



EMERALD BAY SERVICE DISTRICT



*Working Together to Keep our Community
Safe and Clean*

**Adopted Operating and Capital Budget for the
Fiscal Year Ending June 30, 2024**

EMERALD BAY SERVICE DISTRICT

ANNUAL BUDGET

FISCAL YEAR FROM JULY 1, 2023 TO JUNE 30, 2024

EMERALD BAY SERVICE DISTRICT BOARD OF DIRECTORS

**JOHN MARCONI, PRESIDENT
SUSAN THOMAS, VICE PRESIDENT
JAMES FLYNN, TREASURER
JOHN A. McDERMOTT, SECRETARY
DANIEL HOEFFLIN, DIRECTOR**

**SUBMITTED BY
MICHAEL P. DUNBAR, GENERAL MANAGER**

TABLE OF CONTENTS

General

Transmittal Letter	3
Gann Appropriations Limit	10

Budget Section

Budget Summary	11
Operating Budget	12
Capital Outlay Budget	14
Debt Service Fund Budget	15

Supplemental Information

Charts	
Operating Revenues	18
Operating Expenses	19
Capital Improvements by Category	20
Glossary	21

June 30, 2023

**To the Honorable Board of Directors
of the Emerald Bay Service District:**

It is our pleasure to present to you the Fiscal Year 2023/24 Operating Budget for the Emerald Bay Service District (District) adopted by the Emerald Bay Service District Board of Directors on June 30, 2023. This budget was developed to define how the District's resources will be utilized during the fiscal year that begins on July 1, 2023. The District's highest priorities continue to be the Water and Sewer Infrastructure and the Safety of the Emerald Bay Community.

The District will have three reserve funds to ensure that the District is prepared for future capital improvements, unforeseen emergencies or economic downturns and a six month cash reserve to ensure that there is enough cash available to plan for the timing of property tax revenue from the County. At the end of Fiscal Year 2023/24 the District is projecting the Reserve for Future Capital Improvements will have an estimated balance of \$2,065,547, the Contingency Reserve will have an estimated balance of \$250,000 and the estimated Operating Reserve will be \$1,476,322, as a result reserves are projected to total \$3,791,870. The estimates used to develop this budget are based, when applicable, on a zero-based approach. This means that the appropriate expense categories are budgeted based on the projected upcoming expenses rather than a percentage increase based on the prior year's expenses.

The Management Services Agreement is allocated between General and Administration, Sewer Cleaning, Storm Drain Cleaning, Solid Waste, Security Services and Landscape Maintenance to better clarify the services that are contracted to the District. This allocation enables management to better determine how the monies are being spent and to improve the expense reporting capabilities of the District. The District also leases equipment from EBCA through the Management Services Agreement.

The budget includes a separate Capital Outlay Budget that includes subcategories to enable the District to track the costs for specific projects.

The South Orange County Wastewater Authority (SOCWA) allocates a portion of its costs to the District for providing sewage treatment services to the Emerald Bay residents. The overall costs allocated to the District are less than 1%, with the costs for the Coastal Treatment Plant (CTP) at approximately 3%.

OPERATING

Revenues

The Emerald Bay Service District provides sanitary sewage, water, health and safety, and emergency response services to the residents of Emerald Bay. The District primarily receives the funding for these activities from property taxes. Property taxes account for over 95% of the District's revenues in a typical year. The other 5% is derived from interest income, which is projected to increase by 150%, and some minor reimbursements and refunds. The estimated increase in Secured Property tax is 3.98% and Unsecured Property Tax 4.32%. Due to a decrease in non-recurring expenditures, such as Supplemental Property Taxes, Expense Reimbursements from SOCWA and Grant Revenue, the overall increase to revenue is projected at 1.13%.

There are two sources from which the District receives the property taxes that are collected and allocated by the County of Orange. The funding used to operate and provide sewer, health and safety, and emergency preparedness services come from the District's share of the 1% Ad Valorem Property Tax revenue. The funding used to provide water services comes from the District's share of the property tax revenues received by Laguna Beach County Water District (LBCWD) assessment, the District contracts with LBCWD for the water consumed within Emerald Bay.

Expenditures

General and Administrative

The District employs a General Manager and has no other direct employees. Total Budgeted General Manager expenses, including wage, payroll taxes, payroll processing, and benefits are \$147,700. Additional administrative services are provided by a Management Services Agreement (Agreement) between the District and the Emerald Bay Community Association (EBCA), the estimated cost of the contract personnel provided by this Agreement is \$172,775. The Agreement also includes charges for office and facilities rent in the amount of \$206,000. The Management Services Agreement provides for an Administrative Assistant for approximately eighty seven (87) hours per month, as well as additional maintenance costs due to the landscaping located in the District's easements. The County of Orange collects property taxes on behalf of the District and in exchange charges tax administration and property tax collection fees. The projected charges for fees in Fiscal Year 2023/24 are \$12,000. Insurance represents the largest increase and we are estimating those costs to increase by \$30,000 for Fiscal Year 2023/24, a 17.5% increase. Overall, we are projecting a 4.37% increase in the costs related to General and Administrative Services. These increases are mostly due to the increase in insurance coverage and increased services provided through the Management Services Agreement.

Finance

The accounting functions are contracted on an hourly basis, which are estimated at approximately twenty-seven (29) hours per month. The audit fees will increase slightly to \$25,000 in Fiscal Year 2023/24.

Legal Fees

The District contracts with Stradling, Yocca, Carlson and Rauth to provide legal counsel to the Board of Directors when necessary. The estimated Legal Fees related to the General Fund for Fiscal Year 2023/24 are anticipated to be \$90,000.

