

# Mammoth Community Water District

## Adopted Budget for the Fiscal Year April 1, 2023- March 31, 2024

March 2023

Jeff Beatty

### Introduction

The mission of the Mammoth Community Water District is to provide excellent water and wastewater services to the Town of Mammoth Lakes. The annual budget is the roadmap to accomplishing our mission. The budget describes the source and expected amounts of revenue and defines the expected types and amounts of expenditures. Once approved by the Board, the budget defines strategic and operational direction and grants authority to the managers and staff of the District to expend resources to deliver water and wastewater services.

The budget is a collaborative effort that incorporates the strategic plan developed by staff and approved by the Board. Leaders from each department are involved in the planning and allocation of resources to effectively and efficiently accomplish our mission. The budget is guided by the experience of past years and anticipates plans for the coming year.

The budget is organized into funds representing type of service (Water or Wastewater), function (Administration, Operation, or Capital) and lifecycle (Replacement or Expansion). Each fund is intended to be self-contained with balanced revenue and expenses and an appropriate reserve. The budget is primarily focused on the 2024 fiscal year (FY) and looks forward to FY 2025-2034 to project available fund balances.

The District receives revenue primarily from property taxes and fixed and variable charges for water and wastewater services from our customers. Other revenue sources are connection fees for new water/wastewater customers, fees for lab and engineering services, and interest on invested funds. The District spends money on capital assets, personnel and operating expenses, and services from outside experts.

Revenue from water sales is variable based on the availability of surface water supplied by the winter snowpack. In a low-snow year, water conservation measures may be implemented to reduce water use, which results in a corresponding reduction in water sales revenue. Snowpack this winter is well above average, and water revenue is projected to increase with less restrictive water conservation requirements.

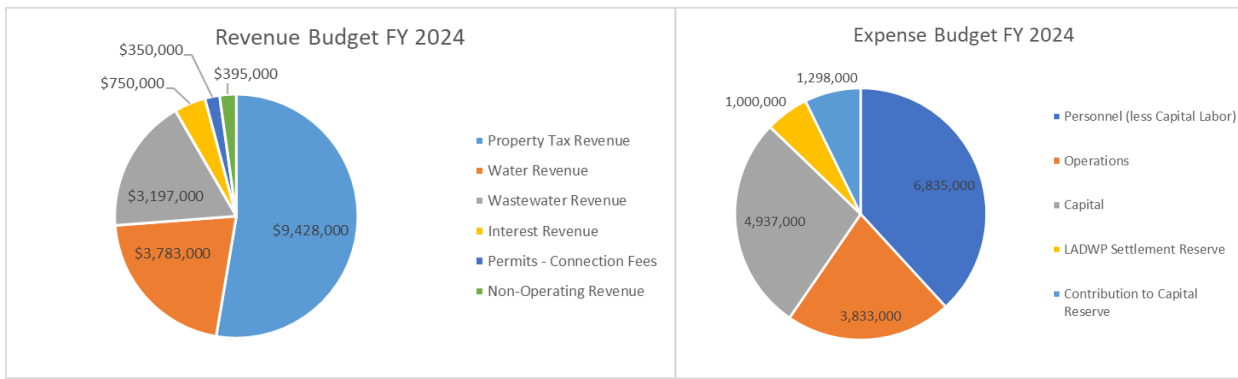
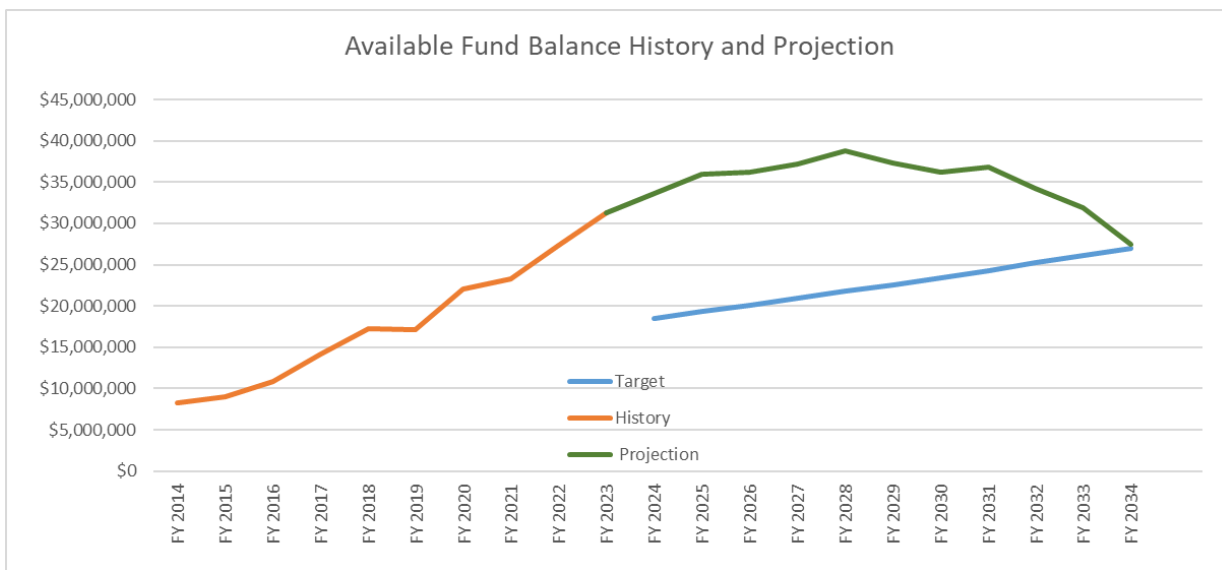
Total revenue for FY 2024 is budgeted at \$17,903,000. Budgeted expenditures on operations, personnel, and capital are \$15,605,000. A contribution of \$1,000,000 will be made to the reserve fund designated for the required future payment to LADWP. The difference of \$1,298,000 (approximately 7% of revenue) will be added to our operating and capital reserves to prepare for future needs.

