



SERVICE DISTRICT
Established 1961



*Working Together to Keep our Community
Safe and Clean*

**Approved Operating Budget for the
Fiscal Year Ending June 30, 2017**

EMERALD BAY SERVICE DISTRICT

ANNUAL BUDGET

FISCAL YEAR FROM JULY 1, 2016 TO JUNE 30, 2017

**EMERALD BAY SERVICE DISTRICT
BOARD OF DIRECTORS**

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SUSAN THOMAS, VICE PRESIDENT
KERI UEBERROTH, TREASURER
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WILLIAM R. HART, DIRECTOR**

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

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June 15, 2016

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

It is our pleasure to present to you the Adopted Fiscal Year 2016/17 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, 2016. The Main Gate Safety Improvement Project is well under way with Phase 1 of the construction complete and Phase 2 underway.

The Reserve for Future Capital Improvements is a Board designated fund to ensure that future needs to the residents are met. The Reserve Fund will have a balance of \$400,000 at the end of Fiscal Year 2016/17. 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 with the Emerald Bay Community Association has been 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 costs to specific projects.

The South Orange County Wastewater Authority (SOCWA) allocates a portion of its costs to the District for providing the sewage treatment services to the Emerald Bay residents. These costs are divided between Operating and Capital Improvement Projects (CIP).

The 2014-15 Bond Fund, which is being utilized to track the Main Gate Safety Improvement Project Costs will be closed out to the General Fund when all the projects are complete.

OPERATING

Revenues

The Emerald Bay Service District provides wastewater collection and treatment, water, health and safety, fire protection 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 99% of the District's revenues in a typical year. The other 1% 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 wastewater collection and treatment, health and safety, fire protection 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 \$112,050. 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 2015/16 were \$21,000 and we are estimating those costs to remain unchanged at \$21,000 for Fiscal Year 2016/17. Overall we are projecting a 3.0% 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 2016/17.

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 2016/17 are anticipated to be \$50,000.

Engineering

Engineering expenses, which include Professional Services and Engineering Surveys/Supplies, are expected to decrease by \$500 in Fiscal Year 2016/17. Additionally, Plan Check Fees for construction projects will be tracked separately.

Sanitary Sewer

Overall, the Sanitary Sewer category increased by \$25,000; this represents a 9.69% increase over the Fiscal Year 2016/17 budget. SOCWA operating expenses were increased by \$20,000. The District shares some of the sewer conveyance facilities with the City of Laguna Beach. The District estimates that the Fiscal Year 2016/17 charges will be approximately \$20,000. Sewer Pipeline System cleaning services are provided as part of the Management Services Agreement with the EBCA. The Sewer Pipeline System-Mapping line item includes the funding necessary to contract experts to identify and assess the District's sewer pipeline assets, \$50,000 is being carried forward from Fiscal Year 2015/16 to provide for this study.

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 4th fireworks display. The July 4th Fireworks display will cost an additional \$1,000 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 a decrease of \$15,000 over the previous year. The District will reduce its water conservation costs by \$15,000 in Fiscal Year 2016/17. Mandatory water conservation reductions have been rescinded by the State Water Resources Control Board. The District, however, continues to request voluntary water conservation efforts from its residents.

Storm Drains

The Storm Drain budget category will increase by an estimated \$10,000. Storm drain cleaning services are provided as part of the Management Services Agreement with the EBCA. The Storm Drain System Condition Assessment line item will be carried forward into the Fiscal Year 2016/17 to provide for the mapping and condition assessment of the storm drain system to plan for future repairs and replacements of facilities and equipment.

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 is decreased by \$10,000.

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 will be replaced and upgraded as needed.