Engineering

Engineering expenses, which include Professional Services and Engineering Surveys/Supplies, are expected to decrease due to the completion of the Engineering phases of planned capital improvements to the LS3 Lift station project, as well as other infrastructure. Plan Check Fees for construction projects will continue to be tracked separately.

Sanitary Sewer

Overall, the Sanitary Sewer category increased by \$44,850; this represents a 10.83% increase as compared to the Fiscal Year 2022/23 budget. SOCWA operating expenses are estimated at \$178,000, an increase of \$24,000. The District estimates that the Fiscal Year 2023/24 charges for its share of the maintenance of its sewer collection and conveyance facilities will be approximately \$50,000. Other various categories have been increased by 11% to reflect the higher costs for fuel and supplies. Additionally, the Sewer Pipeline System cleaning services are provided as part of the Management Services Agreement with the EBCA and are expected to increase by 3.00% when compared to the prior fiscal year's projected cost.

Solid Waste Services

Solid Waste Services within the District will increase by 13.95%, in order to, continue funding the clean-up and waste removal necessary to ensure a clean beach and reduce any solid waste from entering the ocean.

Security Services

The District has a desire to ensure that residents are conserving the State's natural resources by including in the Management Services Agreement services that include patrolling the community to ensure that sprinklers or other water providing devices are in good working order and not running off into the ocean. There is an increase of \$1,000 (14.29%) in this category as compared to the Fiscal Year 2022/23 budget.

Health and Safety

In the past, the District has funded three major activities for public health and safety: Lifeguards, July 4th Celebration Security and the July 4th fireworks display. The fireworks display will be funded in Fiscal Year 2023/24, as well as the Security provided by the Orange County Sheriff's Department. The Pool Lifeguards costs have decreased due a reduction in lifeguard hours at the pool. The Orange County Sheriff's services for fireworks are divided into two categories: \$32,000 for the July 4th Celebration and \$10,000 for other events. The July 4th Celebration expense are estimated to increase by \$40,000 due to fuel and supply costs.

The District provides funding for Solid Waste Services, Security Services and Health and Safety activities on an annual basis and reevaluates its ability to continue providing these services on an annual basis.

Water

The Potable Water category budget will increase by \$2,000 in Fiscal Year 2023/24 due to Backflow testing being reclassified from Sanitary Sewer to Water.

Storm Drains

Storm drain cleaning services are provided as part of the Management Services Agreement with the EBCA and are expected to increase by 5.00%. These services fluctuate depending on the year's storm activity. Additionally, the District will be leasing a backhoe and street sweeper for storm drain maintenance though the Management Services Agreement.

Emergency Preparedness

A dedicated group of Emerald Bay residents has formed an Emergency Preparedness Group that volunteers, trains, and prepares to respond to any emergency situation. The District has budgeted \$46,000, an increase of \$16,000 as compared to the previous years budget. The major increase is due to funds being allocated for Volunteer Recruitment for the Orange County Fire Authority Station #11.

Fuel Modification/Landscaping

The District continues to protect the Emerald Bay Community and reduce the fire danger by contracting annually with a service provider to weed and thin the vegetation around the perimeter of the community. The District is also responsible for the landscaping of its easement located at the entrance of the Emerald Bay Community. Landscaping services are provided as part of the Management Services Agreement with the EBCA and are expected to increase by 7.00% when compared to the Projected 2022/23 results.

CAPITAL OUTLAY

Storm Drains

The construction and maintenance of curbs and gutters will continue throughout the Emerald Bay Community:

- \$50,000 has been budgeted for unspecified projects for construction of replacement of curbs and gutters.
- \$50,000 has been budgeted for a new storm drain project that would alleviate flooding in front of #40 Emerald Bay.
- \$275,000 has been budgeted for a new storm drain project located at the #200 block of Emerald Bay. This project is coordinated with EBCA as part of their ongoing street maintenance projects.
- The Storm Drain Project – Beach is planned to improve the drainage in front of the beach playground area and along the concrete swale by #70, #72 and #74 Emerald Bay. The estimated cost of this project is \$150,000.

Sanitary Sewers

The District is planning several capital projects to maintain and improve the sewer system in Fiscal Year 2023/24:

- \$50,000 has been budgeted for unspecified projects for upgrades to the sewer lift stations and sewer infrastructure.
- The Sewer Lift Station No. 3, which is already in progress, is expected to cost an additional \$400,000 in Fiscal Year 2023/24.
- The Sewer Pipeline has been increased to \$100,000 in anticipation of several pipeline segments to be lined or repaired.
- The Sewer Force Main Replacement line remains under evaluation. Preliminary work was unable to locate a secondary force main for potential lining work. At this time no funds have been budgeted for this line item. The District has \$1,000,000 in reserves for this project.
- As a member of SOCWA, the District has been allocated a portion of the costs related to their capital improvement projects. SOCWS is estimating \$120,000 for Fiscal Year 2023/24.
- The District also shares conveyance equipment with the City of Laguna Beach (CLB); the District's share of the capital improvement projects is estimated at \$37,000.
- The District has also allocated \$10,000 for GIS to support ongoing training for the Maintenance personnel.

Potable Water

The construction and maintenance of the water infrastructure continues throughout the Emerald Bay Community:

- \$50,000 has been budgeted for a small water pipeline replacement in the cul-de-sac at #105-#113 Emerald Bay.
- \$25,000 has been allocated for a fire hydrant at Gate 7.
- \$20,000 has been budgeted for Water Meter Replacement.
- A GIS System for the mapping of the water facilities, valves and fire hydrants is budgeted at \$40,000.
- A new line item, Water Bottle Fountains, has a budget of \$15,000.
- Another new line item, Beach Shower, has been added with a budget of \$10,000 to replace the current Beach Shower that is adjacent to Lift Station No. 3.