Account	FY 2023 Budget	FY 2023 Proj.	FY 2024 Budget	Change - FY 2023		Change - FY 2023	
				Budget to FY 2024	Budget	Proj. to FY 2024	Budget
<b>Total Revenue</b>	15,713,400	17,050,000	17,903,000	2,189,600	14%	853,000	5%
<b>Personnel (less Capital Labor)</b>	6,124,300	5,990,000	6,835,000	710,700	12%	845,000	14%
<b>Operations</b>	3,740,300	3,693,000	3,833,000	92,700	2%	140,000	4%
<b>Capital</b>	4,260,100	3,680,000	4,937,000	676,900	16%	1,257,000	34%
<b>LADWP Settlement Reserve</b>			1,000,000				
<b>Contribution to Capital Reserve</b>	1,588,700	3,687,000	1,298,000	(290,700)		(2,389,000)	

The District has adopted an operations and capital reserve policy that defines targets for financial reserves consistent with prudent planning and risk management. The projected reserve balance at the beginning of FY 2024 is approximately \$31,308,000. The target reserve balance at the end of FY 2034 is approximately \$27,016,000. If revenue and expenses occur as projected, the 2034 reserve balance will be approximately \$27,496,000.

The District’s Reserve Policy and the FY 2024 Fund Reserve Targets are included as Attachment A to this document.

The orange line on the graph below represents the District’s historical available fund balance. The green line represents the projected fund balance. The blue line represents the target fund balance defined by the reserve policy.



This presentation is organized by:

- Revenue budget and fund balance projections
- Budgeted Operations expenses
- Budgeted Personnel expenses
- Budgeted Capital expenditures

## Revenue Budget

The total revenue budget of \$17,903,000 for FY 2024 represents a 13.9% increase from the FY 2023 revenue budget and a 5% increase from the 2023 revenue projection.

