



# County of Monterey

Board of Supervisors  
Chambers  
168 W. Alisal St., 1st Floor  
Salinas, CA 93901

## Board Report

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**File #: BC 18-108, Version: 1**

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- a. Receive a report on the financial conditions of the lake resorts operations.
- b. Support funding the FY 2017-18 lake resorts deficit by authorizing the Auditor-Controller to transfer \$1,993,149 from General Fund (001) Contingencies to the Lake Resorts Fund (Fund 452, Appropriation Unit RMA102), where funding is a decrease in appropriations by \$1,993,149 in Appropriation Unit CAO020-001-8034-7811 and increase appropriations in CAO017-001-8038-7614 by \$1,993,149.
- c. Support funding both operational cash and financing for the lake resorts in FY 2018-19 by authorizing the Auditor-Controller to transfer \$1.0 million from General Fund (001) Contingencies to the Lake Resorts Fund (Fund 452, Appropriation Unit RMA102), where funding is a decrease in appropriations by \$1,000,000 in CAO020-001-8034-7811 and increase appropriations in CAO017-001-8038-7614 by \$1,000,000.
- d. Support funding fuel spill remediation at the Lakes. It is recommended that the General Fund (001) Contingencies source this additional cost to be incurred in County Counsel-Enterprise Risk, Fund 001, Appropriation Unit COU006. Support authorizing the Auditor-Controller to decrease appropriations by \$515,000 in Appropriation Unit CAO020-001-8034-7811 and increase appropriations in COU006-001-8429-6613.

### RECOMMENDATION:

It is recommended that the Board of Supervisors' Budget Committee:

- a. Receive a report on the financial conditions of the lake resorts operations.
- b. Support funding the FY 2017-18 lake resorts deficit by authorizing the Auditor-Controller to transfer \$1,993,149 from General Fund (001) Contingencies to the Lake Resorts Fund (Fund 452, Appropriation Unit RMA102), where funding is a decrease in appropriations by \$1,993,149 in Appropriation Unit CAO020-001-8034-7811 and increase appropriations in CAO017-001-8038-7614 by \$1,993,149.
- c. Support funding both operational cash and financing for the lake resorts in FY 2018-19 by authorizing the Auditor-Controller to transfer \$1.0 million from General Fund (001) Contingencies to the Lake Resorts Fund (Fund 452, Appropriation Unit RMA102), where funding is a decrease in appropriations by \$1,000,000 in CAO020-001-8034-7811 and increase appropriations in CAO017-001-8038-7614 by \$1,000,000.
- d. Support funding fuel spill remediation at the Lakes. It is recommended that the General Fund (001) Contingencies source this additional cost to be incurred in County Counsel-Enterprise Risk, Fund 001, Appropriation Unit COU006. Support authorizing the Auditor-Controller to decrease appropriations by \$515,000 in Appropriation Unit CAO020-001-8034-7811 and increase appropriations in COU006-001-8429-6613.

### SUMMARY/DISCUSSION:

The County Administrative Office (CAO) reviewed the financial condition of the lake resorts enterprise (fund 452) as a result of the fund having a negative cash balance at the end of the 2017-18 fiscal year. On August 31, 2018, the CAO issued a memorandum to notify the Board of Supervisors (Board) that the lake resorts fund required a temporary interfund loan to cover the negative cash deficit of \$2.1 million. The interfund loan covered the cash deficit temporarily but the fund has a remaining budget deficit of \$2.0 million and a negative net position of \$5,465,290 as reported in the FY 2016-17 Comprehensive Annual Financial Statement (CAFR). Our analysis shows the deficit is part of an ongoing annual operating deficit which has required general fund subsidies over many years. Even with the General Fund providing subsidies exceeding \$16 million since the County assumed full operational responsibility the fund still has a \$2.0 million deficit at the end of FY 2017-18.

These subsidies have drained funding from the General Fund and in the long-run will continue to diminish the capacity of the County to fund other priorities and rebuild reserves. Refer to the CAO report for a comprehensive analysis, Attachment A.

The CAO recommends the reduction of General Fund Contingencies by \$3.5 million to fund the FY 2017-18 operating deficit and to provide operating capital in the current year. The CAO and the Resource Management Agency (RMA) will continue to collaborate on the financial sustainability of the lake resorts.

OTHER AGENCY INVOLVEMENT:

None.

FINANCING:

The available contingency balance is \$4,480,681, above actions will reduce General Fund Contingencies by \$3,508,149 leaving a contingency balance for the remainder of FY 2018-19 of \$972,532.

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Attachment: Analysis on Fiscal Status of the Lake Resorts