Emergency Preparedness

The District has allocated \$120,000 for a back-up power project for the Community Center to ensure that the Emergency Communications equipment could be utilized in the event of a natural disaster. Additionally, the District has allocated funds for an Emergency Siren for \$50,000 and Emergency Preparedness Radios for \$10,000.

Safety Projects

The District has allocated \$113,000 to safety projects associated with lighting and street signs within the Emerald Bay Community. Additionally, a new line item for sidewalks for replacement of the sidewalk along Fire Station No. 11.

DEBT SERVICE

The District refinanced the Installment Sales Agreement in Fiscal Year 2020/21 to reduce the annual interest rate to 2.4%, the interest and principal payments will be \$487,422 and the outstanding balance as of 06/30/23 is \$5,056,026. The District increased the outstanding debt by \$2,040,000 in July 2022. The 2022 Installment Sales Agreement has an annual interest rate of 3.8%, the interest and principal payments will be \$146,544 and the outstanding balance as of 06/30/23 is \$1,970,320.

CONCLUSION

The annual budgeting process is an opportunity for the District to set its priorities and goals for the coming year. The District's highest priorities are to continuously upgrade the water

distribution system, especially with respect to fire flow capabilities; to develop a future plan for replacement of the sewer collection systems and to develop a future plan for conveying storm water away from the beaches at Emerald Bay. The budget process is the chance for the Board of Directors to provide the feedback necessary to ensure a fiscally responsible year and future.

I would like to thank the staff, especially Susan Olmstead-Bowen and Pam Larson for their daily hard work and dedication, and particularly, as it relates to the preparation of this annual budget. I would also like to thank the Board of Directors for their participation and direction in setting forth this budget, allowing the District to fulfill its mission and goals.

Respectfully submitted,

A handwritten signature in black ink that reads "Michael P. Dunbar". The signature is written in a cursive, flowing style.

Michael P. Dunbar, General Manager

GANN APPROPRIATIONS LIMIT

Commonly referred to as the Gann Limit, this was a ballot initiative adopted in 1980, and modified by Proposition 111, which passed in 1990, to limit the amount of tax proceeds state and local governments can spend each year. The Gann Limit now appears in the California State Constitution as Article XIII B.

The limit changes annually and is different for every organization. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978/79 in each jurisdiction, and modified for changes in inflation and population in each subsequent year. By law, inflationary adjustments are based on the California Department of Finance's official report on changes in state's per capita income or in non-residential assessed valuation due to new construction. Population adjustments are based on the changes in the District's population levels. Each year the Board of Directors must adopt an appropriations limit for the following year using the cost of living data provided by the State of California, and population and per capita personal income data provided by the California State Department of Finance

Additional appropriations to the budget funded by non-tax sources such as service charges, fines & fees, passport revenue, restricted revenues from other agencies, grants, or beginning fund balances are unaffected by the Appropriations Limit. The FY 2023/24 limit has been computed to be \$2,286,561. The District's budgeted tax proceeds subject to the FY 2023/24 Gann limit equals \$1,091,156. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)

Emerald Bay Service District
Approved Budget FY 2023-24
Summary

	Projected 06/30/23	Approved Mid-Year Budget 04/19/23	Approved Budget FY 2023-24	Increase/ (Decrease) Mid-Year/ Approved Budget
Revenues - Operating	<u>3,478,347</u>	<u>3,478,347</u>	<u>3,517,550</u>	<u>39,203</u>
Total Revenues	<u>3,478,347</u>	<u>3,478,347</u>	<u>3,517,550</u>	<u>39,203</u>
Operating Expenditures				
General and Admin	719,371	774,897	808,775	33,878
Financial	87,250	80,000	85,000	5,000
Legal	85,166	80,000	90,000	10,000
Engineering	32,400	57,000	56,000	(1,000)
Sanitary Sewer	343,385	414,000	458,850	44,850
Solid Waste	32,173	41,000	49,000	8,000
Security Services	7,128	7,000	8,000	1,000
Recreation	413,196	420,000	420,000	-
Water	6,607	12,500	14,500	2,000
Storm Drains	134,513	158,800	161,320	2,520
Emergency Preparedness	58,253	30,000	46,000	16,000
Main Gate Landscaping/Fuel Mod	<u>114,893</u>	<u>123,000</u>	<u>121,200</u>	<u>(1,800)</u>
Total Expenditures	<u>2,034,334</u>	<u>2,198,197</u>	<u>2,318,645</u>	<u>120,448</u>
Change in Net Assets from Operating	<u>1,444,013</u>	<u>1,280,150</u>	<u>1,198,905</u>	<u>(81,245)</u>
Capital Outlay	742,068	1,139,278	1,695,000	555,722
Change in Net Assets from Capital Outlay	<u>(742,068)</u>	<u>(1,139,278)</u>	<u>(1,695,000)</u>	<u>(555,722)</u>
Debt Service Payments	<u>(614,586)</u>	<u>(614,586)</u>	<u>(634,000)</u>	<u>(19,414)</u>
Total Change in Net Assets	<u>87,359</u>	<u>(473,714)</u>	<u>(1,130,095)</u>	<u>(656,381)</u>
Proceeds from New Debt June 2022	2,040,000	2,040,000	-	
	Projected	Mid-Year	FY 2023-24	
	FY 2022-23	FY 2022-23	FY 2023-24	
Unrestricted (50% of Operating)	1,029,299	1,397,702	1,476,322	
Contingency	250,000	250,000	250,000	
Reserved for Future Capital Improvement	<u>3,642,665</u>	<u>2,761,191</u>	<u>2,065,547</u>	
Ending Fund Balance	<u>4,921,965</u>	<u>4,408,893</u>	<u>3,791,870</u>	

