



SERVICE DISTRICT  
Established 1961



*Working Together to Keep our Community  
Safe and Clean*

**Approved Operating Budget for the  
Fiscal Year Ending June 30, 2018**

# **EMERALD BAY SERVICE DISTRICT**

## **ANNUAL BUDGET**

**FISCAL YEAR FROM JULY 1, 2017 TO JUNE 30, 2018**

### **EMERALD BAY SERVICE DISTRICT BOARD OF DIRECTORS**

**SUSAN THOMAS, PRESIDENT  
KERI UEBERROTH, VICE PRESIDENT  
JOHN L. MARCONI, TREASURER  
JOHN A. McDERMOTT, SECRETARY  
PHILIP deCARION, DIRECTOR**

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

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**June 27, 2017**

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

It is our pleasure to present to you the Adopted Fiscal Year 2017/18 Operating Budget for the Emerald Bay Service District (District). This budget was developed to define how the District's resources will be utilized during the fiscal year that begins on July 1, 2017. 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 2017/18 the Reserve for Future Capital Improvements will have a balance of \$600,000, the Contingency Reserve will have a balance of \$125,000 and the estimated Operating Reserve will be \$762,368. 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, and Storm Drain Cleaning to better clarify what services 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 \$103,450. 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 \$113,050. The Management Services Agreement provides for an Administrative Assistant for approximately eighty seven (87) hours per month. 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 2016/17 are \$16,000 and we are estimating those costs to remain unchanged at \$16,000 for Fiscal Year 2017/18. Overall we are projecting a 1.0% 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 are estimated to remain the same at \$8,000 in Fiscal Year 2017/18.

### 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 2017/18 are anticipated to be \$60,000.

### Engineering

Engineering expenses, which include Professional Services and Engineering Surveys/Supplies, are expected to remain unchanged in Fiscal Year 2017/18. Plan Check Fees for construction projects will continue to be tracked separately.

### Sanitary Sewer

Overall, the Sanitary Sewer category decreased by \$16,400; this represents a 4.92% decrease as compared to the Fiscal Year 2016/17 budget. The decrease is primarily due to the completion of the Sewer Condition Assessment in Fiscal Year 2016/17 and therefore no additional funds will be allocated for those services in Fiscal Year 2017/18. SOCWA operating expenses are estimated to increase by \$31,000. The District shares some of the sewer conveyance facilities with the City of Laguna Beach. The District estimates that the Fiscal Year 2017/18 charges for its share of the maintenance of those facilities will be approximately \$20,000. 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%.

### Health and Safety

In the past, the District has funded two major activities for public health and safety: Lifeguards for the beach and the July 4<sup>th</sup> fireworks display. The July 4<sup>th</sup> Fireworks display will cost an additional \$3,000 this 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 shows an increase of \$5,000 over the previous year. The increase is due to the increased cost of fuel modification and weed abatement efforts for the perimeter of the Emerald Bay Community.

### Storm Drains

The Storm Drain budget category will decrease by an estimated \$37,700. The Storm Drain System Condition Assessment was completed in Fiscal Year 2016/17 and therefore no additional funds needed to be allocated in Fiscal Year 2017/18 for those services. Storm drain cleaning services are provided as part of the Management Services Agreement with the EBCA and are estimated to increase by 5.00%.

### 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 remains the same as the previous year.

## **CAPITAL OUTLAY**

### Storm Drains

The construction and maintenance of curbs and gutters will continue throughout the Emerald Bay Community. During the Main Gate Safety Improvement Project the storm drains located in the area of the project have been replaced and upgraded as needed.

### Sanitary Sewers

The District is planning several capital projects to maintain and improve the sewer system in Fiscal Year 2017/18

- The District has completed its evaluation of the condition of the sewer lift stations and associated infrastructure and will 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).



### Potable Water

The District has budgeted \$5,000 for projects that have not been specifically identified. In addition, the District has budgeted \$20,000 for ongoing work to replace fire hydrants and valves. The Laguna Beach County Water District (LBCWD) is contracted to provide water services to the homeowners who receive service from the District. The LBCWD has an ongoing plan for meter replacement throughout the District, most of which was completed in Fiscal Year 2016/17.

