HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT

RESOLUTION NO. 2023-13

A RESOLUTION ADOPTING THE FINAL FISCAL YEAR 2023-2024 HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT BUDGET

WHEREAS, the Board of Commissioners of the Humboldt Bay Harbor, Recreation, and Conservation District has prepared a draft and final annual budget pursuant to California Harbors and Navigation Code Section 6093; and

WHEREAS, the Board of Commissioners approved the fiscal year 2023-24 preliminary budget on June 22, 2023 and scheduled and noticed a hearing for the adoption of the final budget on July 27, 2023 at 6:00 pm; and

WHEREAS, notice of said hearing was posted on the Harbor District's website pursuant to California Harbors and Navigation Section 6093.1; and

WHEREAS, copies of the budget were made available on the Harbor District's website and at the District Office.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE HUMBOLDT BAY HARBOR, RECREATION, AND CONSERVATION DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Adopts the Final Fiscal Year 2023-24 Budget as set forth in Exhibit A attached here to and by reference incorporated herein.

SECTION 2. Adopts the Fiscal Year 2023-24 Budget Process and Policy as set forth in Exhibit B.

SECTION 3. Adopts a 6.2% General Rate Increase, as authorized by the California Tariffs and Practices Committee on January 13, 2023. Said increase shall apply to the Port of Humboldt Bay Terminal Tariff dated October 1, 2015.

SECTION 4. Authorizes the Executive Director to transmit the budget to the Humboldt County Board of Supervisors pursuant to California Harbors and Navigation Section 6093.3.

PASSED AND ADOPTED by the Humboldt Bay Harbor, Recreation and Conservation District Board of Commissioners at a duly called meeting held on the **27**th **day of July 2023** by the following polled vote:

AVES: Tale, Higgins, Kullmann, Newman

NOES: 🕢

ABSENT: Benson

ABSTAIN:

ATTEST:

Greg Dale, President
Board of Commissioners

Aaron Newman, Secretary Board of Commissioners

CERTIFICATE OF SECRETARY

The undersigned, duly qualified and acting Secretary of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, does hereby certify that the attached Resolution is a true and correct copy of RESOLUTION NO. **2023-13** entitled,

A RESOLUTION ADOPTING THE FINAL FISCAL YEAR 2023-2024 HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT BUDGET

as regularly adopted at a legally convened meeting of the Board of Commissioners of the HUMBOLDT BAY HARBOR, RECREATION AND CONSERVATION DISTRICT, duly held on the 27th day of July 2023; and further, that such Resolution has been fully recorded in the Journal of Proceedings in my office, and is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of July 2023.