- Property tax revenue in FY 2023 is projected to be 8.8% higher than the previous fiscal year. The average annual increase from FY 2016 to FY 2022 has been 4.3%. Property tax revenue for FY 2024 is budgeted at 7.7% above the FY 2023 budget and 4% above the FY 2023 projection.
- Water and wastewater base rates are budgeted at a 2% increase from FY 2023. The snowpack so far this winter is well above average and water use revenue is projected to increase with less restrictive water conservation requirements.
- The commercial wastewater flow charge was rolled into the wastewater base rate revenue in FY 2023. To provide better tracking and accountability, this revenue category is separated out in FY 2024.
- Connection fee revenue is assigned to the water and wastewater expansion funds and will be used for capital projects that expand the capacity of our water and wastewater systems. Connection fee revenue varies significantly from year to year based on economic conditions and residential and commercial development in town. The possibility of economic slowdown over the next year might decrease the development activity in town, and connection fee revenue has been budgeted higher than the FY 2023 budget but lower than the projected 2023 revenue.
- Interest revenue is the net of dividends paid by the investments in the portfolio and the gain or loss in the market value of the portfolio. Market interest rates have risen substantially over the last year and the Federal Reserve expects to increase short-term interest rates even more before beginning to reduce rates. The interest revenue is calculated based on the dividend yield of the portfolio with the expectation securities that mature over the course of the year will be replaced by higher-yielding securities.

**Table A** shows the budgeted revenue for FY 2024 with comparisons to the budgeted and projected revenue for FY 2023.

**Table B** shows projections of revenue and expenses for FY 2024 and the following five fiscal years with the projected available reserve balance for each year.

**Table A – FY 2023 Budgeted Revenue**

Account	Budget FY 2023	Projection FY 2023	Budget FY 2024	Change - FY 2023 Budget to FY 2024	Change FY 2023 Proj. to FY 2024
Billing - Water Usage	1,671,923	1,699,100	1,889,000	217,077	13.0%
Water Base Rates	1,892,464	1,856,700	1,894,000	1,536	0.1%
Wastewater Base Rates	2,853,000	3,134,700	2,696,000	(157,000)	-5.5%
Wastewater Flow - Commercial		0	501,000	501,000	
Engineering Revenue	75,000	46,700	40,000	(35,000)	-46.7%
Housing Rents	103,000	110,000	142,000	39,000	37.9%
Miscellaneous Revenue	117,000	381,500	213,000	96,000	82.1%
Permits - Connection Fees	250,000	500,000	350,000	100,000	40.0%
Property Tax Revenue	8,751,000	9,065,000	9,428,000	677,000	7.7%
Interest Income	0	255,900	750,000	750,000	
<b>Total Revenue</b>	<b>15,713,387</b>	<b>17,049,600</b>	<b>17,903,000</b>	<b>2,189,613</b>	<b>13.9%</b>

**Table B – Projected Revenue, Expenses, and Available Fund Balances**

	FY 2024 Budget	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection
Revenue (excluding Connection Fee)	\$ 17,553,000	17,904,060	18,262,141	18,627,384	18,999,932	19,379,930
Connection Fee Revenue	\$ 350,000	360,500	371,315	382,454	393,928	405,746
Personnel Expense (excluding Capital Labor)	\$ 6,835,000	7,108,400	7,392,736	7,688,445	7,995,983	8,315,823
Operating Expense	\$ 3,833,000	3,947,990	4,066,430	4,188,423	4,314,075	4,443,498
Capital R&R Expense	\$ 4,937,000	4,828,000	4,941,000	6,087,000	5,496,000	5,252,000
Capital Expansion Expense	0	0	2,044,000	0	0	3,326,000
Addition (Reduction) to Capital Reserves	\$ 1,948,000	2,019,670	1,861,976	663,516	1,193,873	1,368,610
Addition (Reduction) to Expansion Reserves	\$ 350,000	360,500	(1,672,685)	382,454	393,928	(2,920,254)
	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance
Operating/Capital Fund Reserve	\$ 29,456,000	\$ 31,475,670	\$ 33,337,646	\$ 34,001,161	\$ 35,195,035	\$ 36,563,645
Expansion Fund Reserve	\$ 4,150,000	\$ 4,510,500	\$ 2,837,815	\$ 3,220,269	\$ 3,614,198	\$ 693,943
<b>Total Fund Reserve</b>	<b>\$ 33,606,000</b>	<b>\$ 35,986,170</b>	<b>\$ 36,175,461</b>	<b>\$ 37,221,431</b>	<b>\$ 38,809,232</b>	<b>\$ 37,257,588</b>

