

Mammoth Community Water District

Budget for the Fiscal Year April 1, 2020 - March 31, 2021

Introduction

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

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

The budget is organized into funds representing type of service (Water or Wastewater), function (Administration, Operation or Capital) and lifecycle (Replacement or Expansion). Each fund is intended to be self-contained with balanced revenue and expenses and an appropriate reserve. The budget is primarily focused on the 2021 fiscal year (FY), but looks forward to FY 2022-2026 to project available fund balances.

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

Revenue from water sales is variable based on the availability of surface water supplied by the winter snowpack. In a low snow year, water conservation measures may be implemented to reduce water use, which results in a corresponding reduction in water sales revenue. Revenue from water sales typically represents less than 10% of the total revenue, so potential reductions in this revenue source will not have a substantial effect on total District revenue.

Total revenue for FY 2021 is budgeted at \$14,601,600. Budgeted expenditures on operations, personnel, and capital are \$15,726,500. The shortfall of \$1,124,900 will be withdrawn from our operating and capital reserves.

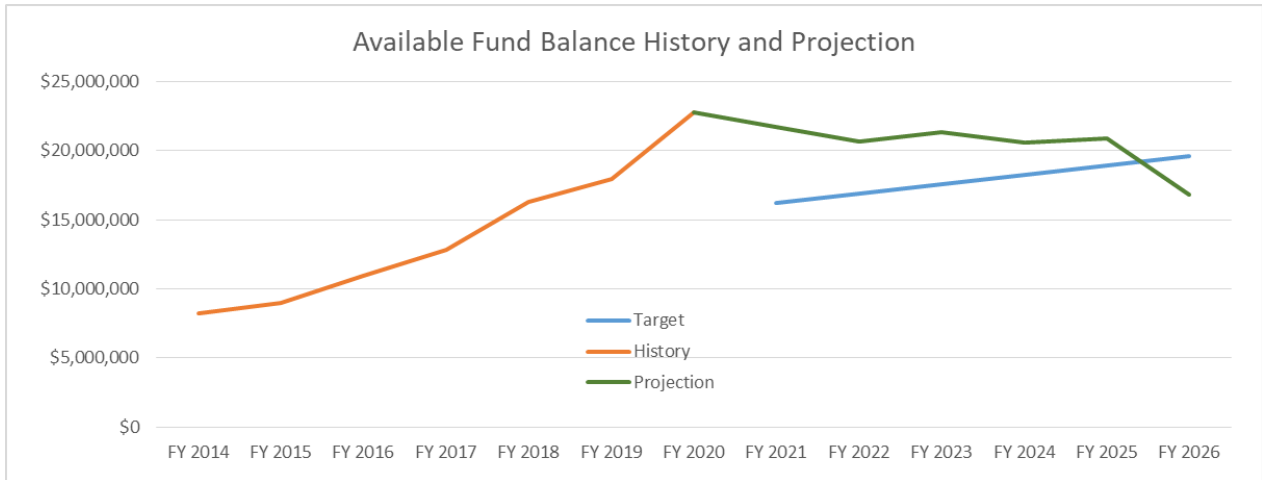
Each fiscal year from 2015 through 2019 ended with a contribution to reserves and FY 2020 is projected to end with a contribution to reserves of approximately \$3,900,000. These contributions to reserves have been primarily attributable to deferred capital projects. The capital budget for FY 2021 includes the completion of Well 32 and the Laurel Pond monitoring wells which have been deferred from previous years.

	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget	Change - FY 2020 Budget to FY 2021 Budget		Change - FY 2020 Projection to FY 2021 Budget	
Revenue	14,076,400	14,931,186	14,601,600	525,200	3.7%	-329,586	-2.2%
Personnel (less Capital Labor)	5,820,372	5,830,004	5,756,200	-64,172	-1.1%	-73,804	-1.3%
Operations	3,295,941	2,874,204	3,611,500	315,559	9.6%	737,296	25.7%
Capital	3,862,400	2,320,000	6,358,800	2,496,400	64.6%	4,038,800	174.1%
Reserves	1,097,687	3,906,978	-1,124,900				

The District has adopted an operations and capital reserve policy that defines targets for financial reserves consistent with prudent planning and risk management. The projected reserve balance at the beginning of FY 2021 is approximately \$22,800,000. The reserve balance per policy at the end of FY 2026 is approximately \$18,472,000. If revenue and expenses occur as projected, the 2026 reserve balance will be approximately \$16,890,000.

