 20,573
Mammoth Lakes Recreation	\$ 12,000
Town Clerk Fees	\$ 10,000
Audit Services	\$ 4,250
Supplies - Recreation Programs	\$ 3,173
Supplies - Parks Maintenance	\$ 2,317
	\$ 966,753
Total FY20-21 Expenditure for Measure R	\$ 966,753
Estimated Current Fund Balance for FY20-21	\$ 1,133,935
Carry over or Anticipated Items	
	\$ -
Estimated Available Fund Balance for Measure R	\$ 1,133,935

Fund 217 – Measure U

This fund finished the year with a restricted fund balance of \$2,215,583 with some carry over commitments from prior Town Council action. In FY20-21, Town Council allocated \$1.5M of fund balance to the construction of the CRC. These funds have been removed and allocated to the capital project. Town Council did retain the commitment to \$2.5M for MACC project funding and the balance will be accumulated until such time appropriate balance is available to fulfill the commitment. In FY21-22, Town Council allocated \$100,000 to complete the MACC revised concept design as requested by Mammoth Lakes Foundation.

Measure U - Fund 217

As of June 30, 2021

Item	Amount
FY2019-20 Measure U Fund Balance	\$ 3,135,059
Revenue	
Utility Tax - Electricity	\$ 586,437
Utility Tax - Gas	\$ 228,693
Utility Tax - Telephone	\$ 41,483
Interest on Investments	\$ 20,605
Refunds and Rebates	\$ 5,000
Total FY20-21 Revenue for Measure U	\$ 882,218
Expenditures:	
Capital - CRC Construction	\$ 1,500,000
Programming Allocations	\$ 206,618
Measure R - Trails Support	\$ 75,000
Mammoth Lakes Recreation	\$ 13,826
Audit Services	\$ 4,250
Recreation Supplies	\$ 2,000
	\$ 1,801,694
Total FY20-21 Expenditure for Measure U	\$ 1,801,694
Estimated Current Fund Balance for FY20-21	\$ 2,215,583
Carry over or Anticipated Items	
MACC Construction - Design - Council Action FY21-22	\$ 100,000
	\$ 100,000
Estimated Available Fund Balance for Measure U	\$ 2,115,583

Fund 220 – Airport Restricted Revenue Fund

This Restricted Revenue fund means that part of the funding revenue comes from charges to external users for goods and services. This fund receives support and ongoing commitment from the General Fund and FAA grant revenues. This fund consists of activity from Airport Operations as well as Airport Capital Projects. All funds transferred to the Airport remain in this fund, designated for future capital projects. In FY20-21, the operational support normally provided by General Fund was covered by the FAA CARES Act grant funding. As some of the expenditures are not authorized under the CARES Act funding, additional contribution from the General Fund is required to cover operational expenses. This recommendation was included in the General Fund section of this staff report. The result of this request is illustrated below. Late in FY20-21, Town Council authorized \$100,000 for Airport updates and these funds need to be carried over to FY21-22 when the work will be completed.

Fund Balance - Airport Restricted Revenue Fund

As of June 30, 2021

Fund 220 - Airport Operating Fund		Balance
Operating Expenses	\$	1,113,739
Operating Revenue	\$	160,720
General Fund Allocation - Airport Updates	\$	100,000
FAA CARES Act COVID-19 Operations	\$	780,979
Operating Revenue Total	\$	1,041,699
Carry over or Anticipated Items		
Airport Updates - 3rd Qtr. allocation	\$	100,000
Required General Fund Contribution	\$	172,040
Operating Fund Balance	\$	-

The Airport performed extensive work on capital projects for FY20-21, working on nine projects resulting in capital project expenditure of \$1,364,857. These projects are funded using AIP Grant Revenue, Restricted Passenger Facility Charge (PFC), and use of fund balance. The cumulative effect of this project work and grant revenue brings the capital reserve to \$1,336,186.

