



# Monterey One Water Budget Financial Policy Summaries

General information on the Agency's policies is listed below, with select policies included within this section and all on the Agency's website at [http://montereyonewater.org/about\\_financials.html](http://montereyonewater.org/about_financials.html).

## CIP/Budget and Reserve Policies

**Budget Policy** - The Agency's budget is considered balanced when operating revenues are equal to or greater than operating expenditures, including debt service. To assist in assuring a balanced operating budget, addressing capital needs, maintaining debt covenants and reserve levels, the Agency prepares multi-year projections and works with a consultant to develop rates and fees for future years. The Budget Amendment Policy documents procedures for processing budget amendment requests. The approval levels for budget amendments are summarized below:

💧	<b>CFO/Asst. General Manager:</b>	Up to \$35,000
💧	<b>General Manager:</b>	Up to \$75,000
💧	<b>Agency Board:</b>	Over \$75,000 and when it would increase the overall budget for a fund

**Wastewater Fund Reserve Fund Policy** - Funds unforeseen costs or emergencies or capital purchases. The reserve levels established by the Agency's Board are summarized below. Note that these reserves exclude the reclamation budgets and capital projects funded by loan proceeds and grants.

💧	<b>Operating:</b>	30% of Operating Budget
💧	<b>Emergency:</b>	20% of Operating Budget
💧	<b>Capital:</b>	100% of Capital Projects / Equipment Budget within 5 fiscal years 200% of Capital Projects / Equipment Budget within 10 fiscal years

## Capital Asset and Debt Management Policies

**Capital Asset Policy** - Provides guidance in the accounting for Agency assets. The Agency's capital asset threshold is established at \$5,000 for assets with a life expectancy of more than one year.

**Debt Management Policy** - Establishes objectives for the effective administration of debt. The Agency's debt covenants require a minimum debt coverage of 125%, with the Board approving a recommended minimum level of 170%.

## Investment and Purchasing Policies

**Investment Policy** - Provides guidelines for investing public funds held by the Agency. Currently the Agency invests its available funds in the California State Local Agency Investment Fund (LAIF) and the Monterey County Pool. Note 2 in the Agency's CAFR has a list of investments authorized under the Agency's investment policy.

**Purchasing and Surplus Policies** - Provides guidelines for the procurement and disposal/transfer of goods and services. It defines purchasing authorities, responsibilities and the competitive bidding process. The levels of approval are as follows:

💧	<b>Supervisors:</b>	Up to \$5,000 for goods and services
💧	<b>Department Heads:</b>	Up to \$10,000 for goods/services, including change orders/public projects
💧	<b>CFO/Asst. General Manager:</b>	Up to \$35,000 for goods and services, including change orders/public projects
💧	<b>General Manager:</b>	Up to \$75,000 for goods and services, up to \$35,000 for public projects
💧	<b>Agency Board:</b>	Over \$75,000 for goods and services, over \$35,000 for public projects