Aaron Newman, Secretary Board of Commissioners

al Budget FY 2023/2024	General Fund	Woodley Island	FLBY	Shelter Cove	RMT2	RWD	New Terminal	Tidelands	Grants	TOTAL
Ordinary Income/Expense										
Income										
Donations										
45709 · Donations - Sea Scouts	-	-	-	-	-	-	-	-		-
46519 · Donations - Lighthouse	-	20		-	-	-	-	-		2
Total Donations	-	20	-	-	-	-	-	-	-	
Dredging Revenue										
41308.4 · Dredging Revenue - Other	-	3,000,000	-	-	-	-	-	-		3,000,0
41318 · Dredging Surcharge - T	-	235,000	15,000	-	-	-	-	-		250,0
Total Dredging Revenue	-	3,235,000	15,000	-	-	-	-	-	-	3,250,0
Fees			•							, ,
40108 · PERMITS-T	2,000	5,700	-	-	-	-	-	-		7,7
40509 · Travel Lift Fees - T	-	-	-	-	-	-	-	-		
40609 · Haul Out Fees - T	-	-	-	-	-	-	-	-		-
40618 · Boat Launch Fees - T	-	-	-	-	-	-	-	-		
40808 · Pilotage Services - T	-	-	-	-	-	-	-	2,600		2,6
41308.1 · Poundage - T	-	3,000	-	-	-	7,000	-	-		10,0
41818 · Late Charges/Interest - T	-	8,900	-	-	-	-	-	800		9,7
41819 · Late Charges/Interest - NT	-	500	500	-	525	-	-	-		1,5
45608 · Chevron - Ports O&M - T	-	-	-	-	-	-	-	32,350		32,3
Total Fees	2,000	18,100	500	_	525	7,000	_	35,750	-	63,8
Float Replacement Account	,	-,				, , , , , , , , , , , , , , , , , , , ,				
41418 · Float Replacement	-	78,000	-	-	-	-	-	-		78,0
Total Float Replacement Account	_	78,000	_	_	-	_	_	_	-	78,0
Grant Revenue		-,								
Conservation Grants										
45208.3 · Conservation Grants, Gov't - T	-	-	-		-	-	500,000	-	1,582,700	2,082,7
Total Conservation Grants		_	_	_	_	_	500,000	_	1,582,700	2,082,7
Harbor Grants							300,000		1,502,700	_,00_,
45208 · Harbor Grants, Other - T	_	_	_	_	_	-	2,173,225	-	867,995	3,041,2
45208.1 · Harbor Grants, Gov't - T	_	_	_	_	_	_	-	_	21,274	21,
Total Harbor Grants		-				-	2,173,225	-	889,269	3,062,4
Total Grant Revenue		<u> </u>			-				<u> </u>	
	-	-	-	-	-	-	2,673,225	-	2,471,969	5,145,
Harbor Surcharge								400.000		400.6
40908 · Harbor Improvement Surcharge-T		-	-	-	-	-	-	180,000		180,0
Total Harbor Surcharge	-	-	-	-	-	-	-	180,000	-	180,0
Interest Revenue								5.000		_
43108 · Interest Income - T	-	-	-	-		-	-	5,000		5,0
43109 · Interest Income - NT	7,000	-	-	-		-	-			7,0
43309 · Interest On Del Accts - NT	-	-	-	-	-	-	-	-		
43318 · Interest On Del Accts - T	-	-	-	-	-	-	-	-		•
Total Interest Revenue	7,000	_	_	_	_	_	_	5,000	_	12,0

Budget FY 2023/2024	General Fund	Woodley Island	FLBY	Shelter Cove	RMT2	RWD	New Terminal	Tidelands	Grants	TOTAL
45908 · Other Revenue - T	20,000	200,000	-	-	-	-	-			220,0
45909 · Other Revenue - NT	411,000	-	-	-	1,000	-	-	7,500		419,5
Total Other Revenue	431,000	200,000	=	-	1,000	-	-	7,500	-	639,5
Rent Income										
40218 · Slip Rents - T	-	620,000	-	-	-	-	-	-		620,0
40318.1 · Transient Rentals - T	-	32,000	-	-	-	-	-	-		32,0
40518 · Equipment Rent - T	-		-	-	-	-	-	6,500		6,5
40519 · Equipment Rent - NT	-	5,000	-	-	200	-	-	-		5,2
40809 · Yard Rent - NT	-	2,000	-	-	-	13,000	-	-		15,0
41108 · Rents, Tidelands Leases - T	-		-	-	-	-	540,000	375,000		915,0
41309 · Storage - NT	-	45,000	-	-	-	3,000	-	-		48,0
41409 · Upland Rent - NT	-	150,000	50,400	-	-	22,000	-	-		222,4
41409.2 · Redwood Terminal 2 - NMTC	-		-	-		-	-	-		
41409 · Upland Rent - NT - Other	-		-	-	600,000	-	-	-		600,
Total 41409 · Upland Rent - NT	-	-	-	-	-	-	-	-		
Total Rent Income	-	854,000	50,400	-	600,200	38,000	540,000	381,500	-	2,464,
Sales										
40109 · Sales, Retail - NT	-	-	-	-	-	-	-	-		
40119 · Concession Sales - NT	-	6,800	-	-	-	-	-	-		6,
Total Sales	-	6,800	-	-	-	-	-	-	-	6,
Tax Revenue		,								•
43509 · Property Tax Revenues	1,320,000	-	-	-	-	-	-	-		1,320,
45009 · Other Federal Tax Revenue	-	-	-	-	-	-	_	-		
Total Tax Revenue	1,320,000	-	-	_	_	-	_	-	_	1,320,
Utility Surcharge	_,,									_,,
40409 · Utility Surcharge - NT	-	5,900		-	30,000	12,600	-	1,200		49,
40418 · Utility Surcharge, Marina Dock	-	75,000	_	-	-	,	_	-		75,
Total Utility Surcharge		80,900	_		30,000	12,600		1,200		124
47019 · Returned Check Charges	_	-	_	_	-	-	_	-		,
52708.1 · Discount	_	_	_	_	_	_	_	_		
Total Income	1,760,000	4,472,820	65,900		631,725	57,600	3,213,225	610,950	2,471,969	13,284,
Gross Profit	1,760,000	4,472,820	65,900	- -	631,725	57,600	3,213,225	610,950	2,471,969	13,284,
Expense	1,700,000	4,472,020	03,300		031,723	37,000	3,213,223	010,550	2,471,303	13,204,
Accounting/Auditing Services										
52500 · Accounting Fees - T	40,000	_	_	_	_	_	_	_		40,
52508 · Accounting Fees - NT	15,000	_	_	_	_	_	_			15,
Total Accounting/Auditing Services	55,000				-					55,
Advertising & Promotion	33,000	-	-		-		-	-		J.J.,
51000 · Advertising & Promotion - NT	700	700								1,
51000 · Advertising & Promotion - N1 51008 · Advertising & Promotion - T	800	700	-	-	-	-	-	-		1,
		700				-				
Total Advertising & Promotion	1,500	/00	-	-	-	-	-	-	-	2,
Bad Debts										
51308 · Bad Debts - T 51309 · Bad Debts - NT	-	4.500	-	-	-	-	-			
	-	1,500	-	-	-	-	-	-		1,

