



SERVICE DISTRICT  
Established 1961



*Working Together to Keep our Community  
Safe and Clean*

**Approved Operating Budget for the  
Fiscal Year Ending June 30, 2019**

# **EMERALD BAY SERVICE DISTRICT**

## **ANNUAL BUDGET**

**FISCAL YEAR FROM JULY 1, 2018 TO JUNE 30, 2019**

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

**JOHN L. MARCONI, PRESIDENT**

**JOHN A. McDERMOTT, VICE PRESIDENT**

**JAMES FLYNN, TREASURER**

**SUSAN THOMAS, SECRETARY**

**PHILIP deCARION, DIRECTOR**

**SUBMITTED BY**

**MICHAEL P. DUNBAR, GENERAL MANAGER**

**TABLE OF CONTENTS**

**General**

Transmittal Letter	3
Gann Appropriations Limit	8

**Budget Section**

Budget Summary	9
Operating Budget	11
Capital Outlay Budget	13
Debt Service Fund Budget	14

**Supplemental Information**

Charts	
Operating Revenues	16
Operating Expenses	17
Glossary	18

**June 20, 2018**

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

It is our pleasure to present to you the Approved Fiscal Year 2018/19 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, 2018. 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 2018/19 the Reserve for Future Capital Improvements will have an estimated balance of \$750,000, the Contingency Reserve will have an estimated balance of \$250,000 and the estimated Operating Reserve will be \$991,684. 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 \$119,450. 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 2017/18 are \$12,878 and we are estimating those costs to increase to \$16,000 for Fiscal Year 2018/19. Overall we are projecting a 15.0% 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 will increase to \$16,500 in Fiscal Year 2018/19 due to the approval of new auditors by the District's Board of Directors.

### 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 2018/19 are anticipated to be \$92,000.

### Engineering

Engineering expenses, which include Professional Services and Engineering Surveys/Supplies, are expected to remain unchanged in Fiscal Year 2018/19. Plan Check Fees for construction projects will continue to be tracked separately.

### Sanitary Sewer

Overall, the Sanitary Sewer category increased by \$2,700; this represents a less than 1.00% increase as compared to the Fiscal Year 2017/18 budget. The small increase is primarily due to the completion of the Sewer Condition Assessment in Fiscal Year 2017/18, reducing that line item by \$40,000 which offsets the increase of \$21,782 to the SOCWA operating expenses, 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 2018/19 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 4.00%.

### 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. In Fiscal Year 2018/2019 the District has budgeted a one-time funding for additional Lifeguards pursuant to the District's recreation and safety powers, as authorized by the Local Agency Formation Commission (LAFCO) and approved by the Board at the March 28, 2018 Special Board of Directors Meeting in the amount of \$37,500.

The July 4<sup>th</sup> Fireworks display will cost an additional \$3,000 this fiscal year. The District has also budgeted a one-time cost to fund additional security provided by the Orange County Sheriff's Department for the July 4<sup>th</sup> Celebration pursuant to the District's law enforcement powers, as authorized by LAFCO and approved by the Board at the March 28, 2018 Special Board of Directors Meeting.

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 \$2,000 over the previous year. The increase is due an increase to the two line items, Water Conservation and Water – Miscellaneous, as compared to the previous fiscal year.

### Storm Drains

Storm drain cleaning services are provided as part of the Management Services Agreement with the EBCA and are estimated to increase by 4.00%.

### 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 was increased by \$10,000 to continue to upgrade equipment and to ensure that the supplies have current expiration dates.

## **CAPITAL OUTLAY**

### Storm Drains

The construction and maintenance of curbs and gutters will continue throughout the Emerald Bay Community. \$20,000 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 2018/19

- Sewer Lift Stations has been increased to \$30,000 to fund the replacement of several pumps at 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 \$10,000.

### Potable Water

The District has budgeted its share of a water pipeline project and fire hydrant project that would provide for a new water pipeline and fire hydrant to service the properties at 12, 20 and 22 Emerald Bay.

Water meters throughout the District have been upgraded to more efficient smart water meters that can assist in identifying leaks by electronically monitoring water use. These are funds will cover the remaining water meters that were not replaced in the previous fiscal year.

### Emergency Response/CERT

The District annually budgets funds to assist the CERT Team with equipment and medical supplies. The supplies and equipment would be utilized during an emergency or catastrophic event. The District continues to support its CERT Volunteers and has budgeted by \$18,000 for this program.

## **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 blue ink that reads "Michael P. Dunbar". The signature is written in a cursive, flowing style.

Michael P. Dunbar, General Manager



### **GANN APPROPRIATIONS LIMIT**

Commonly referred to as the Gann Limit, this was a ballot initiative adopted in 1980, and modified by Proposition 111, which passed in 1990, to limit the amount of tax proceeds state and local governments can spend each year. The Gann Limit now appears in the California State Constitution as Article XIII B.