	FY 2030 Projection	FY 2031 Projection	FY 2032 Projection	FY 2033 Projection	FY 2034 Projection
Revenue (excluding Connection Fee)	19,767,529	20,162,880	20,566,137	20,977,460	21,397,009
Connection Fee Revenue	417,918	430,456	443,370	456,671	470,371
Personnel Expense (excluding Capital Labor)	8,648,455	8,994,394	9,354,169	9,728,336	10,117,470
Operating Expense	4,576,802	4,714,107	4,855,530	5,001,196	5,151,231
Capital R&R Expense	3,332,000	5,654,000	6,789,000	5,319,000	8,300,000
Capital Expansion Expense	4,709,000	646,000	2,547,000	3,673,000	2,741,000
Addition (Reduction) to Capital Reserves	3,210,271	800,379	(432,562)	928,928	(2,171,692)
Addition (Reduction) to Expansion Reserves	(4,291,082)	(215,544)	(2,103,630)	(3,216,329)	(2,270,629)
	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance
Operating/Capital Fund Reserve	\$ 39,773,916	\$ 40,574,295	\$ 40,141,733	\$ 41,070,661	\$ 38,898,969
Expansion Fund Reserve	\$ (3,597,138)	\$ (3,812,682)	\$ (5,916,313)	\$ (9,132,642)	\$ (11,403,272)
<b>Total Fund Reserve</b>	<b>\$ 36,176,778</b>	<b>\$ 36,761,613</b>	<b>\$ 34,225,420</b>	<b>\$ 31,938,019</b>	<b>\$ 27,495,697</b>

## Operations Budget

The FY 2024 operations budget of \$3,832,783, reflects an increase of \$141,220 (4%) from the FY 2023 budget

Some significant changes in the FY 2024 budget include:

- An increase of \$178,200 to the M&R-Buildings budget for a project to improve the energy efficiency of the Admin building
- An increase of \$51,530 to the Outside Services budget for a planned salary survey and an increase to the cost of sludge hauling.
- An increase of \$49,460 to the Operating Chemicals budget to reflect the impact of inflation
- An increase of \$43,296 to the Software Licenses budget and \$25,000 to IT Services related to increased focus on cyber-security
- An increase of \$29,840 to M&R-Line/Equipment partially related to an upgrade to our two-way radio system to provide redundant communications during emergencies
- A decrease of \$208,100 to Electricity expense with the expectation we will have increased use of surface water
- A decrease of \$96,250 to Professional Services primarily related to a transfer of cost related to geo-thermal monitoring

**Table C** shows the operating budget for each category with comparisons to the prior year's budget and projected expense.