Sanitary Sewers

The District is planning several capital projects to maintain and improve the sewer system in Fiscal Year 2016/17

- The District is in the process of evaluating the condition of the sewer lift stations and will identify the equipment that needs replacement and any major work that needs to be completed. Projects identified in the Condition Assessment will be funded in future years.
- As a member of SOCWA, the District has 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).
- During the Main Gate Safety Improvement Project, the sewer pipelines located in the area of the project will be replaced and upgraded as needed. The estimated costs are \$203,500 which were appropriated in Fiscal Year 2015/16 and will be carried forward to Fiscal Year 2016/17.
- The District shares the cost of improvements to the North Coast Interceptor located in the City of Laguna Beach. The estimated costs for Fiscal Year 2016/17 are \$94,000.

Potable Water

The District has budgeted \$115,000 for projects that have not been specifically identified. In addition, the District has budgeted \$25,000 for ongoing work to replace fire hydrants and valves. No projects have been specifically identified. During the Main Gate Safety Improvement Project the water pipelines located in the area of the project will be replaced and upgraded as needed. The estimated costs are \$160,000. These costs were appropriated in Fiscal Year 2015/16 and will be carried forward to Fiscal Year 2016/17.

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.

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. The budgeted amounts are allocated to purchase and relocate a shed for medical supplies (\$11,000) and to purchase additional communications equipment (\$9,000). In addition, \$3,000 has been budgeted for the purchase of emergency supplies.

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.

2014-15 BOND FUND

A separate fund has been added to the District's budget in order to track the expenditures associated with the 2014-15 Bond proceeds.

The Main Gate Safety Improvement Project has been divided into several subcategories: Planning; Phase 1 – Rough Grading and Phase 2 – Precise Grading, to better track the various expenses related to the project.

- Planning consists of tracking the costs of various consultants and other work and is ongoing throughout the project.
- Phase 1 – Rough Grading consists of construction activities associated with the first construction phase of the project and is complete.
- Phase 2 – Precise Grading consists of the construction activities for the final phase of the project. The activities include the actual construction costs, construction contingency, construction manager, geotechnical inspection, engineering inspection, landscape architecture inspection and other consultants as needed. The restoration of properties and the Emerald Bay reimbursement will also be included in this final phase.

CONCLUSION

The annual budgeting process is an opportunity for the District to set its priorities and goals for the coming year. The completion of the Main Gate Improvement Project will be the top priority in Fiscal Year 2016/17, however, the District's other 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 necessary feedback which is needed each year to make it a successful one.

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 Fiscal Year 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 Fiscal Year 2016/17 limit has been computed to be \$2,125,350. The District's budgeted tax proceeds subject to the Fiscal Year 2016/17 Gann limit equal \$1,468,512. 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, 2017**

Fund	General	Debt Service	2014-15 Bond Fund	Reserve for Future Capital Improvements
Beginning Balance	\$ 1,130,767	\$ -	\$ 2,760,907	\$ 200,000
Transfer In/Out	(699,338)	499,338	-	200,000
Revenue	2,189,200	-	-	-
Available	\$ 2,620,629	\$ 499,338	\$ 2,760,907	\$ 400,000
Expenditures:				
Operating	\$ 1,229,550	\$ -	\$ -	-
Capital Projects	740,000	-	2,030,000	-
Debt Payments (Principal & Interest)	-	499,338	-	-
Total Expenditures:	\$ 1,969,550	\$ 499,338	\$ 2,030,000	\$ -
Ending Balance	\$ 651,079	\$ -	\$ 730,907	\$ 400,000