The limit changes annually and is different for every organization. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in FY 1978/79 in each jurisdiction, and modified for changes in inflation and population in each subsequent year. By law, inflationary adjustments are based on the California Department of Finance's official report on changes in state's per capita income or in non-residential assessed valuation due to new construction. Population adjustments are based on the changes in the District's population levels. Each year the Board of Directors must adopt an appropriations limit for the following year using the cost of living data provided by the State of California, and population and per capita personal income data provided by the California State Department of Finance

Additional appropriations to the budget funded by non-tax sources such as service charges, fines & fees, passport revenue, restricted revenues from other agencies, grants, or beginning fund balances are unaffected by the Appropriations Limit. The FY 2018/19 limit has been computed to be \$2,170,320. The District's budgeted tax proceeds subject to the FY 2018/19 Gann limit equals \$1,217,378. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)

**EMERALD BAY SERVICE DISTRICT  
BUDGET SUMMARY  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

<b>Fund</b>		<b>General</b>	<b>Debt Service</b>	<b>Reserve for Future Capital Improvements</b>	<b>Reserve for Contingencies</b>
Beginning Balance	\$	1,343,580	\$ -	\$ 600,000	\$ 125,000
Transfer In/Out		(762,422)	487,422	150,000	125,000
Revenue		2,400,000	-	-	-
<b>Available</b>	<b>\$</b>	<b>2,981,159</b>	<b>\$ 487,422</b>	<b>\$ 750,000</b>	<b>\$ 250,000</b>
Expenditures:					
Operating	\$	1,452,475	\$ -	\$ -	\$ -
Capital Projects		537,000	-		
Debt Payments (Principal & Interest)		-	487,422	-	-
<b>Total Expenditures:</b>	<b>\$</b>	<b>1,989,475</b>	<b>\$ 487,422</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Ending Balance</b>	<b>\$</b>	<b>991,684</b>	<b>\$ -</b>	<b>\$ 750,000</b>	<b>\$ 250,000</b>

EMERALD BAY SERVICE DISTRICT  
GENERAL FUND BUDGET SUMMARY  
FOR THE FISCAL YEAR ENDING JUNE 30, 2019

SUMMARY	Actual 2017/2018 as of 04/30/18	Annual Budget with 03/28/18 Budget Adjustments	Estimated Actual 06/30/18	Annual Budget 2018/2019 Adopted 06/20/18
<b>OPERATING REVENUES</b>				
PROPERTY TAXES-SECURED	\$ 2,164,471	\$ 2,198,314	\$ 2,185,000	\$ 2,277,300
PROPERTY TAXES-UNSECURED	58,357	56,660	58,357	55,000
PROPERTY TAXES-SUPPLEMENTAL	50,569	30,000	50,569	43,500
PROPERTY TAXES-OTHER	382	12,000	3,825	8,500
INTEREST INCOME	19,423	7,000	19,423	2,500
HOMEOWNERS PROPERTY TAX RELIEF	6,500	11,000	6,500	8,000
OTHER INCOME	100	1,200	100	1,200
EXPENSE REIMBURSEMENTS & REFUNDS	1,600	8,000	1,600	2,000
PLAN CHECK REVENUES	2,000	4,000	2,800	2,000
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,303,402</b>	<b>\$ 2,328,174</b>	<b>\$ 2,328,174</b>	<b>\$ 2,400,000</b>
<b>OPERATING EXPENSES</b>				
GENERAL AND ADMINISTRATIVE	\$ 395,798	\$ 505,300	\$ 462,748	\$ 532,175
FINANCIAL	45,970	48,000	52,900	56,500
LEGAL	224,911	300,000	265,000	92,000
ENGINEERING	4,088	19,000	5,500	19,000
SANITARY SEWER	256,959	358,600	276,022	361,300
HEALTH & SAFETY	148,004	232,500	217,947	263,500
WATER	1,442	-	1,442	2,000
STORM DRAINS	41,747	63,300	48,300	65,000
EMERGENCY PREPAREDNESS/CERT	8,398	10,000	10,080	20,000
FUEL MODIFICATION/LANDSCAPING	13,597	54,292	54,292	41,000
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,140,914</b>	<b>\$ 1,590,992</b>	<b>\$ 1,394,231</b>	<b>\$ 1,452,475</b>
<b>CAPITAL OUTLAY</b>				
STORM DRAINS	\$ -	\$ -	\$ -	\$ 20,000
SANITARY SEWERS	174,092	456,000	285,564	388,000
POTABLE WATER	242,106	332,500	242,106	111,000
EMERGENCY PREPAREDNESS/CERT	1,779	12,000	1,779	18,000
MAIN GATE SAFETY IMPROVEMENT PROJECT	794,093	834,000	841,000	-
<b>TOTAL CAPITAL OUTLAY BUDGET</b>	<b>\$ 1,212,071</b>	<b>\$ 1,634,500</b>	<b>\$ 1,370,449</b>	<b>\$ 537,000</b>
<b>CHANGE IN UNRESTRICTED FUND BALANCE FROM OPERATING EXPENSES AND CAPITAL OUTLAY</b>	<b>\$ (49,582)</b>	<b>\$ (897,318)</b>	<b>\$ (436,506)</b>	<b>\$ 410,525</b>
<b>TRANSFERS TO DEBT SERVICE FUND</b>	<b>\$ (249,382)</b>	<b>\$ (487,422)</b>	<b>\$ (493,314)</b>	<b>\$ (487,422)</b>
<b>CHANGE IN UNRESTRICTED FUND BALANCE</b>	<b>\$ (49,582)</b>	<b>\$ (1,384,740)</b>	<b>\$ (929,820)</b>	<b>\$ (76,896)</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$ 2,998,400</b>	<b>\$ 2,998,400</b>	<b>\$ 2,998,400</b>	<b>\$ 2,068,580</b>
<b>FUND BALANCE RESTRICTED FOR FUTURE CAPITAL IMPROVEMENTS</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 750,000</b>
<b>FUND BALANCE RESTRICTED FOR CONTINGENCIES</b>	<b>\$ 125,000</b>	<b>\$ 125,000</b>	<b>\$ 125,000</b>	<b>\$ 250,000</b>
<b>ENDING UNRESTRICTED FUND BALANCE</b>	<b>\$ 2,223,818</b>	<b>\$ 888,660</b>	<b>\$ 1,343,580</b>	<b>\$ 991,684</b>

