

**Submitted by staff at 12/16/19 Board Meeting  
Amendments to Audit  
Item 11**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)****Change in Net Position**

	<b>Change in Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program Revenue:						
Charges for Services	\$ 10,087,223	\$ 15,526,854	\$ 6,299,411	\$ 6,328,302	\$ 16,386,634	\$ 21,855,156
Operating Grants	1,726,815	155,021	—	—	1,726,815	155,021
General Revenues:						
Property Taxes	2,075,081	1,872,468	—	—	2,075,081	1,872,468
Investment Income	327,035	61,336	42,855	(5,236)	369,890	56,100
Miscellaneous	13,019	44,766	—	—	13,019	44,766
<b>Total Revenues</b>	<b><u>14,229,173</u></b>	<b><u>17,660,445</u></b>	<b><u>6,342,266</u></b>	<b><u>6,323,066</u></b>	<b><u>20,571,439</u></b>	<b><u>23,983,511</u></b>
Expenses:					<b><u>2,022,792</u></b>	
Conservation	2,022,792	2,101,343	—	—	2,022,792	2,101,343
Mitigation	3,374,595	2,584,965	—	—	3,374,595	2,584,965
Water Supply	3,681,507	3,878,083	—	—	3,681,507	3,878,083
Interest	128,961	132,183	—	—	128,961	132,183
Reclamation Project	—	—	4,656,895	4,161,333	4,656,895	4,161,333
<b>Total Expenses</b>	<b><u>9,207,855</u></b>	<b><u>8,696,574</u></b>	<b><u>4,656,895</u></b>	<b><u>4,161,333</u></b>	<b><u>13,864,750</u></b>	<b><u>12,857,907</u></b>
<b>Change in Net Position</b>	<b>5,021,318</b>	<b>8,963,871</b>	<b>1,685,371</b>	<b>2,161,733</b>	<b>6,706,689</b>	<b>11,125,604</b>
<b>Net Position - Beginning of Year</b>	<b><u>7,242,269</u></b>	<b><u>(1,721,602)</u></b>	<b><u>27,685,192</u></b>	<b><u>25,523,459</u></b>	<b><u>34,927,461</u></b>	<b><u>23,801,857</u></b>
<b>Net Position - End of Year</b>	<b><u>\$ 12,263,587</u></b>	<b><u>\$ 7,242,269</u></b>	<b><u>\$ 29,370,563</u></b>	<b><u>\$ 27,685,192</u></b>	<b><u>\$ 41,634,150</u></b>	<b><u>\$ 34,927,461</u></b>

Governmental activities increased the District's net position by approximately \$5.0 million. Key elements resulting in the net increase are as follows:

- Project expenses of about \$3.0 million, consisting mainly of Los Padres Dam Project, additional work for the Aquifer Storage & Recovery Project, Sleepy Hollow Intake Upgrade project, upgrade of the water demand data base and various minor project expenses offset the increase.
- Project reimbursements of about \$973 thousand, consisting mainly of reimbursements for the Aquifer Storage Recover Project, and Conservation rebates, contributed to the increase.
- Depreciation expense of approximately \$406 thousand offset the increase.
- Higher than anticipated collection of User Fee paid by Cal-Am rate payers, investment income, and Grant revenues contributed to the increase.

**NOTE 3. CASH AND INVESTMENTS (Continued)**

**Investments** – The District’s investments consist of obligations of the United States government and its agencies and instrumentalities, municipal obligations, corporate obligations, certificates of deposit, money market accounts, and the State Treasurer’s Local Agency Investment Fund. All investments are recorded at fair market value. The California Government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The investment of state pooled funds is governed by state law, by policies adopted by the Pooled Money Investment Board (PMIB) and by accepted norms for prudent fiduciary management of investments. PMIB funds may be invested in a wide range of interest bearing securities, such as Treasury notes, prime commercial paper, certain California municipal and agency obligations, highly rated corporate bonds, obligations of such agencies as FannieMae, and negotiable certificates of deposit. Also allowed are time deposits in California banks, savings and loans, and credit unions that have not less than a “satisfactory” CRA rating. The value of each participating dollar equals the fair value divided by the amortized cost. The District’s fair value of the position in the pool is the same as the value of the pool shares.

