



Request for Proposal

Professional Auditing Services

Mammoth Community Water District
Mammoth Lakes, CA

Issue Date:
February 26, 2024

Deadline for Proposal Submittal:
March 28, 2024

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1 RFP Introduction

1.1 Summary

Because our audit partner of many years has announced his retirement, the District is soliciting proposals from qualified government certified public accounting firms to audit its financial statements for three fiscal years beginning with the fiscal year ending March 31, 2024, with the option to extend for the two additional years. These audits are to be performed in accordance with Generally Accepted Auditing Standards (GAAS) and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Minimum Audit Requirements for California Special Districts, and any other applicable standards.

1.2 RFP Timeline

Event	Date/Time
RFP Issued by MCWD	February 26, 2024
Notice of Intent to Submit Proposal Due	March 6, 2024
Vendor Questions and Comments Due	March 12, 2024
District Responses to Vendor Questions and Comments	March 14, 2024
Proposal Submission Deadline	March 28, 2024 at 4:00 PST
Finalist Notification and Interviews Scheduled	No later than April 9, 2024
Vendor Selection and Notification	No later than April 23, 2024
Contract Negotiations and Award of Contract	No later than May 23, 2024

1.3 RFP Coordinator

All communications regarding this RFP must be submitted via email to:

Melissa Bretz
 Principal Administrative Analyst
 Finance Department
mbretz@mcwd.dst.ca.us

Vendor contact with anyone else at the District is expressly forbidden and may result in disqualification of the Vendor's bid.

1.4 Notice of Intent to Submit Proposal

By March 6, 2024, Proposers must send an email to the RFP Coordinator that indicates an intent to submit a Proposal along with the primary contact person's name, phone number, and email. This

notice of intent does not create an obligation to submit a proposal but ensures we can properly communicate with all potential Proposers.

1.5 RFP Questions and Comments

Questions and comments concerning this RFP should be submitted via e-mail to the RFP Coordinator no later than March 12, 2024. The District's responses to all questions received will be provided via email by March 14, 2024 to all known Proposers.

1.6 Proposal Submission

Proposals must be received by the District on or before 4:00 pm (PST) on March 28, 2024. Proposals received by the District after the deadline will not be considered.

Proposers must submit two (2) bound copies as well as an electronic copy of the proposal on a flash drive in a sealed package marked "Audit Proposal" to the RFP Coordinator. Proposal packages should be delivered to the address* indicated below.

*Please note – we recommend using a private shipping company, such as UPS or FedEx, rather than the US Postal Service.

Via UPS/FedEx:

Mammoth Community Water District
Attn: Melissa Bretz
1315 Meridian Boulevard
Mammoth Lakes, CA 93546

Via United States Postal Service:

Mammoth Community Water District
Attention: Melissa Bretz
PO Box 597
Mammoth Lakes, CA 93546

1.7 Interviews

If selected as a finalist, informal interviews, either in person or by virtual meeting, will be scheduled and conducted.

1.8 Contract Negotiations and Award of Contract

Once evaluation is complete, the District intends to enter into contract negotiations with the selected firm. These negotiations could include all aspects of services and fees. If a contract is not finalized within 30 days, the District reserves the right to open negotiations with the next best-ranked firm. The selected firm will be required to enter into a written contract with the District in a form approved by legal counsel for the District. Any part of the proposal may be incorporated into and made a part of the final contract.

2 District Overview

The Mammoth Community Water District, formed on August 5, 1957, is a California Special District that provides water and wastewater services to a permanent resident population of 8,200 as well as a tourist population of up to 35,000 people during ski season and peak holiday periods. Our service area is 5.8 square miles.

The District is governed by a five-member Board of Directors who are elected by the registered voters of Mammoth Lakes to four-year staggered terms, with elections held in even-numbered years. The MCWD staff includes forty-four full-time employees who comprise the following seven departments: Administration, Engineering, Finance, Information Services, Maintenance, Operations, and Personnel Services. All employees are overseen by a General Manager who is appointed by the Board of Directors. The District has an annual operating and capital budget of approximately \$20.3M, with appropriate reserves established for future capital projects.

3 Qualifying Requirements

The firm must:

- be properly licensed to practice in California, including the supervisory professional staff to the engagement;
- meet the independence requirements of the American Institute of Certified Public Accountants and the *Government Auditing Standards* as published by the U.S. General Accounting Office; and,
- be able to schedule in-person field work for May or June with all reports delivered to the District by October 31st. If, due to the timing of this year's selection process, this timeline is not possible for year one of the engagement, the District may accommodate delays in field work and/or report presentation as long as the report presentation takes place no later than January 1, 2025. All subsequent years will revert to the original timeline specified.

4 Scope of Services and Assistance Provided by the District

The selected firm will be required to perform the following:

- Test and report on internal controls over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have material effect on the financial statements in accordance with *Government Accounting Standards*
- For MCWD management review and approval, prepare the draft Financial Statements, combining schedules, and related notes of the District in conformity with accounting principles generally accepted in the United States of America and prepare the State Controller's Report in conformity with the requirements of the California State Controller's Office
- Evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Review the Management's Discussion and Analysis to verify consistency with the financial statements and apply certain limited procedures to the District's RSI in accordance with the auditing standards generally accepted in the United States of America
- Issue an Auditor's report that includes the firm's opinion about whether the District's financial statements are fairly presented in all material aspects, in conformity with Generally Accepted Accounting Principles (GAAP), and report on the fairness of the supplementary information referred to above when considered in relation to the financial statements as a whole
- Provide a report on agreed-upon procedures performed on the District's calculation of its annual appropriations limit as required by Article XIII B of the California State Constitution
- Meet in person with District staff and board members to discuss the results of the audit and review significant findings for year one of the engagement and in person or remotely for subsequent years
- Provide one bound copy and a PDF file containing the Financial Statements and all other reports, schedules, and letters in PDF files
- Provide four hours of technical assistance for implementing new GASB statements, answering governmental accounting questions, etc.

The District's Finance Department staff will be available during the audit to assist the firm by providing information, documentation, and explanations. District staff will be responsible to:

- prepare the final closing of the books and provide the auditor with a Trial Balance by Fund and all accounting detail necessary to perform the audit;
- generate the necessary confirmation letters prepared by the auditor; and,
- provide the auditor with reasonable workspace and access to a photocopier/scanner and the internet.

Please note that the District does not require the following:

- Assistance with preparing the Schedule of Expenditures of Federal Awards, (SEFA)
- Annual Comprehensive Financial Report
- Single Audit Report on grant activities

5 Proposal Format and Content

Cover Letter

The cover letter must include the following:

- Firm's legal name and corporate structure
- Primary business address
- Name, address, phone number, and email address for the primary contact associated with this RFP
- Statement indicating that the proposal is valid for at least 120 days
- Statement certifying that the firm and its employees are free from conflicts of interest
- Signature of a company officer empowered to bind the Proposer to the provisions of this RFP and any contract awarded pursuant to it

Section 1 – Firm Background and Qualifications

This section of the proposal should include the following:

- A brief description of the firm's background and organizational history
- Overview of the firm's operations, management, and audit methodology
- Description of your firm's special district/government agency experience
- An organizational chart
- Resumes of the specific personnel who would be assigned to this engagement and key management staff

Section 2 – Specific Audit Approach and Methodology

Provide a work plan that demonstrates the Proposer's understanding of the District's audit requirements and should include, at a minimum, information about sample size, analytical procedures, risk assessment, and use of specialized software.

Section 3 – References

Provide at least three references, which should include other public agencies of a similar size and complexity to the District. For each reference, the Proposer must provide the agency name and contact information (name, title, address, and email).

Section 4 – Cost of Services

Provide an all-inclusive maximum fee for performing the audits and other services as defined in the Scope of Services for each year to be audited, including the optional two-year extension. Include direct, indirect, and travel costs.

Section 5 – Exhibits

- Firm's most recent external quality review
- Sample audit report
- Disclosure of any disciplinary action taken or pending against the firm and settled or pending litigation within the past three years
- Comments, questions, or concerns regarding the sample Services Agreement in Appendix B

6 Proposal Evaluation

District staff and Board representatives will review all proposals to determine which Proposers have qualified for consideration. Proposals will be initially reviewed to verify that the submission conforms to stated specifications. The committee will not evaluate any responses that significantly deviate from the basic intent and/or fail to satisfy the mandatory requirements.

Submitted proposals will be evaluated based on the following criteria:

- The firm's past experience with comparable engagements
- Quality of the firm's professional personnel to be assigned to the engagement
- Quality and clarity of the proposal
- Anticipated value and price

7 RFP Terms and Conditions**Collusion**

By submitting a response to the RFP, each Proposer represents and warrants that its response is genuine and not made in the interest of or on behalf of any person not named therein; that the Proposer has not directly induced or solicited any other person to submit a sham response or any other person to refrain from submitting a response; and that the Proposer has not in any manner sought collusion to secure any improper advantage over any other person submitting a response.