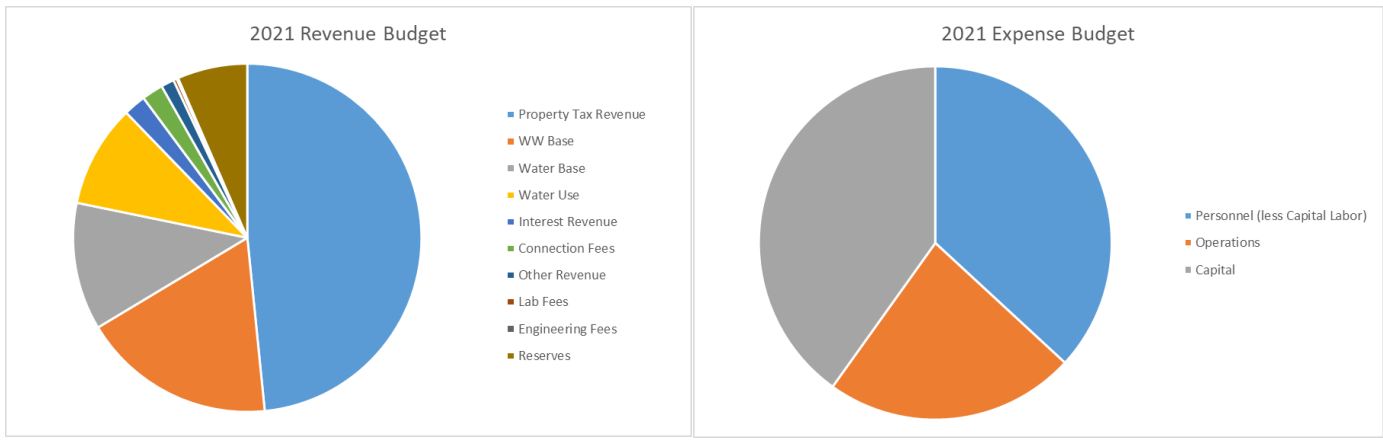
The Reserve Policy and FY 2021 Fund Reserve Targets are included as Attachments A and B to this document.

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



This presentation is organized by:

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



Revenue Budget

The total revenue budget of \$14,601,600 for FY 2021 represents a 4% increase from FY 2020 revenue budget and a 2% decrease from the 2020 revenue projection.

- Water and wastewater rates increase incrementally each year according to the adopted rate schedule covering FY 2017 – 2021. These annual increases are partially offset by a long-term decline in water use. The revenue budget assumes a 1% increase in wastewater base revenue, a 2% increase in water base revenue, and an 8 % decrease in water use revenue.
 - Water use has been on a downward trend of about 3% per year for the last 15 years. At the time of budget preparation, snow pack in our watershed is approximately 50% of normal. The water storage tank associated with the Lake Mary treatment plant will be rehabilitated this summer, which will reduce the surface water production capacity. These factors suggest water conservation might be required this summer, and the water revenue budget assumes a 10% reduction in water use.
- Property tax revenue has increased an average of 2.4% annually from FY 2015 to FY 2019. FY 2020 property tax revenue is projected at 9.3% above budget. Property tax revenue for FY 2021 is budgeted at 2% above the FY 2020 projection.
- Connection fee revenue is assigned to the water and wastewater expansion funds and will be used for capital projects that expand the capacity of our water and wastewater systems. Connection fee revenue varies significantly from year to year based on economic conditions and residential and commercial development in town. The outlook appears stable for the next year and the FY 2021 budget is based on the FY 2020 projection with a 3% increase based on the construction cost inflation index.
- Interest revenue is projected based on the expected purchase yield of the portfolio. Interest revenue projections for FY 2020 include an increase in portfolio value resulting from a declining interest rate environment over the past year. Market interest rates are unpredictable over the next year and projected interest revenue for FY 2021 does not include a provision for market value changes.

