



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, 2023**

EMERALD BAY SERVICE DISTRICT

ANNUAL BUDGET

FISCAL YEAR FROM JULY 1, 2022 TO JUNE 30, 2023

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**

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June 15, 2022

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

It is our pleasure to present to you the Fiscal Year 2022/23 Operating Budget for the Emerald Bay Service District (District) adopted by the Emerald Bay Service District Board of Directors on June 15, 2022. This budget was developed to define how the District's resources will be utilized during the fiscal year that begins on July 1, 2022. 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 2021/22 the Reserve for Future Capital Improvements will have an estimated balance of \$439,223, the Contingency Reserve will have an estimated balance of \$250,000 and the estimated Operating Reserve will be \$1,073,650. 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 the Emerald Bay Community Association 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. These costs are divided between Operating and Capital Outlay.

OPERATING

Revenues

The Emerald Bay Service District provides 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 97% of the District's revenues in a typical year. The other 3% is derived from interest income and some minor reimbursements and refunds.

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.

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 \$140,500. Additional administrative services are provided through a Management Services Agreement (Agreement) between the District and the Emerald Bay Community Association (EBCA). The Agreement also includes charges for office and facilities rent in the amount of \$192,000. 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 2021/22 are \$17,500 and we are estimating those costs to increase to \$19,000 for Fiscal Year 2022/23. Overall, we are projecting a 6.96% increase in the costs related to General and Administrative Services. These increases are 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-two (22) hours per month. The audit fees will increase slightly to \$18,500 in Fiscal Year 2022/23.

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 2022/23 are anticipated to be \$80,000.

Engineering

Engineering expenses, which include Professional Services and Engineering Surveys/Supplies, are expected to increase due to planned capital improvements to storm drains and other infrastructure. Plan Check Fees for construction projects will continue to be tracked separately.

Sanitary Sewer

Overall, the Sanitary Sewer category decreased by \$26,250; this represents a 6.06% decrease as compared to the Fiscal Year 2021/22 budget. SOCWA operating expenses are estimated at \$154,000, a decrease of \$31,000. The District estimates that the Fiscal Year 2022/23 charges for its share of the maintenance of its sewer collection and conveyance facilities will be approximately \$50,000. 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 5.00% when compared to the prior fiscal year's projected cost.

Solid Waste Services

Solid Waste Services is a service provided by the District and will increase by 4.88% 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 no change in this category as compared to the Fiscal Year 2021/22 budget.

Health and Safety

In the past, the District has funded two major activities for public health and safety: Lifeguards and the July 4th fireworks display. The fireworks display will be funded in Fiscal Year 2022/23, as well as the Security provided by the Orange County Sheriff's Department. Fireworks and related costs are expected to increase by \$12,000 and Lifeguard Services are expected to increase by \$29,000.

The District provides the 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 remain the same as the Fiscal Year 2021/22 at \$2,500.

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 contracting street sweeping services from EBCA for storm drain maintenance through the Management Services Agreement.

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Emergency Preparedness/CERT

A dedicated group of Emerald Bay residents has formed a Certified Emergency Response Team (CERT) that volunteers, trains, and prepares to respond to any emergency situation. The overall budget remains the same as the Approved Mid-Year Budget allocation.

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 to the Emerald Bay Community. Landscaping services are provided as part of the Management Services Agreement with the EBCA and are expected to increase by 10.48% when compared to the Mid-Year 2021/22 Budget.

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 2022/23

- \$50,000 has been budgeted for unspecified projects for upgrades to the sewer lift stations.

- As a member of SOCWA, the District has been allocated a portion of the costs related to their capital improvement projects. These costs are down as SOCWA has completed some of their larger sewer projects.
- The District also shares conveyance equipment with the City of Laguna Beach (CLB); the District's share of the of capital improvement projects is estimated at \$37,000.
- The District has also allocated \$40,000 to develop and implement a GIS System.
- The District is planning a major sewer lift station replacement because the current Sewer Lift Station No. 3 is nearing the end of its useful life. The District has budgeted \$700,000 for this replacement.
- The condition of the sewer force main is being investigated now. At this time the necessary repairs and costs are undefinable and would need to be funded out of reserves if repairs are necessary.