**EMERALD BAY SERVICE DISTRICT
ADOPTED GENERAL FUND BUDGET SUMMARY
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

SUMMARY	Actual 2015/2016 as of 5/31/16	Annual Budget with 02/17/16 Approved Budget Adjustments	Adopted 2016/2017 Annual Budget
PRELIMINARY OPERATING REVENUES			
PROPERTY TAXES-SECURED	\$ 1,963,998	\$ 1,953,588	\$ 2,051,000
PROPERTY TAXES-UNSECURED	56,184	65,000	65,000
PROPERTY TAXES-SUPPLEMENTAL	46,643	30,000	30,000
PROPERTY TAXES-OTHER	17,027	12,000	12,000
INTEREST INCOME	7,735	7,000	7,000
HOMEOWNERS PROPERTY TAX RELIEF	9,730	11,000	11,000
OTHER INCOME	40	1,200	1,200
EXPENSE REIMBURSEMENTS & REFUNDS	5,555	8,000	8,000
PLAN CHECK REVENUES	4,800	4,000	4,000
TOTAL PRELIMINARY OPERATING REVENUES	\$ 2,111,712	\$ 2,091,788	\$ 2,189,200
PRELIMINARY OPERATING EXPENSES			
GENERAL AND ADMINISTRATIVE	425,884	\$ 469,550	\$ 483,550
FINANCIAL	49,404	46,000	48,000
LEGAL	38,527	50,000	50,000
ENGINEERING	23,121	31,500	31,000
SANITARY SEWER	177,831	308,000	283,000
HEALTH & SAFETY	175,425	181,000	192,000
WATER	1,523	57,000	42,000
STORM DRAINS	56,897	106,000	76,000
EMERGENCY PREPAREDNESS/CERT	21,924	34,000	24,000
TOTAL PRELIMINARY OPERATING EXPENSES	\$ 970,536	\$ 1,283,050	\$ 1,229,550
PRELIMINARY CAPITAL OUTLAY			
MAINTENANCE YARD	-	-	-
STORM DRAINS	\$ 305,597	\$ 420,000	\$ 200,000
SANITARY SEWERS	195,038	475,500	336,000
POTABLE WATER	162,536	330,879	180,000
EMERGENCY PREPAREDNESS/CERT	715	30,657	24,000
TOTAL PRELIMINARY CAPITAL OUTLAY BUDGET	\$ 663,886	\$ 1,257,036	\$ 740,000
CHANGE IN UNRESTRICTED FUND BALANCE FROM OPERATING EXPENSES AND CAPITAL OUTLAY	\$ 477,290	\$ (448,298)	\$ 219,650
TRANSFER TO RESERVE FOR FUTURE CAPITAL IMPROVEMENTS	\$ (200,000)	\$ (200,000)	\$ (200,000)
TRANSFERS TO DEBT SERVICE FUND	\$ -	\$ (499,338)	\$ (499,338)
CHANGE IN UNRESTRICTED FUND BALANCE	\$ 477,290	\$ (1,147,636)	\$ (479,688)
BEGINNING UNRESTRICTED FUND BALANCE	\$ 2,278,403	\$ 2,278,403	\$ 1,130,767
ENDING UNRESTRICTED FUND BALANCE	\$ 2,755,693	\$ 1,130,767	\$ 651,079