Table A shows the budgeted revenue for FY 2021 with comparisons to the budget and projected revenue for FY 2020.

Table B shows projections of revenue and expenses for the next five fiscal years and the projected available reserve balance for each year.

Table A – FY 2021 Budgeted Revenue

	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget	Change - FY 2020 Budget to FY 2021 Budget		Change - FY 2020 Projection to FY 2021 Budget	
Property Tax Revenue	6,780,000	7,410,500	7,558,700	778,700	11%	148,200	2%
WW Base	2,789,000	2,782,100	2,809,900	20,900	1%	27,800	1%
Water Base	1,805,000	1,812,700	1,848,900	43,900	2%	36,200	2%
Water Use	1,770,000	1,622,700	1,488,700	-281,300	-16%	-134,000	-8%
Interest Revenue	456,000	748,800	324,000	-132,000	-29%	-424,800	-57%
Connection Fees	237,400	300,300	309,400	72,000	30%	9,100	3%
Other Revenue	181,700	183,600	190,000	8,300	5%	6,400	3%
Lab Fees	42,800	47,600	48,600	5,800	14%	1,000	2%
Engineering Fees	14,500	22,900	23,400	8,900	61%	500	2%
Total Revenue	14,076,400	14,931,200	14,601,600	525,200	4%	(329,600)	-2%
Reserves			1,015,800	1,015,800		1,015,800	

Negative numbers represent a reduction in budgeted revenue from FY 2020 to FY 2021.

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

	FY 2021 Budget	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection
Revenue (excluding Connection Fee)	\$ 14,292,200	14,578,044	14,869,605	15,166,997	15,470,337	15,779,744
Connection Fee Revenue	\$ 309,400	318,682	328,242	338,090	348,232	358,679
Personnel Expense (excluding Capital Labor)	\$ 5,756,200	5,986,448	6,225,906	6,474,942	6,733,940	7,003,297
Operating Expense	\$ 3,611,500	3,719,845	3,831,440	3,946,384	4,064,775	4,186,718
Capital Expense	\$ 6,358,800	\$ 6,306,000	\$ 4,395,000	\$ 5,894,000	\$ 4,673,000	9,032,000
Addition (Reduction) to Capital Reserves	\$ (1,434,300)	\$ (1,434,249)	\$ 417,259	\$ (1,148,329)	\$ (1,378)	\$ (4,442,272)
Addition to Expansion Reserves	\$ 309,400	\$ 318,682	\$ 328,242	\$ 338,090	\$ 348,232	\$ 358,679
	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance	Projected ending balance
Operating/Capital Fund Reserve	\$ 18,431,700	\$ 16,997,451	\$ 17,414,710	\$ 16,266,381	\$ 16,265,003	\$ 11,822,731
Expansion Fund Reserve	\$ 3,209,400	\$ 3,528,082	\$ 3,856,324	\$ 4,194,414	\$ 4,542,647	\$ 4,901,326
Total Fund Reserve	\$ 21,641,100	\$ 20,525,533	\$ 21,271,034	\$ 20,460,795	\$ 20,807,649	\$ 16,724,057

Operations Budget

The operations budget shows significant variation from year to year, resulting from both planned and unexpected expenses. The FY 2021 operations budget reflects an increase of \$315,108 from the FY 2020 budget and is \$699,473 higher than the FY 2020 projection.