**Table C – Operating Budget Comparison**

<b>Account-Name</b>	<b>FY 2023 Budget</b>	<b>FY 2023 Proj.</b>	<b>FY 2024 Budget</b>	<b>Change</b>	<b>Change %</b>
6100-Outside Services	181,675	168,101	233,205	51,530	28%
6101-Property Tax Admin. Fee	220,000	220,000	220,000	0	0%
6102-Sludge Disposal	46,750	46,716	46,750	0	0%
6105-Software Licenses/Agreements	234,105	280,374	277,401	43,296	18%
6106-IT Services	37,000	32,137	62,000	25,000	68%
6108-Banking Fees	45,840	52,196	48,480	2,640	6%
6110-Professional Services	230,150	125,718	133,900	-96,250	-42%
6111-Outside Lab Services	71,000	42,001	63,000	-8,000	-11%
6114-Equipment Rental	10,000	0	10,000	0	0%
6115-Employee Housing Expenses	73,464	87,826	73,464	0	0%
6120-Operating Tools/Equipment	46,200	58,108	47,700	1,500	3%
6123-Employee Engagement	28,360	26,765	20,110	-8,250	-29%
6124-Employee PPE/Uniform	21,225	19,899	23,575	2,350	11%
6125-Gasoline	38,340	37,901	40,690	2,350	6%
6126-Diesel Fuel	14,640	35,035	24,620	9,980	68%
6130-Insurance	170,500	211,879	176,600	6,100	4%
6140-Legal Services	85,000	78,782	85,000	0	0%
6145-M & R - Line Repair/Equipment	250,038	230,278	279,878	29,840	12%
6150-M & R - Buildings	151,040	81,843	329,240	178,200	118%
6155-M & R - Vehicles	93,060	148,804	109,372	16,312	18%
6160-Memberships/Certifications	51,717	51,668	47,977	-3,740	-7%
6165-Permit Meters	15,000	27,027	15,000	0	0%
6179-Operating Chemicals	277,159	303,010	326,619	49,460	18%
6180-Operating Supplies	115,800	114,600	116,880	1,080	1%
6181-Computer Systems/Equipment	69,300	36,862	54,500	-14,800	-21%
6185-Postage/Freight	9,698	8,878	10,094	396	4%
6190-Advertising Publications & PR	23,500	26,440	28,000	4,500	19%
6192-Books & Subscriptions	1,250	667	1,985	735	59%
6200-Safety	29,440	32,589	37,508	8,068	27%
6205-Permits & Licensing	90,840	101,048	95,125	4,285	5%
6207-Settlement Cost	14,000	14,589	14,000	0	0%
6210-Telephone	46,563	39,627	46,790	227	0%
6215-Training & Meetings	73,060	70,336	85,081	12,021	16%
6220-Travel Expenses	47,850	43,949	69,300	21,450	45%
6230-Utilities - Electric	551,000	465,666	342,900	-208,100	-38%
6231-Utilities - Propane	35,000	48,634	44,000	9,000	26%
6237-Water Conservation	192,000	153,043	192,040	40	0%
<b>Total</b>	<b>3,691,563</b>	<b>3,522,993</b>	<b>3,832,783</b>	<b>141,220</b>	<b>4%</b>

Negative numbers represent a reduction in budget from last fiscal year and positive numbers represent an increase from last year.

## Personnel Budget

The FY 2024 District personnel budget of \$7,224,088 is 12.4% higher than last fiscal year. The number of permanent positions at MCWD increases by 2 to 44 for FY 2024. The District’s Organizational Chart is included as Attachment B.

The personnel budget includes \$199,088 (2.8% of the total personnel budget) for four temporary employees who will work on the summer construction projects. In previous years, the summer construction crew has been contracted from an employment agency and included only in the Capital budget. In addition, two summer interns are included in the budget for special work planned in the Laboratory and Engineering.

The cost of District labor on capital projects is included in the Capital budget. To avoid double counting, the capital labor of MCWD employees is subtracted from the total personnel budget when presenting the combined budget overview. The capitalized labor component is \$389,000.

**Table D** provides a high-level view of expenses for MCWD personnel and a comparison to FY 2023.

**Table D – Personnel Expenses Comparison**

	<b>Total Pay</b>	<b>Pension</b>	<b>Insurance</b>	<b>FICA tax</b>	<b>WC Cost</b>	<b>UI Cost</b>	<b>Total Cost</b>
<b>FY 2024 Budget</b>	4,953,844	1,048,874	975,382	83,377	93,276	69,334	7,224,088
<b>FY 2023 Budget</b>	4,358,967	931,966	991,774	64,987	67,418	11,700	6,426,811
<b>Change '24 - '23</b>	594,877	116,909	(16,392)	18,390	25,859	57,634	797,277
<b>% Change</b>	13.6%	12.5%	-1.7%	28.3%	38.4%	492.6%	12.4%

## Capital Budget

The District has approximately \$62 million (net of depreciation) in capital assets including, wells, distribution and collection lines for water and wastewater, water and wastewater treatment plants, buildings, vehicles, and equipment. These assets are essential to our mission of reliably providing water and wastewater service to our customers. The capital budget represents the cost of incrementally refurbishing or replacing our infrastructure as it wears out in service and adding new infrastructure to increase the efficiency of operations. This capital budget of \$4,937,387 includes improvements to the distribution and collections systems, rehabilitation of two water tanks, rehabilitation of two production wells, potential acquisition of a location for an additional water tank, and expansions of the wastewater lines in the Parcel and Hwy 203 near Center Street.

