



SERVICE DISTRICT  
Established 1961



*Working Together to Keep our Community  
Safe and Clean*

**Approved Operating Budget for the  
Fiscal Year Ending June 30, 2020**

# **EMERALD BAY SERVICE DISTRICT**

**ANNUAL BUDGET**

**FISCAL YEAR FROM JULY 1, 2019 TO JUNE 30, 2020**

**EMERALD BAY SERVICE DISTRICT  
BOARD OF DIRECTORS**

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

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

**TABLE OF CONTENTS****General**

Transmittal Letter	3
Gann Appropriations Limit	7

**Budget Section**

Budget Summary	8
Operating Budget	9
Capital Outlay Budget	10
Debt Service Fund Budget	12

**Supplemental Information**

Charts	
Operating Revenues	14
Operating Expenses	15
Glossary	16

**June 17, 2019**

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

It is our pleasure to present to you the Fiscal Year 2019/20 Operating Budget for the Emerald Bay Service District (District) adopted by the Emerald Bay Service District Board of Directors on June 17, 2019. This budget was developed to define how the District's resources will be utilized during the fiscal year that begins on July 1, 2019. 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 2019/20 the Reserve for Future Capital Improvements will have an estimated balance of \$950,000 (\$650,000 is assigned by District's Board for future sewer and water infrastructure projects and \$300,000 is assigned for new curb and gutter projects to be identified and completed over the next several years), the Contingency Reserve will have an estimated balance of \$250,000 and the estimated Operating Reserve will be \$2,129,078. 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 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 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.

### General and Administrative

The District employs a General Manager and has no other direct employees. Total General Manager expenses, including wage, payroll taxes, payroll processing, and benefits are \$123,500. 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 \$129,825. 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 2018/19 are \$15,572 and we are estimating those costs to increase to \$24,000 for Fiscal Year 2019/20. Overall, we are projecting a 4.7% increase in the costs related to General and Administrative Services.

### 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 remain the same at \$16,500 in Fiscal Year 2019/20.

### 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 2019/20 are anticipated to be \$92,000.

### 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 \$8,700; this represents a less than 2.00% increase as compared to the Fiscal Year 2018/19 budget. SOCWA operating expenses are estimated at \$155,000, and other increases that include the maintenance of the sewer conveyance facilities that the District shares with the City of Laguna Beach. The District estimates that the Fiscal Year 2019/20 charges for its share of the maintenance of those facilities will be approximately \$46,000. 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 3.0% when compared to the prior fiscal year's actual cost.

### 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 July 4<sup>th</sup> Fireworks display will remain unchanged as compared to the prior fiscal year.

The District provides the funding for these activities on an annual basis and reevaluates its ability to continue providing these services on an annual basis.

### Water

The Potable Water category budget remains unchanged, at \$2,000, 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 3.00% when compared to the prior fiscal year's actual cost.

### 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 amount budgeted for this category was increased to \$25,000 to continue to upgrade equipment and to ensure that the supplies have current expiration dates.

### 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 3.00% when compared to the prior fiscal year's actual cost.

## CAPITAL OUTLAY

### Storm Drains

The construction and maintenance of curbs and gutters will continue throughout the Emerald Bay Community. \$25,000 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 2019/20

- \$29,000 has been budgeted for unspecified projects for upgrades to the sewer lift stations.
- The District has completed its evaluation of the condition of the sewer lift stations and repaired the most critical sections of the pipeline identified in the assessment report. The District will continue to identify the equipment that needs replacement and any major work that needs to be completed.
- 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.

### Potable Water

The construction and maintenance of the water infrastructure continue throughout the Emerald Bay Community. \$45,000 has been budgeted for unspecified projects for construction.

## DEBT SERVICE

The District secured funding in the amount of \$7,000,000 through the issuance of a private placement bond in Fiscal Year 2014/15. 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,

A handwritten signature in green ink that reads "Michael P. Dunbar". The signature is written in a cursive style and is centered within a light green rectangular background.