Potable Water

The construction and maintenance of the water infrastructure continue throughout the Emerald Bay Community. \$55,000 has been budgeted for unspecified projects for construction. The District has also allocated \$40,000 to develop and implement a GIS System.

CERT

The District has allocated \$120,000 for a back-up power project for the Community Center to ensure that the CERT 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 CERT Radios for \$50,000.

SAFETY PROJECTS

The District allocated \$80,000 in Fiscal Year 2021/22 to safety projects associated with lighting and street signs within the Emerald Bay Community. The unused funds will be carried forward to Fiscal Year 2022/23.

DEBT SERVICE

In October 2020 the District refinanced its private placement bond in the amount of \$5,554,521 to reduce the interest rate. The principal and interest for the repayment of the bond as well as other long-term debt is recorded in this fund. The District will be adding an additional \$2,000,000 in long-term debt in Fiscal Year 2022/23. The additional \$2,000,000 in funding will address the funding required for the replacement of the sewer lift station and any funding for the sewer force main repair and/or replacement. In addition, the terms of the installment sale agreement allow the District to reimburse itself for the funding of the Storm Drainage Project and the Tunnel Improvements Project. These projects were completed in fiscal year 2021/22.

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 and pumping 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 Cathy Lovitt 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, especially James Flynn, Treasurer and John Marconi, President, 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 blue 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 2022/23 limit has been computed to be \$2,262,990. The District's budgeted tax proceeds subject to the FY 2022/23 Gann limit equals \$1,001,882. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)

Emerald Bay Service District
Adopted Budget FY 2022-23
Summary

| | Projected 06/30/22 | Approved Mid-Year Budget 02/16/22 | Adopted Budget FY 2022-23 | Increase/ (Decrease) | FY 2023-24 | FY 2024-25 |
|--|---------------------------|--|---------------------------------|-------------------------|-------------------|-------------------|
| Revenues - Operating | <u>2,972,094</u> | <u>2,959,634</u> | <u>3,075,332</u> | <u>115,698</u> | <u>3,198,346</u> | <u>3,326,279</u> |
| Total Revenues | <u>2,972,094</u> | <u>2,959,634</u> | <u>3,075,332</u> | <u>115,698</u> | <u>3,198,346</u> | <u>3,326,279</u> |
| Operating Expenditures | | | | | | |
| General and Admin | 667,021 | 695,500 | 762,897 | 67,397 | 789,598 | 817,234 |
| Financial | 57,500 | 57,500 | 58,500 | 1,000 | 60,548 | 62,667 |
| Legal | 80,000 | 80,000 | 80,000 | - | 82,800 | 85,698 |
| Engineering | 39,500 | 42,000 | 47,000 | 5,000 | 48,645 | 50,348 |
| Sanitary Sewer | 378,750 | 433,000 | 406,750 | (26,250) | 420,986 | 435,721 |
| Solid Waste | 36,000 | 41,000 | 43,000 | 2,000 | 44,505 | 46,063 |
| Security Services | 7,000 | 7,000 | 7,000 | - | 7,245 | 7,499 |
| Recreation | 355,771 | 368,000 | 409,000 | 41,000 | 423,315 | 438,131 |
| Water | 250 | 2,500 | 2,500 | - | 2,588 | 2,678 |
| Storm Drains | 133,026 | 154,800 | 158,800 | 4,000 | 164,358 | 170,111 |
| Emergency Preparedness | 20,000 | 27,000 | 27,000 | - | 27,945 | 28,923 |
| Main Gate Landscaping/Fuel Mod | <u>117,000</u> | <u>105,000</u> | <u>116,000</u> | <u>11,000</u> | <u>120,060</u> | <u>124,262</u> |
| Total Expenditures | <u>1,891,818</u> | <u>2,013,300</u> | <u>2,118,447</u> | <u>105,147</u> | <u>2,192,593</u> | <u>2,269,333</u> |
| Change in Net Assets from Operating | <u>1,080,276</u> | <u>946,334</u> | <u>956,885</u> | <u>10,551</u> | <u>1,005,753</u> | <u>1,056,946</u> |
| Capital Outlay | 1,325,000 | 1,423,000 | 1,489,783 | 66,783 | 575,000 | 613,000 |
| Change in Net Assets from Capital Outlay | <u>(1,325,000)</u> | <u>(1,423,000)</u> | <u>(1,489,783)</u> | <u>(66,783)</u> | <u>(575,000)</u> | <u>(613,000)</u> |
| Debt Service Payments | <u>(272,212)</u> | <u>(272,212)</u> | <u>(634,000)</u> | <u>(634,000)</u> | <u>(634,000)</u> | <u>(634,000)</u> |
| Total Change in Net Assets | <u>(516,936)</u> | <u>(748,878)</u> | <u>(1,166,898)</u> | <u>(690,232)</u> | <u>(203,247)</u> | <u>(190,054)</u> |
| New Debt | | | <u>2,000,000</u> | | | |
| | Projected FY 21-22 | Mid-Year FY 21-22 | FY 2022-23 | | FY 2023-24 | FY 2024-25 |
| Unrestricted (50% of Operating) | 1,126,224 | 1,073,650 | 1,376,224 | | 1,413,296 | 1,451,667 |
| Contingency | 250,000 | 250,000 | 250,000 | | 250,000 | 250,000 |
| Reserved for Future Capital Improvements | <u>1,265,521</u> | <u>439,223</u> | <u>1,848,624</u> | | <u>1,608,304</u> | <u>1,379,879</u> |
| Ending Fund Balance | <u>2,641,745</u> | <u>1,762,873</u> | <u>3,474,847</u> | | <u>3,271,600</u> | <u>3,081,546</u> |
| Debt Service % to Revenue | | | 20.62% | | 19.82% | 19.06% |
| Debt Service Coverage Ratio | | | 1.51 | | 1.59 | 1.67 |

