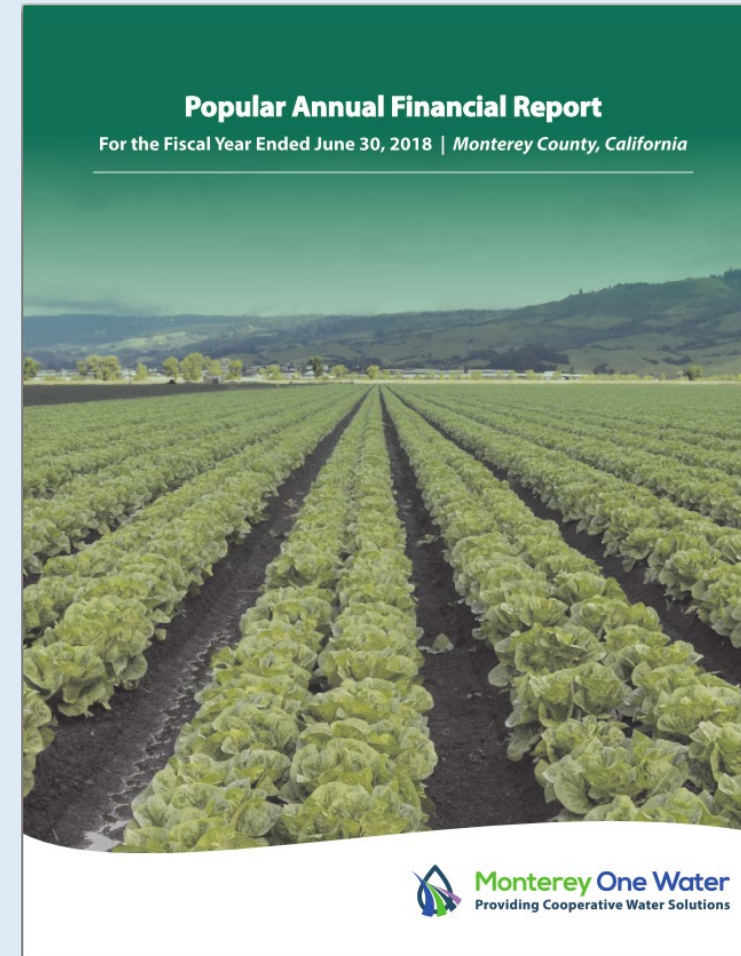
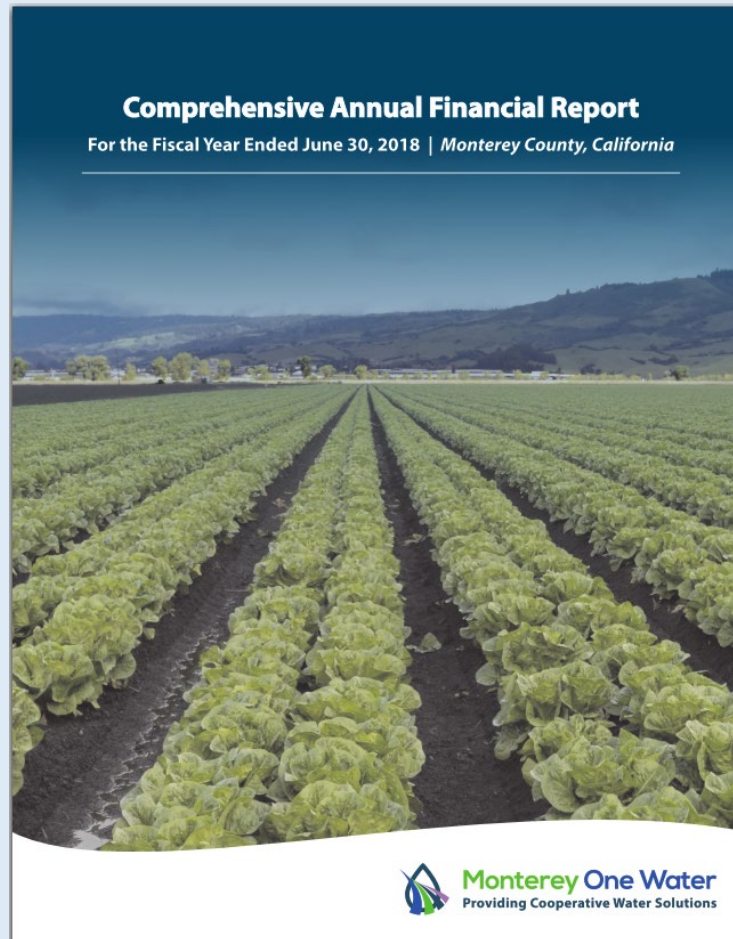