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 2019/20 limit has been computed to be \$2,192,929. The District's budgeted tax proceeds subject to the FY 2019/20 Gann limit equals \$1,248,878. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)

EMERALD BAY SERVICE DISTRICT  
ADOPTED GENERAL FUND BUDGET SUMMARY  
FOR THE FISCAL YEAR ENDING JUNE 30, 2020

SUMMARY	Actual 2018/2019 as of 04/30/19	Annual Budget with 02/20/19 Budget Adjustments	Estimated Actual 06/30/19	Adopted 2019/2020 Annual Budget
<b>PROPOSED OPERATING REVENUES</b>				
PROPERTY TAXES-SECURED	\$ 2,257,704	\$ 2,320,000	\$ 2,318,315	\$ 2,412,800
PROPERTY TAXES-UNSECURED	58,859	75,514	77,322	75,000
PROPERTY TAXES-SUPPLEMENTAL	38,813	46,610	76,505	45,000
PROPERTY TAXES-OTHER	583	8,500	21,499	21,000
INTEREST INCOME	31,694	30,000	44,694	40,000
HOMEOWNERS PROPERTY TAX RELIEF	13,458	12,739	12,739	12,700
OTHER INCOME	100	1,250	100	1,250
EXPENSE REIMBURSEMENTS & REFUNDS	13,856	14,011	233,259	-
PLAN CHECK REVENUES	2,800	3,000	2,800	5,000
<b>TOTAL PROPOSED OPERATING REVENUES</b>	<b>\$ 2,417,867</b>	<b>\$ 2,511,624</b>	<b>\$ 2,787,233</b>	<b>\$ 2,612,750</b>
<b>PROPOSED OPERATING EXPENSES</b>				
GENERAL AND ADMINISTRATIVE	\$ 422,287	\$ 533,677	\$ 521,176	\$ 546,500
FINANCIAL	56,860	64,500	62,500	56,500
LEGAL	151,437	160,000	65,218	92,000
ENGINEERING	4,110	10,000	17,100	19,000
SANITARY SEWER	257,727	361,300	321,177	370,000
HEALTH & SAFETY	221,155	263,500	261,855	200,500
WATER	198	2,000	1,442	2,000
STORM DRAINS	52,033	65,000	60,892	84,000
EMERGENCY PREPAREDNESS/CERT	8,026	20,000	10,080	25,000
FUEL MODIFICATION/LANDSCAPING	58,246	91,500	95,135	79,000
<b>TOTAL PROPOSED OPERATING EXPENSES</b>	<b>\$ 1,232,080</b>	<b>\$ 1,571,477</b>	<b>\$ 1,416,575</b>	<b>\$ 1,474,500</b>
<b>PROPOSED CAPITAL OUTLAY</b>				
STORM DRAINS	\$ 223,236	\$ 275,405	\$ 275,405	\$ 25,000
SANITARY SEWERS	161,404	291,181	161,404	551,000
POTABLE WATER	135,085	123,286	135,085	45,000
EMERGENCY PREPAREDNESS/CERT	-	8,000	-	-
<b>TOTAL PROPOSED CAPITAL OUTLAY BUDGET</b>	<b>\$ 519,725</b>	<b>\$ 697,872</b>	<b>\$ 571,894</b>	<b>\$ 621,000</b>
<b>CHANGE IN UNRESTRICTED FUND BALANCE FROM OPERATING EXPENSES AND CAPITAL OUTLAY</b>	<b>\$ 666,062</b>	<b>\$ 242,275</b>	<b>\$ 798,763</b>	<b>\$ 517,250</b>
<b>TRANSFERS TO DEBT SERVICE FUND</b>	<b>\$ (487,421)</b>	<b>\$ (487,000)</b>	<b>\$ (487,422)</b>	<b>\$ (487,422)</b>
<b>CHANGE IN UNRESTRICTED FUND BALANCE</b>	<b>\$ 178,641</b>	<b>\$ (244,725)</b>	<b>\$ 311,341</b>	<b>\$ 29,828</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$ 2,998,400</b>	<b>\$ 2,998,400</b>	<b>\$ 2,998,400</b>	<b>\$ 3,309,741</b>
<b>FUND BALANCE RESTRICTED FOR FUTURE CAPITAL IMPROVEMENTS</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 950,000</b>	<b>\$ 950,000</b>
<b>FUND BALANCE RESTRICTED FOR CONTINGENCIES</b>	<b>\$ 125,000</b>	<b>\$ 125,000</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>
<b>ENDING UNRESTRICTED FUND BALANCE</b>	<b>\$ 2,452,041</b>	<b>\$ 2,028,675</b>	<b>\$ 2,109,741</b>	<b>\$ 2,139,570</b>

(1) Expense Reimbursements & Refunds include: prior year SOCWA Litigation Costs of (\$ 158,440); prior year return of SOCWA operating costs (\$63,349); payment of costs, per agreement, for lift station at #182 Emerald Bay (\$2,625) and cancellation of prior year checks (\$8,845).