Gratuities

No person will offer, give or agree to give any District employee or its representatives any gratuity or offer of employment in connection with the award of contract by the District. No District employee

or its representatives will solicit, demand, accept or agree to accept from any other person a gratuity or offer of employment in connection with a District contract.

Required Review and Waiver of Protests

Proposers should carefully review this RFP and all attachments for comments, questions, defects, objections, or any other matter requiring clarification or correction (collectively called “comments”). Comments concerning RFP objections must be made in writing and received by the District no later than Mach 12, 2024, as detailed in Section 1.2 – RFP Timeline. This will allow issuance of any necessary amendments and help prevent the opening of defective proposals upon which contract award could not be made.

Protests based on any objection will be considered waived and invalid if these faults have not been brought to the attention of the District, by email to the RFP Coordinator, by the deadline for Vendor Questions and Comments.

Proposal Withdrawal, Errors, and Amendment

To withdraw a proposal, the Proposer must submit a written request, signed by an authorized representative, to the RFP Coordinator. After withdrawing a previously submitted proposal, the Proposer may submit another proposal at any time up to the deadline for submitting proposals. Proposers are liable for all errors or omissions contained in their proposals. Proposers will not be allowed to alter proposal documents after the deadline for submitting a proposal. The District will not accept any amendments, revisions, or alterations to proposals after the deadline for proposal submittal unless such is formally requested, in writing, by the District.

Incorrect Proposal Information

If the District determines that a Proposer has provided, for consideration in the evaluation process or contract negotiations, incorrect information which the Proposer knew or should have known was materially incorrect, that proposal will be determined non-responsive, and the proposal will be rejected.

Conflict of Interest and Proposal Restrictions

By submitting a response to the RFP, the Proposer certifies that no amount will be paid directly or indirectly to an employee or official of the District as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Proposer in connection with the procurement under this RFP.

Contract Negotiations and Execution

After a review of the proposals and completion of the proof of capabilities, the District intends to enter into contract negotiations with the selected Proposer. These negotiations could include all aspects of services and fees. If a contract is not finalized in a reasonable period of time, the District will open negotiations with the next ranked service provider.

If a Proposer indicates an offer of services in addition to those required by and described in this RFP, these additional services may be added to the contract before contract signing at the sole discretion of the District.

If the selected Proposer does not execute a contract with the District within thirty (30) days after notification of selection, the District may give notice to that service provider of the District's intent to select from the remaining Proposers or to call for new proposals, whichever the District deems appropriate.

Right of Rejection

The District reserves the right, at its sole discretion, to reject any and all proposals or to cancel this RFP in its entirety. Any proposal received that does not meet the requirements of this RFP may be considered to be nonresponsive, and the proposal may be rejected. Proposers must comply with all of the terms of this RFP and all applicable State laws and regulations. The District may reject any proposal that does not comply with all of the terms, conditions, and performance requirements of this RFP.

Proposers may not restrict the rights of the District or otherwise qualify their proposals. If a Proposer does so, the District may determine the proposal to be a nonresponsive counteroffer, and the proposal may be rejected.

The District reserves the right, at its sole discretion, to waive variances in technical proposals provided such action is in the best interest of the District. Where the District waives minor variances in proposals, such waiver does not modify the RFP requirements or excuse the Proposer from full compliance with the RFP. Notwithstanding any minor variance, the District may hold any Proposer to strict compliance with the RFP.

Disclosure of Proposal Contents

All proposals and other materials submitted in response to this RFP procurement process become the property of the District. Selection or rejection of a proposal does not affect this right. All proposal information, including detailed price and cost information, will be held in confidence during the

evaluation process. Upon the completion of the evaluation of proposals, the proposals and associated materials will be open for review by the public to the extent allowed by the California Public Records Act. By submitting a proposal, the Proposer acknowledges and accepts that the contents of the proposal and associated documents will become open to public inspection.

Severability

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected; and the rights and obligations of the District and Proposers will be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

Rights of the District

The District reserves the right to:

- make the selection based on its sole discretion;
- reject any and all proposals;
- issue subsequent Requests for Proposals;
- postpone opening proposals, if necessary, for any reason;
- remedy errors in the Request for Proposal process;
- negotiate with any, all, or none of the Proposers;
- accept other than the lowest offer;
- waive informalities and irregularities in the proposals; and,
- enter into an agreement with another Proposer in the event the originally selected Proposer defaults or fails to execute an agreement with the District.

An agreement will not be binding or valid with the District unless and until it is executed by authorized representatives of the District and of the Proposer.

Appendix A – Fiscal Year 2023 Audited Financial Statements

MAMMOTH COMMUNITY WATER DISTRICT

FINANCIAL STATEMENTS

Year Ended March 31, 2023

Mammoth Community Water District
Financial Statements
Year Ended March 31, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mammoth Community Water District
Mammoth Lakes, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mammoth Community Water District (the "District") as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of March 31, 2023, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

New Accounting Pronouncements

As described in Note 1C to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, No. 91, *Conduit Debt Obligations*, No. 92, *Omnibus 2020*, No. 93, *Replacement of Interbank Offered Rates* and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary 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 accompanying combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 October 2, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Teaman Ramirez & Smith, Inc.

Riverside, California
October 2, 2023

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, 2023.

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 \$101,363,876 (*net position*). Of this amount, \$36,398,694 (*unrestricted net position*) may be used to meet the District's ongoing obligations to citizens and creditors.
- The total net position increased by \$4,109,563. This increase is attributable to higher-than-expected revenue from connection fees and interest income, lower-than-expected operating expenses, and capital projects that were delayed or completed below budget.
- Capital assets, net of accumulated depreciation, decreased by \$871,198. This decrease reflects the net of capital projects completed in fiscal year 2023 and the depreciation of all District capital assets. Capital assets equal to \$2,496,589 were added in fiscal year 2023. Significant additions to District assets include upgrades to SCADA network security systems, rehabilitation of a water tank and sewer lift station, and ongoing replacement and rehabilitation of water and sewer distribution and collection systems.
- Land and Construction in Progress totals \$4,472,428. Construction in Progress reflects capital projects started but not completed within the fiscal year.
- The District's total liabilities at the end of fiscal year 2023 were \$1,145,572, of which \$669,222 is due within the next year. The District's only long-term liability is the value of accrued leave time for employees. This liability will be paid as employees take paid time off or separate from District service. Total liabilities decreased \$158,320 from last fiscal year.
- Cash and investments had a net increase of \$3,454,568. This net increase was a result of cash inflows from revenue that exceeded cash expenditures on expenses and deferred capital projects.
- Operating Revenue increased from the prior year by \$286,066. Water and wastewater revenue increased by \$150,129 and revenue from connection fees increased by \$135,937. Property taxes increased from the prior year by \$837,802 due to an increase in assessed valuation and collection by Mono County.
- Operating Expenses, including Depreciation and Amortization, increased from the prior year by \$457,852, a 3.6% increase.

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 and 4) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data supplied in each of the specific financial statements listed above. The *Notes to the Financial Statements* can be found on pages 5-21 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* about 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. The District’s assets exceeded liabilities and deferred inflows of resources by \$101,363,876 at the close of fiscal year 2023, an increase of 4.2% over the previous year.

By far the largest portion of the District’s net position (64%) is represented by its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The District does not have any debt related to capital assets.

The remaining balance of *unrestricted net position*, \$36,398,694, may be used to meet the District’s ongoing obligations to our customers and vendors. The following table shows the projected capital project expenditures for the next five years:

Fiscal Year(s):	2024	2025	2026	2027	2028
Projected Capital Costs:	\$5,366,000	\$5,826,000	\$6,394,000	\$6,087,000	\$5,496,000

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

Net Position

	<u>FY 2023</u>	<u>FY 2022</u>
Current and Other Assets	\$ 39,228,898	\$ 34,220,078
Capital Assets	<u>\$ 64,965,182</u>	<u>\$ 65,836,380</u>
Total Assets	<u>\$ 104,194,080</u>	<u>\$ 100,056,458</u>
Noncurrent Liabilities	\$ 476,350	\$ 669,867
Other Liabilities	<u>\$ 669,222</u>	<u>\$ 634,025</u>
Total Liabilities	<u>\$ 1,145,572</u>	<u>\$ 1,303,892</u>
Deferred Inflows of Resources	<u>\$ 1,684,632</u>	<u>\$ 1,498,253</u>
Net Position:		
Net Investment in Capital Assets	\$ 64,965,182	\$ 65,836,380
Unrestricted	<u>\$ 36,398,694</u>	<u>\$ 31,417,933</u>
Total Net Position	<u>\$ 101,363,876</u>	<u>\$ 94,254,313</u>