Note: In order to be in compliance with the District's Installment Sales Agreement the Debt Service Coverage Ratio must be 1.25 or higher.

Emerald Bay Service District
Adopted Budget FY 2022-23
Adopted Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2023

| Acctg Codes | | Current Year | Budget | | | |
|----------------|---|-----------------------|--|---------------------------------|----------------------------------|---------|
| | | Projected 06/30/22 | Approved Mid-Year Budget 02/16/22 | Adopted Budget FY 2022-23 | Budget Increase (Decrease) | |
| | Revenues - Total: | | | | | |
| | Property taxes - secured | 2,801,828 | 2,769,823 | 2,885,882 | 116,059 | 4.14% |
| | Property taxes - unsecured | 84,000 | 95,096 | 85,000 | (10,096) | -12.02% |
| | Property taxes - supplemental | 31,614 | 33,133 | 35,000 | 1,867 | 5.91% |
| | Property taxes - other | 24,729 | 24,402 | 25,000 | 598 | 2.42% |
| | Interest income | 7,500 | 7,000 | 7,500 | 500 | 6.67% |
| | Homeowners property tax relief | 19,423 | 12,730 | 19,500 | 6,770 | 34.86% |
| | Other income | 1,400 | 5,000 | 5,000 | - | |
| | Contractor bid income | - | 50 | 50 | - | |
| | Expense reimbursements & Refunds | - | 10,000 | 10,000 | - | |
| | Plan Check Reviews | 1,600 | 2,400 | 2,400 | - | |
| | Total Revenue | 2,972,094 | 2,959,634 | 3,075,332 | 115,698 | 3.89% |
| | Expenditures: | | | | | |
| 5000 | General and Administrative | | | | | |
| 5010 | Wages and salaries | 106,509 | 111,650 | 113,000 | 1,350 | 1.21% |
| 5020 | Payroll taxes | 7,988 | 9,350 | 9,500 | 150 | 1.60% |
| 5030 | Workers Compensation insurance | 2,000 | 2,000 | 2,000 | - | 0.00% |
| 5040 | Employee benefits | 13,500 | 20,000 | 16,000 | (4,000) | -20.00% |
| 5060 | Personnel administrative | 2,000 | 3,000 | 3,000 | - | 0.00% |
| 5070 | Property tax collection fees | 6,500 | 7,000 | 7,000 | - | 0.00% |
| 5080 | Tax administration charge | 11,000 | 16,000 | 12,000 | (4,000) | -25.00% |
| 5090 | Administration miscellaneous expense | 7,500 | 9,000 | 9,000 | - | 0.00% |
| 5100 | Computer services | 4,000 | 3,000 | 6,000 | 3,000 | 100.00% |
| 5110 | Insurance | 115,000 | 115,000 | 171,000 | 56,000 | 48.70% |
| 5120 | Telephone | 1,500 | 2,500 | 2,500 | - | 0.00% |
| 5130 | Memberships and conferences | 9,500 | 11,000 | 11,000 | - | 0.00% |
| 5135 | Annual Regulatory Permits | 7,400 | 9,000 | 9,000 | - | 0.00% |
| 5140 | Management services | 355,140 | 353,000 | 372,897 | 19,897 | 5.64% |
| 5150 | LAFCO contribution/ expenses | 2,278 | 3,000 | 3,000 | - | 0.00% |
| 5160 | Election expense | - | - | - | - | |
| 5170 | Vehicle Lease | 3,500 | 6,000 | 6,000 | - | 0.00% |
| 5180 | District Website | 11,706 | 15,000 | 10,000 | (5,000) | -33.33% |
| | | 667,021 | 695,500 | 762,897 | 67,397 | 9.69% |
| 5400 | Financial | | | | | |
| 5410 | Accounting fees | 40,000 | 40,000 | 40,000 | - | 0.00% |
| 5420 | Audit | 17,500 | 17,500 | 18,500 | 1,000 | 5.71% |
| | | 57,500 | 57,500 | 58,500 | 1,000 | 1.74% |
| 5500 | Legal | | | | | |
| 5510 | Legal fees | 80,000 | 80,000 | 80,000 | - | 0.00% |
| 6000 | Engineering | | | | | |
| 6010 | Professional services - other | 35,000 | 35,000 | 40,000 | 5,000 | 14.29% |
| 6020 | Engineer surveys and supplies | - | 1,000 | 1,000 | - | 0.00% |
| 6030 | Plan Check Fees | 4,500 | 6,000 | 6,000 | - | 0.00% |
| | | 39,500 | 42,000 | 47,000 | 5,000 | 11.90% |
| 6200 | Sanitary Sewer | | | | | |
| 6210 | Sewage treatment / SOCWA | 195,000 | 185,000 | 154,000 | (31,000) | -16.76% |
| 6220 | North Coast Interceptor-CLB Operator | 33,500 | 50,000 | 50,000 | - | 0.00% |
| 6230 | Maintenance equipment | 500 | 13,000 | 13,500 | 500 | 3.85% |
| 6240 | Maintenance vehicle - gas & repairs | 6,000 | 13,000 | 13,500 | 500 | 3.85% |
| 6250 | Sewer Lift Stations - Monthly inspections | 5,000 | 5,000 | 5,500 | 500 | 10.00% |
| 6260 | Sewer Lift Stations - Electricity | 12,000 | 13,000 | 13,500 | 500 | 3.85% |
| 6270 | Sewer Lift Stations - Water | 750 | 2,000 | 2,000 | - | 0.00% |
| 6280 | Supplies and chemicals | 1,000 | 9,000 | 5,000 | (4,000) | -44.44% |
| 6290 | Repairs and maintenance | 40,000 | 56,000 | 58,500 | 2,500 | 4.46% |
| 6295 | Backflow testing | - | 2,000 | 2,000 | - | 0.00% |
| 6300 | Sewer Pipeline System - Cleaning | 85,000 | 85,000 | 89,250 | 4,250 | 5.00% |
| | | 378,750 | 433,000 | 406,750 | (26,250) | -6.06% |

Emerald Bay Service District
 Adopted Budget FY 2022-23
 Adopted Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2023

| Acctg Codes | | Current Year | Budget | | | |
|----------------|---|-----------------------|--|---------------------------------|----------------------------------|--------|
| | | Projected 06/30/22 | Approved Mid-Year Budget 02/16/22 | Adopted Budget FY 2022-23 | Budget Increase (Decrease) | |
| 6400 | Solid Waste Services | | | | | |
| 6410 | Beach Cleaning | 36,000 | 41,000 | 43,000 | 2,000 | 4.88% |
| 6450 | Security Services | | | | | |
| 6460 | Water runoff | 7,000 | 7,000 | 7,000 | - | 0.00% |
| 6500 | Recreation | | | | | |
| 6510 | Lifeguards - Outside Services | 155,000 | 155,000 | 180,000 | 25,000 | 16.13% |
| 6515 | Lifeguards - Pool | 95,000 | 95,000 | 99,000 | 4,000 | 4.21% |
| 6520 | Fireworks - Outside services | 42,076 | 43,000 | 50,000 | 7,000 | 16.28% |
| 6525 | Fireworks - Outside services Sheriffs | 32,271 | 43,000 | 45,000 | 2,000 | 4.65% |
| 6530 | Fireworks - Barge | 29,424 | 30,000 | 33,000 | 3,000 | 10.00% |
| 6540 | Fireworks - Chase boat | 2,000 | 2,000 | 2,000 | - | 0.00% |
| | | 355,771 | 368,000 | 409,000 | 41,000 | 11.14% |
| 6600 | Water | | | | | |
| 6610 | Water Conservation | - | 1,000 | 1,000 | - | 0.00% |
| 6699 | Miscellaneous Water Expense | 250 | 1,500 | 1,500 | - | 0.00% |
| | | 250 | 2,500 | 2,500 | - | 0.00% |
| 6700 | Storm Drains | | | | | |
| 6710 | Storm Drain Cleaning | 80,000 | 80,000 | 84,000 | 4,000 | 5.00% |
| 6720 | Emergency Storm Contingency | - | 10,000 | 10,000 | - | 0.00% |
| 6725 | Storm Drain Maintenance Repair | - | 10,000 | 10,000 | - | 0.00% |
| 6750 | Equipment Lease (Backhoe) | 16,416 | 16,800 | 16,800 | - | 0.00% |
| 6780 | Street Sweeping Services | 36,610 | 38,000 | 38,000 | - | 0.00% |
| | | 133,026 | 154,800 | 158,800 | 4,000 | 2.58% |
| 6800 | Emergency Preparedness/CERT | | | | | |
| 6810 | Drills and Training | - | 1,000 | 1,000 | - | 0.00% |
| 6820 | EOC Supplies/Misc | 2,500 | 5,000 | 5,000 | - | 0.00% |
| 6830 | Communications | 15,000 | 15,000 | 15,000 | - | 0.00% |
| 6840 | Medical | 2,500 | 6,000 | 6,000 | - | 0.00% |
| | | 20,000 | 27,000 | 27,000 | - | 0.00% |
| 6900 | Fuel Modification/Landscaping | | | | | |
| 6910 | Fuel Modification/Weed Abatement | 40,000 | 40,000 | 43,000 | 3,000 | 7.50% |
| 6920 | Landscaping Materials - Entrance | 50,000 | 35,000 | 40,000 | 5,000 | 14.29% |
| 6930 | Landscaping Water - Entrance | 9,000 | 10,000 | 12,000 | 2,000 | 20.00% |
| 6940 | Landscaping Maintenance Contract - Entrance | 18,000 | 20,000 | 21,000 | 1,000 | 5.00% |
| | | 117,000 | 105,000 | 116,000 | 11,000 | 10.48% |
| | Total expenditures | 1,891,818 | 2,013,300 | 2,118,447 | 105,147 | 5.22% |
| | Total Operating Revenues less Expenses | 1,080,276 | 946,334 | 956,885 | 10,551 | 1.11% |

Emerald Bay Service District
Capital Outlay
Adopted Capital Expenses for the Fiscal Year Ending June 30, 2023

| Acctg Codes | | Projected 06/30/22 | Approved Mid-Year Budget 02/16/22 | Adopted Budget FY 2022-23 |
|----------------|-----------------------------------|-------------------------|--|---------------------------------|
| 8300 | Storm Drains | | | |
| 8310 | Construction - Curbs and Gutters | 577,000 | 537,000 | 50,000 |
| 8310 | PCH Restriping | - | - | - |
| | | <u>577,000</u> | <u>537,000</u> | <u>50,000</u> |
| 8400 | Sanitary Sewers | | | |
| 8410 | Sewer Lift Stations - CIP | 60,000 | 50,000 | 50,000 |
| | LS3 Replacement | 80,000 | 80,000 | 700,000 |
| 8420 | Sewer Pipelines - CIP | 100,000 | 100,000 | 100,000 |
| | Sewer Force Main Replacement | 20,000 | - | |
| 8430 | SOCWA - CIP | 281,000 | 281,000 | 130,000 |
| 8440 | CLB - CIP | 37,000 | 40,000 | 37,000 |
| 8450 | Generator | - | - | - |
| NEW | GIS System | 80,000 | 80,000 | 40,000 |
| | | <u>658,000</u> | <u>631,000</u> | <u>1,057,000</u> |
| 8500 | Potable Water | | | |
| 8510 | Water - Pipelines - CIP | 10,000 | 20,000 | 20,000 |
| 8520 | Water - FH/Valves - CIP | - | 15,000 | 15,000 |
| 8530 | Water Meter Replacement | - | 20,000 | 20,000 |
| | GIS System | - | - | 40,000 |
| | | <u>10,000</u> | <u>55,000</u> | <u>95,000</u> |
| 8600 | CERT | | | |
| | Emergency Siren | - | - | 50,000 |
| | CERT Radios | - | - | 50,000 |
| 8630 | Back up power project | - | 120,000 | 120,000 |
| | | <u>-</u> | <u>120,000</u> | <u>220,000</u> |
| 8700 | Safety Projects | | | |
| 8710 | Safety Path Lighting | 40,000 | 40,000 | 40,000 |
| 8720 | Street Signs | 40,000 | 40,000 | 27,783 ⁽¹⁾ |
| | | <u>80,000</u> | <u>80,000</u> | <u>67,783</u> |
| | Total Capital Transactions | <u><u>1,325,000</u></u> | <u><u>1,423,000</u></u> | <u><u>1,489,783</u></u> |

(1) Carried forward from Fiscal Year 2021-22

**EMERALD BAY SERVICE DISTRICT
DEBT SERVICE FUND
Adopted Budget FY 2022-23**

| | Projected 06/30/21 | Approved Mid-Year Budget 03/16/21 | Adopted Budget FY 2022-23 | |
|--|-------------------------------|--|--------------------------------------|-----|
| A. DEBT SERVICE FUND | | | | |
| 1. Note Payable-Bonds (principal and interest) | \$ 272,212 | \$ 272,212 | \$ 634,000 | (1) |
| TOTAL PROPOSED DEBT SERVICE FUND | \$ 272,212 | \$ 272,212 | \$ 634,000 | |

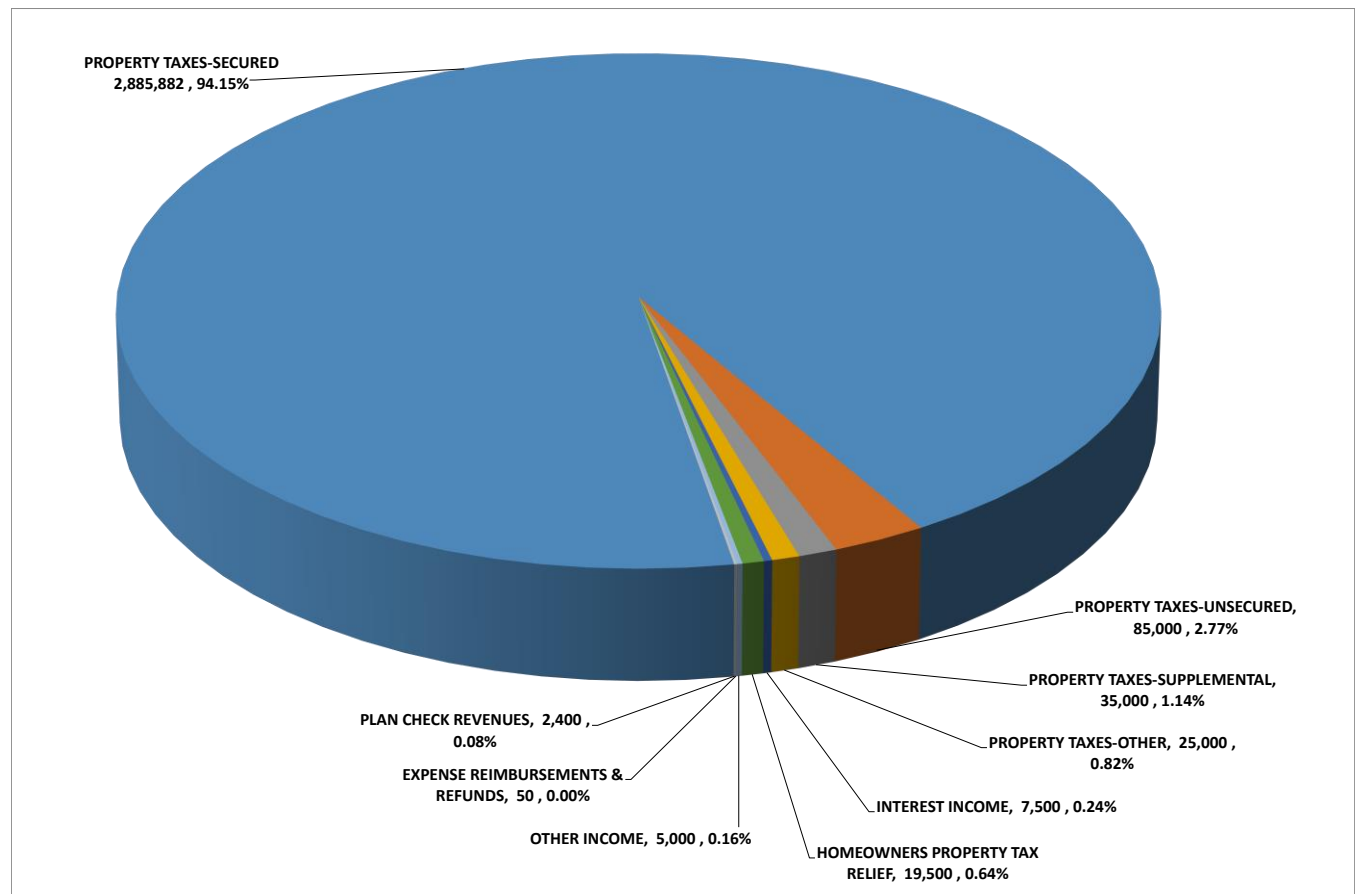
Note: (1) The District refinanced the Installment Sales Agreement for in Fiscal Year 2020/21 to reduce the interest rate in 2022 the interest and principal payments will be \$487,422. The District is planning to increase the outstanding debt by \$2,000,000 in Fiscal Year 2022-23. In order to be in compliance with the District's Installment Sales Agreement the Debt Service Coverage Ratio must be 1.25 or higher.

Emerald Bay Service District
5 Year Capital Improvement Plan
For the 5 Year Period from July 1, 2022 to June 30, 2027

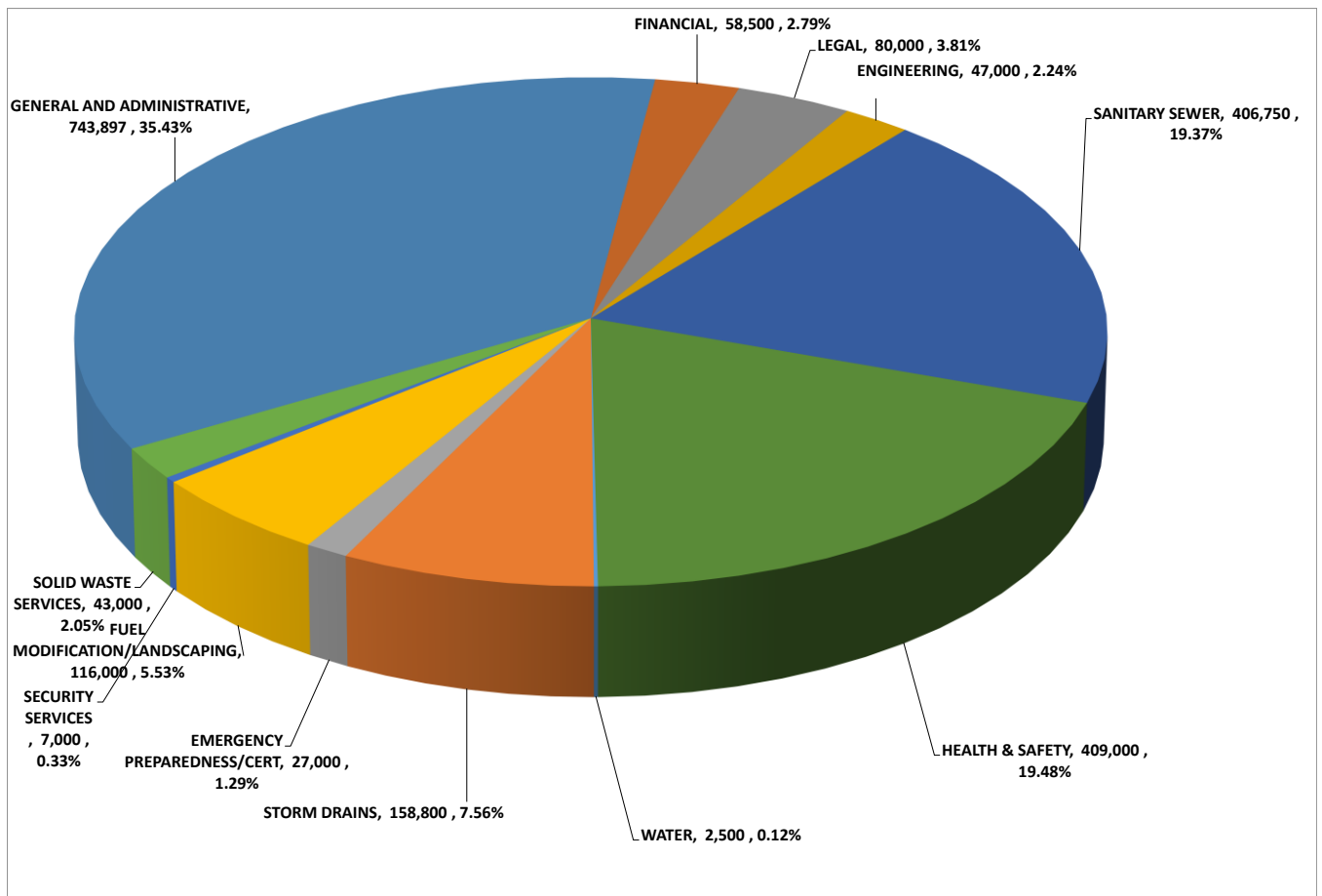
| | Fiscal Year 2022-23 | Fiscal Year 2023-24 | Fiscal Year 2024-25 | Fiscal Year 2025-26 | Fiscal Year 2026-27 |
|-----------------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|
| Storm Drains | | | | | |
| Construction - Curbs and Gutters | 50,000 | 250,000 | 25,000 | 25,000 | 25,000 |
| | <u>50,000</u> | <u>250,000</u> | <u>25,000</u> | <u>25,000</u> | <u>25,000</u> |
| Sanitary Sewers | | | | | |
| Sewer Lift Stations - CIP | 750,000 | 25,000 | 25,000 | 50,000 | 50,000 |
| Sewer Pipelines - CIP | 100,000 | 25,000 | 100,000 | 50,000 | 50,000 |
| SOCWA - CIP | 130,000 | 180,000 | 80,000 | 86,000 | 341,000 |
| CLB - NCI | 37,000 | 45,000 | 318,000 | 60,000 | 60,000 |
| Generator | - | - | - | - | - |
| GIS System | 40,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| | <u>1,057,000</u> | <u>285,000</u> | <u>533,000</u> | <u>256,000</u> | <u>511,000</u> |
| Potable Water | | | | | |
| Water - Pipelines - CIP | 20,000 | 20,000 | 30,000 | 50,000 | 50,000 |
| Water - FH/Valves - CIP | 15,000 | - | - | - | - |
| Fire Hydrant Replacement | 20,000 | 20,000 | 25,000 | 25,000 | 25,000 |
| GIS System | 40,000 | - | - | - | - |
| | <u>95,000</u> | <u>40,000</u> | <u>55,000</u> | <u>75,000</u> | <u>75,000</u> |
| CERT | | | | | |
| Emergency Siren | 50,000 | | | | |
| CERT Radios | 50,000 | - | - | - | - |
| Back up power project | 120,000 | - | - | - | - |
| | <u>220,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Safety | | | | | |
| Safety Path Lighting | 40,000 | - | - | - | - |
| Street Signs | 27,783 | - | - | - | - |
| Total Capital Transactions | <u>67,783</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>1,489,783</u> | <u>575,000</u> | <u>613,000</u> | <u>356,000</u> | <u>611,000</u> |

SUPPLEMENTAL INFORMATION

ADOPTED BUDGET FISCAL YEAR 2022-23
OPERATING REVENUES
\$3,075,332



ADOPTED BUDGET FISCAL YEAR 2022-23
OPERATING EXPENDITURES
\$2,118,447



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.

Glossary (continued)

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.

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.

Glossary (continued)

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.

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.