(2) The District's Board has assigned \$950,000 for future capital improvements: \$650,000 for future Sewer and Water Projects and \$300,000 for Storm Drain Improvements expected to be identified and completed over the next several years.

EMERALD BAY SERVICE DISTRICT  
OPERATING BUDGET  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2020

Acctg Codes		Actual 2018/2019 as of 04/30/19	Annual Budget with 02/20/19 Budget Adjustments	Estimated Actual 06/30/19	Adopted 2019/2020 Annual Budget
<b>5000</b>	<b>A. GENERAL AND ADMINISTRATIVE</b>				
5010	1. Wages and Salaries	\$ 85,875	\$ 101,625	\$ 101,625	\$ 95,000
5020	2. Payroll Taxes	6,730	8,130	8,130	8,500
5030	3. Worker's Compensation Ins.	1,348	1,800	1,800	2,000
5040	4. Employee Benefits	12,253	16,000	16,000	16,000
5060	6. Personnel - Administrative	1,318	4,000	2,000	4,000
5070	7. Property Tax Collections Fees	5,806	6,000	6,000	6,000
5080	8. Tax Administration Charge	9,752	16,000	9,752	16,000
5090	9. Administrations Misc. Charges	1,101	5,000	2,500	5,000
5100	10. Computer Services	4,133	2,500	4,200	3,000
5110	11. Insurance	38,658	48,000	46,500	55,000
5120	12. Telephone	2,828	3,500	3,500	3,000
5130	13. Memberships / Conferences	8,904	9,000	9,500	9,000
5135	14. Annual Regulatory Permits	6,564	8,000	8,000	8,000
5140	15. Management Services	224,724	289,000	289,000	300,000 (1)
5150	16. LAFCO Expense	10,122	10,122	10,122	11,000
5160	17. Election Expense	-	-	-	-
5170	18. Lease - Vehicle for Dir. Emergency Response	1,547	3,000	1,547	-
5171	19. Lease - Truck for Jetting Equipment	-	-	-	3,000
5180	20. District Website	625	2,000	1,000	2,000
	<b>TOTAL GENERAL AND ADMINISTRATIVE</b>	<b>\$ 422,287</b>	<b>\$ 533,677</b>	<b>\$ 521,176</b>	<b>\$ 546,500</b>
<b>5400</b>	<b>B. FINANCIAL</b>				
5410	1. Accounting Fees	\$ 40,360	\$ 48,000	\$ 46,000	\$ 40,000 (2)
5420	2. Audit	16,500	16,500	16,500	16,500 (3)
	<b>TOTAL FINANCIAL</b>	<b>\$ 56,860</b>	<b>\$ 64,500</b>	<b>\$ 62,500</b>	<b>\$ 56,500</b>
<b>5500</b>	<b>C. LEGAL</b>				
5510	1. Legal Fees	\$ 151,437	\$ 160,000	\$ 65,218	\$ 92,000 (4)
	<b>TOTAL LEGAL</b>	<b>\$ 151,437</b>	<b>\$ 160,000</b>	<b>\$ 65,218</b>	<b>\$ 92,000</b>
<b>6000</b>	<b>D. ENGINEERING</b>				
6010	1. Professional Services	\$ 600	\$ 6,000	\$ 12,500	\$ 10,000
6020	2. Engineering Surveys/Supplies	585	1,000	600	1,000
6030	3. Plan Check Fees	2,925	3,000	4,000	8,000
	<b>TOTAL ENGINEERING</b>	<b>\$ 4,110</b>	<b>\$ 10,000</b>	<b>\$ 17,100</b>	<b>\$ 19,000</b>
<b>6200</b>	<b>E. SANITARY SEWER</b>				
6210	1. Sewer Treatment - SOCWA Oper.	\$ 163,727	\$ 155,000	\$ 163,727	\$ 155,000
6220	2. North Coast Interceptor - CLB Oper.	-	46,000	46,000	46,000 (5)
6230	3. Maintenance - Equipment	1,179	13,000	2,500	13,000
6240	4. Maintenance - Vehicle - Gas/Repairs	4,283	13,000	6,500	13,000
6250	5. Sewer Lift Stations - Monthly Inspec.	2,062	6,000	2,250	6,000
6260	6. Sewer Lift Station - Electricity	8,195	13,000	9,500	13,000
6270	7. Sewer Lift Stations - Water	590	2,000	1,000	2,000
6280	8. Sewer Lift Stations - Supplies and Chem.	1,125	2,000	1,500	2,000
6290	9. Sewer Lift Stations - Maint./Repairs	23,925	55,000	25,000	55,000
6300	10. Sewer Pipeline System - Cleaning	52,641	56,300	63,200	65,000 (1)
	<b>TOTAL SANITARY SEWER</b>	<b>\$ 257,727</b>	<b>\$ 361,300</b>	<b>\$ 321,177</b>	<b>\$ 370,000</b>