Some significant increases in the FY 2021 budget include:

- \$137,000 for expected additional electricity cost to pump groundwater
- \$80,000 for the backflow survey (required every five years)
- \$50,000 for parking lot maintenance
- \$45,000 for expected additional chemical cost to treat groundwater
- \$32,500 for expected increases in Mono County property tax administration fees
- \$30,000 increase in consulting related to geo-thermal influences to the groundwater aquifer
- \$27,100 for the Report of Waste Discharge required by Lahontan
- \$23,300 for the scheduled replacement of the TV van computer system
- \$20,000 increase in the water conservation rebate program
- \$17,000 for leadership and business writing training for management and staff
- \$13,800 for upgrades to the Board Room

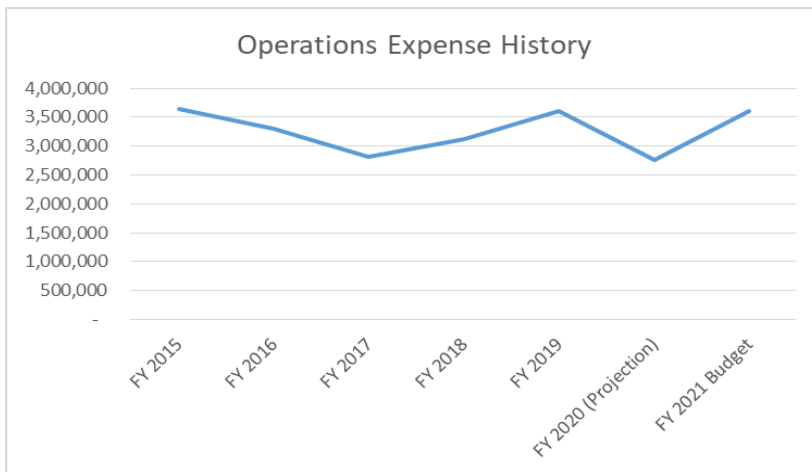


Table C shows the operating budget for each category with comparisons to the prior year's budget and projection.

Table C – Operating Budget Comparison

Account Description	FY 2020 Budget	FY 2020 Projection	FY 2021 Budget	Change - FY 2020 Budget to FY 2021 Budget	Change - FY 2020 Projection to FY 2021 Budget		
6023-Employee Engagement	\$18,300	\$15,387	\$29,500	\$11,200	61%	\$14,113	48%
6024-Employee PPE/Unif	\$16,600	\$17,496	\$20,434	\$3,834	23%	\$2,938	14%
6100-Outside Services	\$112,575	\$83,911	\$155,585	\$43,010	38%	\$71,674	46%
6101-Property Tax Admin Fee	\$188,000	\$199,040	\$220,500	\$32,500	17%	\$21,460	10%
6102-Sludge Disposal	\$210,000	\$201,208	\$240,000	\$30,000	14%	\$38,792	16%
6105-Software Licenses and Agrmnts	\$119,425	\$115,368	\$139,232	\$19,807	17%	\$23,864	17%
6106-IT Services	\$58,400	\$45,006	\$40,000	(\$18,400)	-32%	(\$5,006)	-13%
6108-Banking Fees	\$38,900	\$32,690	\$38,000	(\$900)	-2%	\$5,310	14%
6110-Professional Services	\$348,360	\$285,876	\$358,650	\$10,290	3%	\$72,774	20%
6111-Outside Lab Services	\$50,250	\$42,886	\$55,250	\$5,000	10%	\$12,364	22%
6115-Employee Housing Expenses	\$52,060	\$50,262	\$72,780	\$20,720	40%	\$22,518	31%
6120-Operating Tools and Equipment	\$29,600	\$48,121	\$47,900	\$18,300	62%	(\$221)	0%
6125-Gasoline	\$34,500	\$27,598	\$37,300	\$2,800	8%	\$9,702	26%
6126-Diesel Fuel	\$13,600	\$15,661	\$15,890	\$2,290	17%	\$229	1%
6130-Insurance	\$180,000	\$144,539	\$140,000	(\$40,000)	-22%	(\$4,539)	-3%
6140-Legal Services	\$123,000	\$121,086	\$123,000	\$0	0%	\$1,914	2%
6145-M & R - Line Repair/Equipment	\$233,160	\$215,049	\$211,760	(\$21,400)	-9%	(\$3,289)	-2%
6150-M & R - Buildings	\$103,650	\$85,053	\$135,000	\$31,350	30%	\$49,947	37%
6155-M & R - Vehicles	\$73,950	\$130,517	\$75,000	\$1,050	1%	(\$55,517)	-74%
6160-Memberships/Certifications	\$47,075	\$46,098	\$46,764	(\$311)	-1%	\$666	1%
6165-Permit Materials	\$30,000	\$13,630	\$15,000	(\$15,000)	-50%	\$1,370	9%
6179-Operating Chemicals	\$162,290	\$154,189	\$212,006	\$49,716	31%	\$57,817	27%
6180-Operating Supplies	\$116,100	\$89,458	\$124,200	\$8,100	7%	\$34,742	28%
6181-Computer Systems/Equipment	\$51,400	\$44,519	\$75,000	\$23,600	46%	\$30,481	41%
6185-Postage/Freight	\$9,320	\$9,859	\$9,420	\$100	1%	(\$439)	-5%
6190-Advertising Publications & PR	\$23,250	\$17,774	\$23,750	\$500	2%	\$5,976	25%
6192-Books & Subscriptions	\$2,516	\$513	\$1,680	(\$836)	-33%	\$1,167	69%
6200-Safety	\$22,510	\$16,069	\$26,610	\$4,100	18%	\$10,541	40%
6205-Permits & Licensing	\$74,850	\$86,958	\$83,853	\$9,003	12%	(\$3,105)	-4%
6207-Settlement Cost	\$162,000	\$161,730	\$62,360	(\$99,640)	-62%	(\$99,370)	-159%
6210-Telephone	\$40,900	\$42,596	\$43,520	\$2,620	6%	\$924	2%
6215-Training & Meetings	\$53,175	\$27,100	\$84,505	\$31,330	59%	\$57,405	68%
6220-Travel Expenses	\$62,225	\$34,518	\$65,500	\$3,275	5%	\$30,982	47%
6230-Utilities - Electric	\$287,500	\$191,283	\$418,400	\$130,900	46%	\$227,117	54%
6231-Utilities - Propane	\$42,000	\$23,159	\$35,700	(\$6,300)	-15%	\$12,541	35%
6237-Water Conservation	\$105,000	\$75,868	\$127,500	\$22,500	21%	\$51,632	40%
Grand Total	\$3,296,441	\$2,912,076	\$3,611,549	\$315,108	10%	\$699,473	19%