Investments at June 30, 2019 consisted of the following:

Governmental activities:	
Local Agency Investment Fund	\$ 10,169,973
Money market accounts	61,175
Certificates of deposit	<u>4,016,863</u>
Subtotal Governmental activities	<u><del>12,248,011</del></u>
	<b>14</b>
Business-type activities:	
Monterey County Investment Pool	1,679
Certificates of deposit	672,588
Municipal obligations	<u>15,534</u>
Less restricted reserves	<u>1,164</u>
Subtotal Business-type activities	<u>688,637</u>
Total Investments	<u><u>\$ 14,936,648</u></u>

**Interest Rate Risk** – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair value of the District’s investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment.

**NOTE 5. CAPITAL ASSETS**

Capital assets experienced the following changes for the year ended June 30, 2019:

	Balance Beginning of Year	Current Additions	Deletions/ Transfers	Balance End of Year
Governmental activities:				
Nondepreciable assets:				
Construction in progress	\$ —	\$ 1,453,456	\$ —	\$ 1,453,456
Depreciable assets:				
Equipment:				
Office	\$ 147,360	\$ —	\$ —	\$ 147,360
Computer	1,455,202	365,797	—	1,820,999
Operating	21,415	—	—	21,415
Transportation	449,180	—	—	449,180
Project	262,699	669	—	262,669
Phone	43,851	34,850	—	78,701
Total equipment	2,379,677	400,647	—	2,780,324
Building and improvements	2,038,114	24,624	—	2,062,738
Monitoring stations	45,214	—	—	45,214
ASR facilities	5,177,345	973,579	—	6,150,924
Fish rearing facility	925,632	—	—	925,632
Leasehold improvements	17,698	—	—	17,698
Total depreciable assets	10,583,680	1,398,850	—	11,982,530
Less accumulated depreciation for:				
Equipment:				
Office	145,708	525	—	146,233
Computer	910,397	128,439	—	1,038,836
Operating	21,415	—	—	21,415
Transportation	307,650	43,859	—	351,509
Project	262,669	—	—	262,669
Phone	43,851	878	—	44,729
Total equipment	1,691,690	173,701	—	1,865,891
Building and improvements	1,003,141	54,001	—	1,057,142
Monitoring stations	45,214	—	—	45,214
ASR Facilities	1,398,555	175 173,352	—	1,573,907
Fish rearing facility	925,632	—	—	925,632
Leasehold improvements	9,029	2,972	—	12,001
Total accumulated depreciation	5,073,261	406,026	—	5,479,287
Total depreciable assets, net	5,510,419	992,824	—	6,503,243
Total governmental activities capital assets, net	5,510,419	2,446,280	—	7,956,699