dget FY 2023/2024	General Fund	Woodley Island	FLBY	Shelter Cove	RMT2	RWD	New Terminal	Tidelands	Grants	TOTAL
Capital Outlay										
53609 · Expenses Pending Transfer-Bldg	-	35,750	251,500			-	-	-		287,
53618 · Expenses Pending Transfer-Auto	-	-	-	-	-	-	-	-		
53619 · Expenses Pending Transfer - Eq		-	-		-	-	-	-		
Total Capital Outlay	-	35,750	251,500	-	-	-	-	-	-	287
Communications										
51400 · Communications - NT	11,400		-	-	10,600	-	-	-		22
51408 · Communications - T	6,000		-	-	-	-	-	-		6
Total Communications	17,400	-	-	-	10,600	-	-	-	-	28
Conference & Meetings										
51500 · Conferences & Meetings - NT	15,000	2,000		-		-	-	-	12,000	29
51508 · Conferences & Meetings - T	4,000	2,000	-	-	-	-	-	1,500		7
Conference & Meetings - Other		-	-	-	-	-	-	-		
Total Conference & Meetings	19,000	4,000	-	-	-	-	-	1,500	12,000	36
Depreciation										
53509 · Depreciation - NT		-	-	-	-	-	-	-		
Total Depreciation	-	-	-	-	-	-	-	-	-	
Dredging Expense										
55608 · Dredging Expense - T	-	3,500,000	-	-	-	-	-	-		3,500
56708 · Dredging - GT	-	-	-	-	-	-	-	-		
56718 · Dredging - MT	-	-	-	-	-	-	-	-		
Dredging Expense - Other	-	87,000	-	-	-	-	-	-		87
Total Dredging Expense	-	3,587,000	-	-	-	-	-	-	-	3,587
Dues, Subscriptions & Licences										
51600 · Dues & Subscriptions - NT	50,000	-	-	-	-	-	-	-		50
51608 · Dues & Subscriptions - T	700	-	-	-	-	-	-	-		
Total Dues, Subscriptions & Licences	50,700	-	-	-	-	-	-	-	-	50
Elections & Government Fees										
51700 · Elections & Prop Tax Assess-NT	19,000	-	-	-	43,000	-	-	-		62
51708 · Elections & Prop Tax Assess - T	4,000	-	-	-	-	-	-	-		4
Total Elections & Government Fees	23,000	-	-	-	43,000	-	-	-	-	66
Engineering Services										
52400 · Engineering Fees - NT	20,000	-	18,400	-	15,000	-	-	-		53
52408 · Engineering Fees - T		-	-	-	-	-	-	-		
Total Engineering Services	20,000	-	18,400	-	15,000	-	-	-	-	53
Fuel										
50400 · IMPUTED AUTO VALUE G/A							-	-		
51200 · Automotive, Fuel- NT	10,000				-	-	-	-		10
51208 · Vessel Fuel	-	-	-	-	-	-	-	5,000		5
51218 · Automotive, Fuel - T	10,000	-	-	-	-	-	-	-		10
Total Fuel	20,000	-	-	-	-	-	-	5,000	-	25
Grant Expenses										
Conservation Grant Expenses	-	-	-	-	-	-	-	-		
54408.3 · Conservation Grant Exp		-	-		-	-	500,000	-	1,582,704	2,082
Total Conservation Grant Expenses		-	-	-	-	-	500,000	-	1,582,704	2,082