**EMERALD BAY SERVICE DISTRICT
OPERATING BUDGET
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

Acctg Codes		Actual 2015/2016 as of 5/31/16	Annual Budget with 02/17/16 Approved Budget Adjustments	Adopted 2016/2017 Annual Budget
5000	A. GENERAL AND ADMINISTRATIVE			
5010	1. Wages and Salaries	\$ 82,500	\$ 92,250	\$ 92,250
5020	2. Payroll Taxes	6,598	7,200	7,200
5030	3. Worker's Compensation Ins.	1,441	1,600	1,600
5040	4. Employee Benefits	6,820	5,500	11,000
5060	6. Personnel - Administrative	1,707	4,000	4,000
5070	7. Property Tax Collections Fees	5,206	6,000	6,000
5080	8. Tax Administration Charge	14,168	16,000	16,000
5090	9. Administrations Misc. Charges	3,306	5,000	5,000
5100	10. Computer Services	1,833	3,000	2,500
5110	11. Insurance	39,040	45,000	47,000
5120	12. Telephone	2,506	4,000	3,500
5130	13. Memberships / Conferences	10,724	10,000	9,000
5135	14. Annual Regulatory Permits	-	-	8,000
5140	15. Management Services	234,771	250,000	250,000 (1)
5150	16. LAFCO Expense	8,562	9,000	9,500
5160	17. Election Expense	-	-	-
5170	18. Lease - Vehicle for Dir. Emergency Response	5,120	6,000	6,000
5171	19. Lease - Truck for Jetting Equipment	-	3,000	3,000
5180	20. District Website	581	2,000	2,000
5195	21. Interest Expense	1,001	-	- (2)
	TOTAL GENERAL AND ADMINISTRATIVE	\$ 425,884	\$ 469,550	\$ 483,550
5400	B. FINANCIAL			
5410	1. Accounting Fees	\$ 44,004	\$ 38,000	\$ 40,000 (3)
5420	2. Audit	5,400	8,000	8,000
	TOTAL FINANCIAL	\$ 49,404	\$ 46,000	\$ 48,000
5500	C. LEGAL			
5510	1. Legal Fees	\$ 38,527	\$ 50,000	\$ 50,000
	TOTAL LEGAL	\$ 38,527	\$ 50,000	\$ 50,000
6000	D. ENGINEERING			
6010	1. Professional Services	\$ 19,300	\$ 20,000	\$ 20,000
6020	2. Engineering Surveys/Supplies	11	1,500	1,000
NEW	3. Plan Check Fees	3,810	10,000	10,000
	TOTAL ENGINEERING	\$ 23,121	\$ 31,500	\$ 31,000
6200	E. SANITARY SEWER			
6210	1. Sewer Treatment - SOCWA Oper.	\$ 80,822	\$ 87,000	\$ 107,000
6220	2. North Coast Interceptor - CLB Oper.	-	20,000	20,000
6230	3. Maintenance - Equipment	3,702	13,000	13,000
6240	4. Maintenance - Vehicle - Gas/Repairs	4,215	13,000	13,000
6250	5. Sewer Lift Stations - Monthly Inspec.	1,953	6,000	6,000
6260	6. Sewer Lift Station - Electricity	6,142	13,000	13,000
6270	7. Sewer Lift Stations - Water	328	2,000	2,000
6280	8. Sewer Lift Stations - Supplies and Chem.	1,390	2,000	2,000
6290	9. Sewer Lift Stations - Maint./Repairs	24,731	50,000	55,000
6300	10. Sewer Pipeline System - Cleaning	48,298	52,000	52,000 (1)
6320	12. Sewer System - Cond Access	6,250	50,000	-
	TOTAL SANITARY SEWER	\$ 177,831	\$ 308,000	\$ 283,000

**EMERALD BAY SERVICE DISTRICT
OPERATING BUDGET
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

Acctg Codes		Actual 2015/2016 as of 5/31/16	Annual Budget with 02/17/16 Approved Budget Adjustments	Adopted 2016/2017 Annual Budget
6500	F. HEALTH & SAFETY			
6510	1. Lifeguards - Outside Services	\$ 116,470	\$ 117,000	\$ 127,000
6520	2. Fireworks - Outside Services	36,390	39,000	39,000
6530	3. Fireworks - Barge	21,715	24,000	25,000
6540	4. Fireworks - Chase Boat	850	1,000	1,000
	TOTAL HEALTH & SAFETY	\$ 175,425	\$ 181,000	\$ 192,000 (4)
6600	G. WATER			
6610	1. Water Conservation	\$ -	\$ 20,000	\$ 5,000
6630	3. Fuel Modification/Weed Abat.	1,523	37,000	37,000
6640	4. Water System - Cond Access	-	-	-
6999	5. Miscellaneous Water Expense	-	-	-
	TOTAL WATER	\$ 1,523	\$ 57,000	\$ 42,000
6700	H. STORM DRAINS			
6710	1. Storm Drain Cleaning	\$ 43,022	\$ 46,000	\$ 46,000 (1)
6720	2. Emergency Storm Contingency	13,875	20,000	30,000
6730	3. Storm Drain System - Cond Access	-	40,000	-
	TOTAL STORM DRAINS	\$ 56,897	\$ 106,000	\$ 76,000
6800	I. EMERGENCY PREPAREDNESS/CERT			
6810	1. Drills and Training	\$ 156	\$ 5,000	\$ 5,000
6820	2. EOC Supplies/Misc.	15,157	15,000	5,000
6830	3. Communications	5,585	8,000	8,000
6840	4. Medical	1,026	6,000	6,000
	TOTAL EMERGENCY PREPAREDNESS/CERT	\$ 21,924	\$ 34,000	\$ 24,000
TOTAL PRELIMINARY OPERATING EXPENSES BUDGET		\$ 970,536	\$ 1,283,050	\$ 1,229,550

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 ammendment was approved in April 2016, this budget estimate reflects the terms of that agreement.