### Emergency Response/CERT

The District has budgeted \$1,000 for ongoing water purification equipment. These would be supplies utilized during an emergency. The District continues to support its CERT Volunteers and has increased the budget by \$15,000. The budgeted amount are allocated to purchase and relocate a shed for medical supplies (\$11,000) and to purchase additional communications equipment (\$9,000). In addition, \$18,000 has been budgeted for the purchase of an emergency portable generator.

### **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,



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 2017/18 limit has been computed to be \$2,147,540. The District's budgeted tax proceeds subject to the FY 2017/18 Gann limit equal \$1,575,562. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)



**EMERALD BAY SERVICE DISTRICT  
ADOPTED BUDGET SUMMARY  
FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

<b>Fund</b>		<b>General</b>	<b>Debt Service</b>	<b>Reserve for Future Capital Improvements</b>	<b>Reserve for Contingencies</b>
Beginning Balance	\$	1,114,906	\$ -	\$ 400,000	\$ -
Transfer In/Out		(824,338)	499,338	200,000	125,000
Revenue		2,290,750	-	-	-
<b>Available</b>	<b>\$</b>	<b>2,581,318</b>	<b>\$ 499,338</b>	<b>\$ 600,000</b>	<b>\$ 125,000</b>
Expenditures:					
Operating	\$	1,296,950	\$ -	\$ -	\$ -
Capital Projects		522,000	-		
Debt Payments (Principal & Interest)		-	499,338	-	-
<b>Total Expenditures:</b>	<b>\$</b>	<b>1,818,950</b>	<b>\$ 499,338</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Ending Balance</b>	<b>\$</b>	<b>762,368</b>	<b>\$ -</b>	<b>\$ 600,000</b>	<b>\$ 125,000</b>