l Budget FY 2023/2024	General Fund	Woodley Island	FLBY	Shelter Cove	RMT2	RWD	New Terminal	Tidelands	Grants	TOTAL
Harbor Grant Expenses										
54408.1 · Harbor Grant Exp		-	-	-	-	-	2,173,225	-	867,995	3,041,220
Total Harbor Grant Expenses	-	=	-	-	-	-	2,173,225	-	867,995	3,041,220
Recreation Grant Expenses										
54408.2 · Recreation Grant Exp	-	-	-	-	-	-	-	-		-
Total Recreation Grant Expenses	-	-	-	-	-	-	-	-	-	-
Total Grant Expenses	-	-	-	-	-	-	2,673,225	-	2,450,699	5,123,924
Insurance										
51800 · Insurance - NT	121,519									121,519
51808 · Insurance - T	18,000									18,000
Total Insurance	139,519	-	-	-	-	-	-	-	-	139,519
Interest Expense										
55108 · Interest Expense - T	74,899	89,147	-	-	21,222	-	-	17,477		202,745
55109 · Interest Expense - NT	61,810			-		-	-	· -		61,810
Total Interest Expense	136,709	89,147	-	-	21,222	-	=	17,477	-	264,55
Legal Services		·						-		·
52300 · Legal Fees - NT	33,750	-	-	-	10,000	-	-	-		43,75
52308 · Legal Fees - T	11,250	-	_	-	-	-	50,000	-		61,25
Total Legal Services	45,000	-	_	-	10,000	-	50,000	-	-	105,00
Maintenance - Equipment	,									
51209 · Automotive, Repairs - NT		200	-	-	7,500	-	-	-		7,70
52710 · Repairs & Maint, Equip - NT		3,700	_	_	7,500	_	_	_		3,70
52718 · Repairs & Maint, Equip - T	_	4,200	5,000	_		_	_	30,000		39,20
Total Maintenance - Equipment		8,100	5,000		7,500	_	-	30,000	-	50,60
Maintenance - Facilities		0,100	3,000		7,500			30,000		30,00
52708 · Repairs & Maint, Facilities - T	_	27,500			81,500	4,000	_	14,000		127,00
52709 · REPAIRS & MAINTENANCE G/NT	_	42,000	18,300	-	51,500	1,000	_			111,80
52719 · Repairs & Maint, Facilities - N		42,000	5,000		31,300	7,500	_	_		18,00
Total Maintenance - Facilities		69,500	23,300		133,000			14,000		
Maintenance - IT	-	69,500	23,300	5,500	155,000	11,500	-	14,000	-	256,80
57008 · Maintenance, IT Equip - T	100	600			_	_				70
57008 · Maintenance, IT Equip - I	2,900	6,400	-	-	1,500	-	-	-		10,80
Maintenance - IT - Other	2,900	0,400	-	-	1,500	-	-	-		10,60
	2.000	7.000		<u>-</u>	1 500	<u> </u>	-	-		11 50
Total Maintenance - IT	3,000	7,000	-	-	1,500	-	-	-	-	11,50
Maintenance Supplies		250								25
52008 · Maintenance Supplies - T	500	350 17.500	- 700	-	-	-	-	-		35
52010 · Maintenance Supplies - NT		17,500			5,500	-				24,20
Total Maintenance Supplies	500	17,850	700	-	5,500	-	-	-	-	24,55
Office Supplies										
51900 · Office Supplies - NT	17,500	200	-	-	-	-	-	-		17,70
51908 · Office Supplies - T	7,750	650	-	-	-	-	-	-		8,40
51918 · OFFICE EXPENSE M/T	-	-	-	-	-	-	-	265		26
52100 · Outside Services - NT	-	-	-	-	-	-	-	-		-
Office Supplies - Other	150	-	-	-	-		-	-		150

