



Monterey One Water Budget Financial Policy Summaries

A summary is provided below and in Note 1 to the Basic Financial Statements, with all at M1W's website and selected ones included in the budget document.

Budget / Purchasing

Approvals for purchasing and budget amendments for non-emergency items are listed below:

- CFO/AGM: \$35,000 or less
- GM: \$75,000 or less
- Board: Over \$75,000 and overall fund increases



- 💧 Budget Control: Board approval is required for increases at the fund level
- 💧 Balanced Budget: When operating revenues \geq operating expenses with debt service
- 💧 Monitoring: Reports on interim financials and budget adjustments are presented to the Board.

Reserves

Below are the reserve policy levels set by the Board for the Wastewater Fund. Note that operating expenses include debt service and capital outlay.

- 💧 Operating: 30% of Operating Budget
- 💧 Emergency: 20% of Operating Budget
- 💧 Capital: 10% of 10 Year Capital Program by FY 23-24
20% of 10 Year Capital Program by FY 28-29



Capital Assets / Debt

Capital Assets:

- 💧 Threshold: \$5,000 minimum for capital assets
- 💧 Life Expectancy: > 1 year of useful life
- 💧 Useful Life: 5-75 years based upon type of asset



Debt Management:

- 💧 Debt Covenants: 125% is the minimum debt coverage
- 💧 Policy: 170% is the recommended minimum debt coverage

Investments

M1W's investment policy meets the standards of CDIAC, CMTA and APT. Periodic cash and investment reports are presented to the Board

- 💧 Market Values: Changes reflected in investment income for year
- 💧 LAIF: \$75 million is the maximum per LAIF guidelines
- 💧 County Pool: 20% of total investments maximum per CDIAC/State