(2) See Debt Service Fund for 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, 2017

Acctg Codes		Actual 2015/2016 as of 5/31/16	Annual Budget with 02/17/16 Approved Budget Adjustments	Adopted 2016/2017 Annual Budget
8200	B. MAINTENANCE YARD			
8210	1. Construction	\$ -	\$ -	\$ -
	TOTAL MAINTENANCE YARD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
8300	C. STORM DRAINS			
8310	1. Construction - Curbs / Gutters	\$ 251,792	\$ 150,000	\$ 100,000
8320	2. Stormdrain Pipeline-Shamrock	-	70,000	100,000 (2)
8330	3. Stormdrain Curb/Gutter - Shamrock	53,805	200,000	- (2)
	TOTAL STORM DRAINS	<u>\$ 305,597</u>	<u>\$ 420,000</u>	<u>\$ 200,000 (1)</u>
8400	D. SANITARY SEWERS			
8410	1. Sewer Lift Stations - CIP	\$ 3,973	\$ 32,000	\$ 30,000 (1)
8420	2. Sewer Pipelines - CIP	-	119,000	100,000 (1)
8430	3. SOCWA - CIP	77,657	101,000	112,000
8440	4. CLB - CIP	-	20,000	94,000 (1)
8460	6. Sewer Pipeline - Shamrock	113,408	203,500	- (2)
	TOTAL SANITARY SEWERS	<u>\$ 195,038</u>	<u>\$ 475,500</u>	<u>\$ 336,000</u>
8500	E. POTABLE WATER			
8510	1. Water - Pipelines - CIP	\$ 136,165	\$ 20,000	\$ 90,000 (1)
8520	3. Water - FH/Valves - CIP	-	20,000	25,000
8521	4. Fire Hydrant Replacement (EB 818)	-	20,000	25,000
8530	5. Water - Meter / Repl. - CIP	13,054	110,879	40,000
NEW	6. Water Pipeline - Shamrock	13,317	160,000	- (2)
	TOTAL POTABLE WATER	<u>\$ 162,536</u>	<u>\$ 330,879</u>	<u>\$ 180,000</u>
8600	F. EMERGENCY PREPAREDNESS/CERT			
8610	1. Desalination Facilities/Water Purification	\$ -	\$ 5,000	\$ 1,000
8620	2. Medical Shed/Relocation	-	11,000	11,000
8630	3. Communication Equipment	715	8,400	9,000
8640	4. Emergency Supplies	-	6,257	3,000
	TOTAL EMERGENCY PREPAREDNESS/CERT	<u>\$ 715</u>	<u>\$ 30,657</u>	<u>\$ 24,000</u>
	TOTAL PRELIMINARY CAPITAL BUDGET	<u>\$ 663,886</u>	<u>\$ 1,257,036</u>	<u>\$ 740,000</u>

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

(2) These projects are infrastructure as part of the Main Gate Safety Improvement Project

EMERALD BAY SERVICE DISTRICT
DEBT SERVICE FUND
ADOPTED DEBT SERVICE FUND BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017

Acctg Codes	Actual 2015/2016 as of 5/31/16	Annual Budget with 02/17/16 Approved Budget Adjustments	Adopted 2016/2017 Annual Budget
A. DEBT SERVICE FUND			
1. Note Payable-Jetter (principal and interest)	\$ 10,923	-	\$ 11,916
2. Note Payable-MGSIP (principal and interest)	487,422	-	487,422 (1)
TOTAL PRELIMINARY DEBT SERVICE FUND	\$ 498,345	\$ -	\$ 499,338

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 2016/17.