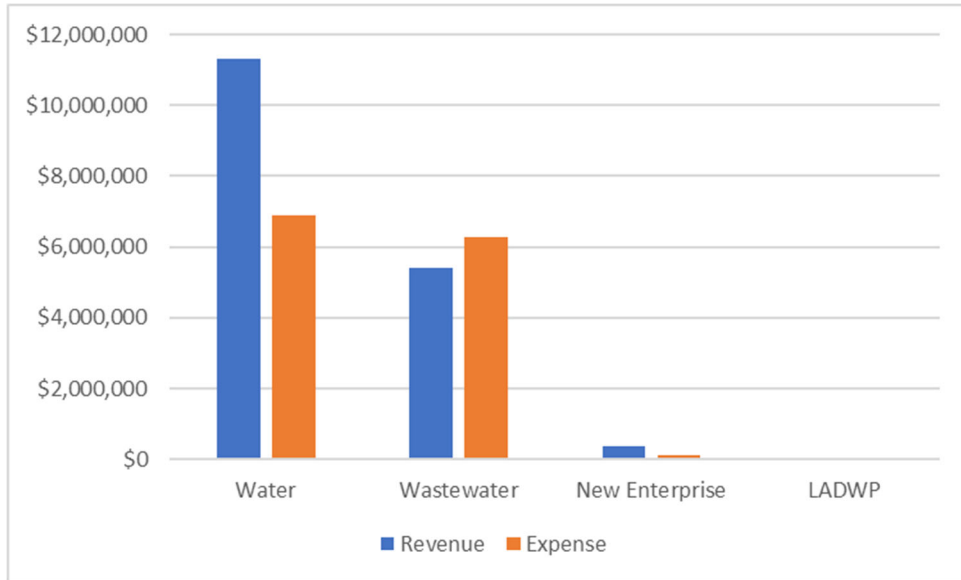
Change in Net Position

	FY 2023	FY 2022
Revenues:		
Water Services	\$ 3,598,957	\$ 3,813,227
Wastewater Services	\$ 3,179,743	\$ 2,815,344
Permits	\$ 560,706	\$ 424,769
Non-Operating	\$ 10,084,932	\$ 8,411,707
Total Revenues	\$ 17,424,338	\$ 15,465,047
Expenses:		
Operating:		
General and Administrative	\$ 3,675,370	\$ 3,272,510
Water Services	\$ 2,805,749	\$ 3,046,428
Wastewater Services	\$ 2,973,451	\$ 2,467,588
Depreciation and Amortization	\$ 3,860,205	\$ 4,070,397
Total Expenses	\$ 13,314,775	\$ 12,856,923
Change in Net Position	\$ 4,109,563	\$ 2,608,124
Net Position, Beginning	\$ 97,254,313	\$ 94,646,189
Net Position, Ending	\$ 101,363,876	\$ 97,254,313

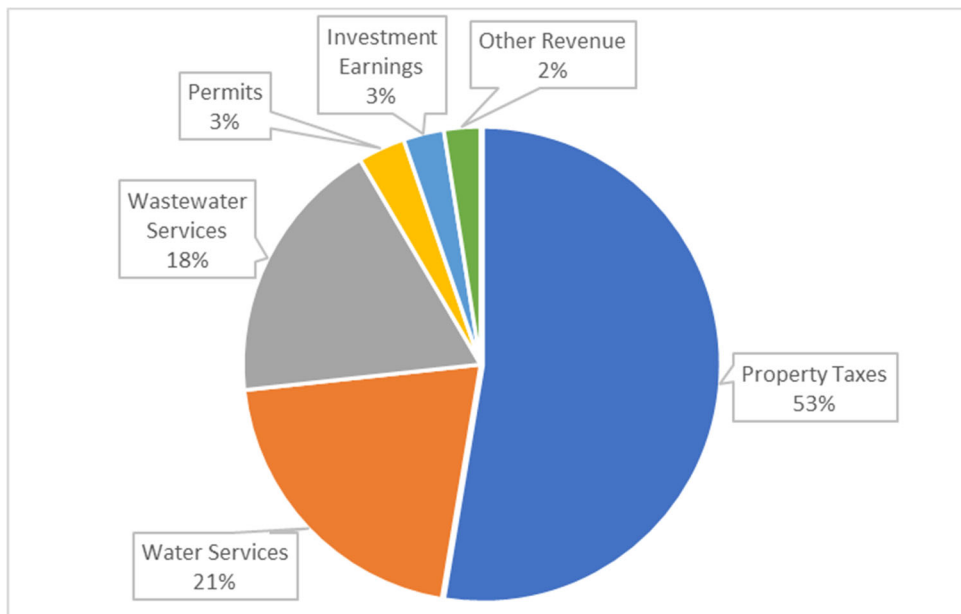
- Connection permit revenue increased by \$135,937 (32%) over last year. Connection permit revenue varies significantly from year to year based on the progress of specific development projects, but generally follows the trend of economic cycles.
- Factors influencing the net increase in the Water Services and Wastewater Services operating expenses include: significant increase in the cost of treatment chemicals, partially offset by savings in personnel expense resulting from unfilled positions.
- The increase in net position of \$4,109,563 (4.2%) from fiscal year 2022 to 2023 is due primarily to lower than expected operating and capital expenses, and an increase in property tax and investment earnings.
- The District's water and wastewater rate structure provides for incremental annual rate increases. The rate structure is effective through fiscal year 2027 and will provide revenue sufficient to meet the ongoing operating and capital expenses of the District.

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, 2023 amount to \$64,965,182 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. Additional information on the District’s capital assets can be found in Note 5 of the *Notes to Financial Statements*.

Major capital asset additions during fiscal year 2023 include the following completed capital projects: upgrades to SCADA network security systems, rehabilitation of a water tank and sewer lift station, and ongoing replacement and rehabilitation of water and sewer distribution and collection systems.

**Mammoth Community Water District’s Capital Assets
(Net of Depreciation)**

	FY 2023	FY 2022
Land	\$ 444,330	\$ 444,330
Construction in Progress	\$ 4,028,098	\$ 3,533,600
Subsurface Lines	\$ 31,534,927	\$ 30,851,689
General Plant Administration Facilities	\$ 7,674,189	\$ 6,592,964
Water Treatment Facilities	\$ 29,945,674	\$ 29,757,129
Wastewater Collection and Treatment Facilities	\$ 55,616,195	\$ 55,233,670
Source of Supply	\$ 1,858,068	\$ 1,858,068
Vehicles and Equipment	\$ 6,325,183	\$ 6,188,294
 Total Capital Assets	 \$ 137,426,664	 \$ 134,459,744
 Less Accumulated Depreciation	 \$ (72,461,482)	 \$ (68,623,364)
 Total Capital Assets, Net	 \$ 64,965,182	 \$ 65,836,380

Long-term Liability: At the end of the current fiscal year, the District had a total long-term liability outstanding of \$476,350. This liability represents the value of accumulated employee leave balances not expected to be paid within one year. The total value of all employee leave balances is \$529,277, with \$52,927 estimated to be payable within one year. Additional information on the District’s long-term liability can be found in Note 6 of the *Notes to Financial Statements*.

Mammoth Community Water District’s Outstanding Debt

	FY 2023	FY 2022
Compensated Leave Balances	\$ 529,277	\$ 744,296
Long-term Liability	\$ 476,350	\$ 669,867

The decrease in long-term liability is due to the decrease in the total hours of employee compensated leave balances.

Economic Factors and Next Year's Budgets and Rates

The financial position of the District is significantly influenced by weather, with both operating cost and revenue affected. In years of low snowfall, the District must impose water use restrictions and operating costs increase as the water source shifts from surface to groundwater. When there is average snowfall, more recreational visitors generate additional revenue, and water treatment and delivery costs decrease with the use of surface water. After four years of historic drought ending in 2015, the winters of 2016 through 2022 alternated between high and below average snowfall. The winter of 2023 brought epic snowfall. The extraordinary snowpack created significant operational challenges during the winter and some damage to District facilities. While providing an abundant water supply, the late snow melt will delay the start of the summer irrigation season and likely result in relatively low water sales during the summer of 2023.

Because of the wide and unpredictable variation in snowfall, the District has two provisions to adapt to variations in water sales. The District has established operating reserves that can be used to offset the loss of revenue from water sales, and the adopted rate structure has a provision for a Water Shortage Surcharge (WSS) which can be imposed by the Board to offset the loss of revenue during periods of water use restrictions. Since approximately 95% of the District's operating costs are fixed, the reserve funds and the WSS provide a structure that matches fixed and variable costs and revenue.

Water sales typically provide between 10% and 15% of the District's total revenue. This segment of our revenue decreased by \$231,671 (12% decrease in water sales revenue) from fiscal year 2022 to fiscal year 2023.