**EMERALD BAY SERVICE DISTRICT  
ADOPTED GENERAL FUND BUDGET SUMMARY  
FOR THE FISCAL YEAR ENDING JUNE 30, 2018**

<b>SUMMARY</b>	<b>Actual 2016/2017 as of 3/31/17</b>	<b>Annual Budget with 04/19/17 Approved Budget Adjustments</b>	<b>Adopted FY 2017/2018 Annual Budget</b>
<b>PRELIMINARY OPERATING REVENUES</b>			
PROPERTY TAXES-SECURED	\$ 1,288,731	\$ 2,051,000	\$ 2,152,550
PROPERTY TAXES-UNSECURED	54,579	65,000	65,000
PROPERTY TAXES-SUPPLEMENTAL	30,873	30,000	30,000
PROPERTY TAXES-OTHER	8,667	12,000	12,000
INTEREST INCOME	16,402	7,000	7,000
HOMEOWNERS PROPERTY TAX RELIEF	6,585	11,000	11,000
OTHER INCOME	-	1,200	1,200
EXPENSE REIMBURSEMENTS & REFUNDS	-	8,000	8,000
PLAN CHECK REVENUES	1,200	4,000	4,000
<b>TOTAL PRELIMINARY OPERATING REVENUES</b>	<b>\$ 1,407,037</b>	<b>\$ 2,189,200</b>	<b>\$ 2,290,750</b>
<b>PRELIMINARY OPERATING EXPENSES</b>			
GENERAL AND ADMINISTRATIVE	334,688	\$ 486,300	\$ 494,050
FINANCIAL	37,390	53,000	48,000
LEGAL	66,811	80,000	60,000
ENGINEERING	6,835	31,000	31,000
SANITARY SEWER	148,256	333,000	316,600
HEALTH & SAFETY	114,036	192,000	195,000
WATER	4,473	45,000	50,000
STORM DRAINS	52,350	116,000	78,300
EMERGENCY PREPAREDNESS/CERT	6,095	24,000	24,000
<b>TOTAL PRELIMINARY OPERATING EXPENSES</b>	<b>\$ 770,934</b>	<b>\$ 1,360,300</b>	<b>\$ 1,296,950</b>
<b>PRELIMINARY CAPITAL OUTLAY</b>			
STORM DRAINS	\$ 331,294	\$ 440,965	\$ 100,000
SANITARY SEWERS	106,550	371,000	352,000
POTABLE WATER	81,061	540,000	31,000
EMERGENCY PREPAREDNESS/CERT	-	24,000	39,000
<b>TOTAL PRELIMINARY CAPITAL OUTLAY BUDGET</b>	<b>\$ 518,905</b>	<b>\$ 1,375,965</b>	<b>\$ 522,000</b>
<b>CHANGE IN UNRESTRICTED FUND BALANCE FROM OPERATING EXPENSES AND CAPITAL OUTLAY</b>	<b>\$ 117,198</b>	<b>\$ (547,065)</b>	<b>\$ 471,800</b>
<b>TRANSFERS TO DEBT SERVICE FUND</b>	<b>\$ -</b>	<b>\$ (499,338)</b>	<b>\$ (499,338)</b>
<b>TRANSFER IN FROM 2014-15 BOND FUND</b>	<b>\$ -</b>	<b>\$ 565,000</b>	<b>\$ -</b>
<b>CHANGE IN UNRESTRICTED FUND BALANCE</b>	<b>\$ 117,198</b>	<b>\$ (481,403)</b>	<b>\$ (27,538)</b>
<b>BEGINNING UNRESTRICTED FUND BALANCE</b>	<b>\$ 2,079,111</b>	<b>\$ 1,996,309</b>	<b>\$ 1,114,906</b>
<b>FUND BALANCE RESTRICTED FOR FUTURE CAPITAL IMPROVEMENTS</b>	<b>\$ 200,000</b>	<b>\$ 400,000</b>	<b>\$ 600,000</b>
<b>FUND BALANCE RESTRICTED FOR CONTINGENCIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 125,000</b>
<b>ENDING UNRESTRICTED FUND BALANCE</b>	<b>\$ 1,996,309</b>	<b>\$ 1,114,906</b>	<b>\$ 762,368</b>

