



EMERALD BAY SERVICE DISTRICT



*Working Together to Keep our Community
Safe and Clean*

Approved Operating and Capital Budget for the
Fiscal Year Ending June 30, 2026

EMERALD BAY SERVICE DISTRICT

ANNUAL BUDGET

FISCAL YEAR FROM JULY 1, 2025 TO JUNE 30, 2026

EMERALD BAY SERVICE DISTRICT BOARD OF DIRECTORS

**JOHN MARCONI, PRESIDENT
SUSAN THOMAS, VICE PRESIDENT
GARY PICKETT, TREASURER
JOHN A. McDERMOTT, SECRETARY
DANIEL HOFFFLIN, DIRECTOR**

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

TABLE OF CONTENTS**General**

Transmittal Letter	3
Gann Appropriations Limit	9

Budget Section

Budget Summary	10
Operating Budget	11
Debt Service Fund Budget	13
Capital Outlay Budget	14

Supplemental Information

Charts	
Operating Revenues	16
Operating Expenses	17
Glossary	18

June 18, 2025

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

It is our pleasure to present to you the Fiscal Year 2025/26 Operating Budget for the Emerald Bay Service District (District) as approved by the Emerald Bay Service District Board of Directors on June 18, 2025. This budget was developed to define how the District's resources will be utilized during the fiscal year that begins on July 1, 2025. 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 two 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 2025/26 the District is projecting the Reserve for Future Capital Improvements will have an estimated balance of \$895,598, and the estimated Operating Reserve will be \$1,668,119, as a result reserves are projected to total \$2,563,716. 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, Recreation, 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 the Emerald Bay Community Association (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) and Moulton Niguel Water District allocate 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 3.00% and Unsecured Property Tax -1.15%. 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 2.20%.

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 wages, payroll taxes, payroll processing, and benefits are \$152,063. 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 \$187,723. The Agreement also includes charges for office and facilities rent in the amount of \$225,000. 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 2025/26 are \$11,000. Insurance will increase by \$11,000 for Fiscal Year 2025/26. Overall, we are projecting a 2.8% 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 thirty-seven (37) hours per month. The audit fees will increase slightly to \$30,000 in Fiscal Year 2025/26.

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 2025/26 are anticipated to be \$100,000.

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 the beach bathroom project. Plan Check Fees will continue to be tracked separately.

Sanitary Sewer

Overall, the Sanitary Sewer category increased by \$7,858; this represents a 1.48% increase as compared to the Fiscal Year 2024/24 Mid-Year Budget. SOCWA operating expenses are estimated at \$215,000, an increase of \$24,000. The District estimates that the Fiscal Year 2025/26 charges for its share of the maintenance of its sewer collection and conveyance facilities will be approximately \$249,000. Other various categories have been decreased by 2.25% to reflect the lower costs for maintenance and repairs. 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 7.88% when compared to the prior fiscal year's projected cost.

Solid Waste Services

Solid Waste Services within the District will increase by 12.18%, 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.

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 Security provided by the Orange County Sheriff's Department remains the same. The Pool Lifeguards costs have increased to \$10,000. The Orange County Sheriff's services for fireworks are divided into two categories: \$40,000 for the July 4th Celebration and \$15,000 for other events.

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 decrease by \$5,000 in Fiscal Year 2025/26 to \$11,000.

Storm Drains

Storm drain cleaning services are provided as part of the Management Services Agreement with the EBCA and Storm Drain Cleaning are expected to decrease by 8.00%. Additionally, the Management Services Agreement provides for Street Sweeping Services which are expected to be \$37,000.

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 \$125,000, an increase of \$74,500 as compared to the projected FY 2024/25 year end. The major increase is due to funds being allocated for fire suppression efforts within the District.

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 25.00% when compared to the Projected 2024/25 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.