Budget FY 2023/2024	General Fund	Woodley Island	FLBY	Shelter Cove	RMT2	RWD	New Terminal	Tidelands	Grants	TOTAL
Total Office Supplies	25,400	850	-	-	-	-	-	265	-	26,515
Other Expenses										
55418 · Other Expenses - T	-	-	-	-	-	-	-	-		-
55419 · Other Expenses - NT	12,300	-	-	-	-	-	-	-		12,300
Total Other Expenses	12,300	-	-	-	-	-	-	-	-	12,300
Other Professional/Outside Serv										
52109 · Outside Services, Other - NT	-	-	-	9,000			-	-		9,000
52110 · OUTSIDE SERVICES M/A	-		-	23,300	-	-	-	-		23,300
52118 · Outside Services, Other - T		-	2,750	-				4,000		6,750
Total Other Professional/Outside Serv	-	-	2,750	32,300	-	-	-	4,000	-	39,050
Permits										
51610 · Permits - NT	3,200	-					-	-		3,200
51618 · Permits - T										-
Total Permits	3,200	_	-	-	_	-	-	-	_	3,200
Personnel Expenses	.,									
Commissioners Fees										
50200 · Commissioner's Salaries - NT	20,000	_	_	_	_	_	-	_		20,000
50208 · Commissioner's Salaries - T	16,000	_	_	_	_	_	_	_		16,000
Total Commissioners Fees	36,000				_				_	36,000
Payroll Burden	30,000									30,000
50500 · Payroll Benefits, Other - NT	303,761	178,893	9,656		156,044	38,370				686,725
50508 · Payroll Benefits, Other - T	-	-	-	_	-	-	_	_		-
6560 · Workers' Comp	_	_	_	_	_	_	_	_		_
Total Payroll Burden	303,761	178,893	9,656	-	156,044	38,370			_	686,725
Salaries/Wages	303,701	170,033	3,030		130,044	30,370				000,723
50100 · Salaries & Wages - NT	496,123	330,024	20,002		224,718	81,062				1,151,929
50108 · Salaries & Wages - T		330,024	20,002	_	224,710	51,002	_	_		1,131,323
50119 · Sal. & Wages, Part-time - NT	4,431	_	_	_	_	_	_	_		4,431
Salaries/Wages - Other	-,-51	_	_	_	_	_	_	_		-,-51
Total Salaries/Wages	500,554	330,024	20,002		224,718	81,062		<u> </u>	-	1,156,360
		-								
Total Personnel Expenses	840,315	508,917	29,658	-	380,763	119,432	-	-	-	1,879,085
Planning Services	0.000		2.000		17.500	700				20.000
52200 · Planning Fees - NT	8,000	-	2,800	-	17,500	700	-	-		29,000
52208 · Planning Fees - T		-		-	-		-	-		-
Total Planning Services	8,000	-	2,800	-	17,500	700	-	-	-	29,000
Rent Expense			2.500	222						
52600 · Rent Expense - NT	-	-	3,500	800	-	-	-	-		4,300
54308 · Redwood Terminal 2 Lease Expens	-	-	-	-	-	-	-			-
54409 · Lease Expense - RT2		-	-		-	-	-	-		-
Total Rent Expense	-	-	3,500	800	-	-	-	-	-	4,300
Small Tools										
52800 · Small Tools - NT	-	1,750	1,750		2,500	-	-	-		6,000
52808 · Small Tools - T	-	250	250		1,000	-	-	-		1,500
Small Tools - Other		-	-		-	<u>-</u>	-	-		-