EMERALD BAY SERVICE DISTRICT  
OPERATING BUDGET  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Acctg Codes		Actual 2016/2017 as of 3/31/17	Annual Budget with 04/19/17 Approved Budget Adjustments	Adopted FY 2017/2018 Annual Budget
<b>5000</b>	<b>A. GENERAL AND ADMINISTRATIVE</b>			
5010	1. Wages and Salaries	\$ 70,000	\$ 95,000	\$ 92,250
5020	2. Payroll Taxes	5,578	7,200	7,200
5030	3. Worker's Compensation Ins.	1,138	1,600	1,600
5040	4. Employee Benefits	7,375	11,000	12,000
5060	5. Personnel - Administrative	1,640	4,000	4,000
5070	6. Property Tax Collections Fees	3,452	6,000	6,000
5080	7. Tax Administration Charge	-	16,000	16,000
5090	8. Administrations Misc. Charges	4,767	5,000	5,000
5100	9. Computer Services	962	2,500	2,500
5110	10. Insurance	23,024	47,000	47,000
5120	11. Telephone	1,069	3,500	3,500
5130	12. Memberships / Conferences	7,808	9,000	9,000
5135	13. Annual Regulatory Permits	5,986	8,000	8,000
5140	14. Management Services	187,432	250,000	258,000 (1)
5150	15. LAFCO Expense	9,287	9,500	10,000
5160	16. Election Expense	-	-	-
5170	17. Lease - Vehicle for Dir. Emergency Response	4,002	6,000	6,000
5171	18. Lease - Truck for Jetting Equipment	-	3,000	3,000
5180	19. District Website	701	2,000	2,000
5195	20. Interest Expense	467	-	1,000 (2)
	<b>TOTAL GENERAL AND ADMINISTRATIVE</b>	<b>\$ 334,688</b>	<b>\$ 486,300</b>	<b>\$ 494,050</b> 2%
<b>5400</b>	<b>B. FINANCIAL</b>			
5410	1. Accounting Fees	\$ 30,090	\$ 45,000	\$ 40,000 (3)
5420	2. Audit	7,300	8,000	8,000
	<b>TOTAL FINANCIAL</b>	<b>\$ 37,390</b>	<b>\$ 53,000</b>	<b>\$ 48,000</b>
<b>5500</b>	<b>C. LEGAL</b>			
5510	1. Legal Fees	\$ 66,811	\$ 80,000	\$ 60,000
	<b>TOTAL LEGAL</b>	<b>\$ 66,811</b>	<b>\$ 80,000</b>	<b>\$ 60,000</b>
<b>6000</b>	<b>D. ENGINEERING</b>			
6010	1. Professional Services	\$ 3,537	\$ 20,000	\$ 20,000
6020	2. Engineering Surveys/Supplies	-	1,000	1,000
6030	3. Plan Check Fees	3,298	10,000	10,000
	<b>TOTAL ENGINEERING</b>	<b>\$ 6,835</b>	<b>\$ 31,000</b>	<b>\$ 31,000</b>
<b>6200</b>	<b>E. SANITARY SEWER</b>			
6210	1. Sewer Treatment - SOCWA Oper.	\$ 71,862	\$ 107,000	\$ 138,000
6220	2. North Coast Interceptor - CLB Oper.	-	20,000	20,000
6230	3. Maintenance - Equipment	1,688	13,000	13,000
6240	4. Maintenance - Vehicle - Gas/Repairs	2,590	13,000	13,000
6250	5. Sewer Lift Stations - Monthly Inspec.	2,911	6,000	6,000
6260	6. Sewer Lift Station - Electricity	5,794	13,000	13,000
6270	7. Sewer Lift Stations - Water	535	2,000	2,000
6280	8. Sewer Lift Stations - Supplies and Chem.	957	2,000	2,000
6290	9. Sewer Lift Stations - Maint./Repairs	22,764	55,000	55,000
6300	10. Sewer Pipeline System - Cleaning	39,155	52,000	54,600 (1)
6320	11. Sewer System - Cond Access	-	50,000	-
	<b>TOTAL SANITARY SEWER</b>	<b>\$ 148,256</b>	<b>\$ 333,000</b>	<b>\$ 316,600</b>

EMERALD BAY SERVICE DISTRICT  
OPERATING BUDGET  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Acctg Codes		Actual 2016/2017 as of 3/31/17	Annual Budget with 04/19/17 Approved Budget Adjustments	Adopted FY 2017/2018 Annual Budget
<b>6500</b>	<b>F. HEALTH &amp; SAFETY</b>			
6510	1. Lifeguards - Outside Services	\$ 53,163	\$ 127,000	\$ 127,000
6520	2. Fireworks - Outside Services	37,023	39,000	39,000
6530	3. Fireworks - Barge	23,000	25,000	27,000
6540	4. Fireworks - Chase Boat	850	1,000	2,000
	<b>TOTAL HEALTH &amp; SAFETY</b>	<b>\$ 114,036</b>	<b>\$ 192,000</b>	<b>\$ 195,000 (4)</b>
<b>6600</b>	<b>G. WATER</b>			
6610	1. Water Conservation	\$ 1,096	\$ 5,000	\$ 5,000
6630	2. Fuel Modification/Weed Abat.	1,678	37,000	42,000
6640	3. Water System - Cond Access	-	-	-
6999	4. Miscellaneous Water Expense	1,699	3,000	3,000
	<b>TOTAL WATER</b>	<b>\$ 4,473</b>	<b>\$ 45,000</b>	<b>\$ 50,000</b>
<b>6700</b>	<b>H. STORM DRAINS</b>			
6710	1. Storm Drain Cleaning	\$ 34,286	\$ 46,000	\$ 48,300 (1)
6720	2. Emergency Storm Contingency	18,064	30,000	30,000
6730	3. Storm Drain System - Cond Access	-	40,000	-
	<b>TOTAL STORM DRAINS</b>	<b>\$ 52,350</b>	<b>\$ 116,000</b>	<b>\$ 78,300</b>
<b>6800</b>	<b>I. EMERGENCY PREPAREDNESS/CERT</b>			
6810	1. Drills and Training	\$ 57	\$ 5,000	\$ 5,000
6820	2. EOC Supplies/Misc.	1,455	5,000	5,000
6830	3. Communications	4,583	8,000	8,000
6840	4. Medical	-	6,000	6,000
	<b>TOTAL EMERGENCY PREPAREDNESS/CERT</b>	<b>\$ 6,095</b>	<b>\$ 24,000</b>	<b>\$ 24,000</b>
<b>TOTAL PRELIMINARY OPERATING EXPENSES BUDGET</b>		<b>\$ 770,934</b>	<b>\$ 1,360,300</b>	<b>\$ 1,296,950</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.