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

Personnel Budget

The FY 2021 District personnel budget of \$6,009,100 is 0.4% higher than last fiscal year. Four senior staff members retired in FY 2020, which tends to reduce personnel cost. The number of permanent positions at MCWD remains at 42 for fiscal year 2021. The District Organizational Chart is included as Attachment C.

The personnel budget includes the cost of a contract worker who will work part of the year on a seasonal project in the Lab. The District also uses contract workers for the summer construction projects. The cost of these workers is included in the Capital budget.

The cost of District labor on capital projects is included in the Capital budget. To avoid double counting, the capital labor of MCWD employees is subtracted from the total personnel budget when presenting the budget overview. The capitalized labor component is \$252,900.

As a result of diligent efforts by District staff and management to create a safe work environment, Worker's Compensation expenses continue on a downward trend, saving \$30,300 in FY 2021

Table D provides a high-level view of expenses for MCWD personnel and a comparison to fiscal year 2020.

Table D – Personnel Expenses Comparison

	Total Pay	Pension	Insurance	FICA tax	WC Cost	Total Cost
FY 2021 Budget	4,040,400	850,300	998,300	58,000	62,100	6,009,100
FY 2020 Budget	3,951,300	863,800	1,016,100	58,800	92,400	5,982,500
Change FY '20 - FY '21	89,100	(13,500)	(17,800)	(800)	(30,300)	26,600
% Change	2.3%	-1.6%	-1.8%	-1.4%	-32.8%	0.4%

Capital Budget

The District has approximately \$69 million (net of depreciation) in capital assets including, wells, distribution and collection lines for water and wastewater, water and wastewater treatment plants, buildings, vehicles, and equipment. These assets are essential to our mission of reliably providing water and wastewater service to our customers. The capital budget represents the cost of incrementally refurbishing or replacing our infrastructure as it wears out in service and adding new infrastructure to increase the efficiency of operations. This capital budget of \$6,358,800 includes completion of a production well and monitoring wells at Laurel Pond that have been in process for two years.