Final Budget FY 2023/2024	General Fund	Woodley Island	FLBY	Shelter Cove	RMT2	RWD	New Terminal	Tidelands	Grants	TOTAL
Total Small Tools	-	2,000	2,000	-	3,500	-	-	-	-	7,500
Utilities										
52909 · Utilities - NT	25,000			-	160,000	2,000	-	-		187,000
52918 · Utilities - T	-	65,000	-	-	-	-	-	-		65,000
53000 · Water, Sewer, & Refuse - NT	-	90,000	250	8,500	10,000	1,600	-	-		110,350
53008 · Water, Sewer, & Refuse - T		60,000	-	-	-	-	-	-		60,000
Total Utilities	25,000	215,000	250	8,500	170,000	3,600	-	-	-	422,350
57018 · Bank Service Charges	1,200	-	-	-	-	-	-	-		1,200
66900 · Reconciliation Discrepancies	-	-	-	-	-	-	-	-		-
Total Expense	1,446,743	4,547,314	339,858	47,100	819,085	135,232	2,723,225	72,242	2,462,699	12,593,498
Net Ordinary Income	313,257	(74,494)	(273,958)	(47,100)	(187,360)	(77,632)	490,000	538,708	9,270	690,691
Net Income	313,257	(74,494)	(273,958)	(47,100)	(187,360)	(77,632)	490,000	538,708	9,270	690,691
Debt Service										
Bond		83,500						141,000		224,500
BVVA Loan					101,800					101,800
CalPERS Unfunded Liability	102,839									102,839
2023 Loan	108,226	137,174								245,400
Total Debt Service	211,065	220,674	-	-	101,800	-	-	141,000	-	674,539
Reserve Deposit										
Dredge Surchage			15,000							15,000
Float Replacement										-
Ocean Outfall										-
General Reserve										-
Total Reserve	-	-	15,000	-	-	-	-	-	-	15,000
Net Income After Debt Service and Reserve Deposit	102,192	(295,168)	(288,958)	(47,100)	(289,160)	(77,632)	490,000	397,708	9,270	1,152

Exhibit B

BUDGET PROCESS AND POLICIES

With the adoption of the annual budget, the Board recognizes that the appropriations for the many operating activities and capital budgets are based upon estimates of the District's needs for the fiscal year. In order to establish reasonable flexibility in the administration of the budget, the following policies have been adopted. These policies are intended to provide the authority necessary for the Executive Director to administer the budget during the course of the fiscal year in light of varying conditions which may occur.

Budget Process

The budget process begins with meetings of key management Staff to informally discuss underlying fiscal policies, goals and objectives of the Board, Contracts and Sub-Contracts, and material changes in anticipated revenue/income and expenditures/expenses. The meetings include a brief message from the Executive Director along with general instructions for completing the budget template documents which, when completed, include proposed expenditures, capital outlay, departmental descriptions, activity accomplishments and future objectives, and other budget data.

Departmental requests are consolidated, and the Executive Director discusses or will discuss each departmental request with the applicable department head. Adjustments are made as appropriate and required to meet the Board's goals and objectives. The next step in the budget process involves preparation of a preliminary budget document and the scheduling of a series of Study Sessions with the Board which typically begin in late March/early April and conclude with the adoption of the preliminary budget and final budget. As required by the CA Harbors and Navigation Code Section 6093, the preliminary budget must be adopted on or before June 15, and per Section 6093.3, the final budget shall be adopted and reported to the Board of Supervisors no later than August 1st.

The District uses the modified accrual basis for budgeting in governmental funds. Proprietary funds are budgeted using accrual concepts. All operating and capital expenses and income are identified in the budgeting process because of the need for appropriation authority. All annual appropriations lapse at year-end.

Budget Policies

The Board recognizes a need to create budget and fiscal policies that assure delivery of products and services as efficiently and effectively as possible.

Operating Budget – General

The operating budget will be based on the principle that current operating expenditures shall be funded with current revenues. Unappropriated fund balances/working capital in enterprise and reserve funds may be used by the Board to meet one-time special project/program expenses. The operating expenses of the Board will be supported by recurring revenues and will not be funded through long-term debt. The enterprise expenses will be funded through current revenues excluding interest income. Expenditures shall include funding adequate maintenance and replacement of capital and operating assets.

Budgetary control is maintained through monthly reports of all revenue and expenditure accounts. The Executive Director, Director of Administrative Services, District Treasurer and each department head review the monthlyreports. The reports are placed on a noticed Board agenda for public and Board review within 60 days.