Emerald Bay Service District
 Approved Budget FY 2023-24
 Approved Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2024

Acctg Codes	Current Year Projected 06/30/23	Budget			Increase/ (Decrease) Mid-Year/ Approved Budget	
		Approved Mid-Year Budget 04/19/23	Approved Budget FY 2023-24			
Revenues - Total:						
	Property taxes - secured	3,046,609	3,046,609	3,168,000	121,391	3.98%
	Property taxes - unsecured	83,396	83,396	87,000	3,604	4.32%
	Property taxes - supplemental	149,213	149,213	50,000	(99,213)	-66.49%
	Property taxes - other	33,154	33,154	25,000	(8,154)	-24.59%
	Interest income	60,000	60,000	150,000	90,000	150.00%
	Homeowners property tax relief	10,451	10,451	19,500	9,049	86.59%
	Other income	50,000	50,000	5,000	(45,000)	-90.00%
	Contractor bid income	-	-	50	50	
	Expense reimbursements & Refunds	43,124	43,124	10,000	(33,124)	-76.81%
	Plan Check Reviews	2,400	2,400	3,000	600	25.00%
	Total Revenue	3,478,347	3,478,347	3,517,550	39,203	1.13%
Expenditures:						
5000	General and Administrative					
5010	Wages and salaries	103,100	113,000	120,000	7,000	6.19%
5020	Payroll taxes	7,837	9,500	9,500	-	0.00%
5030	Workers Compensation insurance	1,628	2,000	2,000	-	0.00%
5040	Employee benefits	11,980	16,000	15,000	(1,000)	-6.25%
5060	Personnel administrative	3,000	3,000	3,000	-	0.00%
5070	Property tax collection fees	6,000	7,000	7,000	-	0.00%
5080	Tax administration charge	11,428	12,000	12,000	-	0.00%
5090	Administration miscellaneous expense	3,000	9,000	7,000	(2,000)	-22.22%
5100	Computer services	3,500	6,000	9,000	3,000	50.00%
5110	Insurance	171,000	171,000	201,000	30,000	17.54%
5120	Telephone	2,500	2,500	2,500	-	0.00%
5130	Memberships and conferences	8,000	11,000	10,000	(1,000)	-9.09%
5135	Annual Regulatory Permits	12,500	11,000	12,000	1,000	9.09%
5140	Management services	353,995	372,897	378,775	5,878	1.58%
5150	LAFCO contribution/ expenses	2,374	3,000	3,000	-	0.00%
5160	Election expense	-	-	-	-	
5170	Vehicle Lease	5,028	6,000	7,000	1,000	16.67%
5180	District Website	12,500	20,000	10,000	(10,000)	-50.00%
		<u>719,371</u>	<u>774,897</u>	<u>808,775</u>	<u>33,878</u>	<u>4.37%</u>
5400	Financial					
5410	Accounting fees	65,000	55,000	60,000	5,000	9.09%
5420	Audit	22,250	25,000	25,000	-	0.00%
		<u>87,250</u>	<u>80,000</u>	<u>85,000</u>	<u>5,000</u>	<u>6.25%</u>
5500	Legal					
5510	Legal fees	85,166	80,000	90,000	10,000	12.50%
6000	Engineering					
6010	Professional services - other	30,000	50,000	50,000	-	0.00%
6020	Engineer surveys and supplies	-	1,000	1,000	-	0.00%
6030	Plan Check Fees	2,400	6,000	5,000	(1,000)	-16.67%
		<u>32,400</u>	<u>57,000</u>	<u>56,000</u>	<u>(1,000)</u>	<u>-1.75%</u>

Emerald Bay Service District
 Approved Budget FY 2023-24
 Approved Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2024

Acctg Codes		Current Year Projected 06/30/23	Budget		Increase/ (Decrease) Mid-Year/ Approved Budget	
			Approved Mid-Year Budget 04/19/23	Approved Budget FY 2023-24		
6200	Sanitary Sewer					
6210	Sewage treatment / SOCWA	154,250	154,000	178,000	24,000	15.58%
6220	North Coast Interceptor-CLB Operator	30,000	50,000	50,000	-	0.00%
6230	Maintenance equipment	390	13,500	15,000	1,500	11.11%
6240	Maintenance vehicle - gas & repairs	5,503	13,500	15,000	1,500	11.11%
6250	Sewer Lift Stations - Monthly inspections	3,845	5,500	6,000	500	9.09%
6260	Sewer Lift Stations - Electricity	12,000	13,500	15,000	1,500	11.11%
6270	Sewer Lift Stations - Water	500	2,000	2,000	-	0.00%
6280	Supplies and chemicals	250	3,000	5,000	2,000	66.67%
6290	Repairs and maintenance	34,591	60,000	75,000	15,000	25.00%
6295	Backflow testing	1,985	2,000	-	(2,000)	
6300	Sewer Pipeline System - Cleaning	100,071	95,000	97,850	2,850	3.00%
		<u>343,385</u>	<u>414,000</u>	<u>458,850</u>	<u>44,850</u>	<u>10.83%</u>
6400	Solid Waste Services					
6410	Beach Cleaning	32,173	43,000	49,000	6,000	13.95%
6450	Security Services					
6460	Water runoff	7,128	7,000	8,000	1,000	14.29%
6500	Recreation					
6510	Lifeguards - Outside Services	195,927	205,000	225,000	20,000	9.76%
6515	Lifeguards - Pool	99,000	99,000	61,000	(38,000)	-38.38%
6520	Fireworks - Outside services	47,076	50,000	50,000	-	0.00%
6525	Fireworks - Outside services Sheriffs	38,298	33,000	42,000	9,000	27.27%
6530	Fireworks - Barge	30,895	31,000	40,000	9,000	29.03%
6540	Fireworks - Chase boat	2,000	2,000	2,000	-	0.00%
		<u>413,196</u>	<u>420,000</u>	<u>420,000</u>	<u>-</u>	<u>0.00%</u>
6600	Water					
6610	Water Conservation	-	1,000	1,000	-	0.00%
6615	Water Repairs & Maintenance	6,607	10,000	10,000	-	0.00%
6630	Backflow Testing	-	-	2,000	(1)	2,000
6699	Miscellaneous Water Expense	-	1,500	1,500	-	0.00%
		<u>6,607</u>	<u>12,500</u>	<u>14,500</u>	<u>2,000</u>	<u>16.00%</u>
6700	Storm Drains					
6710	Storm Drain Cleaning	80,908	84,000	86,520	2,520	3.00%
6720	Emergency Storm Contingency	-	10,000	10,000	-	0.00%
6725	Storm Drain Maintenance Repair	230	10,000	10,000	-	0.00%
6750	Equipment Lease (Backhoe)	16,765	16,800	16,800	-	0.00%
6780	Street Sweeping Services	36,609	38,000	38,000	-	0.00%
		<u>134,513</u>	<u>158,800</u>	<u>161,320</u>	<u>2,520</u>	<u>1.59%</u>
6800	Emergency Preparedness/CERT					
6810	Drills and Training	1,012	2,000	2,000	-	0.00%
6820	EOC Supplies/Misc	5,249	7,000	7,000	-	0.00%
6825	ARPA Grant/Firehouse	50,000	-	-	-	
6828	Volunteer Recruitment/Firehouse	-	-	15,000	-	
6830	Communications	2,171	15,000	15,000	-	0.00%
6840	Medical	(179)	6,000	7,000	1,000	16.67%
		<u>58,253</u>	<u>30,000</u>	<u>46,000</u>	<u>16,000</u>	<u>53.33%</u>