Fund 220 - Airport Capital Projects

Prior Capital Reserve - FY2019-20	\$	1,383,227
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Funding Sources - Capital Project Revenue	Amount
AIP 37 - Grant - Environmental - Terminal	\$ 76,356
AIP 40 - Grant - ALP	\$ 60,361
AIP 20-2/3 - Grant - Reconstruct Taxi lane / Slurry	\$ 1,022,510
AIP 20-1 - Grant - Security Gate / Terminal Area Fence	\$ 22,497
AIP 21-1 - Grant - Reconstruct East GA Apron	\$ 130,323
Distribution of Restricted Passenger Facility Charge (PFC)	\$ 5,770
	\$ 1,317,817

Excess Revenue from Operations (Transferred from Operations above)	\$	-
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Funds Available for Projects - FY20-21	\$	2,701,043
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Project Description	Amount
AIP 20-1 - Security Fencing (Activity Code 94236)	\$ 27,768
AIP 20-2 - Reconstruct Taxi lane (Activity Code 94237)	\$ 460,536
AIP 20-3 - Slurry Seal Taxiways (Activity Code 94238)	\$ 560,102
AIP 20-4 - Perimeter / Wildlife Fence (Activity Code 94239)	\$ 153
AIP 21-1 - Reconstruct East GA Apron (Activity Code 94240)	\$ 125,260
PFC Analysis (Mead / Hunt)	\$ 9,171
AIP 37 - Environmental Terminal Reimbursable NEPA (Activity 95437)	\$ 84,609
AIP 37 - Environmental Terminal Reimbursable CEQA (Activity 95537)	\$ 22,508
AIP 40 - Updates Airport Master Plan Study (Activity Code 95440)	\$ 74,750
Total Expenditures for Projects and Acquisitions	\$ 1,364,857

Remaining Capital Reserve for future projects - FY20-21	\$	1,336,186
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Fund 245 – Housing Programs

The Housing Program fund has been used for several years to track grant funding for first time buyers and Mammoth Lakes Housing buy back program for deed restricted properties. In FY20-21, staff adjusted the fund to include other housing programs and has recommended that all housing related allocations be transferred to this fund for better tracking. Staff has started this process with recent housing allocations and is working to build the balance to appropriate levels needed for this important strategic priority. The reconciliation below shows some traditional elements of the fund and additional General Fund contributions and their designated projects.

Housing Programs - Fund 245

As of June 30, 2021

Item	Amount
FY2019-20 Housing Programs Fund Balance	\$ 479,466
Revenue	
Transfer In - General Fund	\$ 1,400,000
Refunds and Rebates	\$ 243,873
BEGIN REUSE - Program	\$ 198,916
Transfer In - SB 2	\$ 160,000
CDBG Grant Revenue	\$ 138,396
HOME - Program Income	\$ 119,900
HOME - Grant Revenue	\$ 113,734
HELP - Program Loan	\$ 104,574
Transfer In - Housing Reserve	\$ 101,000
Interest on Investments	\$ 2,711
Total FY20-21 Revenue for Housing Programs	\$ 2,583,104
Expenditures:	
CDBG	
CDBG - Salaries	\$ 4,741
CDBG - Loan - 463 Mono St #2	\$ 124,500
CDBG - Mammoth Lakes Housing	\$ 79,780
CDBG - Advertising & Legal	\$ 738
	\$ 209,759
HOME	
HOME - Salaries	\$ 1,820
HOME - Loan - 2251 Meridian Blvd #111	\$ 151,900
HOME - Mammoth Lakes Housing	\$ 12,105
HOME - Hastings Monitoring	\$ 9,950
	\$ 175,775
BEGIN	
BEGIN - Loan - Aspen Village H-104	\$ 61,399
BEGIN - Loan - Baker	\$ 58,795
BEGIN - Loan - Meridian Ct H101	\$ 73,000
BEGIN - Loan - Aspen Village G-106	\$ 57,600
BEGIN - Mammoth Lakes Housing	\$ 15,030
	\$ 265,824
Total FY20-21 Expenditure for Housing Programs	\$ 651,358
Estimated Current Fund Balance for FY20-21	\$ 2,411,212

On August 4, 2021, Town Council authorized \$6.0M in funding to support workforce housing. These authorizations are not included in these numbers as they occurred in FY21-22. The chart below summarized the funding allocation, revenue source, and projects they support. After all transfers, including staff recommendation for an additional \$1.0M in funding for housing programs, the balance

will be \$7,911,212 in Fund 245 Housing Programs. This is more than adequate to support the previous commitments, also listed below.