Monterey One Water FY 2017-18 Annual Financial Reports (CAFR/PAFR)



Annual Audit and Opinion

- Prepared by Lance, Soll & Lunghard LLP
 - Agency's independent auditors
 - Bryan Gruber, CPA / Partner available on conference line
- Performed review of internal controls and procedures
- Provided recommendations as part of review
 - See separate Internal Control Report Issued by Auditors
- Reviewed CAFR/PAFR and recommendations with BPC in January
- Agency obtained an “unmodified” opinion or clean audit



Reports included in Agenda Packet

- CAFR – Comprehensive Annual Financial Report
 - Contains three sections:
 - Introduction Section:
 - Transmittal Letter (Pages 9-19)
 - Other Overall Information on Agency
 - Financial Section: Includes:
 - Management Discussion and Analysis (Pages 35-46)
 - Financial Statements (Pages 47-49)
 - Footnotes on Financial Statements (Pages 51-80)
 - Other Required Supplementary Information
 - Statistical Section / Report on Internal Controls
 - Has won awards from GFOA for last 12 years



Reports included in Agenda Packet

- PAFR – Popular Annual Financial Report
 - Executive Summary of CAFR
 - Includes Brief Sections on the Following:
 - Profile and History of Agency (Page 4)
 - Accomplishments/Demographics (Pages 5-7)
 - Government Wide Financials for FY 17-18 (Pages 8-14)
 - Budget/CIP, Workplan and Economic Factors for FY 18-19 (Pages 15-20)
 - Will apply for award from GFOA



Net Position for the Agency (Pages 8-9 of PAFR)

Item	Amount (Millions)
Net Invested in Capital Assets	\$88.7
Restricted for Reclamation/Debt Covenants	2.7
Unrestricted:	
Operating Reserves	6.9
Less Pension Debt	(23.4)
Total Net Position	74.9
Change in Net Position for Year	\$5.4



Revenues and Expenses for Agency (Pages 10-11 of PAFR)

Item	Budget	Actual	Variance	FY 16-17
Revenues	\$31.2	\$31.9	\$0.7	\$29.4
Capital Contributions	0.7	10.0	9.3	4.2
Expenses	\$38.6	36.5	\$2.1	28.8
Change in Net Position		\$5.4		\$4.8

The Change in Net Position for FY 17-18 is due to grant funds received for Pure Water Monterey and Rate increases implemented for FY 17-18. The PAFR contains additional information regarding overall variances.



Debt Obligations (Pages 13-14 of PAFR)

Item	Amount (Millions)
State Revolving Fund Loans for PWM	\$48.3
Net Pension Liability	22.0
Pension Bonds	6.4
Other Debt Obligations	21.6
Total Debt Obligations	\$98.3
Debt Service FY 17-18	\$5.0

The Agency's Debt Coverage Ratio was 148% for FY 17-18, above the 125% minimum of debt covenants but below the 170% in the Agency's Debt Policy



RECOMMENDATION

That the Board receive the FY 17-18 CAFR, PAFR and auditor's management letter.