**(2)** See Debt Service Fund for bond interest expense.

**(3)** Budget includes provision for approximately 27 hours/month for a Accounting/Finance Consultant.

**(4)** Requires prior Board approval before any funding can be expended from this category.

EMERALD BAY SERVICE DISTRICT  
CAPITAL OUTLAY  
ADOPTED CAPITAL OUTLAY BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2018

Acctg Codes		Actual 2016/2017 as of 3/31/17	Annual Budget with 04/19/17 Approved Budget Adjustments	Adopted FY 2017/2018 Annual Budget	
<b>8300</b>	<b>C. STORM DRAINS</b>				
8310	1. Construction - Curbs / Gutters	\$ 58,195	\$ 100,000	\$ 100,000	
8320	2. Stormdrain Pipeline-Shamrock	212,996	260,000	-	(2)
8330	3. Stormdrain Curb/Gutter - Shamrock	60,103	80,965	-	(2)
	<b>TOTAL STORM DRAINS</b>	<b>\$ 331,294</b>	<b>\$ 440,965</b>	<b>\$ 100,000</b>	<b>(1)</b>
<b>8400</b>	<b>D. SANITARY SEWERS</b>				
8410	1. Sewer Lift Stations - CIP	\$ 1,500	\$ 20,000	\$ 30,000	(1)
8420	2. Sewer Pipelines - CIP	17,938	100,000	100,000	(1)
8430	3. SOCWA - CIP	83,612	112,000	212,000	(3)
8440	4. CLB - CIP	-	114,000	10,000	(1)
8460	5. Sewer Pipeline - Shamrock	3,500	25,000	-	(2)
	<b>TOTAL SANITARY SEWERS</b>	<b>\$ 106,550</b>	<b>\$ 371,000</b>	<b>\$ 352,000</b>	
<b>8500</b>	<b>E. POTABLE WATER</b>				
8510	1. Water - Pipelines - CIP	\$ 20,561	\$ 50,000	\$ 5,000	(1)
8520	2. Water - FH/Valves - CIP	-	10,000	5,000	
8521	3. Fire Hydrant Replacement	-	10,000	20,000	
8530	4. Water - Meter / Repl. - CIP	-	300,000	1,000	
8540	5. Water Pipeline - Shamrock	60,500	170,000	-	(2)
	<b>TOTAL POTABLE WATER</b>	<b>\$ 81,061</b>	<b>\$ 540,000</b>	<b>\$ 31,000</b>	
<b>8600</b>	<b>F. EMERGENCY PREPAREDNESS/CERT</b>				
8610	1. Desalination Facilities/Water Purification	\$ -	\$ 1,000	\$ 1,000	
8620	2. Medical Shed/Relocation	-	11,000	11,000	
8630	3. Communication Equipment	-	9,000	9,000	
8640	4. Emergency Supplies	-	3,000	18,000	(4)
	<b>TOTAL EMERGENCY PREPAREDNESS/CERT</b>	<b>\$ -</b>	<b>\$ 24,000</b>	<b>\$ 39,000</b>	
	<b>TOTAL PRELIMINARY CAPITAL BUDGET</b>	<b>\$ 518,905</b>	<b>\$ 1,375,965</b>	<b>\$ 522,000</b>	