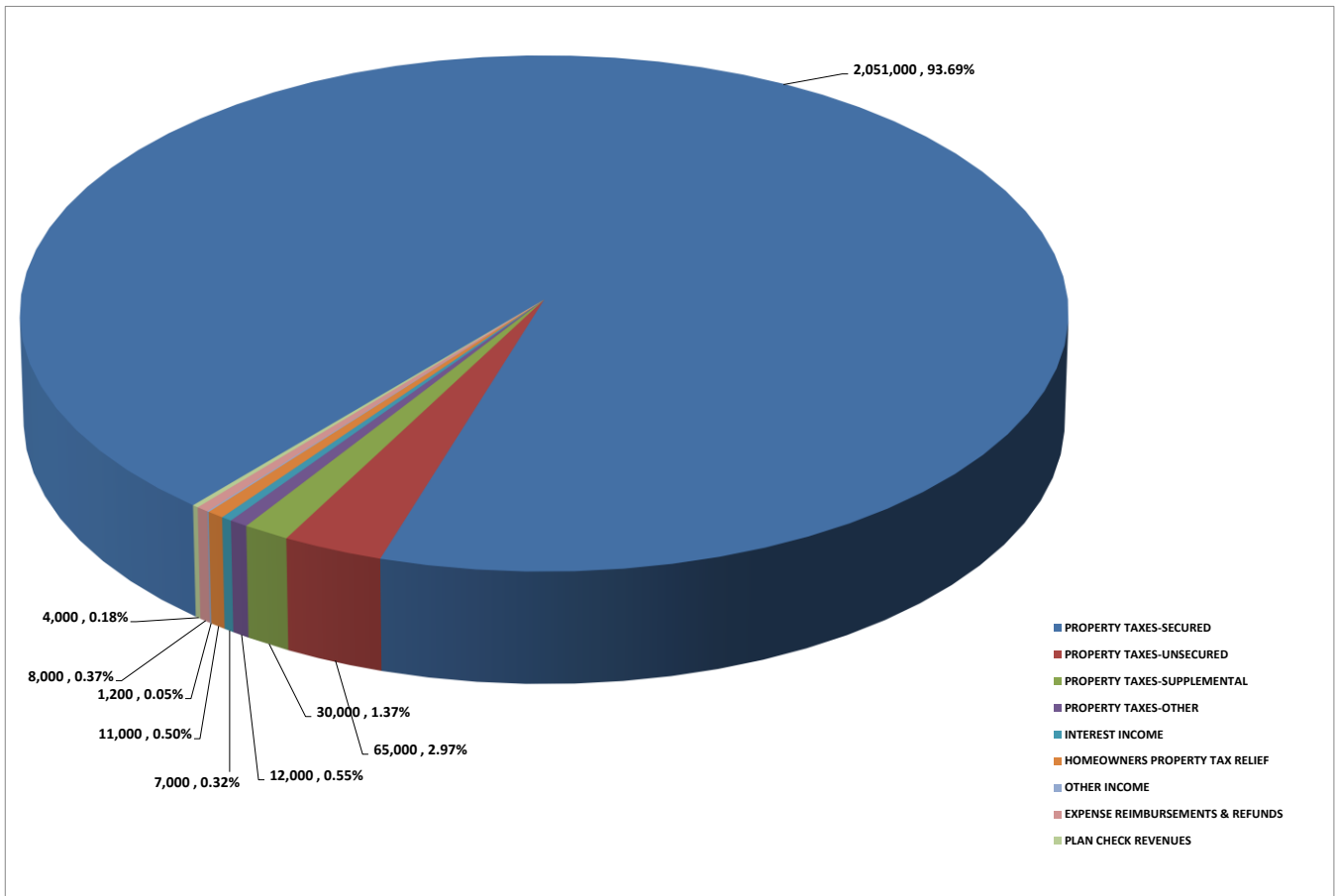
**EMERALD BAY SERVICE DISTRICT
2014/15 BOND FUND
ADOPTED MAIN GATE SAFETY PROJECT FUND BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