Sanitary Sewers

The District is planning several capital projects to maintain and improve the sewer system in Fiscal Year 2025/26:

- \$50,000 has been budgeted for unspecified projects for upgrades to the sewer lift stations and sewer infrastructure.
- The Sewer Pipeline remains the same at \$100,000 in anticipation of several pipeline segments to be lined or repaired.
- As a member of SOCWA, the District has been allocated a portion of the costs related to their capital improvement projects. SOCWS is estimating \$123,000 for Fiscal Year 2025/26.

- An additional item to include the District's share of Moulton Niguel Water District's costs (\$4,000).
- 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 \$40,000.
- The District has also allocated \$5,000 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 small water pipeline replacements.
- \$30,000 has been allocated for fire hydrants throughout the Community.
- \$20,000 has been budgeted for Water Meter Replacement.
- The District has also allocated \$5,000 for GIS to support ongoing training for the Maintenance personnel.

Emergency Preparedness

The District has allocated the following:

- \$75,000 for an Emergency Siren.
- \$17,000 for Emergency Preparedness Radios
- \$35,000 for Fire Tracking Cameras
- \$200,000 for Fire Suppression/Prevention Projects (to be identified).

Safety Projects

The District has allocated \$19,000 to safety projects within the Emerald Bay Community.

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 06/30/25 is \$4,310,587. 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 06/30/25 is \$1,822,834.

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 2025/26 limit has been computed to be \$2,359,471. The District's budgeted tax proceeds subject to the FY 2025/26 Gann limit equals \$2,224,359. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)

Emerald Bay Service District
Approved Budget FY 2025-26
Summary

	Approved Mid-Year Budget 03/19/25	Projected FY 2025-26	Approved Budget FY 2025-26	Increase/ (Decrease)
Revenues - Operating	3,741,361	3,741,861	3,863,569	122,207
Total Revenues	<u>3,741,361</u>	<u>3,741,861</u>	<u>3,863,569</u>	<u>122,207</u>
Operating Expenditures				
General and Admin	885,318	843,802	910,686	25,368
Financial	98,000	98,000	110,000	12,000
Legal	100,000	114,025	100,000	-
Engineering	156,000	152,500	56,000	(100,000)
Sanitary Sewer	530,724	455,055	538,582	7,858
Solid Waste	67,300	67,300	75,500	8,200
Security Services	7,200	7,200	7,800	600
Recreation	487,000	446,416	464,000	(23,000)
Water	16,000	4,500	11,000	(5,000)
Storm Drains	132,620	125,011	138,670	6,050
Emergency Preparedness	50,500	116,173	125,000	74,500
Main Gate Landscaping/Fuel Mod	186,000	167,500	165,000	(21,000)
Total Expenditures	<u>2,716,662</u>	<u>2,597,481</u>	<u>2,702,237</u>	<u>(14,425)</u>
Change in Net Assets from Operating	<u>1,024,699</u>	<u>1,144,380</u>	<u>1,161,331</u>	<u>136,632</u>
Capital Outlay	2,193,800	1,913,683	823,000	(1,370,800)
Change in Net Assets from Capital Outlay	<u>(2,193,800)</u>	<u>(1,913,683)</u>	<u>(823,000)</u>	<u>1,370,800</u>
Debt Service Payments	<u>(634,000)</u>	<u>(634,000)</u>	<u>(634,000)</u>	<u>-</u>
Total Change in Net Assets	<u>(1,803,101)</u>	<u>(1,403,303)</u>	<u>(295,669)</u>	<u>1,507,432</u>
		Projected		
	FY 2024-25	FY 2024-25	FY 2025-26	
Beginning Fund Balance 07/01/24	4,262,688	4,262,688	2,859,385	
Change in Net Assets	<u>(1,803,101)</u>	<u>(1,403,303)</u>	<u>(295,669)</u>	
Ending Fund Balance 06/30/2026	<u>2,459,587</u>	<u>2,859,385</u>	<u>2,563,716</u>	
Unrestricted (50% of Operating)	1,675,331	1,668,119	1,668,119	
Contingency	250,000	-	-	
Reserved for Future Capital Improvements	534,256	1,191,266	895,598	
Ending Fund Balance 06/30/26	<u>2,459,587</u>	<u>2,859,385</u>	<u>2,563,716</u>	