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – WATER SUPPLY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
				<u>Amounts</u>
<b>REVENUES:</b>				
Property taxes	\$ 1,800,000	\$ 1,950,000	\$ 2,059,154	\$ 109,154
Water supply charge	3,400,000	3,400,000	3,410,398	10,398
User fees	600,000	640,000	792,917	152,917
Connection charges, net of refunds	250,000	450,000	591,254	141,240
Project reimbursements	619,200	619,200	526,867	(92,333)
Investment income	15,000	90,000	145,850	55,850
Grants	95,000	95,000	200,000	105,000
Miscellaneous	5,000	5,000	545	(4,455)
Total revenues	<u>6,784,200</u>	<u>7,249,200</u>	<u>7,726,971</u>	<u>477,771</u>
<b>EXPENDITURES:</b>				
Personnel:				
Salaries	937,000	931,700	1,025,894	(94,194)
Employee benefits and other personnel	397,300	409,500	415,047	(5,547)
Services and supplies:				
Project expenditures	4,308,700	3,306,200	2,284,777	1,021,423
Operating expenditures	257,400	260,400	240,055	20,345
Professional fees	314,600	314,600	313,446	1,154
Capital outlay	124,000	124,000	76,477	47,523
Debt service:				
Principal	—	—	90,175	(90,175)
Interest and other charges	<u>230,000</u>	<u>230,000</u>	<u>128,961</u>	<u>101,039</u>
Total expenditures	<u>6,569,000</u>	<u>5,576,400</u>	<u>4,574,832</u>	<u>1,001,568</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	<u>215,200</u>	<u>1,672,800</u>	<u>3,152,139</u>	<u>1,479,339</u>
<b>OTHER FINANCING SOURCES (USES) –</b>				
Transfers out	<u>(1,670,000)</u>	<u>(1,800,000)</u>	<u>(1,900,758)</u>	<u>(100,758)</u>
Total other financing sources (uses)	<u>(1,670,000)</u>	<u>(1,800,000)</u>	<u>(1,900,758)</u>	<u>(100,758)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,454,800)</u>	<u>(127,200)</u>	<u>1,251,381</u>	<u>1,378,581</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>6,028,747</u>	<u>7,333,575</u>	<u>7,333,575</u>	<u>—</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 4,573,947</u>	<u>\$ 7,206,375</u>	<u>\$ 8,584,956</u>	<u>\$ 1,378,581</u>

See Notes to Required Supplementary Information.

**MONTEREY PENINSULA WATER MANAGEMENT DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE, BUDGET AND ACTUAL – CONSERVATION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
				<u>Amounts</u>
<b>REVENUES:</b>				
User fees	\$ 1,000,000	\$ 1,080,000	\$ 1,153,406	\$ 73,406
Permit fees	175,000	175,000	235,975	60,975
Project reimbursements	970,000	970,000	401,035	(568,965)
Investment income	10,000	40,000	86,512	46,512
Legal fee reimbursements	16,000	16,000	3,600	(12,400)
Recording fees	40,000	20,000	7,530	(12,470)
Grants	152,600	152,600	70,075	(82,525)
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>851</u>	<u>(4,149)</u>
Total revenues	<u>2,368,600</u>	<u>2,458,600</u>	<u>1,958,984</u>	<u>(499,616)</u>
<b>EXPENDITURES:</b>				
Personnel:				
Salaries	680,500	675,200	584,028	91,172
Employee benefits and other personnel	290,000	300,600	265,546	35,054
Services and supplies:				
Project expenditures	1,473,100	1,549,100	617,523	931,577
Operating expenditures	239,400	242,300	241,660	640
Professional fees	160,200	160,200	130,803	29,397
Capital outlay	<u>308,900</u>	<u>308,900</u>	<u>266,348</u>	<u>42,552</u>
Total expenditures	<u>3,152,100</u>	<u>3,236,300</u>	<u>2,105,908</u>	<u>1,130,392</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER EXPENDITURES</b>	<u>(783,500)</u>	<u>(777,700)</u>	<u>(146,924)</u>	<u>630,776</u>
<b>OTHER FINANCING SOURCES (USES) –</b>				
Transfers in	<u>570,000</u>	<u>600,000</u>	<u>633,586</u>	<u>33,586</u>
Total other financing sources (uses)	<u>570,000</u>	<u>600,000</u>	<u>633,586</u>	<u>33,586</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(213,500)</u>	<u>(177,700)</u>	<u>486,662</u>	<u>664,362</u>
<b>FUND BALANCE – BEGINNING OF YEAR</b>	<u>2,231,766</u>	<u>3,348,352</u>	<u>3,348,352</u>	<u>–</u>
<b>FUND BALANCE – END OF YEAR</b>	<u>\$ 2,018,266</u>	<u>\$ 3,170,652</u>	<u>\$ 3,835,014</u>	<u>\$ 664,362</u>

See Notes to Required Supplementary Information.

## MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Debt Service Coverage  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30, 6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010
Governmental activities *										
Debt service coverage										
Water supply charges	\$ 3,410,398	\$ 3,405,008	\$ 3,391,354	\$ 3,382,389	\$ 3,327,701	\$ 3,412,207	\$ 3,400,873	N/A	N/A	N/A
Operating expenses (1)	(2,005,667)	(1,855,440)	(1,525,501)	(1,847,397)	(1,828,234)	(1,674,940)	(1,519,457)	N/A	N/A	N/A
Reserve funds available	519,118	418,976	396,234	395,792	439,350	442,456	396,234	N/A	N/A	N/A
Net available revenues	\$ 1,923,849	\$ 1,968,544	\$ 2,262,087	\$ 1,930,784	\$ 1,938,817	\$ 2,179,723	\$ 1,881,416	\$ -	\$ -	\$ -
Debt Service:							2,277,650			
Principal	\$ 90,175	\$ 86,953	\$ 83,881	\$ 80,508	\$ 78,059	\$ 75,215	\$ 38,368	\$ -	\$ -	\$ -
Interest	128,961	132,183	137,086	138,627	147,150	143,921	41,801	23,333	23,089	-
	\$ 219,136	\$ 219,136	\$ 220,967	\$ 219,135	\$ 225,209	\$ 219,136	\$ 80,169	\$ 23,333	\$ 23,089	\$ -
Debt service coverage ratio	8.78	8.98	10.24	8.81	8.61	9.95	23.47	N/A	N/A	N/A
Minimum coverage ratio (4)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	N/A	N/A	N/A
Business-type activities										
Debt service coverage										
Gross revenues (2)	\$ 6,342,266	\$ 6,324,764	\$ 5,664,684	\$ 5,571,205	\$ 5,404,531	\$ 5,446,425	\$ 6,030,497	\$ 4,409,967	\$ 4,283,370	\$ 4,009,006
Operating expenses (3)	(2,584,234)	(2,041,565)	(2,053,626)	(2,588,706)	(2,035,882)	(1,960,727)	(1,770,313)	(1,907,355)	(1,716,344)	(1,870,725)
Net available revenues	\$ 3,758,032	\$ 4,283,199	\$ 3,611,058	\$ 2,982,499	\$ 3,368,649	\$ 3,485,698	\$ 4,260,184	\$ 2,502,612	\$ 2,567,026	\$ 2,138,281
Debt Service:										
Principal:										
PBCo.	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ 552,000	\$ -	\$ -	\$ -	\$ -
COPs	2,100,000	2,000,000	1,900,000	1,800,000	1,700,000	1,700,000	1,600,000	1,500,000	1,400,000	1,300,000
Interest	192,875	185,876	141,828	59,049	40,339	47,688	35,308	307,246	374,014	248,742
	\$ 2,844,875	\$ 2,737,876	\$ 2,593,828	\$ 2,411,049	\$ 2,292,339	\$ 2,299,688	\$ 1,635,308	\$ 1,807,246	\$ 1,774,014	\$ 1,548,742
Debt service coverage ratio	1.32	1.56	1.39	1.24	1.47	1.52	2.61	1.38	1.45	1.38
Minimum coverage ratio (3)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

\* The service coverage ratio only applies to the Water Supply Fund. The amounts included in the calculation relate only to that fund.

(1) Operating expenses exclude depreciation, interest expense, capital outlay and project expenditures except for ASR operating expenses.

(2) Gross revenues includes operating revenue, other non-operating revenue, and investment earnings.

(3) Operating expenses exclude depreciation and amortization.

(4) Minimum coverage ratio requirement per debt covenants.

N/A represents years where debt service coverage was not required.

Source: Monterey Peninsula Water Management District, Audited Financial Statements