Each current-year project is given a Business Risk Evaluation (BRE) rank based on the likelihood and consequence of failure to complete the project. This ranking serves to prioritize projects within and across years.

**Table E** lists capital projects planned for FY 2024 the next 10 years. The timing and cost of future projects is speculative, with uncertainty increasing each year. Engineering analysis has determined what infrastructure will likely be needed to meet water supply and treatment demands at buildout, but many variables are unknown. The cost for future-year projects is factored up for inflation.

**Table E – Capital Projects**

Description	FY 2024 Budget	FY 2025 Budget	FY 2026 Budget	FY 2027 Budget	FY 2028 Budget	FY 2029 Budget	FY 2030 Budget	FY 2031 Budget	FY 2032 Budget	FY 2033 Budget	FY 2034 Budget
Water Distribution System Improvements	390,247	934,000	934,000	934,000	538,000	600,000	623,000	646,000	670,000	695,000	721,000
Wastewater Collections System Improvements	358,578	473,000	484,000	502,000	521,000	540,000	561,000	582,000	603,000	626,000	649,000
Tank T-8 Replacement	50,000		1,614,000								
Hwy 203 Sewer Main	222,704										
Parcel Relief Main - Center St	256,143										
Tank T-2 (or T-7) Rehab	430,000										
Tank T-7 (or T-2) Rehab		630,000									
Well Rehab	224,821										
LMTP backwash tank Rehab	141,125										
West Twin LS upgrade (PLC, mechanical)	71,769										
Zone 2B Storage	500,000			2,232,000							
Seismic retrofits	50,000	473,000									
EHPAP	400,000	420,000	430,000	437,000	463,000	480,000	498,000	517,000	536,000	556,000	577,000
MCWD condo purchase	1,100,000										
MCWD on-site housing/ADUs		400,000	430,000								
SCADA Server Replacement					243,000						292,000
PLC Upgrade									322,000	334,000	346,000
Well Rehab		315,000		335,000							417,000
LMTP Upgrades		368,000		391,000		420,000		452,000			487,000
Groundwater Treatment Upgrades		158,000	161,000	167,000	174,000	180,000	187,000	194,000	201,000	209,000	216,000
WWTP Upgrades			215,000		232,000		249,000		268,000		288,000
Paving		53,000	54,000	56,000	58,000	60,000	62,000	65,000	67,000	70,000	72,000
Reserve for Regulatory Change		525,000	538,000	558,000	579,000	600,000	623,000	646,000	670,000	695,000	721,000
Lift Station Rehab											64,907
Water Tank Rehab									804,000	834,000	865,000
Replacement Wells					2,138,000	2,282,000		2,455,000	2,547,000		
Replace AMI System											2,808,000
Rehab North EQ Basin											359,000
Replace solar system inverters					463,000						
Fuel Storage Tank Replacements											
Loop Industrial Park/Mammoth RV Park											
Expansion Wells			2,044,000						2,547,000		2,741,000
Administrative Infrastructure Expansion								646,000			
Knolls Transmission Line Expansion										3,673,000	
Meridian Sewer Expansion							4,709,000				
Old Mammoth Interceptor Expansion						3,326,000					
<b>Projects Total</b>	<b>4,195,387</b>	<b>4,749,000</b>	<b>6,904,000</b>	<b>5,612,000</b>	<b>5,409,000</b>	<b>8,488,000</b>	<b>7,512,000</b>	<b>6,203,000</b>	<b>9,235,000</b>	<b>8,888,000</b>	<b>10,427,907</b>
<b>Capital Equipment</b>											
Replacement Service Vehicle	45,000	79,000	81,000	84,000	87,000	90,000	93,000	97,000	101,000	104,000	108,000
Replacement for Bobcat 250	97,000										
Replace Vactor #51	600,000										
Replacement for heavy equipment				391,000			436,000				505,000
<b>Equipment Total</b>	<b>742,000</b>	<b>79,000</b>	<b>81,000</b>	<b>475,000</b>	<b>87,000</b>	<b>90,000</b>	<b>529,000</b>	<b>97,000</b>	<b>101,000</b>	<b>104,000</b>	<b>613,000</b>
<b>Total</b>	<b>4,937,387</b>	<b>4,828,000</b>	<b>6,985,000</b>	<b>6,087,000</b>	<b>5,496,000</b>	<b>8,578,000</b>	<b>8,041,000</b>	<b>6,300,000</b>	<b>9,336,000</b>	<b>8,992,000</b>	<b>11,040,907</b>