Transfer In for Housing Programs FY21-22		
Housing Reserve - Prior Commitments	\$	900,000
Tourism Reserve - Prior Commitments	\$	1,900,000
General Fund - Prior Commitments and Staff Recommendations	\$	2,700,000
	\$	5,500,000
Balance after Transfers	\$	7,911,212

Housing Reserve - Prior Commitments	\$	900,000
Tourism Reserve - Prior Commitments	\$	1,900,000
General Fund - Prior Commitments and Staff Recommendations	\$	2,700,000
	\$	5,500,000

Balance after Transfers \$ 7,911,212

Projects Authorized at August 4 Town Council Meeting		
Support for MLH Project - 238 Sierra Manor Rd	\$	1,500,000
Development of Town's affordable housing project - 60 Joaquin Rd	\$	3,000,000
Workforce Housing - Private / Public Partnership	\$	1,500,000
	\$	6,000,000

Support for MLH Project - 238 Sierra Manor Rd	\$	1,500,000
Development of Town's affordable housing project - 60 Joaquin Rd	\$	3,000,000
Workforce Housing - Private / Public Partnership	\$	1,500,000
	\$	6,000,000

Fund 858 – Fractional Mello Roos

This fund finished the year with a restricted fund balance of \$45,627. No extraordinary allocations were made from this fund in FY20-21 and the result was a gradual increase in fund balance from normal operations. There is no carry over commitment or Council action on this balance leaving the full amount remaining and available.

Fractional Mello CFD 2004-1 - Fund 858

As of June 30, 2021

Item	Amount
FY2019-20 Fractional Mello CFD 2004-1 Fund Balance	\$ 40,265
Revenue	
Tax Assessment	\$ 203,760
Ice Rink - Fees and Charges	\$ 21,389
Refunds and Rebates	\$ 2,490
Total FY20-21 Revenue for Fractional Mello CFD 2004-1	\$ 227,638
Expenditures:	
Ice Rink	
Staff Time	\$ 78,275
Facility Lease	\$ 47,500
Public Utilities	\$ 45,279
Snow Removal	\$ 18,121
Supplies	\$ 7,094
Maintenance	\$ 5,904
Training & Printing	\$ 3,568
Vehicle Charges	\$ 2,969
	\$ 208,710
Parks Maintenance	
Contractual Services - NBS Analysis	\$ 5,589
Staff Time	\$ 5,568
Public Utilities	\$ 1,600
Maintenance	\$ 810
	\$ 13,567
Total FY20-21 Expenditure for Fractional Mello CFD 2004-1	\$ 222,277
Estimated Current Fund Balance for FY20-21	\$ 45,627
Carry over or Anticipated Items	
	\$ -
Estimated Available Fund Balance for Fractional Mello CFD 2004-1	\$ 45,627