Emerald Bay Service District

Approved Budget FY 2025-26

Proposed Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2026

Acctg Codes		Budget				
		Approved		Approved	Budget	
		Mid-Year	Projected	Budget	Increase	
		Budget			(Decrease)	
		03/19/25	FY 2024-25	FY 2025-26		
	Revenues - Total:					
	Property taxes - secured	3,338,835	3,338,835	3,472,389	133,553	4.00%
	Property taxes - unsecured	103,134	103,134	90,000	(13,134)	-12.73%
	Property taxes - supplemental	74,589	74,589	75,000	411	0.55%
	Property taxes - other	32,473	32,473	30,000	(2,473)	-7.62%
	Interest income	125,000	125,000	125,000	-	0.00%
	Homeowners property tax relief	12,685	12,685	12,500	(185)	-1.46%
	Other income	50,680	50,680	50,680	-	0.00%
	Contractor bid income	-	-	-	-	
	Expense reimbursements & Refunds	965	965	5,000	4,035	418.13%
	Plan Check Reviews	3,000	3,500	3,000	-	0.00%
	Total Revenue	3,741,361	3,741,861	3,863,569	122,207	3.27%
	Expenditures:					
5000	General and Administrative					
5010	Wages and salaries	123,000	119,462	125,000	2,000	1.63%
5020	Payroll taxes	10,000	9,251	9,563	(438)	-4.38%
5030	Workers Compensation insurance	2,000	1,784	2,500	500	25.00%
5040	Employee benefits	12,000	8,826	12,000	-	0.00%
5060	Personnel administrative	3,000	2,200	3,000	-	0.00%
5070	Property tax collection fees	7,000	9,500	7,000	-	0.00%
5080	Tax administration charge	11,000	17,888	11,000	-	0.00%
5090	Administration miscellaneous expense	7,000	7,500	7,000	-	0.00%
5100	Computer services	10,000	6,500	9,000	(1,000)	-10.00%
5110	Insurance	250,000	241,110	239,000	(11,000)	-4.40%
5120	Telephone	2,500	1,600	2,500	-	0.00%
5130	Memberships and conferences	20,000	13,500	15,000	(5,000)	-25.00%
5135	Annual Regulatory Permits	15,000	12,000	15,000	-	0.00%
5140	Management services	173,818	162,672	187,723	13,905	8.00%
5145	Office and Land Lease	219,000	219,000	245,000	26,000	11.87%
5150	LAFCO contribution/ expenses	3,000	3,057	3,200	200	6.67%
5160	Election expense	-	-	-	-	
5170	Vehicle Lease	7,000	5,453	7,200	200	2.86%
5180	District Website	10,000	2,500	10,000	-	0.00%
		885,318	843,802	910,686	25,368	2.87%
5400	Financial					
5410	Accounting fees	70,000	70,000	80,000	10,000	14.29%
5420	Audit	28,000	28,000	30,000	2,000	7.14%
		98,000	98,000	110,000	12,000	12.24%
5500	Legal					
5510	Legal fees	100,000	114,025	100,000	-	0.00%
6000	Engineering					
6010	Professional services - other	150,000	150,000	50,000	(100,000)	-66.67%
6020	Engineer surveys and supplies	1,000	-	1,000	-	0.00%
6030	Plan Check Fees	5,000	2,500	5,000	-	0.00%
		156,000	152,500	56,000	(100,000)	-64.10%