Emerald Bay Service District
 Approved Budget FY 2023-24
 Approved Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2024

Acctg Codes	Current Year Projected 06/30/23	Budget			Increase/ (Decrease) Mid-Year/ Approved Budget	
		Approved Mid-Year Budget 04/19/23	Approved Budget FY 2023-24			
6900	Fuel Modification/Landscaping					
6910	Fuel Modification/Weed Abatement	50,000	50,000	50,000	-	0.00%
6920	Landscaping Materials - Entrance	40,000	40,000	40,000	-	0.00%
6930	Landscaping Water - Entrance	6,893	12,000	12,000	-	0.00%
6940	Landscaping Maintenance Contract - Entrance	18,000	21,000	19,200	(1,800)	-8.57%
		<u>114,893</u>	<u>123,000</u>	<u>121,200</u>	<u>(1,800)</u>	<u>-1.46%</u>
	Total expenditures	<u>2,034,334</u>	<u>2,200,197</u>	<u>2,318,645</u>	<u>118,448</u>	<u>5.38%</u>
	Total Operating Revenues less Expenses	<u>1,444,013</u>	<u>1,278,150</u>	<u>1,198,905</u>	<u>(79,245)</u>	<u>-6.20%</u>

Notes:

(1) Moved from Sanitary Sewer to Water

Emerald Bay Service District
Capital Outlay
 Approved Capital Expenses for the Fiscal Year Ending June 30, 2024

Acctg Codes		Projected 06/30/23	Approved Mid-Year Budget 04/19/23	Approved Budget FY 2023/24
8300	Storm Drains			
8310	Construction - Curbs and Gutters	25,000	50,000	50,000
8320	Storm Drain Project - #40 EB	-	-	50,000
8330	Storm Drain Project - #200 Block	-	-	275,000
8340	Storm Drain Project - Beach	-	-	150,000
		<u>25,000</u>	<u>50,000</u>	<u>525,000</u>
8400	Sanitary Sewers			
8410	Sewer Lift Stations - CIP	15,000	50,000	50,000
8415	LS3 Replacement	300,000	300,000	400,000
8420	Sewer Pipelines - CIP	40,000	75,000	100,000
8425	Sewer Force Main Replacement	50,000	50,000 (1)	
8430	SOCWA - CIP	130,000	130,000	120,000
8440	CLB - CIP	-	37,000	37,000
8445	SSMP	20,000	20,000	
8450	Generator	-	-	-
8455	Financing Cost	42,478	42,278	-
8460	GIS System - Sewer	30,000	40,000	10,000
		<u>627,478</u>	<u>744,278</u>	<u>717,000</u>
8500	Potable Water			
8510	Water - Pipelines - CIP	2,488	20,000	50,000
8520	Water - FH/Valves - CIP	-	15,000	25,000
8530	Water Meter Replacement	-	20,000	20,000
8540	GIS System - Water	36,000	40,000	40,000
8550	Water Bottle Fountains	-	-	15,000
8560	Beach Shower	-	-	10,000
		<u>38,488</u>	<u>95,000</u>	<u>160,000</u>
8600	Emergency Preparedness			
8610	Emergency Siren	-	40,000	50,000
8620	Emergency Preparedness Radios	-	10,000	10,000
8630	Back up power project	-	120,000	120,000
		<u>-</u>	<u>170,000</u>	<u>180,000</u>
8700	Safety Projects			
8710	Safety Path Lighting	39,552	40,000	53,000
8720	Street Signs	11,550	40,000	40,000
8720	Sidewalks	-	-	20,000
		<u>51,102</u>	<u>80,000</u>	<u>113,000</u>
	Total Capital Transactions	<u>742,068</u>	<u>1,139,278</u>	<u>1,695,000</u>

Notes:

(1) The extend of the Sewer Force Main Replacement project is unknown

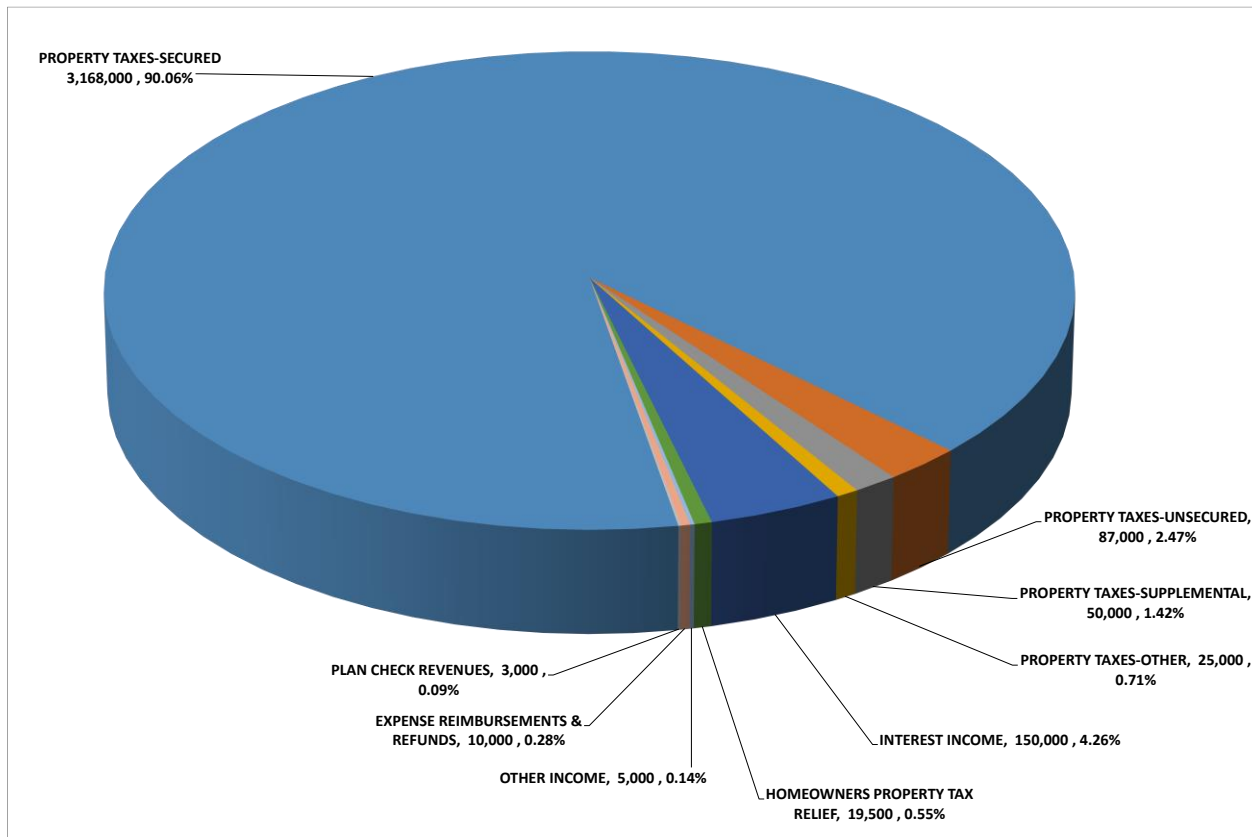
**EMERALD BAY SERVICE DISTRICT
DEBT SERVICE FUND
Approved Budget FY 2023-24**

		Projected 06/30/23	Approved Mid-Year Budget 04/19/23	Approved Budget FY 2023-24
A. DEBT SERVICE FUND				
1. Note Payable-Bonds (principal and interest)	\$	614,586	\$ 614,586	\$ 634,000 (1)
TOTAL PROPOSED DEBT SERVICE FUND	\$	614,586	\$ 614,586	\$ 634,000