Assessment Districts

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

Fund Balance - Assessment Districts

As of June 30, 2021

Assessment District	Balance
Fund 850 - Juniper Ridge	\$ 160,348
Purpose - Maintenance of landscaping, ornamental street lighting, street signs, snow stakes , and the decorative walls at the entrance.	
Fund 852 - Bluffs	\$ 76,366
Purpose - Debt Service for the development costs of the Bluff's Subdivision.	
Fund 853 - Bluffs Maintenance	\$ 202,882
Purpose - Roadway, drainage, sewer, power, street light, telephone, television cable and gas line improvements on streets within the Bluff's subdivision and between subdivision entrances.	
Fund 854 - North Village	\$ 611,205
Purpose - Debt Service for the District improvements include the installation, upgrade, construction, or reconstruction of irrigation and landscaping, street lighting, streets, sidewalks and driveways, curb and gutter, drainage facilities, and snowmelt tubing systems and appurtenant facilities.	
Fund 856 - Old Mammoth Road	\$ 782,346
Purpose - Maintenance of irrigation and landscaping, street lighting, streets, sidewalks and driveways, curb and gutter, drainage facilities, and snowmelt tubing systems and limited appurtenant services.	
Fund 857 - Village Benefit	\$ 591,572
Purpose - Maintenance of irrigation and landscaping, street lighting, streets, sidewalks and driveways, curb and gutter, drainage facilities, and snowmelt tubing systems and appurtenant facilities.	

Assessment District	Balance	
Fund 858 - CFD 2004-01 (Fractional Use)	\$	45,627
Purpose - Finance the costs and expenses of providing enhanced services and facilities to the Town including police protection services, criminal justice, recreation program operations and maintenance, library services, museums, cultural facilities, parks, parkways and various other facilities and equipment.		
Fund 859 - DIF in Lieu Mello Roos Tax	\$	22,892
Purpose - Developer's have the option to pay an annual assessment rather than pay Development Impact Fees upfront. These fees may be used for public benefit facilities. The Town currently has one property within this assessment district.		
Fund 860 - Transit Facilities	\$	34,134
Purpose - Contributes to the town-wide transit system.		
Fund 861 - Mammoth View	\$	80,468
Purpose - The improvements maintained by the District include Viewpoint Road, the Viewpoint condominium emergency access area located to the north of the Viewpoint condominiums, sidewalks fronting the District along Main Street, Mountain Boulevard, and Alpine Circle, and appurtenant facilities.		

Development Impact Fee Accounts

Development Impacts Fees continue to be recorded through the permit process within the Community Development Department. All funds collected are restricted for specific use intended under the Development Impact Fee schedule. Last fiscal year, the Town had a significant increase in construction resulting in significant permit revenue for the Town. This increase in activity is evident in the performance of the DIF accounts as the balances have grown significantly over FY20-21. Below is the balance of each account as of June 30, 2021.

Development Impact Fee Funds

As of June 30, 2021

Account	Balance
Fund 830 - DIF Administration	\$ 59,729
Fund 831 - DIF General Facilities	\$ 138,665
Fund 832 - DIF Law Enforcement	\$ 58,609
Fund 833 - DIF Storm Drains	\$ 114,161
Fund 834 - DIF Parks & Recreation	\$ 64,393
Fund 835 - DIF Mono County Office of Education - Library	\$ 115,902
Fund 836 - DIF Circulation	\$ 51,001
Fund 837 - DIF Mono County Office of Education - Child Care	\$ 158,901
Fund 838 - DIF - Fire Facilities & Equipment	\$ 254,560
Fund 839 - DIF Airport Improvements	\$ 14,644
Fund 840 - Public Art	\$ 65,933
Fund 841 - DIF Transit & Trails	\$ 272,732

Fund 910 – Garage Services / Vehicle Replacement Fund

This fund is combined, fleet services garage and vehicle replacement program. In FY21-22 these two items were separated into Fund 910 Garage Services and Fund 915 Vehicle Replacement. During FY21-22, the fund balances illustrated below will be separated into these funds for proper accounting going forward. As of June 30, 2021, they remained in one fund as illustrated below. The reconciliation view below is designed to show the source of revenue and expenditures that make up this fund. The balance restricted specifically for vehicle replacement is \$12,110,671 as of June 30, 2021, consisting of Restricted Gas Tax Reimbursements, assigned fund balance, and outstanding loan to the General Fund. Town of Mammoth Lakes Fleet Management does an excellent job of servicing our vehicles that often maintains them beyond their normal service life. The Fleet Manager does a thorough review of equipment in the fall and provides a list of recommended replacements, usually by mid-year budget review.