General Revenue Management

The following summarizes the Board's general revenue management policies:

- The Board will strive to maintain a diversified and stable revenue system to shelter the government from short-term fluctuations in any revenue source and to ensure its ability to provide ongoing services.
- The Board will make all current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over shortterm debt.
- 3. In order to achieve important public policy goals, the Board has established various special revenue, capital project, debt service and enterprise funds to account for revenues whose use should be restricted to certain activities. Accordingly, each fund exists as a separate financing entity from other funds, with its own revenue sources, expenditures and fund equity.
- 4. Any transfers between funds for operating purposes are clearly set forth in the Financial Plan and can only be made by the District Treasurer and the Director of Administrative Services in accordance with the adopted budget.
- 5. Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with the changes in the cost of living as well as changes in methods or level of service delivery.
- 6. User fees will be developed and annually reviewed to insure they adequately recover the cost of services. In Enterprise Funds, user fees will provide full coverage of direct and indirect costs including depreciation and interest expense; subject to the limits imposed by the State.

Appropriations

The term "appropriations" means the amount approved for expenditure by the Board with the adoption of the annual budget, along with subsequent budget modifications and adjustments. Appropriations will be based on the best estimates of Department Heads and the Executive Director. Differing operating requirements, price changes, emergency situations and similar factors may require variation from the approved appropriations. Therefore, the Executive Director has authority to adjust the appropriations so long as the changes do not exceed the total approved appropriations of an activity, except in case of emergency. The Executive Director has the authority to meet emergency requirements and subsequently report to the Board and secure Board approval for an appropriate budget modification.

FISCAL POLICIES

Financial Reserve Policy

To maintain the fund balance and retained earnings of the various operating funds at levels sufficient to protect the District's creditworthiness as well as its financial positions from unforeseeable emergencies, the Board will strive to maintain the following minimum fund andworking capital balances:

Minimum Fund and Working Capital Balances

- The Board will maintain fund balances or working capital balances of at least twenty percent (20%) of
 operating expenditures in the General Fund and all Enterprise Funds and Internal Service Funds. This
 is considered the minimum level necessary to maintainthe District's credit worthiness and to
 adequately provide for
 - a. Economic uncertainties and other financial hardships or downturns in the local ornational

- economy.
- b. Local disasters or catastrophic events
- c. Contingencies for unseen operating or capital needs.
- d. Cash flow requirements.
- 2. In order to assure that the Board has some discretion in their financial decision making options, these reserve may be reduced with a majority Board vote in order to fund unforeseeable financial conditions such as one-time expenditures, or as transition funding in a recessionary economy, or other budget shortfall stop gap measure of a temporary nature.

Service Level Policy

Service levels will be provided with the constraints of available resources. Services will be provided only at the most efficient and effective level to meet the needs of our constituents, customers, and businesses as determined by the Board. Board financial planning will provide for adequate maintenance and replacement of capital items.

Investment Policy

The Board invests its temporary pooled idle cash in accordance with California Government Code Section 53601 and has an investment policy which is adopted annually. Investment and cash management will be the responsibility of the Executive Director in consultation with the District Treasurer and the Director of Administrative Services. The Board's primary investment objective is to achieve a reasonable rate of return while minimizing the potential for capital losses arising from market changes or issuer default. Accordingly, the following factors will be considered in priority order in determining individual investment placements:

- 1. Safety The safety and risk associated with an investment refers to the potential loss of principal, interest, or a combination of these amounts. The Board only purchases investments that are considered safe.
- 2. Liquidity This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality which ensures cash will be available when an unexpected need arises.
- 3. Yield This refers to the potential dollar earnings an investment can provide and is described as the rate of return.

The Board will strive to keep all idle cash balances fully invested through daily projections of cashflow requirements. In order to maximize yields from its overall portfolio, the Board will consolidate cash balances from all funds for investment purposes and will allocate investment earnings to each fund in accordance with generally accepted accounting principles.

Debt Policy

The Board will consider the use of debt financing for one-time capital improvement projects only when the project's useful life will exceed the term of the financing and when project revenues or specific resources will be insufficient to service the debt. Debt financing will not be considered appropriate for any recurring purpose. An internal feasibility study will be prepared for each long-term financing which analyzes the impact on current and future budgets for debt service and operations. This analysis will also address the reliability of revenues to support debtservice.