Emerald Bay Service District

Approved Budget FY 2025-26

Proposed Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2026

Acctg Codes		Budget				
		Approved Mid-Year Budget 03/19/25	Projected FY 2024-25	Approved Budget FY 2025-26	Budget Increase (Decrease)	
6200	Sanitary Sewer					
6210	Sewage treatment / SOCWA	191,000	172,000	215,000	24,000	12.57%
6215	MNWD/Biosolids	-	-	34,000	34,000	
6220	North Coast Interceptor-CLB Operator	50,000	50,000	40,000	(10,000)	-20.00%
6230	Maintenance equipment	17,000	-	15,000	(2,000)	-11.76%
6240	Maintenance vehicle - gas & repairs	17,000	5,000	15,000	(2,000)	-11.76%
6250	Sewer Lift Stations - Monthly inspections	7,000	1,650	9,000	2,000	28.57%
6260	Sewer Lift Stations - Electricity	17,000	15,000	17,000	-	0.00%
6270	Sewer Lift Stations - Water	2,000	850	2,000	-	0.00%
6280	Supplies and chemicals	5,000	1,000	5,000	-	0.00%
6290	Repairs and maintenance	100,000	92,555	60,000	(40,000)	-40.00%
6300	Sewer Pipeline System - Cleaning	85,724	87,000	92,582	6,858	8.00%
6350	Restroom Trailers	39,000	30,000	34,000	(5,000)	-12.82%
		<u>530,724</u>	<u>455,055</u>	<u>538,582</u>	<u>7,858</u>	<u>1.48%</u>
6400	Solid Waste Services					
6410	Beach Cleaning	<u>67,300</u>	<u>67,300</u>	<u>75,500</u>	<u>8,200</u>	<u>12.18%</u>
6450	Security Services					
6460	Water runoff	<u>7,200</u>	<u>7,200</u>	<u>7,800</u>	<u>600</u>	<u>8.33%</u>
6500	Recreation					
6510	Lifeguards - Outside Services	250,000	250,000	260,000	10,000	4.00%
6515	Lifeguards - Pool	75,000	75,000	75,000	-	0.00%
6520	Fireworks - Outside services	60,000	49,351	24,500	(35,500)	-59.17%
6525	Fireworks - Outside services Sheriffs	55,000	30,507	55,000	-	0.00%
6530	Fireworks - Barge	45,000	39,308	40,000	(5,000)	-11.11%
6540	Fireworks - Chase boat	2,000	2,250	2,500	500	25.00%
6550	Buoy Maintenance	-	-	7,000	7,000	
		<u>487,000</u>	<u>446,416</u>	<u>464,000</u>	<u>(23,000)</u>	<u>-4.72%</u>
6600	Water					
6610	Water Conservation	1,000	300	1,000	-	0.00%
6615	Water Repairs & Maintenance	10,000	1,200	5,000	(5,000)	-50.00%
6630	Backflow Testing	2,000	-	2,000	-	0.00%
6699	Miscellaneous Water Expense	3,000	3,000	3,000	-	0.00%
		<u>16,000</u>	<u>4,500</u>	<u>11,000</u>	<u>(5,000)</u>	<u>-31.25%</u>
6700	Storm Drains					
6710	Storm Drain Cleaning	75,620	77,011	81,670	6,050	8.00%
6720	Emergency Storm Contingency	10,000	2,000	10,000	-	0.00%
6725	Storm Drain Maintenance Repair	10,000	9,000	10,000	-	0.00%
6750	Equipment Lease (Backhoe)	-	-	-	-	
6780	Street Sweeping Services	37,000	37,000	37,000	-	0.00%
		<u>132,620</u>	<u>125,011</u>	<u>138,670</u>	<u>6,050</u>	<u>4.56%</u>

Emerald Bay Service District
Approved Budget FY 2025-26
Proposed Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2026