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

Garage Services / Vehicle Replacement - Fund 910

As of June 30, 2021

Item	Amount
FY2019-20 Garage Services / Vehicle Replacement Fund Balance	\$ 14,863,511
Revenue	
Vehicle Replacement Charges	\$ 903,493
Internal Departments - Charges for Services	\$ 541,564
Garage Services - ESTA	\$ 364,301
Garage Services - Other Governmental	\$ 61,071
Refunds and Rebates	\$ 40,326
Garage Services - MLFPD	\$ 31,158
Garage Services - Schools	\$ 12,940
Interest on Investments	\$ 4,294
Garage Services - County	\$ 2,282
Total FY20-21 Revenue for Garage Services / Vehicle Replacement	\$ 1,961,430
Expenditures:	
Staff Time	\$ 874,760
Fuel	\$ 279,185
Parts	\$ 224,030
Machinery & Equipment	\$ 113,070
Facility & Training	\$ 85,483
Supplies & Uniform	\$ 9,914
Equipment Lease	\$ 6,456
	\$ 1,592,900
Total FY20-21 Expenditure for Garage Services / Vehicle Replacement	\$ 1,592,900
Estimated Current Fund Balance for FY20-21	\$ 15,232,041
Allocated Items	
Vehicle Replacement	\$ 12,110,671
Unrestricted - (\$6,337,227)	
Restricted - Gas Tax - (\$3,282,197)	
Outstanding Balance - Internal Loan - (\$2,491,207)	
Fuel & Parts Inventory	\$ 577,041
Vehicles & Equipment - Net of Depreciation	\$ 2,557,894
Contracts and Long Term Liability	\$ (13,564)
	\$ 15,232,041
Estimated Unallocated Garage Services Fund Balance	\$ -

Notes:

FY21-22 Credited Fund 915 as dedicated Vehicle Replacement outside of Garage Services. Will move Fund Balance associated with Vehicle replacement into the new Fund

Fund 990 – Debt Service / Capital Reserve

This fund is designated to pay our debt requirements and contains assigned balances for future capital needs. The balance at the close of FY20-21 is \$2,012,918 with four carryover items, Debt Reserve \$1.1M, Parks Deferred Maintenance, \$300,000, Future Computer/Technology Requirements \$50,000, and \$500,000 for Emergency Communication System – Radio Infrastructure.

Staff is recommending some adjustments to the balances and placement of some of the commitments in more appropriate locations. Namely, the Debt Reserve of \$1.1M will be moved to the General Fund and contained within the same location as all other reserves like REU and Operating Reserve. The Deferred Parks Maintenance fund will be transferred to the General Fund as needed for small projects throughout FY21-22. Emergency Communications System – Radio Infrastructure has \$500,000 in the current carry over and another \$500,000 in General Fund as a carry over. Those funds will be combined in Fund 990, with staff recommended \$250,000 mentioned earlier in this staff report. The total \$1.25M will remain in this fund until a project is awarded.

Fund Balance - Debt Service / Future Capital Fund

As of June 30, 2021

Fund 990 Capital Fund	Balance	
Fund Balance FY20-21	\$	2,012,918

Carry over commitments		
Item	Amount	
Debt Reserve - 50% of General Fund Debt Payments	\$	1,100,000
Parks Deferred Maintenance	\$	300,000
Reserved for Future Computer / Technology	\$	50,000
Emergency Communication System - Radio Infrastructure	\$	500,000

Total Allocated Fund Balance	\$	1,950,000
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Uncommitted Fund Balance FY20-21	\$	62,918
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Conclusion

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

OPTIONS ANALYSIS

Option 1: Staff recommends the Town Council receive the pre-audit actual financial presentation for Fiscal Year 20-21 and adopt the resolution amending the FY21-22 budget as recommended on Attachment A and FY20-21 as recommended on Attachment B.

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

FINANCIAL CONSIDERATIONS:

The Town has adequate resources to meet unknown financial needs, including reserve funds that are committed to specific work program areas. All these actions are taken together to meet the needs of the Town in providing public services.