Each current-year project is given a Business Risk Evaluation (BRE) rank based on the likelihood and consequence of failure to complete the project. This ranking serves to prioritize projects within and across years. Additionally, each current-year project is given a probability factor that estimates the likelihood of spending the full budget in FY 2021. The capital budget for FY 2021 is calculated by multiplying the project cost by the probability factor. The cost for future-year projects is factored up for inflation.

Table E lists capital projects planned for the next ten years. The timing and cost of future projects is speculative, particularly beyond five years. Engineering analysis has determined what infrastructure will likely be needed to meet water supply and treatment demands at buildout, but many variables are unknown.

Table E – Capital Projects

Description	BRE	Probability	FY 2021 Budget	Factored budget	FY 2022 Budget	FY 2023 Budget	FY 2024 Budget	FY 2025 Budget	FY 2026 Budget	FY 27-29 Budget	FY 30-31 Budget
Sludge De-Watering and Conveyance	24	100%	652,926	652,900		-	-	-			
Radio Replacements	23	100%	62,215	62,200							
Rehab. Secondary Clarifier #2 Drive	23	100%	67,678	67,700							
Tank Rehab T-6 (Clearwell Tank)	22	100%	655,514	655,500							
Well 32	21	85%	1,919,441	1,631,500		-	-	-			
Laurel Pond Monitoring Wells	21	100%	401,700	401,700		-	-	-			
WWTP Filter PLC Upgrade	21	100%	173,500	173,500			-	-			
WWTP Filter Bypass Pump	21	100%	70,267	70,300	72,000						
WWTP Back-Up Power	21	100%	54,645	54,600							
Sewer Line Rehab FY 2021	18	100%	401,618	401,600							
Distribution System Improvements FY 2021	17	100%	689,072	689,100							
Lift Station Rehab West Mary	13	100%	36,803	36,800	41,000		-	-			
Lift Station Rehab Twin Falls	13	100%	36,803	36,800	41,000	-	-	-			
Timber Ridge Pump Station Rehab.	13	100%	12,891	12,900							
Water Cost of Service Study	8	100%	50,000	50,000		-	-	-		60,000	
Upgrade ERP Software	8	100%	258,400	258,400		-	-	-			
Rehab. Admin. Building		50%	50,000	25,000	309,000	212,000	-	-			
LMTP Improvements		100%	30,000	30,000	155,000	-	-	-			
Update Shallow Groundwater Model		90%	150,111	135,100							
College PRV		100%	8,864	8,900							
Meter System Improvements		100%	50,000	50,000							
Contingency for Unplanned Capital Projects		50%	60,000	30,000		-	-	-			
Contingency for Unplanned Capital Projects		50%	65,000	32,500		-	-	-			
Employee Housing		75%	220,000	165,000	237,000	244,000	251,000	259,000	267,000	600,000	600,000
Lift Station PLC Controller Replacements (4)					165,000						
LMTP Upgrades					103,000	106,000	109,000	113,000	116,000	299,000	326,000
WWTP Upgrades					206,000	212,000	219,000	225,000	232,000	597,000	652,000
Water Tank Rehab					515,000	530,000	546,000	563,000	580,000	358,000	391,000
Water Distribution System Improvements					695,000	716,000	1,093,000	563,000	580,000	1,194,000	1,305,000
Replacement wells					1,957,000		2,076,000		2,203,000	5,672,000	6,198,000
Tank Rehab T-1 (Lake Mary Storage Tank)					493,000						
Zone 2B Storage					515,000				4,088,000	-	
PLC upgrade					206,000	202,000	262,000	270,000		299,000	326,000
Power Storage						530,000					
Lift Station Rehab					72,000	74,000	76,000	79,000	81,000		
Rehab Primary Clarifier					41,000	-	44,000	-	46,000		
Sewer Line Rehab					371,000	393,000	415,000	428,000	441,000	1,134,000	1,240,000
WWTP Filter Replacement						1,061,000					
Rehab North EQ Basin									348,000		
Expansion Wells								2,138,000		2,269,000	2,479,000
Administrative Infrastructure Expansion										597,000	
Water Distribution System Modeling					21,000						
Wastewater Collection System Modeling					21,000						
Knolls Transmission Line Expansion											3,219,000
Meridian Sewer Expansion										3,956,000	
Shady Rest Relief Main - Center St							625,000				
Hwy 203 Expansion										558,000	
Old Mammoth Interceptor Expansion											3,167,000
Capital Equipment											
Fuel Dispenser Replacements		100%	20,000	20,000							
Van-Pool Van		100%	45,000	45,000							
Pool Vehicle		100%	35,000	35,000							
Water Truck Replacement (CARB Compliance)		100%	60,000	60,000							
IH Dump Replacement (CARB Compliance)		100%	150,000	150,000							
Sludge Hauling Trailers		75%	240,450	180,300							
Concrete Saw		100%	35,000	35,000							
Sewer Camera and Carrier		100%	65,000	65,000							
Vehicle Replacement		100%	36,500	36,500	70,000	115,000	178,000	35,000	50,000		
Annual Total			6,864,399	6,358,800	6,306,000	4,395,000	5,894,000	4,673,000	9,032,000	17,593,000	19,903,000