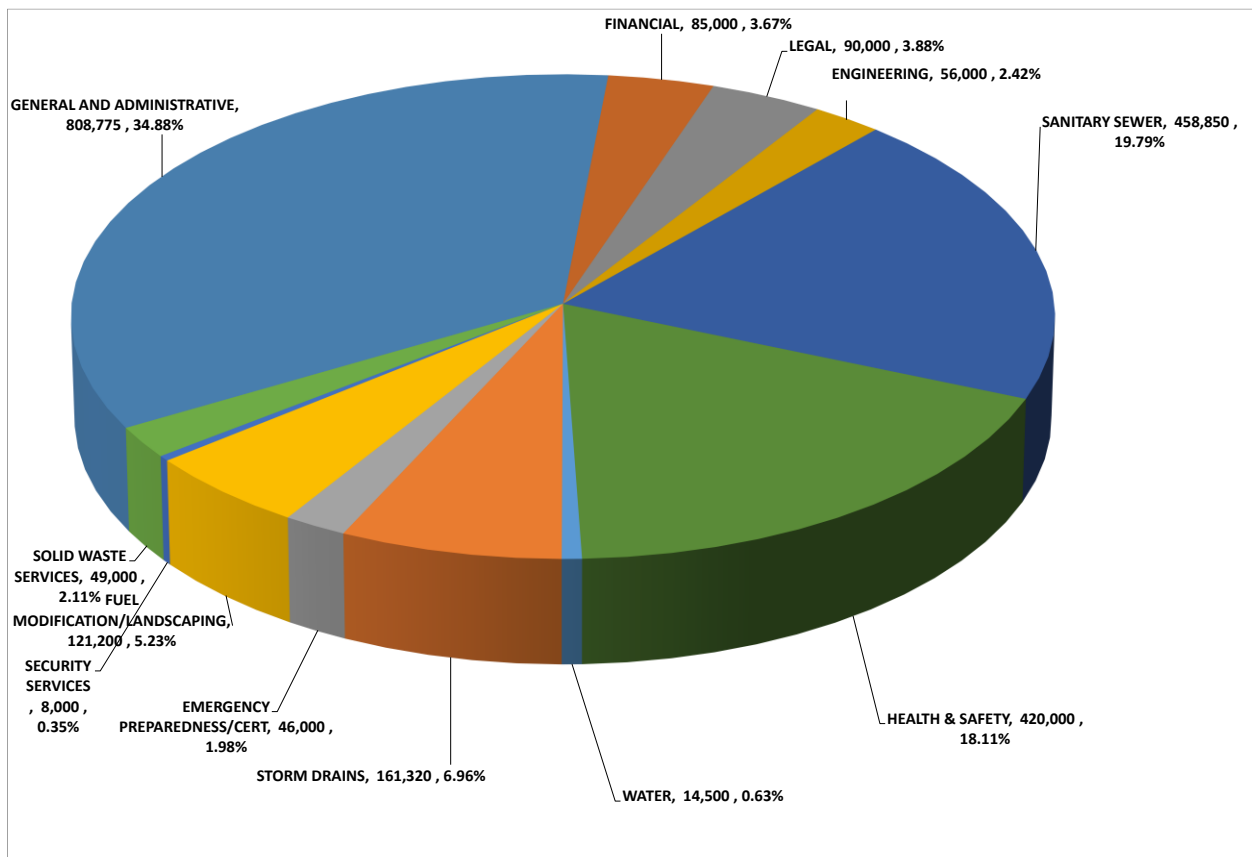
Note: (1) The District refinanced the Installment Sales Agreement in Fiscal Year 2020/21 to reduce the annual interest rate to 2.4%, the interest and principal payments will be \$487,422 and the outstanding balance as of 06/30/23 is \$5,056,026. The District increased the outstanding debt by \$2,040,000 in July 2022. The 2022 Installment Sales Agreement has an annual interest rate of 3.8%, the interest and principal payments will be \$146,544 and the outstanding balance as of 06/30/23 is \$1,970,320.

SUPPLEMENTAL INFORMATION

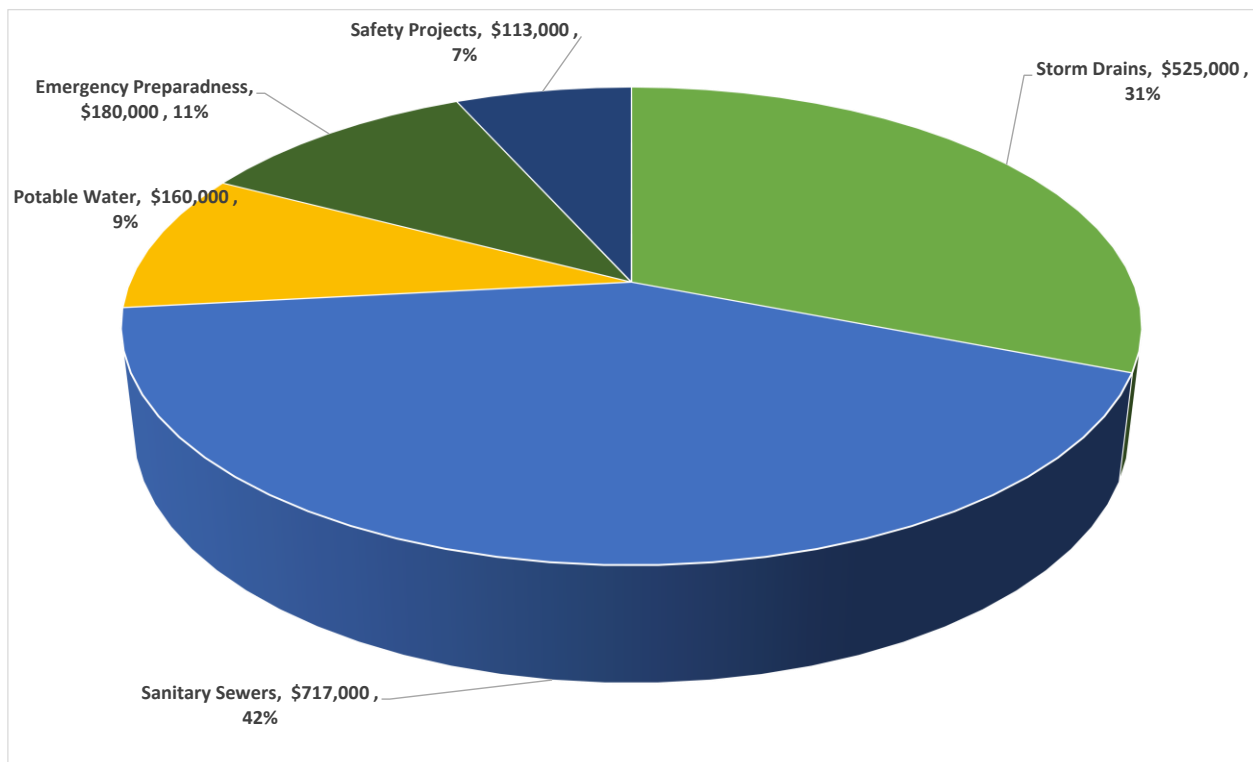
ADOPTED BUDGET FISCAL YEAR 2023-24 OPERATING REVENUES \$3,517,500



ADOPTED BUDGET FISCAL YEAR 2023-24 OPERATING EXPENDITURES \$2,318,645



**ADOPTED BUDGET FISCAL YEAR 2023-24
CAPITAL IMPROVEMENTS BY CATEGORY
\$1,695,000**



Glossary

Accounting – Revenues are recognized when both measurable and available; expenditures are recorded when services have been substantially performed or goods have been received and the liabilities incurred.