**EMERALD BAY SERVICE DISTRICT  
OPERATING BUDGET  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

Acctg Codes		Actual 2018/2019 as of 04/30/19	Annual Budget with 02/20/19 Budget Adjustments	Estimated Actual 06/30/19	Adopted 2019/2020 Annual Budget
<b>6500</b>	<b>F. HEALTH &amp; SAFETY</b>				
6510	1. Lifeguards - Outside Services	\$ 126,521	\$ 164,500	\$ 166,521	\$ 134,000
6520	2. Fireworks - Outside Services	68,214	70,000	68,214	37,500
6530	3. Fireworks - Barge	25,420	27,000	25,420	27,000
6540	4. Fireworks - Chase Boat	1,000	2,000	1,700	2,000
	<b>TOTAL HEALTH &amp; SAFETY</b>	<b>\$ 221,155</b>	<b>\$ 263,500</b>	<b>\$ 261,855</b>	<b>\$ 200,500</b>
<b>6600</b>	<b>G. WATER</b>				
6610	1. Water Conservation	-	1,000	1,442	1,000
6699	2. Miscellaneous Water Expense	198	1,000	-	1,000
	<b>TOTAL WATER</b>	<b>\$ 198</b>	<b>\$ 2,000</b>	<b>\$ 1,442</b>	<b>\$ 2,000</b>
<b>6700</b>	<b>H. STORM DRAINS</b>				
6710	1. Storm Drain Cleaning	\$ 44,141	\$ 50,000	\$ 53,000	\$ 55,000 (1)
6720	2. Emergency Storm Contingency	7,892	15,000	7,892	15,000
	3. Equipment Lease	-	-	-	14,000
	<b>TOTAL STORM DRAINS</b>	<b>\$ 52,033</b>	<b>\$ 65,000</b>	<b>\$ 60,892</b>	<b>\$ 84,000</b>
<b>6800</b>	<b>I. EMERGENCY PREPAREDNESS/CERT</b>				
6810	1. Drills and Training	\$ 975	1,000	400	1,000
6820	2. EOC Supplies/Misc.	3,281	5,000	2,180	5,000
6830	3. Communications	3,770	8,000	5,000	13,000
6840	4. Medical	-	6,000	2,500	6,000
	<b>TOTAL EMERGENCY PREPAREDNESS/CERT</b>	<b>\$ 8,026</b>	<b>\$ 20,000</b>	<b>\$ 10,080</b>	<b>\$ 25,000</b>
<b>6900</b>	<b>J. FUEL MODIFICATION/LANDSCAPING</b>				
6630	1. Fuel Modification/Weed Abat.	\$ 6,385	\$ 36,000	\$ 36,000	\$ 36,000
6910	2. Landscaping Materials - Entrance	31,926	30,000	35,000	15,000
6920	3. Landscaping Water - Entrance	4,935	7,500	6,000	8,000
6930	4. Landscape Maintenance - Contract	15,000	18,000	18,135	20,000
		<b>\$ 58,246</b>	<b>\$ 91,500</b>	<b>\$ 95,135</b>	<b>\$ 79,000</b>
<b>TOTAL PROPOSED OPERATING EXPENSES BUDGET</b>		<b>\$ 1,232,080</b>	<b>\$ 1,571,477</b>	<b>\$ 1,416,575</b>	<b>\$ 1,474,500</b>

