



Monterey One Water Budget CIP and Operating Budget Process and Policies

KEY FACTS

Agency maintains Balanced Budgets

Operating Budget Control at Dept Level

CIP Budget Control at Project Level

Changes to Budget over \$75K Approved by Board

Budget includes cost allocation plan

Basis of Budget and Accounting

The Agency reports its activities as Enterprise Funds, which are used to account for operations that are financed and operated in a manner similar to a private enterprise. Revenues and expenses are recognized on a full accrual basis in conformity with General Accepted Accounting Principles. Revenues and expenditures are recognized in the accounting period in which they are earned and expenses are recognized in the accounting period incurred. For budget presentation purposes, the Agency excludes depreciation expense and includes loans proceeds for the Pure Water Monterey project as revenue. The Agency's budget consists of its General Fund and the Pure Water Monterey (GWR) Funds.

Level of Budget Control / Balanced Budget

The Board of Directors adopts an annual appropriated budget for control purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses to planned revenues and expenses throughout the fiscal year. The Agency maintains budgetary control at the department level or any other organizational level where financial activities are accounted for separately. Capital Projects are controlled at the Project Level. The General Manager, Assistant General Manager and Chief Financial Officer are responsible for maintaining budgetary control and adopt budgetary practices to carry out that responsibility. The Agency shall maintain a balanced budget, which the Agency defines as operating and non-operating revenues meeting/exceeding annual operational expenses.

Budget Amendments

After the budget is adopted, any supplemental appropriations from reserves or fund balance and any budget amendments of over \$75,000 require Board approval. The General Manager can approve budget amendments up to \$75,000, while the Chief Financial Officer and the Assistant General Manager can approve up to \$35,000. All adjustments that increase in sum the total budget of a department or project are reported as an informational item to the Budget and Personnel Committee and the Board. The Agency partners with the Monterey County Water Resources Agency (MCWRA) to operate the Salinas Valley Reclamation Project (SVRP - Dept 50), the Castroville Seawater Intrusion Project (CSIP - Dept 55), and the Salinas River Diversion Facility (SRDF - Dept 57). Any amendments to these three budgets that increase in sum their total budget or related projects also require approval by the MCWRA.

Cost Allocation / Indirect Costs

The Agency uses both direct and indirect methods for allocating costs. Direct costs are allocated to departments and projects based on employee timesheets. Indirect costs are applied to the Reclamation Department budgets and contract billings based on an internal cost allocation plan. This plan allocates a % of the administrative budgets, including Depts 10-13,15-16,20 and 30, to operational departments. This is based on the proportion of the department's number of personnel or operating budget to that of the overall Agency. The amount of allocated costs are determined as part of the annual budget process. These costs are reflected in the Interfund/External Labor Charges in department budgets.