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

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

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

Fund 10 – Administrative Operation:

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

Fund 20 – Water Operation:

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

Fund 30 – Wastewater Operation:

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

Fund 21 – Administrative Capital Replacement:

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

Fund 22 – Water Capital Replacement:

- Capital Repair and Replacement: reserve equal to 4% of the replacement cost of Fund 22 capital assets. The average expected life of capital assets is about 25 years. 4% (1/25) approximates the annual replacement cost of these assets.
- Reserves will be used for the unexpected replacement of a major component of the water infrastructure (e.g. well, treatment plant), for changes to the infrastructure required to meet new regulatory mandates, or for the planned replacement of assets where the cost of the replacement is greater than the current revenue available.

Fund 23 – Wastewater Capital Replacement:

- Capital Repair and Replacement: reserve equal to 4% of the replacement cost of Fund 23 capital assets. The average expected life of capital assets is about 25 years. 4% (1/25) approximates the annual replacement cost of these assets.
- Reserves will be used for the unexpected replacement of a major component of the wastewater infrastructure (e.g. lift stations, treatment plant), for changes to the infrastructure required to meet new regulatory mandates, or for the planned replacement of assets where the cost of the replacement is greater than the current revenue available.

Fund 31 – Administrative Capital Expansion:

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

Fund 32 – Water Capital Expansion:

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

Fund 33 – Wastewater Capital Expansion:

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

Fund 96 – New Enterprise:

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

Fund 97 – Trout Habitat Enhancement:

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

Adopted 03-17-2016
Updated 2-20-2020

Fund 98 – LADWP Settlement:

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

Reserve Funds Targets for FY 2021

MCWD FY21 Budget - Attachment B

Fund 10 – Admin Operation: \$190,000

Fund 20 – Water Operation: \$1,160,000

Fund 30 – Wastewater Operation: \$1,260,000

Fund 21 – Admin Replacement: \$1,000,000

Fund 22 – Water Capital Replacement: \$5,964,000

Fund 23 – Wastewater Capital Replacement: \$3,348,000

Fund 31 – Admin Expansion: \$1,000,000

Fund 32 – Water Expansion: \$1,045,000 (current balance)

Fund 33 – Wastewater Expansion: \$288,000 (current balance)