## MAMMOTH COMMUNITY WATER DISTRICT

# OPERATING AND CAPITAL RESERVE POLICY

Approved: March 17, 2016

Amended: November 17, 2022

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### **POLICY**

It is fiscally responsible to set aside cash reserves to prepare for planned and unexpected expenses in the future. To ensure equity between current and future ratepayers, a portion of each year's revenue should be reserved for the replacement of assets that are currently in use. Customers who receive the benefit of the water and wastewater infrastructure should contribute to the replacement of those assets as they age so the cost is shared appropriately between current and future ratepayers.

For each of the funds below, a benchmark for appropriate reserves is provided, and description of circumstances when use of reserve funds is recommended.

The recommended annual contribution to reserves will be the lesser of 5% of revenue or the difference between the total target reserve balance and the total current reserve balance.

#### **Fund 10 – Administrative Operation:**

- Operating reserve equal to average current liabilities for Fund 10, plus 20% of the liability for employee sick and vacation leave balances.
- Reserve balance should be used to pay current liabilities when current revenue is insufficient to meet obligations.

#### **Fund 20 – Water Operation:**

- Operating reserve equal to six months of operating expenses.
- Water operating reserves should be used when short-term fluctuations in expenses or revenue cause water revenue to be insufficient to meet operating expenses.

#### **Fund 30 – Wastewater Operation:**

- Operating reserve equal to six months of operating expenses.
- Wastewater operating reserves should be used when short-term fluctuations in operating expenses or revenue cause wastewater revenue to be insufficient to meet operating expenses.

#### **Fund 21 – Administrative Capital Replacement:**

- Reserve, when combined with the reserve of Fund 31, equal to the expected cost of required upgrades to improve the efficiency of the District administration buildings.
- Reserves will be used to replace or upgrade the administration buildings.

- Funds expected to be spent more than four years in the future may be invested in a long-term capital reserve fund as specified by the MCWD Statement of Investment Policy

**Fund 22 – Water Capital Replacement:**

- Capital Repair and Replacement: reserve equal to 4% of the replacement cost of Fund 22 capital assets. The average expected life of capital assets is about 25 years. 4% (1/25) approximates the annual replacement cost of these assets.
- Reserves will be used for the unexpected replacement of a major component of the water infrastructure (e.g. well, treatment plant), for changes to the infrastructure required to meet new regulatory mandates, or for the planned replacement of assets where the cost of the replacement is greater than the current revenue available.
- Funds expected to be spent more than four years in the future may be invested in a long-term capital reserve fund as specified by the MCWD Statement of Investment Policy

**Fund 23 – Wastewater Capital Replacement:**

- Capital Repair and Replacement: reserve equal to 4% of the replacement cost of Fund 23 capital assets. The average expected life of capital assets is about 25 years. 4% (1/25) approximates the annual replacement cost of these assets.
- Reserves will be used for the unexpected replacement of a major component of the wastewater infrastructure (e.g. lift stations, treatment plant), for changes to the infrastructure required to meet new regulatory mandates, or for the planned replacement of assets where the cost of the replacement is greater than the current revenue available.
- Funds expected to be spent more than four years in the future may be invested in a long-term capital reserve fund as specified by the MCWD Statement of Investment Policy

**Fund 31 – Administrative Capital Expansion:**

The purpose of the fund is to provide capital for all future expansion of administrative support services required for operations and infrastructure at build-out. The balance of the fund may be negative or positive, depending on the cash flow of revenue and expansion capital projects. The fund balance should be zero when all infrastructure and administrative support expansion services needed for the customer base at build-out is built and in operation.