Property valuation increased substantially over the year, mirroring the trend across the country. The corresponding increase to property tax revenue historically lags by about two years. New housing development generates connection fee revenue designated for future infrastructure needs and increases the assessed valuation of our tax base. The District has projected revenue conservatively and anticipated rising operating costs in the preparation of the budget for the 2024 fiscal year. The fiscal year 2024 capital budget of \$5,366,000 includes replacement of a water tank damaged by snow load, improvements to the water and wastewater distribution and collection systems, expansion of the sewer collection system related to new workforce housing development, rehabilitation of three production wells, replacement of an aging vactor, and additions to the District's employee housing program.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

Mammoth Community Water District
Statement of Net Position
March 31, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,960,027
Restricted Cash and Cash Equivalents	114,373
Investments	27,833,080
Receivables:	
Billings	499,005
Interest	121,886
Property Taxes	3,417,373
Loans	2,449,543
Other	45,056
Inventory	571,520
Deposits and Prepaid Items	217,035
Total Current Assets	39,228,898

Land and Construction in Progress, Not Being Depreciated	4,472,428
Capital Assets, Net of Depreciation	60,492,754
Total Assets	104,194,080

LIABILITIES

Current Liabilities:

Accounts Payable	325,948
Restricted Accounts Payable	114,373
Accrued Expenses	119,364
Deposits Payable	56,610
Current Maturities of Long-Term Debt	52,927
Total Current Liabilities	669,222

Noncurrent Liabilities:

Long-Term Debt:	
Compensated Absences	476,350
Total Liabilities	1,145,572

DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes	1,684,632
Total Deferred Inflows of Resources	1,684,632

NET POSITION

Net Investment in Capital Assets	64,965,182
Unrestricted	36,398,694
Total Net Position	\$ 101,363,876

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, 2023

OPERATING REVENUES	
Water Services	\$ 3,598,957
Wastewater Services	3,179,743
Permits	<u>560,706</u>
Total Operating Revenues	<u>7,339,406</u>
OPERATING EXPENSES	
General and Administrative	3,675,370
Water Services	2,805,749
Wastewater Services	2,973,451
Depreciation and Amortization	<u>3,860,205</u>
Total Operating Expenses	<u>13,314,775</u>
Operating Income (Loss)	<u>(5,975,369)</u>
NON-OPERATING REVENUES (EXPENSES)	
Property Taxes	9,169,983
Investment Earnings	481,602
Other Revenues	406,811
Gain (Loss) on Sale of Assets	<u>26,536</u>
Total Non-Operating Revenues (Expenses)	<u>10,084,932</u>
Change in Net Position	4,109,563
Net Position - Beginning	<u>97,254,313</u>
Net Position - Ending	<u><u>\$ 101,363,876</u></u>

The accompanying notes are an integral part of this statement.

Mammoth Community Water District
Statement of Cash Flows
Year Ended March 31, 2023

**CASH FLOWS FROM OPERATING
ACTIVITIES**

Receipts from Customers	\$ 7,323,169
Payments to Suppliers	(4,038,356)
Payments to Employees	(6,942,017)
Other Receipts	<u>681,668</u>
 Net Cash Provided (Used) by Operating Activities	 <u>(2,975,536)</u>

**CASH FLOWS FROM NON-CAPITAL
FINANCING ACTIVITIES**

Property Taxes	<u>8,962,217</u>
 Net Cash Provided (Used) by Non-Capital Financing Activities	 <u>8,962,217</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Proceeds from Sale of Assets	44,411
Acquisition and Construction of Capital Assets	<u>(3,006,882)</u>
 Net Cash Provided (Used) by Capital and Related Financing Activities	 <u>(2,962,471)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(46,282,996)
Proceeds from the Sale and Maturities of Investments	37,130,761
Interest on Investments	<u>323,989</u>
 Net Cash Provided by Investing Activities	 <u>(8,828,246)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	(5,804,036)
 Cash and Cash Equivalents - Beginning of Year	 <u>9,878,436</u>
 Cash and Cash Equivalents - End of Year	 <u><u>\$ 4,074,400</u></u>

The accompanying notes are an integral part of this statement.

Mammoth Community Water District
Statement of Cash Flows - Continued
Year Ended March 31, 2023

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

Operating Income (Loss)	\$ (5,975,369)
Depreciation and Amortization	3,860,205
Other Receipts	681,668

Change in Assets and Liabilities:

Decrease (Increase) in Operating Assets:	
Accounts Receivable	(1,042,029)
Inventory	(223,762)
Deposits and Prepaid Expenses	(117,929)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	15,215
Restricted Accounts Payable	13,677
Accrued Expenses	21,590
Deposits Payable	6,217
Compensated Absences	<u>(215,019)</u>

Net Cash Provided (Used) by Operating Activities	<u><u>\$ (2,975,536)</u></u>
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SUPPLEMENTAL DISCLOSURES

Cash and Cash Equivalents:	
Cash and Cash Equivalents	\$ 3,960,027
Restricted Cash and Cash Equivalents	<u>114,373</u>
Total	<u><u>\$ 4,074,400</u></u>

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

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

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

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

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

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

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

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

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

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

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

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

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

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

Governmental Accounting Standard Board Statement No. 87

In June of 2017, GASB issued Statement No. 87, Leases. The intent of this Statement is to improve accounting and financial reporting for government leases by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for reporting periods beginning after December 15, 2019. Due to the COVID-19 pandemic, GASB Statement No. 95 delayed the implementation of this GASB Statement for reporting periods beginning after June 15, 2021. Currently, this statement has no impact on the District's financial statements.

Governmental Accounting Standard Board Statement No. 91

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement was issued to improve financial reporting for certain debt obligations. It allowed entities to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Statement No. 91 is effective for fiscal years beginning December 15, 2020. Due to the COVID-19 pandemic, GASB Statement No. 95 delayed the implementation of this GASB Statement for reporting periods beginning after December 15, 2021. Currently, this statement has no impact on the District's financial statements.

Governmental Accounting Standard Board Statement No. 92

In January of 2020, GASB issued Statement No. 92, Omnibus 2020. This statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This includes GASB Statement No. 87, GASB Statement No. 73, GASB Statement No. 74, GASB Statement No. 84 and the measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition as well as other specific provisions. The requirements related to GASB Statement No. 87 are effective upon the issuance date of Statement No. 92. All other requirements are effective for reporting periods beginning after June 15, 2020. Due to the COVID-19 pandemic, GASB Statement No. 95 delayed the implementation of this GASB Statement for paragraphs 6-10 and 12 for reporting periods beginning after June 15, 2021. Currently, this statement has no impact on the District's financial statements.

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

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

C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 93

In March of 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this statement is to address those and other accounting and financial reporting implications that results from the replacement of an Interbank Offered Rates (IBOR). The removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements are effective for reporting periods beginning after June 15, 2020. Due to the COVID-19 pandemic, GASB Statement No. 95 delayed the implementation of this GASB Statement for paragraphs 13 and 14 for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. Currently, this statement has no impact on the District's financial statements.

Governmental Accounting Standard Board Statement No. 94

In March of 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District has elected not to early implement GASB No. 94 and has not determined its effect on District's financial statements.

Governmental Accounting Standard Board Statement No. 96

In May of 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangement (SBITAs) for government end users (governments). Statement No. 96 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District has elected not to early implement GASB No. 96 and has not determined its effect on District's financial statements.

Governmental Accounting Standard Board Statement No. 97

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objective of this statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined pension and OPEB plans as fiduciary component units; and (3) enhance the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. All other requirements are effective for fiscal years beginning after June 15, 2021. Currently, this statement has no impact on the District's financial statements.

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

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

C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 99

In April of 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Statement No. 99 is effective upon issuance except for requirements related to leases, PPPs, and SBITAs which is effective for fiscal years beginning after June 15, 2022, and requirements related to financial guarantees and the classification and reporting of derivative instructions within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023. The District has elected not to early implement GASB No. 99 and has not determined its effect on District's financial statements.

Governmental Accounting Standard Board Statement No. 100

In June of 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Statement No. 100 is effective for fiscal years beginning after June 15, 2023. The District has elected not to early implement GASB No. 100 and has not determined its effect on District's financial statements.

Governmental Accounting Standard Board Statement No. 101

In June of 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 is effective for fiscal years beginning after December 15, 2023. The District has elected not to early implement GASB No. 101 and has not determined its effect on District's financial statements.

D) Budget and Budgeting

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

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

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

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

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

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

F) Allowances for Uncollectible Accounts

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

G) Inventory and Prepaid Items

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

H) Capital Assets

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

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

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

I) 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, 2023, the total estimated liability for all compensated absences was \$529,277.

J) Deferred Outflows/Inflows of Resources

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

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

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

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

K) Property Taxes

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

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

Property Valuations - are established by the Assessor of the County of Mono for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State of California (Proposition 13 adopted by the votes on September 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

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

Tax Levy Dates - are attached annually on January 1 proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

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.