Acctg Codes		Budget			
		Approved Mid-Year Budget 03/19/25	Projected FY 2024-25	Approved Budget FY 2025-26	Budget Increase (Decrease)
6800	Emergency Preparedness				
6810	Drills and Training	2,000	1,063	2,000	- 0.00%
6820	EOC Supplies/Misc	7,000	3,044	5,000	(2,000) -28.57%
6830	Communications	15,000	2,318	15,000	- 0.00%
6840	Medical	2,500	-	3,000	500 20.00%
6850	AEDs	24,000	13,811	-	(24,000) -100.00%
6860	Fire/Suppression	-	95,937	100,000	100,000
		<u>50,500</u>	<u>116,173</u>	<u>125,000</u>	<u>74,500</u> 147.52%
6900	Fuel Modification/Landscaping				
6910	Fuel Modification/Weed Abatement	100,000	100,000	75,000	(25,000) -25.00%
6920	Landscaping Materials - Entrance	50,000	35,000	50,000	- 0.00%
6930	Landscaping Water - Entrance	12,000	8,500	10,000	(2,000) -16.67%
6940	Landscaping Maintenance Cont - Entrance	24,000	24,000	30,000	6,000 25.00%
		<u>186,000</u>	<u>167,500</u>	<u>165,000</u>	<u>(21,000)</u> -11.29%
	Total expenditures	<u>2,716,662</u>	<u>2,597,481</u>	<u>2,702,237</u>	<u>(14,425)</u> -0.53%
	Total Operating Revenues less Expenses	<u>1,024,699</u>	<u>1,144,380</u>	<u>1,161,331</u>	<u>136,632</u> 13.33%

EMERALD BAY SERVICE DISTRICT
DEBT SERVICE FUND
Approved Budget FY 2025-26

	Actual 03/31/25	Approved Mid-Year Budget 03/20/25	Approved Budget FY 2025-26
A. DEBT SERVICE FUND			
1. Note Payable-Bonds (principal and interest)	\$ 634,000	\$ 634,000	\$ 634,000 (1)
TOTAL PROPOSED DEBT SERVICE FUND	<u>\$ 634,000</u>	<u>\$ 634,000</u>	<u>\$ 634,000</u>

Note: (1) The District refinanced the Installment Sales Agreement for in Fiscal Year 2020/21 to reduce the interest rate in 2022 the interest and principal payments will be \$487,422. The District increased the outstanding debt by \$2,040,000 in July 2022.