Acctg Codes	Actual 2015/2016 as of 5/31/16	Annual Budget with 02/17/16 Approved Budget Adjustments	Adopted 2016/2017 Annual Budget
Revenue			
Proceeds from 2014/15 Bond	\$ -	\$ -	-
Interest Revenue	<u>8,790</u>	<u>4,000</u>	-
TOTAL REVENUE	<u>\$ 8,790</u>	<u>\$ 4,000</u>	<u>\$ -</u>
8100 A. MAIN GATE SAFETY IMPROVEMENT PROJECT			
 PLANNING			
8110.030 1. Legal / Permitting	\$ 105,169	\$ 60,000	\$ 50,000
8120.030 2. Communications	-	8,949	10,000
8130.030 3. Engineering	102,554	20,000	20,000
8131.030 4. Construction Manager - Planning	50,730	15,000	15,000
8133.030 5. Geotechnical Inspection	19,537	20,000	10,000
8136.030 6. Landscape Architech	71,937	10,000	10,000
8137.030 7. Consultants - Other	31,715	20,000	10,000
8134.030 8. General Inspection	-	18,000	-
 SUBTOTAL - PLANNING	<u>381,642</u>	<u>171,949</u>	<u>125,000</u>
 PHASE 1 - ROUGH GRADING			
8151.030 9. Construction - Phase 1 - Contingency	30,587	30,587 (1)	-
8152.030 10. Construction - Phase 1	578,557	578,557 (1)	-
8160.030 11. Construction Manager - Phase 1	12,250	12,250 (1)	-
8170.030 12. Construction Admin - Phase 1 - Geotechnical	78,227	78,227 (1)	-
8170.030 13. Construction Admin - Phase 1 - Engineering	-	- (1)	-
8172.030 14. Construction Admin - Phase 1 - Landscape Arch	-	- (1)	-
8180.030 15. Construction Consultants - Other - Phase 1	15,523	15,523 (1)	-
 SUBTOTAL PHASE 1 - ROUGH GRADING	<u>715,144</u>	<u>715,144</u>	<u>-</u>
 PHASE 2 - PRECISE GRADING			
8710.030 16. Construction - Phase 2 - Contingency	42,039	278,000	-
8720.030 17. Construction - Phase 2	214,235	2,200,000	464,000
8722.030 18. Construction - Phase 2 - Pavers	-	-	130,000
8725.030 19. Construction - Phase 2 - Trees & Plant Material	10,000	-	200,000
8730.030 18. Construction Manager - Phase 2	5,600	78,000	-
8740.030 19. Construction Admin - Phase 2 - Geotechnical	-	50,000	26,000
8741.030 20. Construction Admin - Phase 2 - Engineering	-	36,000	-
8742.030 21. Construction Admin - Phase 2 - Landscape Arch	6,425	50,000	33,000
8745.030 22. Construction Admin - Phase 2 - Electrical Engineering	-	-	-
8750.030 23. Construction Consultants - Other - Phase 2	-	20,000	-
8760.030 24. Restoration	-	100,000	284,000
8770.030 25. Emerald Bay Community Association Reimbursemen	1,017,515	250,000	768,000
 SUBTOTAL PHASE 2 - PRECISE GRADING	<u>1,295,814</u>	<u>3,062,000</u>	<u>1,905,000</u>
TOTAL PRELIMINARY EXPENDITURES	<u>2,392,600</u>	<u>3,949,093</u>	<u>2,030,000</u>
TOTAL PRELIMINARY 2014-15 BOND FUND	<u>\$ -</u>	<u>\$ (3,945,093)</u>	<u>\$ (2,030,000)</u>
BEGINNING FUND BALANCE	\$ 6,706,000	\$ 6,706,000	\$ 2,760,907
ENDING FUND BALANCE	<u>\$ 4,313,400</u>	<u>\$ 2,760,907</u>	<u>\$ 730,907</u>

