

CAPISTRANO BAY DISTRICT
AGENDA REPORT
January 25, 2022

Old Business

ITEM 9b

Budget Evaluation/District Financial Support

At face value, our operating budget appears to be way over on expenses. However, bear in mind that the accountants mingled the *vacant lot purchase* in with operating expenses which skews all the numbers.

The reality is that the vacant lot purchase was part bank loan and part cash payment from District Reserves with the cash payment portion being \$1,490,000.

The estimated annual bank loan payments were actually included in this year's operating expenses at \$90,382 of which the District will only have to pay \$34,565 – this is because the bank, Municipal Finance Corp. (MFC) charges in arrears, with the first semi-annual payment due in June, which will leave a total of \$55,800 unspent this year on this particular budget item.

All other operating budget items are sitting right about where they should be at the halfway point in our fiscal year meaning the District should need \$672,870 to finish up the fiscal year (this includes the bank loan payment of \$34,565 in June).

The bank balances in all three of the District's accounts at the halfway point, with all the cash purchase payments on the vacant accounted for, total \$1,111,500. This evaluation indicates that the District can afford to contribute the proposed \$100,000 for initial funding of the committee for home/road protection:

- amount needed for remainder of the fiscal year	\$ 672,870
- bank balances at end of December	<u>1,111,500</u>
*Estimated balance at year's end	\$ 438,630

**This figure does not include the additional property tax revenue that will be apportioned to the District from now through June. This additional property tax revenue was purposely left out of the evaluation to demonstrate a more conservative estimate.*