- Note:** (1) The Emerald Bay Community Association (EBCA), in accordance with the Management Services Agreement, provides several different services to the District. The services provided include General Management, Storm Drain Cleaning and Sewer Pipeline Cleaning. A contract amendment was approved in April 2016, this budget estimate reflects the terms of that agreement. Includes an estimated 3% increase to the current agreement and an increased cost due to the additional maintenance personnel to maintain the cost of landscape maintenance on the District's easements.
- (2) Budget includes provision for approximately 27 hours per month for an Accounting/Finance Consultant.
- (3) The Board approved the bid from VTD at the March 28, 2018 Special Meeting of the Board of Directors, this is the second year of the contract for \$16,500.
- (4) \$72,000 is projected for SYCR services, \$20,000 is budgeted for contingency fees.
- (5) North Coast Interceptor maintenance conducted by the City of Laguna Beach. The estimated maintenance of \$46,000 is due to projected costs of maintenance and repair to two lift stations located within the system.

**EMERALD BAY SERVICE DISTRICT  
CAPITAL OUTLAY  
ADOPTED CAPITAL OUTLAY BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

<b>Acctg Codes</b>	<b>Actual 2018/2019 as of 04/30/19</b>	<b>Annual Budget with 02/20/19 Budget Adjustments</b>	<b>#VALUE!</b>	<b>Adopted 2019/2020 Annual Budget</b>
<b>8300 C. STORM DRAINS</b>				
8310 1. Construction - Curbs / Gutters	\$ 223,236	\$ 275,405	\$ 275,405	\$ 25,000
<b>TOTAL STORM DRAINS</b>	<b>\$ 223,236</b>	<b>\$ 275,405</b>	<b>\$ 275,405</b>	<b>\$ 25,000 (1)</b>
<b>8400 D. SANITARY SEWERS</b>				
8410 1. Sewer Lift Stations - CIP	\$ 14,434	\$ 30,000	\$ 14,434	\$ 29,000 (1)
8420 2. Sewer Pipelines - CIP	25,000	100,000	25,000	100,000 (1)
8430 3. SOCWA - CIP	60,789	100,000	60,789	382,000 (2)
8440 4. CLB - CIP	61,181	61,181	61,181	40,000 (1)
<b>TOTAL SANITARY SEWERS</b>	<b>\$ 161,404</b>	<b>\$ 291,181</b>	<b>\$ 161,404</b>	<b>\$ 551,000</b>
<b>8500 E. POTABLE WATER</b>				
8510 1. Water - Pipelines - CIP	\$ 73,286	\$ 73,286	\$ 73,286	\$ 15,000 (1)
8520 2. Water - FH/Valves - CIP	42,488	20,000	42,488	15,000
8530 3. Water - Meter / Repl. - CIP	19,311	30,000	19,311	15,000
<b>TOTAL POTABLE WATER</b>	<b>\$ 135,085</b>	<b>\$ 123,286</b>	<b>\$ 135,085</b>	<b>\$ 45,000</b>
<b>8600 F. EMERGENCY PREPAREDNESS/CERT</b>				
8610 1. Desalination Facilities/Water Purification	\$ -	\$ 1,000	\$ -	-
8620 2. Medical Shed/Relocation	-	2,000	-	-
8630 3. Communication Equipment	-	5,000	-	-
8640 4. Emergency Supplies	-	-	-	-
<b>TOTAL EMERGENCY PREPAREDNESS/CERT</b>	<b>\$ -</b>	<b>\$ 8,000</b>	<b>\$ -</b>	<b>-</b>
<b>TOTAL PROPOSED CAPITAL BUDGET</b>	<b>\$ 519,725</b>	<b>\$ 697,872</b>	<b>\$ 571,894</b>	<b>\$ 621,000</b>

**Note:** (1) Requires Board approval before any funds can be spent from this category.  
 (2) EBSD share of capital improvements for SOCWA is determined by the SOCWA Capital Budget.