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

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

L) Use of Estimates

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

2) CASH AND INVESTMENTS

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

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

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

Statement of Net Position:	
Cash and Cash Equivalents	\$ 3,960,027
Restricted Cash and Cash Equivalents	114,373
Investments	<u>27,833,080</u>
Total Cash and Investments	<u>\$ 31,907,480</u>

Cash and investments consist of the following:

Cash on Hand	\$ 300
Deposits with Financial Institutions	497,392
Investments	<u>31,409,788</u>
Total Cash and Investments	<u>\$ 31,907,480</u>

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

2) CASH AND INVESTMENTS - Continued

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

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

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

(2) Pooled funds can be 40% of the maximum percentage of the portfolio.

(3) The 10% limitation does not apply to money market funds.

(4) 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 these investments, the Board of Directors have approved certain investments to exceed the 5 years maturity.

(5) This investment type includes amounts with the Investment Trust of California (CalTRUST).

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

2) CASH AND INVESTMENTS - Continued

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity (in Months)				
	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months	
Money Market	\$ 230,257	\$ 230,257	\$	\$	
U.S. Treasury Obligations	10,238,461	3,969,716	1,735,383	3,025,670	
State Obligations - CA and Others	154,899			154,899	
Federal Agency Securities	8,104,618	3,121,543	914,275	3,503,754	
Certificates of Deposit	639,647	639,647			
Medium Term Notes	6,991,294	1,535,184	2,485,539	2,970,571	
Supranational	777,152	198,788	211,820	366,544	
Mortgage Pass Through and Asset-Backed Securities	2,882,243	364,945	477,403	1,488,493	
State Investment Pool - LAIF	1,391,217	1,391,217			
Total	\$ 31,409,788	\$ 11,451,297	\$ 5,824,420	\$ 11,509,931	\$ 2,624,140

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Credit Risk - Continued

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>
Money Market	\$ 230,257	N/A	\$
U.S. Treasury Obligations	10,238,461	N/A	
State Obligations - CA and Others	154,899	A	
Federal Agency Securities	8,104,618	N/A	
Certificates of Deposit	639,647	N/A	
Medium Term Notes	6,991,294	A	
Supranational	777,152	AA	
Mortgage Pass Through and Asset-Backed Securities	2,882,243	AA	
State Investment Pool - LAIF	1,391,217	N/A	
Total	\$ 31,409,788		\$ 0

<u>Investment Type</u>		<u>Ratings of Year End</u>				
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>P-1</u>	<u>Not Rated</u>
Money Market	\$ 230,257	\$ 230,257				
U.S. Treasury Obligations	10,238,461	6,842,850			3,395,611	
State Obligations - CA and Others	154,899	154,899				
Federal Agency Securities	8,104,618	6,975,520			817,263	311,835
Certificates of Deposit	639,647					639,647
Medium Term Notes	6,991,294	219,595	420,141	6,351,558		
Supranational	777,152	777,152				
Mortgage Pass Through and Asset-Backed Securities	2,882,243	2,189,558				692,685
State Investment Pool - LAIF	1,391,217					1,391,217
Total	\$ 31,409,788	\$17,389,831	\$ 420,141	\$ 6,351,558	\$ 4,212,874	\$ 3,035,384

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Banks (FHLB)	Federal Agency Securities	\$ 2,990,475
Federal Farm Credit Banks (FFCB)	Federal Agency Securities	\$ 2,082,429

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

2) CASH AND INVESTMENTS - Continued

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, 2023, 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, 2023, the District had no investments that were held by the same broker-dealer (counterparty) that was used by the District to buy the securities.

Local Agency Investment Fund (LAIF)

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The District may invest up to \$75,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The yield of LAIF during the quarter ended March 31, 2023 was 2.74%. The carrying value and estimated market value of the LAIF Pool at March 31, 2023 was \$191,943,395,579 and \$189,354,142,290, respectively. The District's share of the Pool at March 31, 2023 was approximately 0.000735 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 \$2,550,000,000 and \$2,487,996,000, 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.

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, 2023

3) FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

	Fair Value	Significant Other Observable Inputs (Level 2)	Uncategorized
Money Market	\$ 230,257	\$	\$ 230,257
U.S. Treasury Obligations	10,238,461	10,238,461	
State Obligations - CA and Others	154,899	154,899	
Federal Agency Securities	8,104,618	8,104,618	
Certificates of Deposit	639,647	639,647	
Medium Term Notes	6,991,294	6,991,294	
Supranational	777,152	777,152	
Mortgage Pass Through and Asset-Backed Securities	2,882,243	2,882,243	
State Investment Pool - LAIF	1,391,217		1,391,217
Total	\$ 31,409,788	\$ 29,788,314	\$ 1,621,474

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

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

4) LOANS RECEIVABLE

Loans receivable includes \$2,354,094 of loans to employees for home down payment assistance. 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 \$95,449 as of March 31, 2023.

5) CAPITAL ASSETS

Capital Assets are presented as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Depreciated:				
Land	\$ 444,330	\$	\$	\$ 444,330
Construction in Progress	3,533,600	1,968,070	1,473,572	4,028,098
Total Capital Assets, Not Depreciated	3,977,930	1,968,070	1,473,572	4,472,428
Capital Assets, Being Depreciated:				
Subsurface Lines	30,851,689	683,238		31,534,927
General Plant Administration Facilities	6,592,964	1,081,225		7,674,189
Water Treatment Facilities	29,757,129	188,545		29,945,674
Wastewater Collection and Treatment Facilities	55,233,670	382,525		55,616,195
Source of Supply	1,858,068			1,858,068
Vehicles and Equipment	6,188,294	161,056	24,167	6,325,183
Total Capital Assets, Being Depreciated	130,481,814	2,496,589	24,167	132,954,236
Less Accumulated Depreciation	(68,623,364)	(3,860,205)	(22,087)	(72,461,482)
Total Capital Assets, Being Depreciated, Net	61,858,450	(1,363,616)	2,080	60,492,754
Total Capital Assets, Net	\$ 65,836,380	\$ 604,454	\$ 1,475,652	\$ 64,965,182

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

6) LONG-TERM LIABILITIES

A) Changes in Long-Term Liabilities

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 744,296	\$	\$ 215,019	\$ 529,277	\$ 52,927
Total Long-Term Liabilities	<u>\$ 744,296</u>	<u>\$ 0</u>	<u>\$ 215,019</u>	<u>\$ 529,277</u>	<u>\$ 52,927</u>

B) Compensated Absences

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

7) DEFINED CONTRIBUTION PLANS

The District provides pension benefits for all its eligible represented and non-represented employees through a defined contribution plan (the "Plan"). The Money Purchase Pension Plan is administered for the District by Orion Portfolio Solutions, LLC. The District retains the authority to define and amend Plan provisions. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate from the first full month following the date of employment if they are over 18 years of age. The District's contributions for each employee vest annually at 20% per year after 1,000 hours of service for that year and are fully vested after five year continuous service. District's contributions for, and earnings forfeited by, employees who leave employment before five years of service are used to supplement the District's current period contribution requirement. The District contributed an amount equal to 20% of the participant's total compensation for both represented and non-represented employees. In addition, the District matches employee's contributions to their 457 deferred compensation plan to a maximum of 2% of compensation. There were no changes to the Plans during the fiscal year ended March 31, 2023.

Employees are not required to, and do not, contribute to the Money Purchase Pension Plan. During the fiscal year ended March 31, 2023, payroll for covered employees was \$4,004,200. Contributions for the fiscal year ended March 31, 2023 was \$879,728.

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

8) RISK MANAGEMENT

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

9) COMMITMENTS AND CONTINGENCIES

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

Los Angeles Department of Water and Power Settlement

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

The agreement may extend for a second fifty year term, after the primary term extension, subject to the District paying LADWP \$2,400,000. The \$2,400,000 will be adjusted for an annual escalation rate, from January 1, 2014, equal to the smaller of the consumer price index (CPI) for that year or three percent. The CPI as of January 1, 2023 was 5.8%. Therefore, the annual escalation rate used was 3.0% for fiscal year 2023. As of March 31, 2023, the LADWP adjusted extension payment was \$2,949,287. This was an increase of \$85,902 over the prior year's estimated adjusted extension payment. The Board of Directors have authorized to set aside annual amounts to pay the future obligation to LADWP. The District set aside \$600,000 during the fiscal year. The balance of the amounts set aside was \$1,059,560 on March 31, 2023.