AD Valorem Tax – (which means “according to its value.”) A state or local government tax based on the value of real property as determined by the county tax assessor. In the State of California, Proposition 4 limits its Ad Valorem taxes. Proposition 13 limits property tax to 1 percent of the assessed valuation of the property.

Adjusted Budget – The adjusted budget represents the adopted budget including changes made during the fiscal year.

Adopted Budget – The official budget as approved by the Emerald Bay Service District Board of Directors at the start of each fiscal year.

Appropriation – An authorization by the Board of Directors to make expenditures/expenses and to incur obligations for a specific purpose within a specific time frame.

Assessed Valuation - A dollar value placed on real estate or other property by the County of Orange Assessor as a basis for levying property taxes.

Assets – Physical items owned by the District for which a value has been attached.

Audit – An examination and evaluation of the District’s records and procedures to ensure compliance with specified rules and regulations, best practices.

Balanced Budget – A balanced financial budget in which planned revenues equal expenditures.

Beginning/Ending (Unappropriated) Fund Balance - Unencumbered resources available in a fund from the prior/current fiscal year after payment of the prior/current fiscal year’s expenditures/expenses. It is essentially the amount of money still available for future purposes.

Budget – A plan of financial operation comprised of estimated expenditures for a given period (usually a single fiscal year) and the proposed means of financing the expenditures (through revenues). The Emerald Bay Service District’s fiscal year budget is July 1 through June 30.

Budget Preparation – Process by which the annual fiscal spending plan is prepared by District staff for presentation as the Emerald Bay General Manager’s recommended budget to the District’s Board of Directors.

COLA – An acronym for Cost of Living Adjustment

CPI – A statistical description of price levels provided by the US Department of Labor. The change in this index from year to year is used to measure the cost of living and economic inflation.

Glossary (continued)

Capital Budget – A financial plan showing planned expenses, and revenues associated with those expenses, for purchase or construction of capital improvements which have a useful life of over a year. Appropriations are added to the projects each fiscal year as the plan is adopted.

Capital Expenditures – Money spent to purchase equipment or construct capital improvement projects.

Capital Improvement - A permanent physical addition to the District's assets, including the design, construction, and/or purchase of land, buildings, facilities, or major renovations.

Capital Improvement Program - A financial plan of proposed capital improvement projects with single-and multiple-year capital expenditures/ expenses. The Capital Improvement Program plans for five years and is updated annually.

Capital Outlay – A budget appropriation category for equipment or capital improvements having a unit cost of more than \$5,000 and an estimated useful life of over one year.

Capital Projects – A major construction, acquisition, or renovation activity which adds value to fixed assets or which increases its useful life of one year or more. Capital Projects are \$5,000 or more and can also be called a capital improvement.

Contingency – An appropriation of funds to cover unforeseen events that occur during the fiscal year.

Deficit - An excess of expenditures or expenses over revenues (resources).

Encumbrances - A legal obligation or commitment to expend resources in the future for a service or item, such as a long-term contract or purchase order. The use of encumbrances helps prevent overspending and provides officials with information on the amount of money remaining to be spent.

Expenditure - The actual spending of Governmental Funds set aside by an appropriation.

Expense - The actual total current cost of operations during a period regardless of the timing of related expenditures.

Fiscal Year - A twelve-month period of time to which the annual operating budget applies. The Emerald Bay Service District's fiscal year is July 1 - June 30.

Fund Balance - The amount of financial resources available for use. Generally, this represents the detail of all the annual operating surpluses and deficits since the fund's inception.

Gann Appropriations Limit – Article XIII-B of the California State Constitution provides limits regarding the total amount of appropriations in any fiscal year from tax proceeds.

Glossary (continued)

General Fund - The primary fund of the District used to account for all revenues and expenditures of the District not legally restricted as to use. This fund is used to offset the cost of the District's general operations.

Interest – Income resulting from the prudent investment of idle cash. The types of investments are controlled by the District's investment policy in accordance with the California Government Code.

Indirect Costs – A cost necessary for the functioning of the organization as a whole, but which is not directly assigned to one service.

Levy – To impose taxes, special assessments or service charges for the support of governmental activities.

Line Item – The description of a detailed expenditure such as salaries, materials, supplies, professional services, and other operational costs separately along with the amount budget for each specified category.

Transfers In/Out - Monies transferred from one line item to another. These transfers may finance the operations of another fund or to reimburse the fund for certain expenditures /expenses.

Materials, Supplies and Services - Expenditures/expenses which are ordinarily consumed within a fiscal year.

Objectives - The expected results or achievements of a budget activity.

Operating Budget – A budget, which focuses on everyday operating activities and programs.

Property Tax – A tax levied on real estate and personal property.

Recommended Budget – The draft financial budget document detailing the General Manager's recommended spending plan for the next fiscal year. The Recommended Budget is reviewed and modified by the Board of Directors before formal adoption as the Adopted Operating Budget.

Reimbursement - Payment of amount remitted on behalf of another party, department, or fund.

Reserves – A portion of the fund balance set aside for a specific purpose.

Revenues – Monies that the District receives as income such as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, donations and interest income.

Glossary (continued)

Supplemental Roll Property Taxes – Assessed on property that changes ownership during the year and is based on the difference between the new and old assessed values.

Special Revenue Funds - This fund type collects revenues that are restricted by the City, State, or Federal Government as to how they may be spent.

Transmittal Letter - A general discussion of the budget. The letter contains an explanation of principal budget items and summaries.