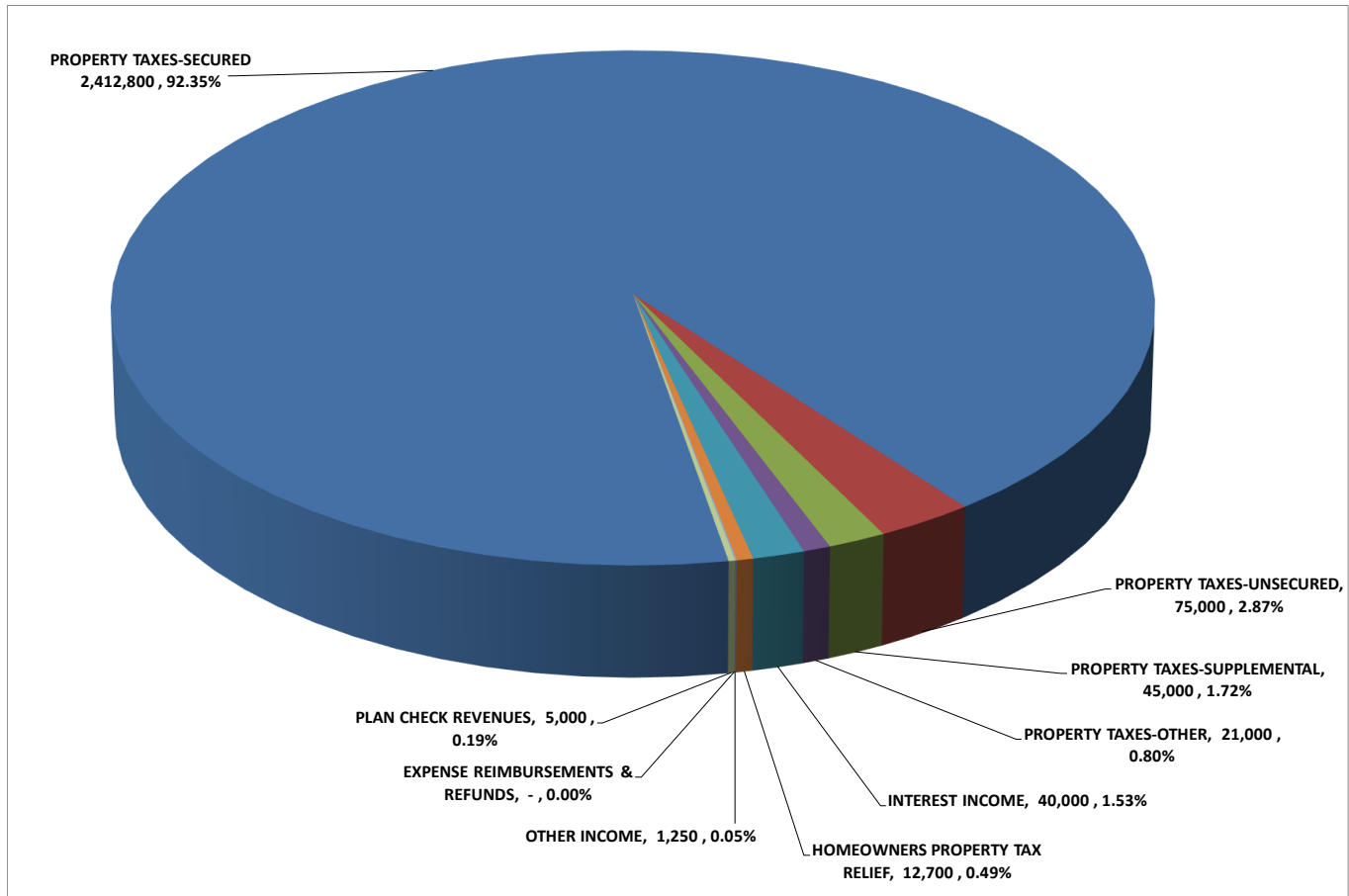
EMERALD BAY SERVICE DISTRICT  
DEBT SERVICE FUND  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2020

Acctg Codes	Actual 2018/2019 as of 04/30/19	Annual Budget with 02/20/19 Budget Adjustments	Estimated Actual 06/30/19	Adopted 2019/2020 Annual Budget
<b>A. DEBT SERVICE FUND</b>				
1. Note Payable-Bonds (principal and interest)	\$ 487,422	\$ 487,422	\$ 487,422	\$ 487,422 (1)
<b>TOTAL PROPOSED DEBT SERVICE FUND</b>	<u>\$ 487,422</u>	<u>\$ 487,422</u>	<u>\$ 487,422</u>	<u>\$ 487,422</u>

**Note: (1)** The District entered into an Installment Sales Agreement for \$7,000,000 to be repaid over a 20 year period. Two payments will be made in Fiscal Year 2019/20.