Mammoth Community Water District
Notes to Financial Statements
Year Ended March 31, 2023

9) COMMITMENTS AND CONTINGENCIES - Continued

Los Angeles Department of Water and Power Settlement - Continued

Fiscal Year	CPI-U ⁽²⁾	Actual Factor	Adjusted Settlement Due	Funding	Reserve Balance ⁽²⁾
2014	N/A	N/A	\$ 2,400,000	\$ -	\$ -
2015	-0.1%	-0.1%	\$ 2,397,600	\$ -	\$ -
2016	3.1%	3.0%	\$ 2,469,528	\$ -	\$ -
2017	2.1%	2.1%	\$ 2,521,388	\$ 50,000	\$ 50,188
2018	3.5%	3.0%	\$ 2,597,030	\$ 55,000	\$ 105,414
2019	3.2%	3.0%	\$ 2,674,941	\$ 55,000	\$ 164,095
2020	3.1%	3.0%	\$ 2,755,189	\$ 150,000	\$ 316,580
2021	0.9%	0.9%	\$ 2,779,986	\$ 50,000	\$ 368,467
2022	7.5%	3.0%	\$ 2,863,385	\$ 75,000	\$ 443,496
2023	5.8%	3.0%	\$ 2,949,287	\$ 600,000	\$ 1,059,560

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

⁽²⁾ Reserve balance includes investment earnings on the amounts set aside.

Trout Habitat Enhancement Program

The District entered into a settlement agreement with the California Department of Fish and Game and the California Trout, Inc., regarding the fishery bypass flow requirements for Mammoth Creek. As part of the settlement, the District agreed to contribute \$10,000 per year, adjusted annually for inflation or deflation using the ENR Construction Cost Index (CCI) to support appropriate projects selected for implementation under the Trout Habitat Enhancement Program. The contributions are required for 20 consecutive years from the effective date of the agreement which was January 28, 2010. The Governance Committee, consisting of one member from each party above, will select projects to fund and implement and have designated the District as the fiscal agent. Currently, the District has \$114,373 of restricted cash and cash equivalents and related restricted accounts payable to this settlement agreement.

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SUPPLEMENTARY SCHEDULES

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Mammoth Community Water District
Combining Schedule of Net Position
March 31, 2023

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Juniper Ridge Assessment</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 67,024	\$ 2,253,311	\$ 1,507,809	\$
Restricted Cash and Cash Equivalents				
Investments	472,049	15,836,744	10,596,610	
Receivables:				
Billings		288,335	210,670	
Interest		69,349	52,537	
Property Taxes		1,708,953	1,708,420	
Loans	2,449,543			
Other	22,368	4,588	18,100	
Inventory		285,760	285,760	
Deposits and Prepaid Items	36,006	89,744	91,285	
	<u>3,046,990</u>	<u>20,536,784</u>	<u>14,471,191</u>	<u>0</u>
Land and Construction in Progress, Not Being Depreciated				
	186,330	3,518,991	767,107	
Capital Assets, Net of Depreciation	2,129,187	40,300,028	18,063,539	
	<u>5,362,507</u>	<u>64,355,803</u>	<u>33,301,837</u>	<u>0</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	39	164,792	161,117	
Restricted Accounts Payable				
Accrued Expenses		59,089	60,275	
Deposits Payable	18,427	29,345	8,838	
Current Maturities of Long-Term Debt		25,710	27,217	
	<u>18,466</u>	<u>278,936</u>	<u>257,447</u>	<u>0</u>
Noncurrent Liabilities:				
Long-Term Debt:				
Compensated Absences		231,393	244,957	
	<u>18,466</u>	<u>510,329</u>	<u>502,404</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Taxes		842,316	842,316	
	<u>0</u>	<u>842,316</u>	<u>842,316</u>	<u>0</u>
NET POSITION				
Net Investment in Capital Assets	2,315,517	43,819,019	18,830,646	
Unrestricted	3,028,524	19,184,139	13,126,471	
	<u>\$ 5,344,041</u>	<u>\$ 63,003,158</u>	<u>\$ 31,957,117</u>	<u>\$ 0</u>

Trout Habitat Enhancement	LADWP	Totals
\$ 114,373	\$ 131,883	\$ 3,960,027
	927,677	114,373
		27,833,080
		499,005
		121,886
		3,417,373
		2,449,543
		45,056
		571,520
		217,035
114,373	1,059,560	39,228,898
		4,472,428
		60,492,754
114,373	1,059,560	104,194,080
		325,948
114,373		114,373
		119,364
		56,610
		52,927
114,373	0	669,222
		476,350
114,373	0	1,145,572
		1,684,632
0	0	1,684,632
		64,965,182
	1,059,560	36,398,694
\$ 0	\$ 1,059,560	\$ 101,363,876

Mammoth Community Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
Year Ended March 31, 2023

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Juniper Ridge Assessment</u>
OPERATING REVENUES				
Water Services	\$	\$ 3,598,957	\$	\$
Wastewater Services			3,179,743	
Permits		341,494	219,212	
		<u>0</u>	<u>3,398,955</u>	<u>0</u>
OPERATING EXPENSES				
General and Administrative	84,297	1,794,282	1,796,791	
Water Services		2,805,749		
Wastewater Services			2,973,451	
Depreciation and Amortization	33,029	2,304,828	1,522,348	
	<u>117,326</u>	<u>6,904,859</u>	<u>6,292,590</u>	<u>0</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(117,326)</u>	<u>(2,964,408)</u>	<u>(2,893,635)</u>	<u>0</u>
NON-OPERATING REVENUES				
(EXPENSES)				
Property Taxes	375,000	7,063,729	1,731,254	
Investment Earnings	173,161	161,575	130,802	
Other Revenues	132,488	135,657	138,666	
Gain (Loss) on Sale of Assets		13,268	13,268	
	<u>680,649</u>	<u>7,374,229</u>	<u>2,013,990</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)				
Income before Transfers	563,323	4,409,821	(879,645)	0
Transfers In		1,935,620	2,016,383	
Transfers Out		<u>(1,968,317)</u>	<u>(2,502,922)</u>	<u>(80,764)</u>
Change in Net Position	563,323	4,377,124	(1,366,184)	(80,764)
Net Position - Beginning	<u>4,780,718</u>	<u>58,626,034</u>	<u>33,323,301</u>	<u>80,764</u>
Net Position - Ending	<u>\$ 5,344,041</u>	<u>\$ 63,003,158</u>	<u>\$ 31,957,117</u>	<u>\$ 0</u>

Trout Habitat Enhancement	LADWP	Totals
\$	\$	\$ 3,598,957
		3,179,743
		560,706
<u>0</u>	<u>0</u>	<u>7,339,406</u>
		3,675,370
		2,805,749
		2,973,451
		3,860,205
<u>0</u>	<u>0</u>	<u>13,314,775</u>
<u>0</u>	<u>0</u>	<u>(5,975,369)</u>
		9,169,983
	16,064	481,602
		406,811
		26,536
<u>0</u>	<u>16,064</u>	<u>10,084,932</u>
0	16,064	4,109,563
	600,000	4,552,003
		(4,552,003)
0	616,064	4,109,563
<u>0</u>	<u>443,496</u>	<u>97,254,313</u>
<u>\$ 0</u>	<u>\$ 1,059,560</u>	<u>\$ 101,363,876</u>

Mammoth Community Water District
Combining Schedule of Cash Flows
Year Ended March 31, 2023

	<u>New Enterprise</u>	<u>Water</u>	<u>Wastewater</u>	<u>Juniper Ridge Assessment</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 6,217	\$ 3,956,450	\$ 3,358,868	\$ 1,634
Payments to Suppliers	(36,175)	(1,994,867)	(2,007,314)	
Payments to Employees	(1,102,030)	(2,874,738)	(2,961,981)	(3,268)
Other Receipts	351,006	173,699	156,963	
Payments from Other Funds for Trout Habitat				
Payments to Other Funds for Trout Habitat		(13,677)		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>(780,982)</u>	<u>(753,133)</u>	<u>(1,453,464)</u>	<u>(1,634)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Advances from Other Funds		1,935,620	2,016,383	
Advances to Other Funds		(1,968,317)	(2,502,922)	(80,764)
Property Taxes	375,000	7,079,706	1,507,511	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>375,000</u>	<u>7,047,009</u>	<u>1,020,972</u>	<u>(80,764)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Assets		13,268	31,143	
Acquisition & Construction of Capital Assets	(1,081,225)	(1,232,823)	(692,834)	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(1,081,225)</u>	<u>(1,219,555)</u>	<u>(661,691)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments	(748,657)	(26,937,200)	(16,817,987)	
Proceeds from the Sale and Maturities of Investments	1,660,962	19,511,059	14,812,274	
Interest on Investments	6,364	187,881	117,237	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided by Investing Activities	<u>918,669</u>	<u>(7,238,260)</u>	<u>(1,888,476)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(568,538)	(2,163,939)	(2,982,659)	(82,398)
Cash and Cash Equivalents - Beginning of Year	<u>635,562</u>	<u>4,417,250</u>	<u>4,490,468</u>	<u>82,398</u>
Cash and Cash Equivalents - End of Year	<u>\$ 67,024</u>	<u>\$ 2,253,311</u>	<u>\$ 1,507,809</u>	<u>\$ 0</u>