**Note:** (1) Requires Board approval before any funds can be spent from this category.

(2) Infrastructure for Main Gate Safety Improvement Project completed in FY 2016/2017

(3) EBSD share of capital improvements for SOCWA is higher in FY 2017/2018 due to one time capital improvements for capacity expansion at the Coastal Treatment Plant (CTP)

(4) Includes \$15,000 for a portable generator

EMERALD BAY SERVICE DISTRICT  
DEBT SERVICE FUND  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2018

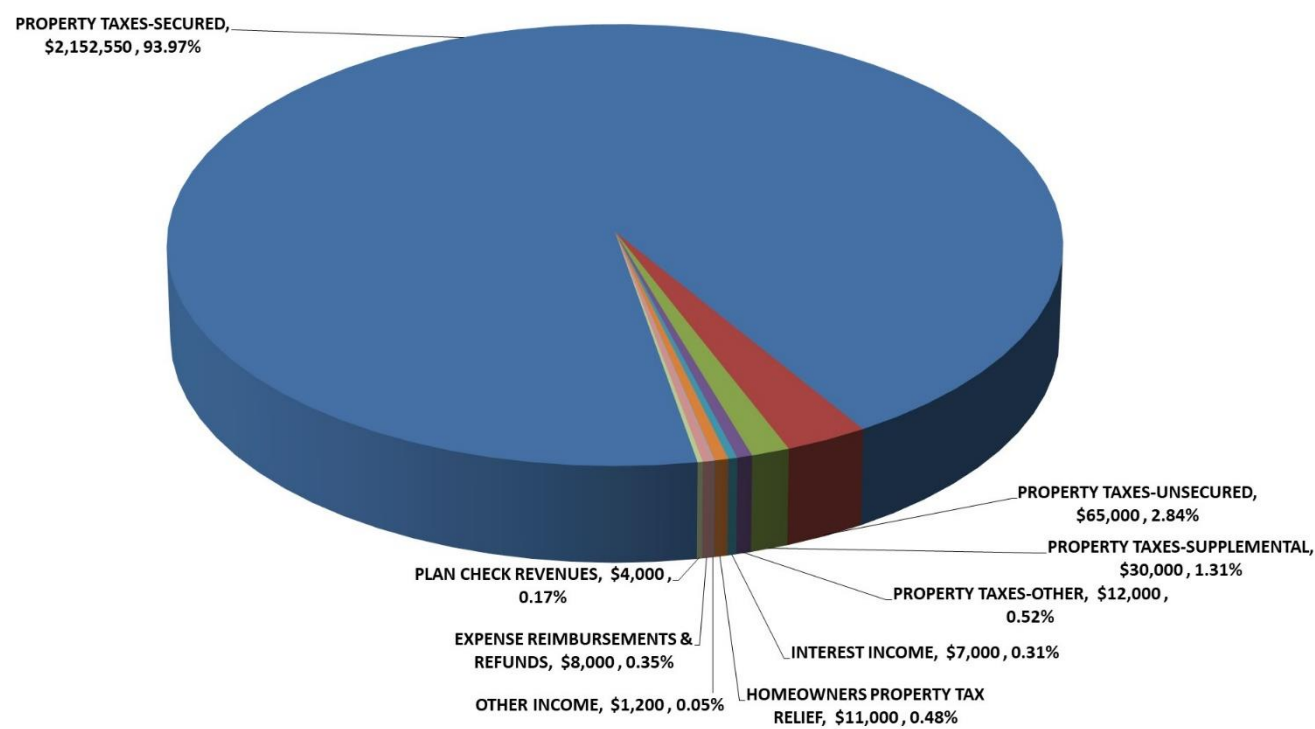
Acctg Codes	Actual 2016/2017 as of 3/31/17	Annual Budget with 04/19/17 Approved Budget Adjustments	Adopted FY 2017/2018 Annual Budget
<b>A. DEBT SERVICE FUND</b>			
1. Note Payable-Jetter (principal and interest)	\$ 11,916	11,916	\$ 11,916
2. Note Payable-MGSIP (principal and interest)	487,422	487,422	487,422 (1)
<b>TOTAL PRELIMINARY DEBT SERVICE FUND</b>	<b>\$ 499,338</b>	<b>\$ 499,338</b>	<b>\$ 499,338</b>