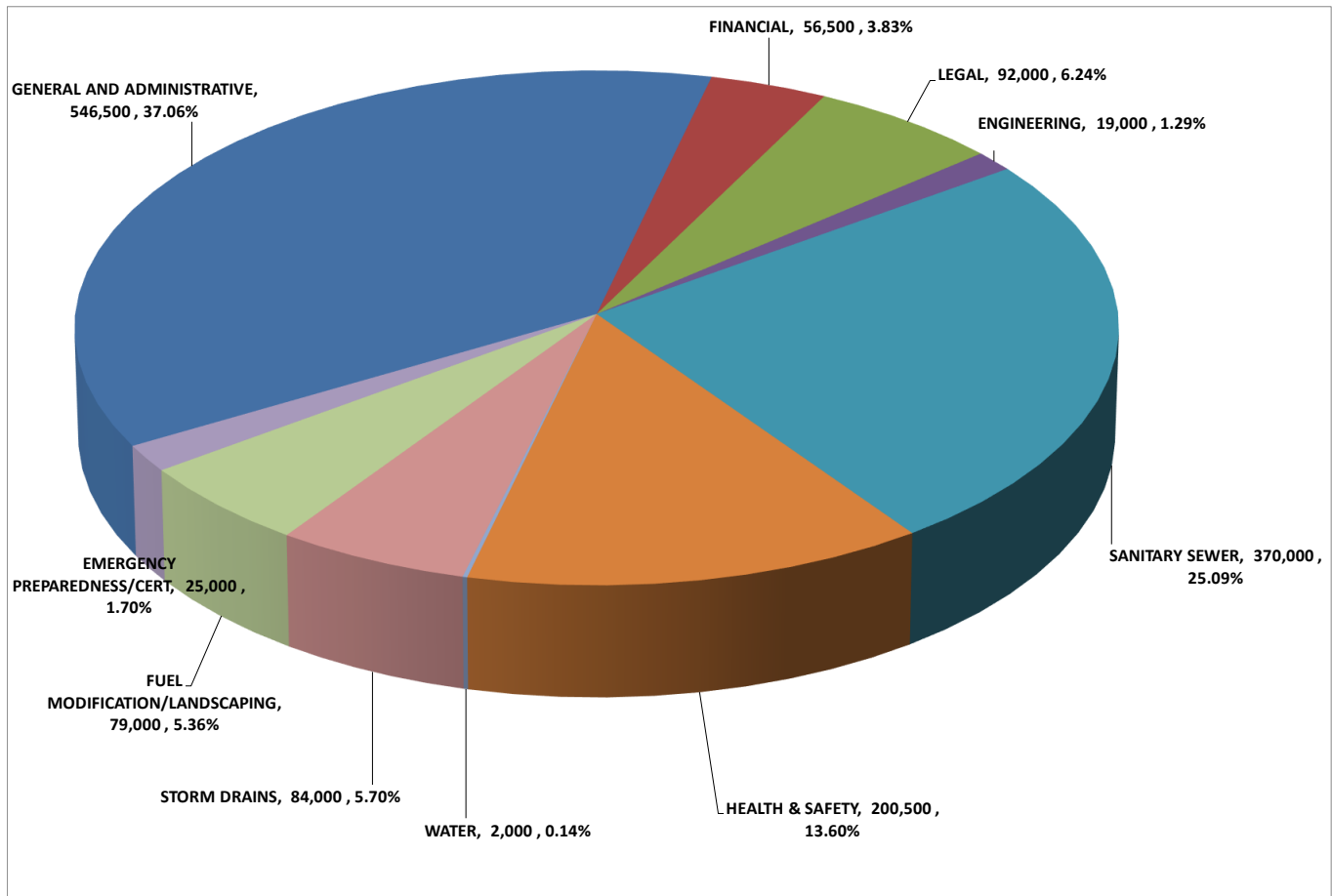
**SUPPLEMENTAL INFORMATION**

## 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.