**Fund 32 – Water Capital Expansion:**

The purpose of the fund is to provide for all future expansion of the water infrastructure required to meet the needs of all future customers. The revenue source is water connection fees. Expenditures will be for capital projects that expand the capacity of the system to meet the needs of new users. The balance of the fund may be negative or positive, depending on the cash flow of connection fee revenue and expansion capital projects. The fund balance should be zero when all infrastructure needed for the customer base at build-out has been built and is in operation.

**Fund 33 – Wastewater Capital Expansion:**

The purpose of the fund is to provide for all future expansion of the wastewater infrastructure required to meet the needs of all future customers. The revenue source is wastewater connection fees. Expenditures will be for capital projects that expand the capacity of the system to meet the needs of new users. The balance of the fund may be negative or positive, depending on the cash flow of connection fee revenue and expansion capital projects. The fund balance should be zero when all infrastructure needed for the customer base at build-out has been built and is in operation.

**Fund 96 – New Enterprise:**

- Recommended reserve equal to two years' average participation in the employee down payment assistance program.
- Reserves will be used if participation in the employee down payment assistance program in any year is greater than the annual contribution to the fund from District property tax revenues or to purchase additional housing units to meet the needs of the District's employee housing program.

**Fund 97 – Trout Habitat Enhancement:**

The District has an ongoing obligation according to the Trout Habitat agreement to contribute \$10,000/year (increased annually for inflation) for twenty years ending 2032 and administer the accumulated funds for trout habitat enhancement. There is no target fund balance; the balance will be the sum of accumulated contributions less expenditures according to the settlement agreement.

**Fund 98 – LADWP Settlement:**

The District has a future obligation of \$3.2 million (increased by CPI each year between 2014 and final settlement) to LADWP as part of the agreement entered into by the District and LADWP in July 2013. The date of the final payment will be affected by the amount of water used by the District's customers but will be between the years of 2063 and 2073. The annual contribution to meet the future obligation is approximately \$50K.

**MAMMOTH COMMUNITY WATER DISTRICT**  
**FISCAL YEAR 2024**  
**OPERATING AND CAPITAL RESERVE FUND TARGETS**

<b>Fund 10</b>	Administrative Operation	\$75,000
<b>Fund 20</b>	Water Operation	\$2,213,000
<b>Fund 30</b>	Wastewater Operation	\$2,010,000
<b>Fund 21</b>	Administrative Replacement	\$1,000,000
<b>Fund 22</b>	Water Capital Replacement	\$3,320,000
<b>Fund 23</b>	Wastewater Capital Replacement	\$4,065,000
<b>Fund 31</b>	Administrative Expansion	\$1,000,000
<b>Fund 32</b>	Water Expansion	\$1,883,000 (current balance)
<b>Fund 33</b>	Wastewater Expansion	\$798,000 (current balance)
<b>Fund 96</b>	New Enterprise	\$1,000,000
<b>Fund 97</b>	Trout Settlement	\$130,000
<b>Fund 98</b>	LADWP Settlement	\$1,050,000

The projected available fund balance (cash – liabilities) at the beginning of fiscal year 2024 is projected to be approximately \$31,308,000. The target reserve balance for the end of fiscal year 2024 is \$18,544,000. The proposed operating and capital budget for fiscal year 2024 will result in a contribution to operating and capital reserves of approximately \$1,298,000 and a contribution of \$1,000,000 to the LADWP reserve fund. If budgeted revenue and expenses occur as planned, we will end fiscal year 2024 with a reserve balance of approximately \$33,606,000.

**MAMMOTH COMMUNITY WATER DISTRICT  
FY24 ORGANIZATION CHART**

