



County of Monterey

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

Board Report

File #: WRAG 19-069, **Version:** 1

- a. Adopt a resolution authorizing and directing 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); (4/5 vote required); and,
- b. Adopt a resolution authorizing and directing 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. (4/5 vote required)

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Board of Supervisors:

- a. Adopt a resolution authorizing and directing 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); (4/5 vote required); and,
- b. Adopt a resolution authorizing and directing 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. (4/5 vote required)

SUMMARY/DISCUSSION:

In 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. 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 the Finance Committee on June 2, 2017 and to the BOD on May 18, 2017 and to the Agency's Board of Supervisors (BOS) 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.

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 FY 2018-19, 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.

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 FY 2018-19, 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 in FY 2018-19 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.

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.

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

Attachments

1. FY 2018-19 Budget Amendment #6 Summary
3. Executed MCWRA Board Order
2. Resolution