Emerald Bay Service District

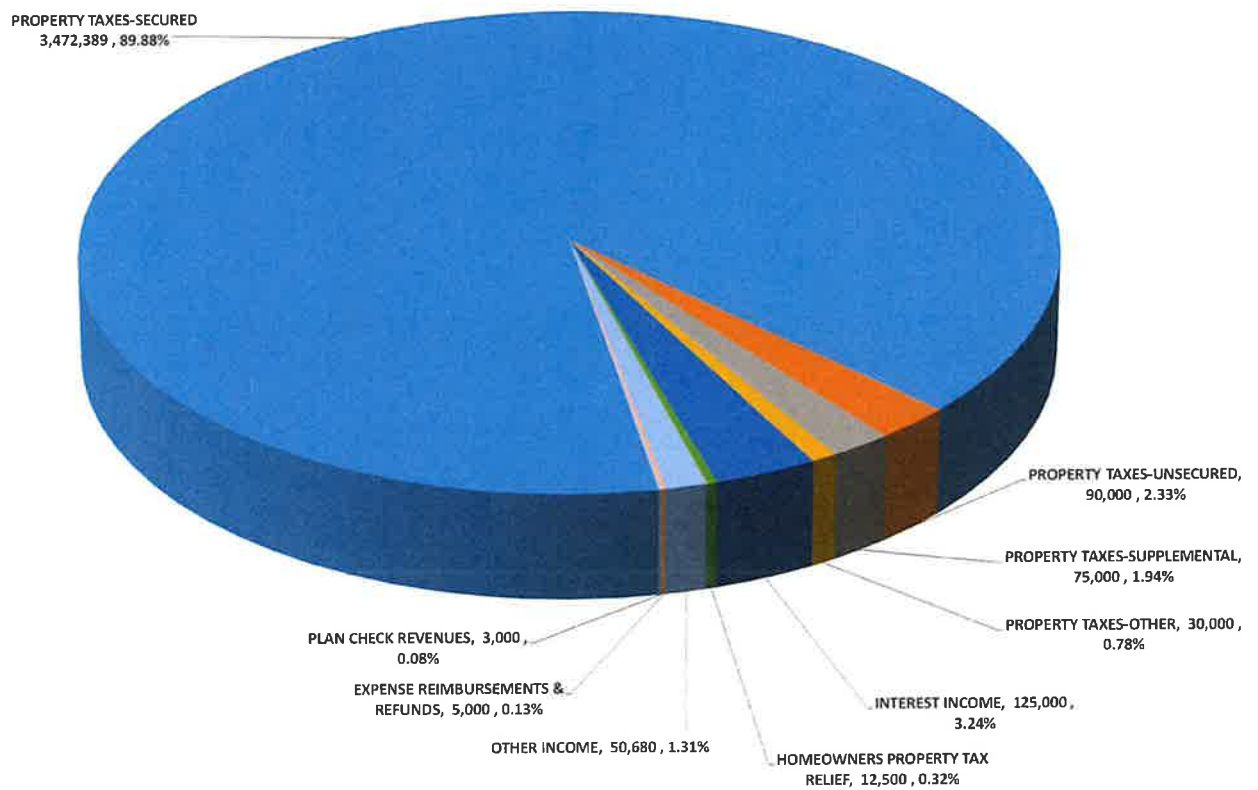
Capital Outlay

Proposed Capital Expenses for the Fiscal Year Ending June 30, 2026

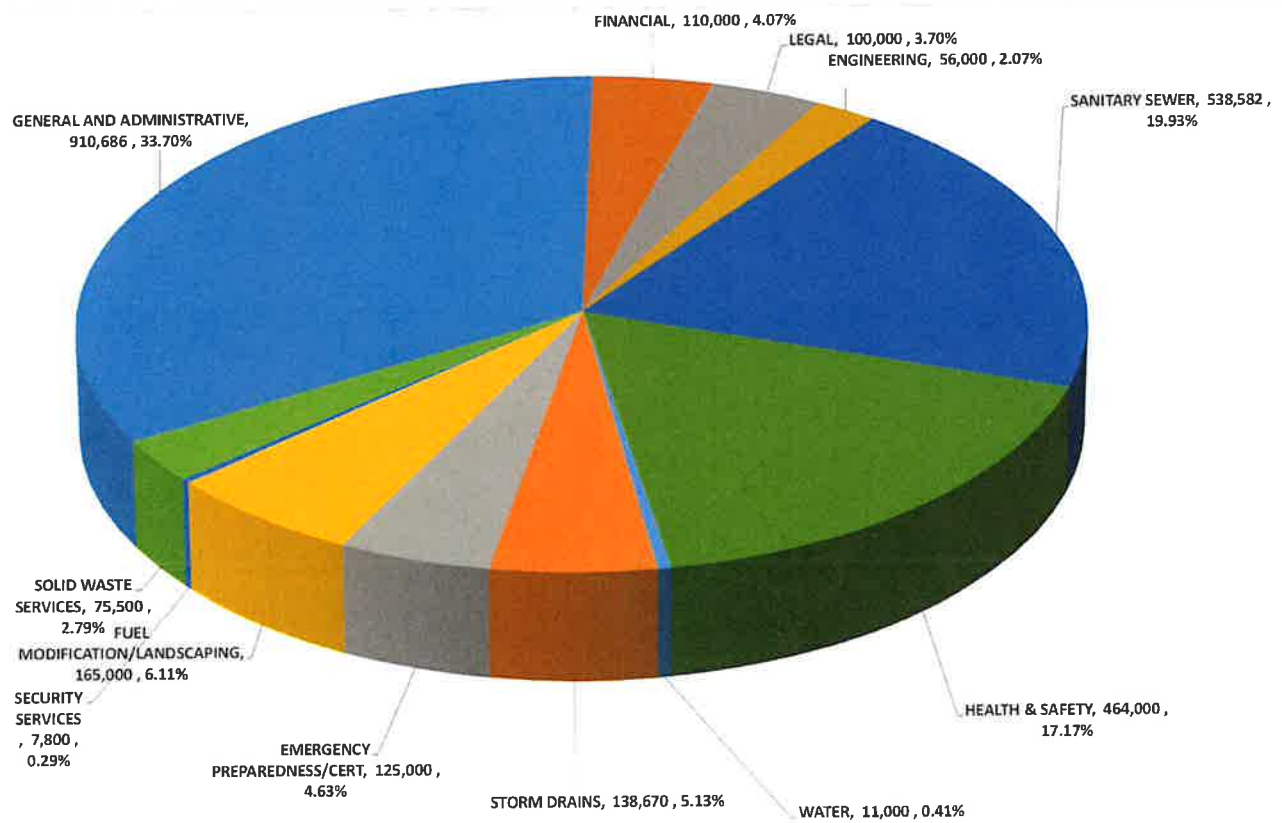
Acctg Codes		Approved Mid-Year Budget 03/19/25	Projected FY 2024-25	Approved Budget FY 2025-26
8300	Storm Drains			
8310	Construction - Curbs and Gutters	50,000	50,000	50,000
8320	Storm Drain Project - #40 EB	-	-	-
8330	Storm Drain Project - #200 EB	356,000	356,000	-
8340	Storm Drain Project - Beach	-	-	-
		<u>406,000</u>	<u>406,000</u>	<u>50,000</u>
8400	Sanitary Sewers			
8410	Sewer Lift Stations - CIP	100,000	88,000	50,000
8415	LS3 Replacement	800,000	880,000	-
8420	Sewer Pipelines - CIP	50,000	18,000	100,000
8425	Sewer Force Main Replacement	-	-	-
8430	SOCWA - CIP	105,000	70,000	123,000
8435	MNWD/Solids Processing	-	-	4,000
8440	CLB - CIP	40,000	40,000	40,000
8450	Generator	-	-	-
8460	GIS System	5,000	5,000	5,000
		<u>1,100,000</u>	<u>1,101,000</u>	<u>322,000</u>
8500	Potable Water			
8510	Water - Pipelines - CIP	40,000	30,000	50,000
8520	Water - FH/Valves - CIP	15,000	10,000	30,000
8530	Water Meter Replacement	20,000	5,000	20,000
