



County of Monterey

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

Board Report

File #: WRAG 19-057, **Version:** 1

Approve and recommend that the Water Resources Agency Board of Supervisors:

- a. Authorize and direct the Auditor-Controller to amend the Water Resources Agency's FY 2018-19 Adopted Budget for Fund 303 - Castroville Seawater Intrusion Project Debt Service Fund (303-9300-8267-WRA025) by increasing appropriations and revenues in the amount of \$1,695,160 financed by a transfer out from Fund 131 - Castroville Seawater Intrusion Project Operations & Maintenance (131-9300-8491-WRA020); and,
- b. Authorize and direct the Auditor-Controller to amend the Water Resources Agency's FY 2018-19 Adopted Budget for Fund 111 - Administration Fund (111-9300-8267-WRA001) by increasing appropriations and revenues in the amount of \$1,750,000 financed by an increase in unanticipated revenues.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Directors approve and recommend that the Water Resources Agency Board of Supervisors:

- a. Authorize and direct the Auditor-Controller to amend the Water Resources Agency's FY 2018-19 Adopted Budget for Fund 303 - Castroville Seawater Intrusion Project Debt Service Fund (303-9300-8267-WRA025) by increasing appropriations and revenues in the amount of \$1,695,160 financed by a transfer out from Fund 131 - Castroville Seawater Intrusion Project Operations & Maintenance (131-9300-8491-WRA020); and,
- b. Authorize and direct the Auditor-Controller to amend the Water Resources Agency's FY 2018-19 Adopted Budget for Fund 111 - Administration Fund (111-9300-8267-WRA001) by increasing appropriations and revenues in the amount of \$1,750,000 financed by an increase in unanticipated revenues.

SUMMARY/DISCUSSION:

During 2014, the Monterey County Water Resources Agency (Agency) brought in an outside consultant, Certified Public Accountant Rodney Craig Goodman, to review the Agency's complex accounting structure. On a letter dated July 28, 2014 Mr. Goodman recommended that the agency collapsed several funds sharing similar funding mechanisms. The item was presented to the Agency's Finance Committee at its December 12, 2014 meeting, the Agency's Board of Director Meeting (BOD) at its January 26, 2015 meeting. The item was again brought to Finance Committee on June 2, 2017 and to BOD on May 18, 2017 and to the Agency's Board of Supervisors (BOS) at its November 7, 2017 where the modifications to the Agency's accounting structure were approved. After approval of the changes by the BOS in November 7, 2017 the Agency implemented the changes for the Fiscal Year 2018-19 (FY19) budget.

One of the changes made was the collapsing of Fund 303 - Castroville Seawater Intrusion Project (CSIP) Debt Service Fund into Fund 131 - CSIP Operation & Maintenance. Fund 303 was specifically created to house the annual debt service payment to the United States Bureau of Reclamation and for FY19, the transaction was moved into Fund 131. Upon further communication with the Auditor Controller's Office (ACO) it was recommended that Fund 303 remained open and that loan payments continue to be made from this fund financed by a transfer from Fund 131. This will allow for proper reporting of debt service payments in the County/Agency's Comprehensive Annual Financial Report.

Another change was the collapsing of the special revenue Fund 133 into Funds 111 and 313. The expectation

was that revenues necessary to cover the Salinas Valley Water Project (SVWP) Bond would be directly deposited to Fund 313 and any excess revenues would be directly deposited to Fund 111. During a review of the revenue deposits into Fund 313, ACO recommended that all revenue previously deposited into Fund 133 be directly deposited into Fund 111 and not into Fund 313 due to the nature of this debt service fund. For FY19, all revenue previously deposited into Fund 133 has been deposited into Fund 111 and this action will allow budgetary recognition of this revenue.

This report seeks the approval to increase appropriations in Fund 303 to issue debt service payment for FY19 which will be funded by a transfer of funds from Fund 131 and increase appropriations and revenues in Fund 111 to allow the transfer of Ad-Valorem and Assessments to Fund 313 to cover the SVWP Bond payments.

COMMITTEE ACTION:

The Finance Committee supported approval of this item on May 3, 2019.

OTHER AGENCY INVOLVEMENT:

The Monterey County Auditor Controller's Office and County Administrative Office have reviewed this request.

FINANCING:

The increase in appropriations in Fund 303 will be funded by a transfer of funds from Fund 131 which has enough appropriations. The increase in appropriations and revenues in Fund 111 will be financed by an increase in unanticipated revenues previously budgeted in Fund 313.

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Approved by: Shauna Lorange, Interim General Manager, (831) 755-4860

Attachments:

1. FY2018-19 Budget Amendment #6
2. Board Order