**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 FY 2017/18.

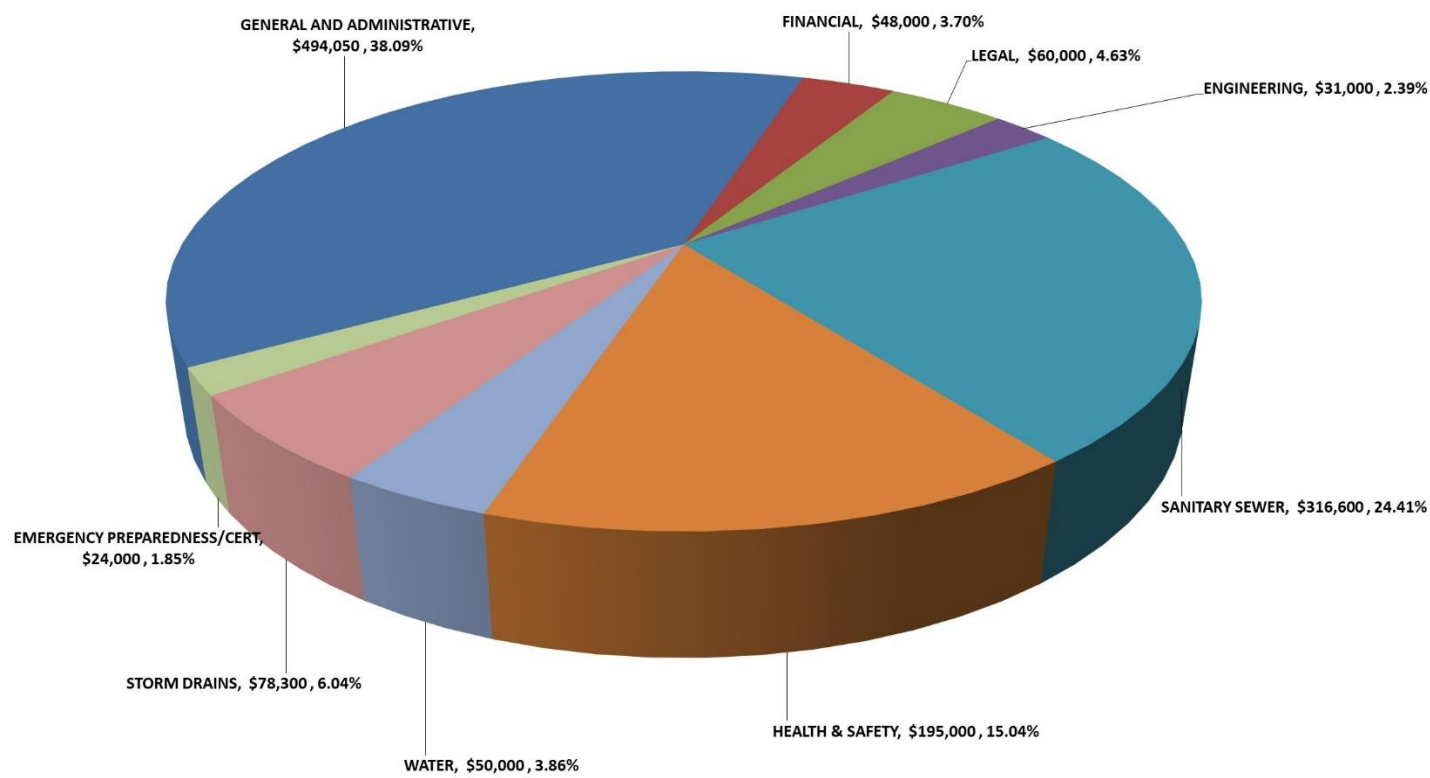
**SUPPLEMENTAL INFORMATION**



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.

**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.

### **Glossary (continued)**

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