8540	GIS System	48,800	36,000	5,000
8550	Water Bottle Fountains	58,000	57,000	-
8560	Beach Shower	-	-	-
		<u>181,800</u>	<u>138,000</u>	<u>105,000</u>
8600	Emergency Preparedness			
8610	Emergency Siren	75,000	3,000	75,000
8620	Emergency Preparedness Radios	1,000	-	17,000
8630	Back up power project	160,000	200,000	-
8635	Camera - Fire Tracking	35,000	-	35,000
8640	Fire Suppression/Prevention	200,000	54,683	200,000
		<u>471,000</u>	<u>257,683</u>	<u>327,000</u>
8700	Safety Projects			
8710	Safety Path Lighting	-	-	4,000
8720	Street Signs	-	-	-
8720	Sidewalks	-	-	-
8730	Beach Projects	35,000	11,000	15,000
		<u>35,000</u>	<u>11,000</u>	<u>19,000</u>
	Total Capital Transactions	<u>2,193,800</u>	<u>1,913,683</u>	<u>823,000</u>

SUPPLEMENTAL INFORMATION

ADOPTED BUDGET FISCAL YEAR 2025-26
OPERATING REVENUES
\$3,863,569



ADOPTED BUDGET FISCAL YEAR 2025-26
OPERATING EXPENDITURES
\$2,702,237



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 of 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.

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.

Glossary (continued)

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.