Trout Habitat Enhancement	LADWP	Totals
\$	\$	\$ 7,323,169
		(4,038,356)
		(6,942,017)
13,677		681,668
		13,677
		(13,677)
<u>13,677</u>	<u>0</u>	<u>(2,975,536)</u>
	600,000	4,552,003
		(4,552,003)
		<u>8,962,217</u>
<u>0</u>	<u>600,000</u>	<u>8,962,217</u>
		44,411
		<u>(3,006,882)</u>
<u>0</u>	<u>0</u>	<u>(2,962,471)</u>
	(1,779,152)	(46,282,996)
	1,146,466	37,130,761
	12,507	<u>323,989</u>
<u>0</u>	<u>(620,179)</u>	<u>(8,828,246)</u>
13,677	(20,179)	(5,804,036)
<u>100,696</u>	<u>152,062</u>	<u>9,878,436</u>
<u>\$ 114,373</u>	<u>\$ 131,883</u>	<u>\$ 4,074,400</u>

Mammoth Community Water District
Combining Schedule of Cash Flows - Continued
Year Ended March 31, 2023

	New Enterprise	Water	Wastewater	Juniper Ridge Assessment
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO NET CASH PROVIDED (USED) BY				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (117,326)	\$ (2,964,408)	\$ (2,893,635)	\$
Depreciation and Amortization	33,029	2,304,828	1,522,348	
Other Receipts	351,006	173,699	156,963	
Change in Assets and Liabilities:				
Decrease (Increase) in Operating Assets:				
Account Receivable	(1,017,941)	15,999	(40,087)	
Inventory		(111,881)	(111,881)	
Deposits and Prepaid Expenses	(36,006)	(40,191)	(41,732)	
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	39	(48,460)	63,636	
Restricted Accounts Payable				
Accrued Expenses		13,653	9,571	(1,634)
Deposits Payable	6,217			
Compensated Absences		(96,372)	(118,647)	
Net Cash Provided (Used) by Operating Activities	\$ (780,982)	\$ (753,133)	\$ (1,453,464)	\$ (1,634)
SUPPLEMENTAL DISCLOSURES				
Cash and Cash Equivalents:				
Cash and Cash Equivalents	\$ 67,024	\$ 2,253,311	\$ 1,507,809	\$
Restricted Cash and Cash Equivalents				
Total	\$ 67,024	\$ 2,253,311	\$ 1,507,809	\$ 0

<u>Trout Habitat Enhancement</u>	<u>LADWP</u>	<u>Totals</u>
\$	\$	\$ (5,975,369)
		3,860,205
		681,668
		(1,042,029)
		(223,762)
		(117,929)
		15,215
13,677		13,677
		21,590
		6,217
		<u>(215,019)</u>
<u>\$ 13,677</u>	<u>\$ 0</u>	<u>\$ (2,975,536)</u>
\$	\$	\$
114,373	131,883	3,960,027
		114,373
<u>\$ 114,373</u>	<u>\$ 131,883</u>	<u>\$ 4,074,400</u>

Appendix B – Sample MCWD Services Agreement

**Mammoth Community Water District
Services Agreement**

This Agreement is entered into as of the date last signed and dated below by and between Mammoth Community Water District, a local government agency (“District”), and _____, a _____ ***[Insert type and jurisdiction of entity]*** (“Contractor”), who agree as follows:

1 Scope of Work

Contractor shall perform the work and render the services described in the attached Exhibit A (the “Work”). Contractor shall provide all labor, services, equipment, tools, material and supplies required or necessary to properly, competently and completely perform the Work. Contractor shall determine the method, details and means of doing the Work.

2 Payment

2.1 District shall pay to Contractor a fee based on ***[check one]***:

- ___ Contractor’s time and expenses necessarily and actually expended or incurred on the Work in accordance with Contractor’s fee schedule on the attached Exhibit A.
- ___ The fee arrangement described on the attached Exhibit A.

The total fee for the Work shall not exceed \$_____ ***[delete this sentence if not applicable]***. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by District. Contractor’s fee includes all of Contractor’s costs and expenses related to the Work.

2.2 At the end of each month, Contractor shall submit to District an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), payment due, and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, District shall pay the invoice within 30 days of its receipt.

3 Term

3.1 This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. If Exhibit A includes a Work schedule or deadline, then Contractor must complete the Work in accordance with the specified schedule or deadline, which may be extended by District for good cause shown by Contractor. If Exhibit A does not include a Work schedule or deadline, then Contractor must perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

3.2 This Agreement may be terminated at any time by District upon 10 days advance written notice to Contractor. In the event of such termination, Contractor shall be

fairly compensated for all work performed to the date of termination as calculated by District based on the above fee and payment provisions. Compensation under this section shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor's claimed benefit of the bargain.

4 Professional Ability of Contractor

4.1 Contractor represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. District has relied upon Contractor's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Contractor shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in Contractor's field.

[The paragraphs in section 4.2 can be replaced with "Intentionally omitted" if the District is not requiring the Contractor to designate key personnel.]

4.2 The following individuals are designated as key personnel and are considered to be essential to the successful performance of the work hereunder: **[Describe Contractor's key personnel by name or by reference, e.g. the individuals whose resumes are included in Exhibit A.]** Contractor agrees that these individuals may not be removed from the Work or replaced without compliance with the following sections:

4.2.1 If one or more of the key personnel, for whatever reason, becomes, or is expected to become, unavailable for work under this contract for a continuous period exceeding 30 work days, or is expected to devote substantially less effort to the work than indicated in the proposal or initially anticipated, Contractor shall immediately notify District and shall, subject to District's concurrence, promptly replace the personnel with personnel of at least substantially equal ability and qualifications.

4.2.2 Each request for approval of substitutions must be in writing and contain a detailed explanation of the circumstances necessitating the proposed substitutions. The request must also contain a complete resume for the proposed substitute and other information requested or needed by District to evaluate the proposed substitution. District shall evaluate Contractor's request and District shall promptly notify Contractor of its decision in writing.

5 Conflict of Interest

Contractor (including principals, associates and professional employees) represents and acknowledges that (a) it does not now have and shall not acquire any direct or indirect investment, interest in real property or source of income that would be affected in any manner or degree by the performance of Contractor's services under this agreement, and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Contractor is not a designated employee within the meaning of the Political Reform Act and District's conflict of interest code because Contractor will perform the Work independent of the control and direction of the District or of any District official, other than normal

contract monitoring, and Contractor possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel.

6 Contractor Records

6.1 Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. District may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

6.2 In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

7 Ownership of Documents

All works of authorship and every report, study, spreadsheet, worksheet, plan, design, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software and any other document or thing prepared, developed or created by Contractor under this Agreement and provided to District (“Work Product”) shall be the property of District, and District shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Contractor or any other party. Contractor may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Contractor shall not provide any Work Product to any third party without District’s prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Contractor may copyright the same, except that, as to any Work Product that is copyrighted by Contractor, District reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If District reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then District shall hold Contractor harmless against all claims, damages, losses and expenses arising from such reuse or modification. For any Work Product provided to District in paper format, upon request by District at any time (including, but not limited to, at expiration or termination of this Agreement), Contractor agrees to provide the Work Product to District in a readable, transferable and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file, AutoCAD file).

8 Confidentiality of Information

[The paragraphs in this section can be replaced with the phrase “Intentionally omitted” if the District will not provide any confidential information to the Contractor.]

8.1 Contractor shall keep in strict confidence all confidential, privileged, trade secret, and proprietary information, data and other materials in any format generated, used or obtained by the District or created by Contractor in connection with the performance of the Work under this Agreement (the “Confidential Material”). Contractor shall not use any Confidential Material for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by District. Contractor also shall not disclose any Confidential Material to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in advance in writing by District. If there is a question if Confidential Material is protected from disclosure or is a public record or in the public domain, the party considering disclosure of such materials shall consult with the other party concerning the proposed disclosure.

8.2 Contractor, and its officers, employees, agents, and subcontractors, shall at all times take all steps that are necessary to protect and preserve all Confidential Material. At no time shall Contractor, or its officers, employees, agents, or subcontractors in any manner, either directly or indirectly, use for personal benefit or divulge, disclose, or communicate in any manner, any Confidential Material to any person or entity unless specifically authorized in writing by the District or by order of a court or regulatory entity with jurisdiction over the matter. Contractor, and its officers, employees, agents, and subcontractors shall protect the Confidential Material and treat it as strictly confidential in accordance with applicable law, District policies and directives, and best industry security practices and standards.