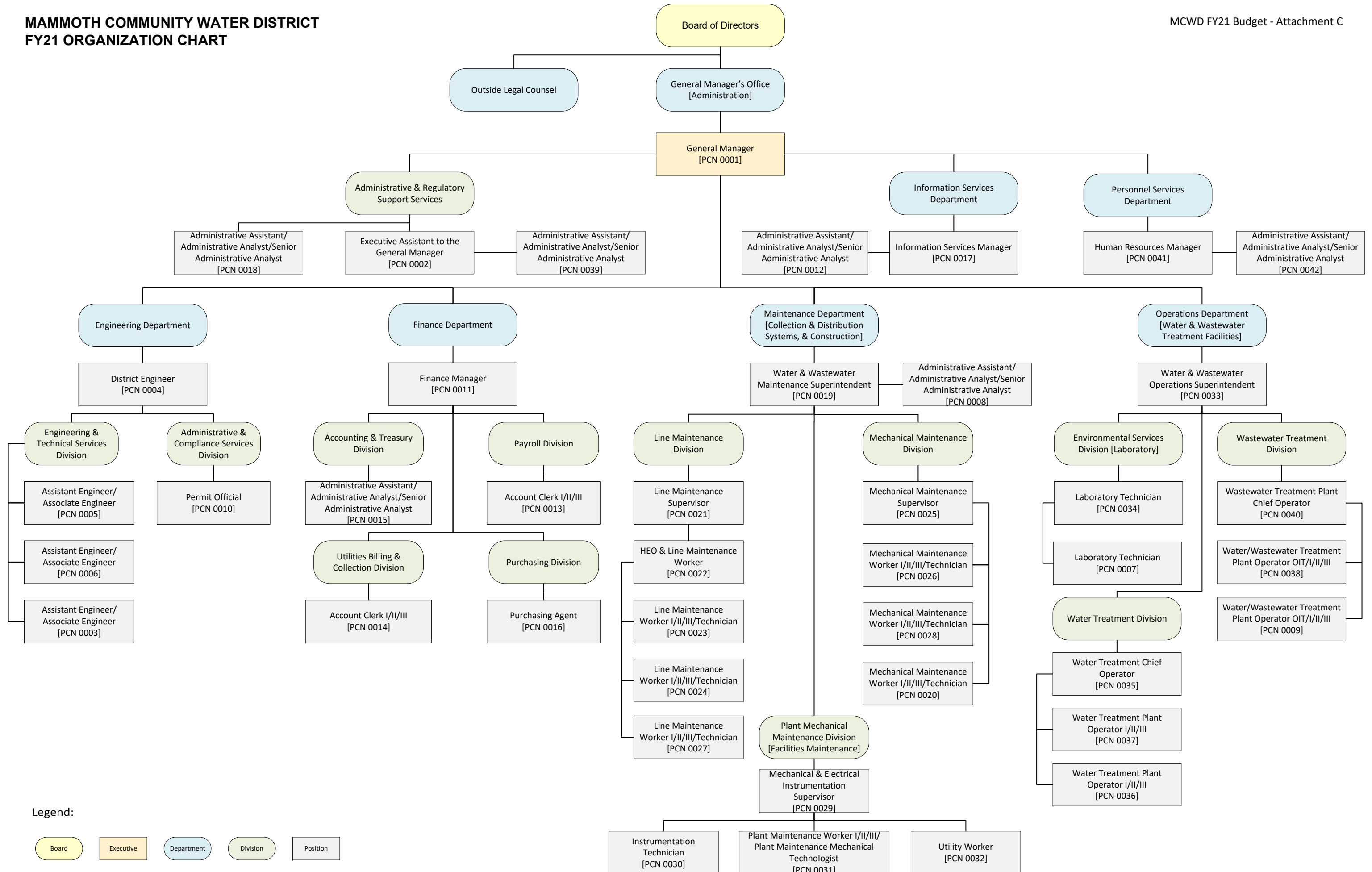
Fund 96 – New Enterprise: \$500,000

Fund 97 – Trout Settlement: \$88,000

Fund 98 – LADWP Settlement: \$375,000

The projected available fund balance (cash – liabilities) at the beginning of fiscal year 2021 is approximately \$22,766,000. The target reserve balance at the end of fiscal year 2021 is \$16,218,000. The proposed operating and capital budget for fiscal year 2021 will result in a reduction to reserves of approximately \$1,030,800. If budgeted revenue and expenses occur as planned, we will end fiscal year 2021 with a reserve balance of approximately \$21,735,200.

**MAMMOTH COMMUNITY WATER DISTRICT
FY21 ORGANIZATION CHART**



Legend:

