



SERVICE DISTRICT

Established 1961



*Working Together to Keep our Community  
Safe and Clean*

**Adopted Operating and Capital Budget for the  
Fiscal Year Ending June 30, 2022**

# **EMERALD BAY SERVICE DISTRICT**

**ANNUAL BUDGET**

**FISCAL YEAR FROM JULY 1, 2021 TO JUNE 30, 2022**

**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 16, 2021**

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

It is our pleasure to present to you the Fiscal Year 2021/22 Operating Budget for the Emerald Bay Service District (District) adopted by the Emerald Bay Service District Board of Directors on June 16, 2020. This budget was developed to define how the District's resources will be utilized during the fiscal year that begins on July 1, 2021. 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 \$1,120,741, the Contingency Reserve will have an estimated balance of \$250,000 and the estimated Operating Reserve will be \$1,262,780. 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 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 Construction in Progress.

## **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 \$141,000. Additional administrative services are provided by 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 2020/21 are \$11,000 and we are estimating those costs to increase to \$16,000 for Fiscal Year 2021/22. Overall, we are projecting a 22.0% 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-seven (27) hours per month. The audit fees will increase slightly to \$17,500 in Fiscal Year 2021/22.

### 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 2021/22 are anticipated to be \$120,000.

### 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 increased by \$62,500; this represents a 18.0% increase as compared to the Fiscal Year 2020/21 budget. SOCWA operating expenses are estimated at \$185,000, an increase

of \$39,000. The District estimates that the Fiscal Year 2021/22 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 4.5% when compared to the prior fiscal year's projected cost.

### Solid Waste Services

Solid Waste Services is a District category that has been added to assist in 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 two major activities for public health and safety: Lifeguards and the July 4<sup>th</sup> fireworks display. The fireworks display will be funded in Fiscal Year 2021/22, as well as the Security provided by the Orange County Sheriff's Department.

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 was increased to \$2,500 a change of \$500 from the previous year.

### Storm Drains

Storm drain cleaning services are provided as part of the Management Services Agreement with the EBCA and are expected to increase by 33.00% when compared to the prior fiscal year's projected cost, this estimate is based on the Fiscal Year 2019/20. 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 through the Management Services Agreement.

### 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 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% when compared to the projected Fiscal Year projected cost.

## **CAPITAL OUTLAY**

### Storm Drains

The construction and maintenance of curbs and gutters will continue throughout the Emerald Bay Community. \$250,000 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 2021/22

- \$50,000 has been budgeted for unspecified projects for upgrades to the sewer lift stations.
- The District will continue to identify the equipment that needs replacement and any major work that needs to be completed and has budgeted \$200,000 to continue with lining the existing pipelines. \$120,000 has been allocated to replace the emergency generator used to power the lift stations during a power outage.
- As a member of SOCWA, the District has been allocated a portion of the costs related to their capital improvement projects. These have risen as SOCWA is in the process of major capital facility improvements at the Coastal Treatment Plant (CTP).
- 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 \$40,000.
- The District has also allocated \$80,000 to develop and implement a GIS System.

### 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.

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.

SAFETY PROJECTS

The District has allocated \$80,000 to safety projects associated with lighting and street signs within the Emerald Bay Community.

**DEBT SERVICE**

In October 2020 the District refinanced its private placement bond in the amount of \$5,554,521 and reduced the interest rate of the. The principal and interest for the repayment of the bond as well as other long-term debt is recorded in this fund.

**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 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 for their participation and direction in setting forth this budget, allowing the District to fulfill its mission and goals.

Respectfully submitted,



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 2021/22 limit has been computed to be \$2,238,965. The District's budgeted tax proceeds subject to the FY 2021/22 Gann limit equals \$1,436,616. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)

**Emerald Bay Service District**  
 Approved Budget FY 2021-22  
 Summary

	Projected 06/30/21	Approved Mid-Year Budget 03/16/21	Approved Budget FY 2021-22	Increase/ (Decrease)
Revenues - Operating	<u>2,893,678</u>	<u>2,863,678</u>	<u>3,040,531</u>	<u>176,853</u>
Total Revenues	<u>2,893,678</u>	<u>2,863,678</u>	<u>3,040,531</u>	<u>176,853</u>
Operating Expenditures				
General and Admin	564,712	587,582	690,500	102,918
Financial	56,500	56,500	57,500	1,000
Legal	120,000	120,000	120,000	-
Engineering	15,000	18,000	25,000	7,000
Sanitary Sewer	323,100	346,500	409,000	62,500
Solid Waste	-	-	41,000	41,000
Security Services	-	-	7,000	7,000
Recreation	264,000	264,000	368,000	104,000
Water	1,500	2,308	2,500	192
Storm Drains	59,550	86,100	132,800	46,700
Emergency Preparedness	10,200	21,000	21,000	-
Main Gate Landscaping/Fuel Mod	160,000	145,000	95,000	(50,000)
Total Expenditures	<u>1,574,562</u>	<u>1,646,990</u>	<u>1,969,300</u>	<u>322,310</u>
Change in Net Assets from Operating	<u>1,319,116</u>	<u>1,216,688</u>	<u>1,071,231</u>	<u>(145,457)</u>
Capital Outlay	410,000	448,000	1,276,000	828,000
Change in Net Assets from Capital Outlay	<u>(410,000)</u>	<u>(448,000)</u>	<u>(1,276,000)</u>	<u>(828,000)</u>
Debt Service Payments	<u>(310,365)</u>	<u>(310,365)</u>	<u>(272,212)</u>	<u>38,153</u>
Total Change in Net Assets	<u>598,751</u>	<u>458,323</u>	<u>(476,981)</u>	<u>(935,304)</u>
	<b>Projected FY 20-21</b>	<b>Mid-Year FY 20-21</b>	<b>FY 2021-22</b>	
Unrestricted (50% of Operating)	1,051,650	1,051,650	1,262,780	
Contingency	250,000	250,000	250,000	
Reserved for Future Capital Improvements	1,808,852	1,668,424	1,120,741	
<b>Ending Fund Balance</b>	<u><b>3,110,502</b></u>	<u><b>2,970,074</b></u>	<u><b>2,633,521</b></u>	

**Emerald Bay Service District**  
 Approved Budget FY 2021-22  
 Approved Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2022

Acctg Codes		Current Year	Budget		Increase (Decrease)
		Projected 06/30/21	Approved Mid-Year Budget 03/16/21	Approved Budget FY 2021-22	
<b>Revenues - Total:</b>					
	Property taxes - secured	2,677,747	2,677,747	2,845,385	167,638
	Property taxes - unsecured	87,596	87,596	87,596	-
	Property taxes - supplemental	35,201	35,201	35,000	(201)
	Property taxes - other	25,042	25,042	25,000	(42)
	Interest income	17,769	17,769	17,000	(769)
	Homeowners property tax relief	12,923	12,923	13,000	77
	Other income	35,000	5,000	5,000	-
	Contractor bid income	-	-	50	50
	Expense reimbursements & Refunds	-	-	10,000	10,000
	Plan Check Reviews	2,400	2,400	2,500	100
	<b>Total Revenue</b>	<b>2,893,678</b>	<b>2,863,678</b>	<b>3,040,531</b>	<b>176,853</b>
<b>Expenditures:</b>					
<b>5000</b>	<b>General and Administrative</b>				
5010	Wages and salaries	101,500	101,500	111,650	10,150
5020	Payroll taxes	8,000	8,500	9,350	850
5030	Workers Compensation insurance	2,000	1,370	2,000	630
5040	Employee benefits	18,000	18,000	20,000	2,000
5060	Personnel administrative	2,000	2,000	3,000	1,000
5070	Property tax collection fees	6,500	7,000	7,000	-
5080	Tax administration charge	11,000	16,000	16,000	-
5090	Administration miscellaneous expense	7,000	9,000	9,000	-
5100	Computer services	2,750	2,500	3,000	500
5110	Insurance	84,000	84,000	115,000	31,000
5120	Telephone	2,000	2,500	2,500	-
5130	Memberships and conferences	9,500	11,000	11,000	-
5135	Annual Regulatory Permits	6,750	9,000	9,000	-
5140	Management services	300,000	310,000	353,000	43,000
5150	LAFCO contribution/ expenses	2,212	2,212	3,000	788
5160	Election expense	-	-	-	-
5170	Vehicle Lease	-	2,000	6,000	4,000
5180	District Website	1,500	1,000	10,000	9,000
		<b>564,712</b>	<b>587,582</b>	<b>690,500</b>	<b>102,918</b>
<b>5400</b>	<b>Financial</b>				
5410	Accounting fees	40,000	40,000	40,000	-
5420	Audit	16,500	16,500	17,500	1,000
		<b>56,500</b>	<b>56,500</b>	<b>57,500</b>	<b>1,000</b>
<b>5500</b>	<b>Legal</b>				
5510	Legal fees	120,000	120,000	120,000	-
<b>6000</b>	<b>Engineering</b>				
6010	Professional services - other	12,000	15,000	15,000	-
6020	Engineer surveys and supplies	-	-	1,000	1,000
6030	Plan Check Fees	3,000	3,000	9,000	6,000
		<b>15,000</b>	<b>18,000</b>	<b>25,000</b>	<b>7,000</b>
<b>6200</b>	<b>Sanitary Sewer</b>				
6210	Sewage treatment / SOCWA	146,000	146,000	185,000	39,000
6220	North Coast Interceptor-CLB Operator	30,000	30,000	50,000	20,000
6230	Maintenance equipment	1,500	13,000	13,000	-
6240	Maintenance vehicle - gas & repairs	4,500	13,000	13,000	-
6250	Sewer Lift Stations - Monthly inspections	3,500	4,500	5,000	500
6260	Sewer Lift Stations - Electricity	12,100	13,000	13,000	-
6270	Sewer Lift Stations - Water	1,500	2,000	2,000	-
6280	Supplies and chemicals	1,000	2,000	2,000	-
6290	Repairs and maintenance	56,000	56,000	56,000	-
6295	Backflow testing	-	-	-	-
6300	Sewer Pipeline System - Cleaning	67,000	67,000	70,000	3,000
		<b>323,100</b>	<b>346,500</b>	<b>409,000</b>	<b>62,500</b>

**Emerald Bay Service District**  
 Approved Budget FY 2021-22  
 Approved Operating Revenues and Expenses for the Fiscal Year Ending June 30, 2022

Acctg Codes		Current Year	Budget		Increase (Decrease)
		Projected 06/30/21	Approved Mid-Year Budget 03/16/21	Approved Budget FY 2021-22	
6400	Solid Waste Services				
6410	Beach Cleaning	-	-	41,000	41,000
6450	Security Services				
6460	Water runoff	-	-	7,000	7,000
6500	Recreation				
6510	Lifeguards - Outside Services	151,000	151,000	155,000	4,000
6515	Lifeguards - Pool	113,000	113,000	95,000	(18,000)
6520	Fireworks - Outside services	-	-	43,000	43,000
6525	Fireworks - Outside services Sheriffs	-	-	43,000	43,000
6530	Fireworks - Barge	-	-	30,000	30,000
6540	Fireworks - Chase boat	-	-	2,000	2,000
		<u>264,000</u>	<u>264,000</u>	<u>368,000</u>	<u>104,000</u>
6600	Water				
6610	Water Conservation	-	1,000	1,000	-
6699	Miscellaneous Water Expense	1,500	1,308	1,500	192
		<u>1,500</u>	<u>2,308</u>	<u>2,500</u>	<u>192</u>
6700	Storm Drains				
6710	Storm Drain Cleaning	40,000	40,000	53,000	13,000
6720	Emergency Storm Contingency	750	15,000	15,000	-
6725	Storm Drain Maintenance Repair	-	5,000	10,000	5,000
6750	Equipment Lease (Backhoe)	12,600	16,800	16,800	-
6780	Equipment Lease (Street Sweeper)	6,200	9,300	38,000	28,700
		<u>59,550</u>	<u>86,100</u>	<u>132,800</u>	<u>46,700</u>
6800	Emergency Preparedness/CERT				
6810	Drills and Training	200	1,000	1,000	-
6820	EOC Supplies/Misc	7,500	5,000	5,000	-
6830	Communications	2,500	9,000	9,000	-
6840	Medical	-	6,000	6,000	-
		<u>10,200</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
6900	Fuel Modification/Landscaping				
6910	Fuel Modification/Weed Abatement	100,000	100,000	40,000	(60,000)
6920	Landscaping Materials - Entrance	35,000	20,000	25,000	5,000
6930	Landscaping Water - Entrance	9,000	9,000	10,000	1,000
6940	Landscaping Maintenance Contract - Entrance	16,000	16,000	20,000	4,000
		<u>160,000</u>	<u>145,000</u>	<u>95,000</u>	<u>(50,000)</u>
	<b>Total expenditures</b>	<u>1,574,562</u>	<u>1,646,990</u>	<u>1,969,300</u>	<u>322,310</u>
	Total Operating Revenues less Expenses	<u>1,319,116</u>	<u>1,216,688</u>	<u>1,071,231</u>	<u>(145,457)</u>

**Notes:**

- (1) FY 2020-21 Fireworks were canceled due to the COVID-19 restrictions
- (2) The FY 2019-20 and the FY 2020-21 Fuel Modification projects were completed in FY 2020-21

**Emerald Bay Service District**  
 Capital Outlay  
 Approved Capital Expenses for the Fiscal Year Ending June 30, 2022

Acctg Codes		Projected 06/30/21	Approved Mid-Year Budget 03/16/21	Approved Budget FY 2021-22
<b>8300</b>	Storm Drains			
<b>8310</b>	Construction - Curbs and Gutters	10,000	20,000	250,000
<b>8310</b>	PCH Restriping	-	-	-
		10,000	20,000	250,000
<b>8400</b>	Sanitary Sewers			
<b>8410</b>	Sewer Lift Stations - CIP	30,000	35,000	50,000
<b>8420</b>	Sewer Pipelines - CIP	135,000	135,000	200,000
<b>8430</b>	SOCWA - CIP	200,000	200,000	281,000
<b>8440</b>	CLB - CIP	-	20,000	40,000
<b>8450</b>	Generator	-	-	120,000
<b>8460</b>	GIS System	-	-	80,000
		365,000	390,000	771,000
<b>8500</b>	Potable Water			
<b>8510</b>	Water - Pipelines - CIP	10,000	15,000	20,000
<b>8520</b>	Water - FH/Valves - CIP	-	15,000	15,000
<b>8530</b>	Water Meter Replacement	-	-	20,000
		10,000	30,000	55,000
<b>8600</b>	CERT			
<b>8630</b>	Back up power project	25,000	8,000	120,000
<b>8700</b>	Safety Projects			
<b>8710</b>	Safety Path Lighting	-	-	40,000
<b>8720</b>	Street Signs	-	-	40,000
		-	-	80,000
	<b>Total Capital Transactions</b>	<b>410,000</b>	<b>448,000</b>	<b>1,276,000</b>

**EMERALD BAY SERVICE DISTRICT**  
**DEBT SERVICE FUND**  
 Approved Debt Service Expenses for the Fiscal Year Ending June 30, 2022

A. DEBT SERVICE FUND	Projected 06/30/21	Approved Mid-Year Budget 03/16/21	Approved Budget FY 2021-22
1. Note Payable-Bonds (principal and interest)	\$ 310,365	\$ 310,365	\$ 272,212 (1)
<b>TOTAL APPROVED DEBT SERVICE FUND</b>	<b>\$ 310,365</b>	<b>\$ 310,365</b>	<b>\$ 272,212</b>

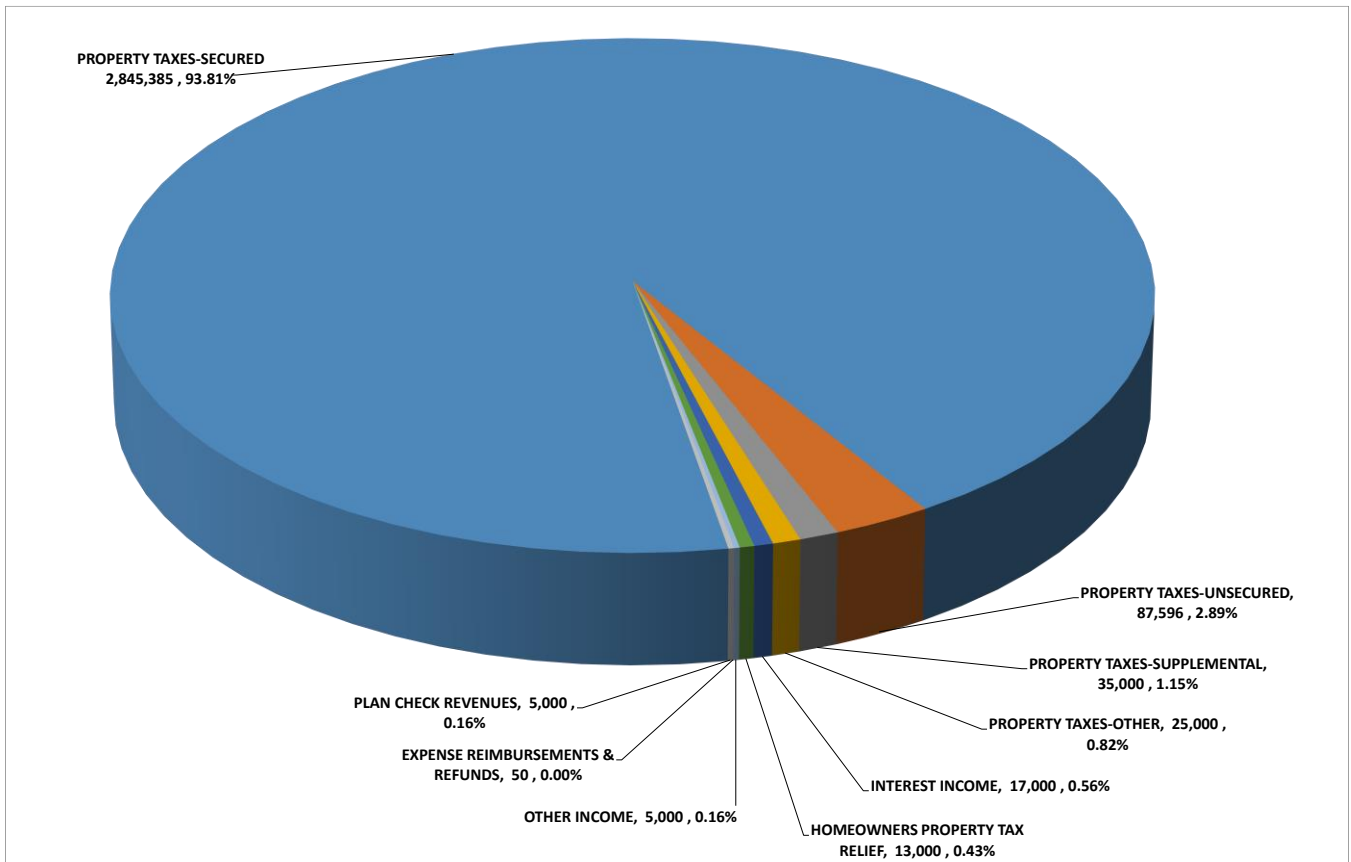
**Note:** (1) The District refinanced the Installment Sales Agreement for in Fiscal Year 2020/21 to reduce the interest rate. Two payments will be made in Fiscal Year 2021/22 totally \$272,212

**Emerald Bay Service District**  
**5 Year Capital Improvement Plan**  
 For the 5 Year Period from July 1, 2020 to June 30, 2025

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Storm Drains					
Construction - Curbs and Gutters	20,000	250,000	20,000	100,000	20,000
	<u>20,000</u>	<u>250,000</u>	<u>20,000</u>	<u>100,000</u>	<u>20,000</u>
Sanitary Sewers					
Sewer Lift Stations - CIP	35,000	50,000	50,000	50,000	50,000
Sewer Pipelines - CIP	135,000	200,000	200,000	100,000	100,000
SOCWA - CIP	200,000	281,000	292,000	150,000	123,000
CLB - NCI	20,000	40,000	150,000	150,000	150,000
Generator	-	120,000	-	-	-
GIS System		80,000	35,000	10,000	10,000
	<u>390,000</u>	<u>771,000</u>	<u>727,000</u>	<u>460,000</u>	<u>433,000</u>
Potable Water					
Water - Pipelines - CIP	15,000	20,000	100,000	30,000	20,000
Water - FH/Valves - CIP	15,000	15,000	-	-	-
Fire Hydrant Replacement	9,000	20,000	18,000	18,000	18,000
	<u>39,000</u>	<u>55,000</u>	<u>118,000</u>	<u>48,000</u>	<u>38,000</u>
CERT					
Generator	8,000	120,000	-	-	-
Safety					
Safety Path Lighting	-	40,000	-	-	-
Street Signs	-	40,000	-	-	-
	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Capital Transactions</b>	<u><b>457,000</b></u>	<u><b>1,276,000</b></u>	<u><b>865,000</b></u>	<u><b>608,000</b></u>	<u><b>491,000</b></u>

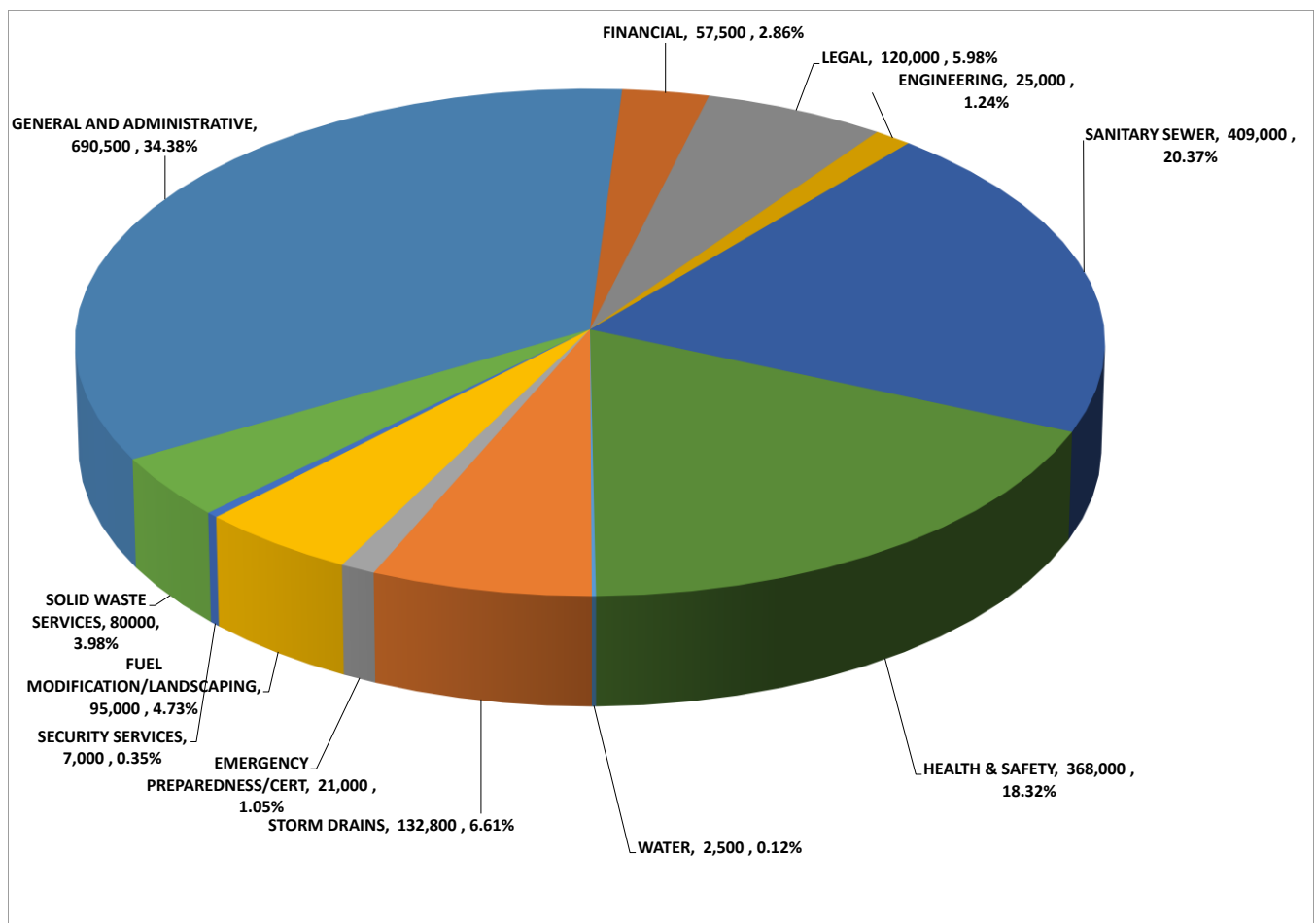
**SUPPLEMENTAL INFORMATION**

## OPERATING REVENUES





## OPERATING EXPENDITURES



## 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.