8.3 If any person or entity, other than District or Contractor, requests or demands, by subpoena, discovery request, California Public Records Act request or otherwise, Confidential Material or its contents, the party to whom the request is made will immediately notify the other party, so that the parties may collectively consider appropriate steps to protect the disclosure of those materials. The parties agree to take all steps reasonably necessary to preserve the confidential and privileged nature of the Confidential Material and its content. In the event that the parties cannot agree whether to oppose or comply with a disclosure demand, the opposing party may oppose the demand at its sole cost and expense, in which event the party favoring disclosure will refrain from disclosing the demanded Confidential Material until such time as a final agreement regarding disclosure is reached or, if an agreement is not reached, a judicial determination is made concerning the demand.

8.4 Unless otherwise directed in writing by the District, upon contract completion or termination, Contractor must destroy all Confidential Materials (written, printed and/or electronic) and shall provide a written statement to the District that such materials have been destroyed.

9 Compliance with Laws

9.1 General. Contractor shall perform the Work in compliance with all applicable federal, state and local laws and regulations. Contractor shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Work. Contractor shall comply with all federal, state and local air pollution

control laws and regulations applicable to the Contractor and its Work (as required by California Code of Regulations title 13, section 2022.1). Contractor shall be responsible for the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

9.2 California Labor Code Compliance for Pre- and Post-Construction Related Work and Maintenance.

9.2.1 This section 9.2 applies if the Work includes either of the following:

9.2.1.1 Labor performed during the design, site assessment, feasibility study and pre-construction phases of construction, including, but not limited to, inspection and land surveying work, and labor performed during the post-construction phases of construction, including, but not limited to, cleanup work at the jobsite. (See California Labor Code section 1720(a).) If the Work includes some labor as described in the preceding sentence and other labor that is not, then this section 9.2 applies only to workers performing the pre-construction and post-construction work.

9.2.1.2 “Maintenance” work, which means (i) routine, recurring and usual work for the preservation, protection and keeping of any District facility, plant, building, structure, utility system or other property (“District Facility”) in a safe and continually usable condition, (ii) carpentry, electrical, plumbing, glazing, touchup painting, and other craft work designed to preserve any District Facility in a safe, efficient and continuously usable condition, including repairs, cleaning and other operations on District machinery and equipment, and (iii) landscape maintenance. “Maintenance” excludes (i) janitorial or custodial services of a routine, recurring or usual nature, and (ii) security, guard or other protection-related services. (See California Labor Code section 1771 and 8 California Code of Regulations section 16000.) If the Work includes some “maintenance” work and other work that is not “maintenance,” then this section 9.2 applies only to workers performing the “maintenance” work.

9.2.2 Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works as may be required by the Labor Code and applicable state regulations. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861), which is incorporated in this Agreement by this reference.) The state-approved prevailing rates of per diem wages are available at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Contractor also shall comply with Labor Code sections 1775 and 1813, including provisions that require Contractor to (a) forfeit as a penalty to District up to \$200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any labor done under this Agreement in violation of the Labor Code, (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage, and (c) forfeit as a penalty to District the sum of \$25 for each worker (whether employed by Contractor or any subcontractor) for each calendar day during which the worker is required or permitted to work more than 8 hours in any one day and 40 hours in any one calendar week in violation of Labor Code sections 1810 through 1815.

9.2.3 If the Work includes labor during pre- or post-construction phases as defined in section 9.2.1.1 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds \$25,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor's Public Works Contractor Registration Number: _____

9.2.4 If the Work includes maintenance as defined in section 9.2.1.2 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds \$15,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor's Public Works Contractor Registration Number: _____

9.3 ***[This paragraph may be replaced with "Intentionally omitted" if the Work is not subject to a grant or loan agreement]*** Contractor may perform some of the Work pursuant to funding provided to the District by various federal and/or state grant and/or loan agreement(s) that impose certain funding conditions on District and its sub-recipients (the "Funding Conditions"). For any such Work, if District informs Contractor about the Funding Conditions, then Contractor agrees to determine, comply with and be subject to the Funding Conditions that apply to District's Contractors and contractors performing the Work, including, but not limited to, provisions concerning record keeping, retention and inspection, audits, state or federal government's right to inspect Contractor's work, nondiscrimination, workers' compensation insurance, drug-free workplace certification, and, compliance with the Americans with Disabilities Act and related State laws.

10 Indemnification.

10.1 Contractor shall indemnify, defend, protect, and hold harmless District, and its officers, employees and agents ("Indemnitees") from and against any claims, liability, losses, damages and expenses (including attorney, expert witness and Contractor fees, and litigation costs) (collectively a "Claim") that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor or its employees, agents or subcontractors. The duty to indemnify, including the duty and the cost to defend, is limited as provided in this section. However, this indemnity provision will not apply to any Claim arising from the sole negligence or willful misconduct of District or its employees or agents. Contractor's obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

10.2 This section 10.2 applies if the Contractor is a "design professional" as that term is defined in Civil Code section 2782.8. If a court or arbitrator determines that the incident or occurrence that gave rise to the Claim was partially caused by the fault of an Indemnitee, then in no event shall Contractor's total costs incurred pursuant to its duty to defend Indemnitees exceed Contractor's proportionate percentage of fault as determined by a final judgment of a court or final decision of arbitrator.

11 Insurance

Types & Limits. Contractor at its sole cost and expense shall procure and maintain

for the duration of this Agreement the following types and limits of insurance: ***[The general liability and automobile coverage limits may be adjusted depending on the Work's overall risks, cost and complexity.]***

<i>Type</i>	<i>Limits</i>	<i>Scope</i>
Commercial general liability	\$2,000,000 per occurrence & \$4,000,000 aggregate	at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury
Automobile liability	\$1,000,000 per accident	at least as broad as ISO Business Auto Coverage (Form CA 00 01)
Workers' compensation	Statutory limits	
Employers' liability	\$1,000,000 per accident	
Professional liability*	\$1,000,000 per claim	

*Required only if Contractor is a licensed engineer, land surveyor, geologist, architect, doctor, attorney or accountant.

11.1 Other Requirements. The general and automobile liability policy(ies) shall be endorsed to name District, its officers, employees, volunteers and agents as additional insureds regarding liability arising out of the Work. Contractor's general and automobile coverage shall be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. District's insurance or self-insurance, if any, shall be excess and shall not contribute with Contractor's insurance. Each insurance policy shall be endorsed to state that coverage shall not be canceled, except after 30 days (10 days for non-payment of premium) prior written notice to District. Insurance is to be placed with insurers authorized to do business in California with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to District. Workers' compensation insurance issued by the State Compensation Insurance Fund is acceptable. Except for professional liability insurance, Contractor agrees to waive subrogation that any insurer may acquire from Contractor by virtue of the payment of any loss relating to the Work. Contractor agrees to obtain any endorsement that may be necessary to implement this subrogation waiver. The workers' compensation policy must be endorsed to contain a subrogation waiver in favor of District for the Work performed by Contractor.

11.2 Proof of Insurance. Upon request, Contractor shall provide to District the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverage.

12 General Provisions

12.1 **Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

12.2 **Independent Contractor.** Contractor's relationship to District is that of an independent contractor. All persons hired by Contractor and performing the Work shall be Contractor's employees or agents. Contractor and its officers, employees and agents are not District employees, and they are not entitled to District employment salary, wages or benefits. Contractor shall pay, and District shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Contractor's employees. Contractor shall, to the fullest extent permitted by law, indemnify District, and its officers, employees, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning Contractor's independent contractor status or employment-related liability.

12.3 **Subcontractors.** No subcontract shall be awarded nor any subcontractor engaged by Contractor without District's prior written approval. Contractor shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in section 11 of this Agreement. Any approved subcontractor shall obtain the required insurance coverages and provide proof of same to District in the manner provided in section 11 of this Agreement.

12.4 **Assignment.** This Agreement and all rights and obligations under it are personal to the parties. The Agreement may not be transferred, assigned, delegated or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement.

12.5 **No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by District to Contractor shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

12.6 **Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

12.7 **Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal district court where District's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

12.8 **Notice.** Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

District:

Mammoth Community Water District
Attn: _____
Mammoth Community Water District, 1315 Meridian Boulevard, Mammoth Lakes,
CA 93546
E-mail: _____

Contractor:

Attn: _____

E-mail: _____

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

12.9 **Signatures and Authority.** Each party warrants that the person signing this Agreement is authorized to act on behalf of the party for whom that person signs. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Counterparts may be delivered by facsimile, electronic mail (including PDF or any electronic signature complying with California's Uniform Electronic Transactions Act (Cal. Civ. Code, §1633.1, et seq.) or any other applicable law) or other transmission method. The parties agree that any electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Mammoth Community Water District:

Dated: _____

By: _____
[Name]
[Title]

[Name of Contractor]:

Dated: _____

By: _____
 [Name/Title]