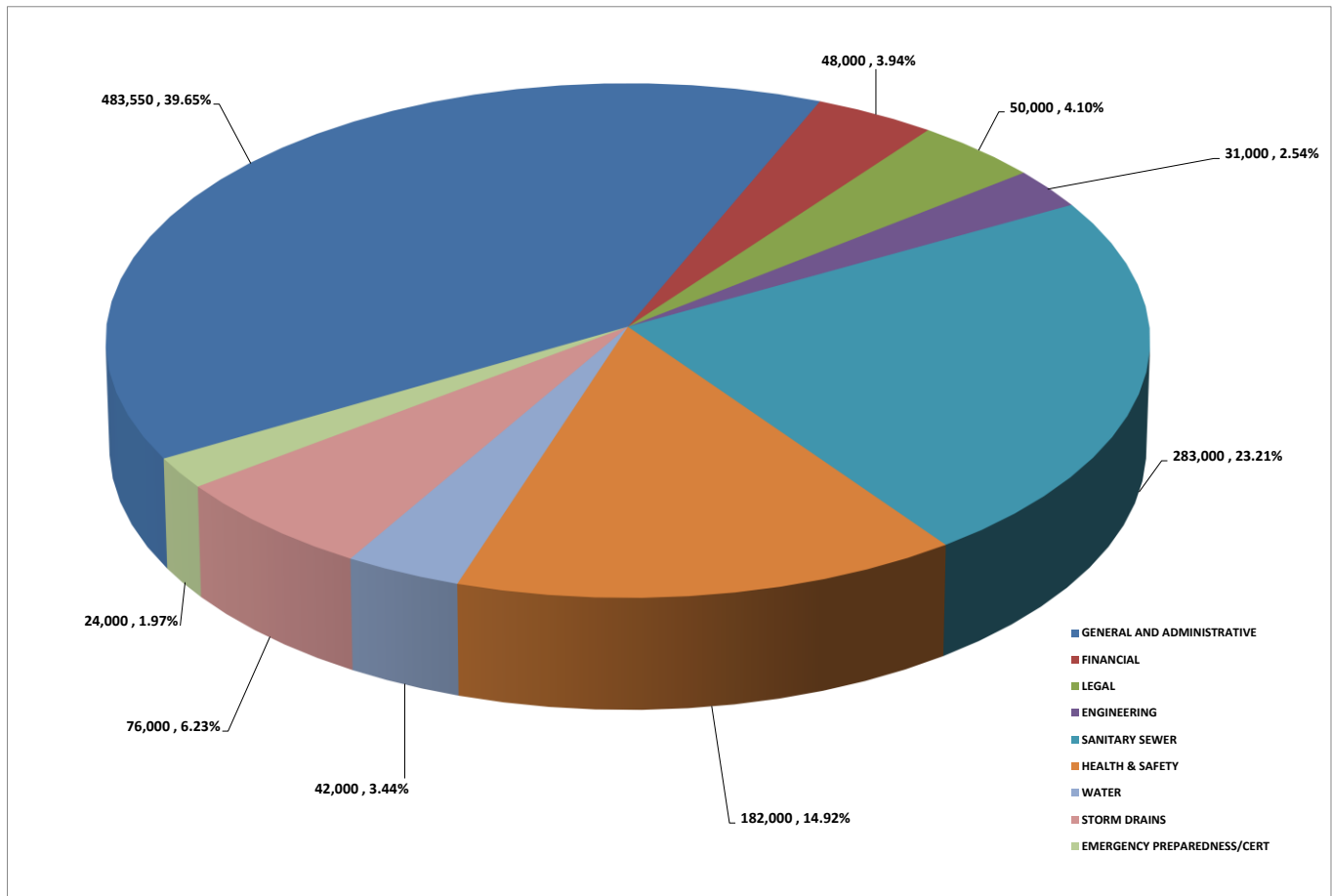
(1) DUE TO THE COMPLETION OF PHASE 1 THESE NUMBERS REPRESENT THE ACTUAL COSTS

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 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 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.