**EMERALD BAY SERVICE DISTRICT  
OPERATING BUDGET  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

Acctg Codes		Actual 2017/2018 as of 04/30/18	Annual Budget with 03/28/18 Budget Adjustments	Estimated Actual 06/30/18	Annual Budget 2018/2019 Adopted 06/20/18
<b>5000</b>	<b>A. GENERAL AND ADMINISTRATIVE</b>				
5010	1. Wages and Salaries	\$ 75,000	\$ 92,500	\$ 90,000	\$ 92,250
5020	2. Payroll Taxes	5,927	7,200	7,200	7,200
5030	3. Worker's Compensation Ins.	1,126	1,600	1,600	1,600
5040	4. Employee Benefits	11,277	14,000	16,000	16,000
5060	6. Personnel - Administrative	1,126	4,000	2,000	4,000
5070	7. Property Tax Collections Fees	5,575	6,000	6,000	6,000
5080	8. Tax Administration Charge	12,878	16,000	12,878	16,000
5090	9. Administrations Misc. Charges	4,290	5,000	5,000	5,000
5100	10. Computer Services	2,141	2,500	2,500	2,500
5110	11. Insurance	27,714	57,000	27,714	57,000
5120	12. Telephone	1,409	3,500	3,500	3,500
5130	13. Memberships / Conferences	8,064	9,000	8,500	9,000
5135	14. Annual Regulatory Permits	6,581	8,000	6,581	8,000
5140	15. Management Services	218,199	258,000	258,000	289,000 (1)
5150	16. LAFCO Expense	9,775	10,000	9,775	10,125
5160	17. Election Expense	-	-	-	-
5170	18. Lease - Vehicle for Dir. Emergency Response	3,987	9,000	4,500	-
5171	19. Lease - Truck for Jetting Equipment	-	-	-	3,000
5180	20. District Website	729	2,000	1,000	2,000
	<b>TOTAL GENERAL AND ADMINISTRATIVE</b>	<b>\$ 395,798</b>	<b>\$ 505,300</b>	<b>\$ 462,748</b>	<b>\$ 532,175</b>
<b>5400</b>	<b>B. FINANCIAL</b>				
5410	1. Accounting Fees	\$ 38,070	\$ 40,000	\$ 45,000	\$ 40,000 (2)
5420	2. Audit	7,900	8,000	7,900	16,500 (3)
	<b>TOTAL FINANCIAL</b>	<b>\$ 45,970</b>	<b>\$ 48,000</b>	<b>\$ 52,900</b>	<b>\$ 56,500</b>
<b>5500</b>	<b>C. LEGAL</b>				
5510	1. Legal Fees	\$ 224,911	\$ 300,000	\$ 265,000	\$ 92,000 (4)
	<b>TOTAL LEGAL</b>	<b>\$ 224,911</b>	<b>\$ 300,000</b>	<b>\$ 265,000</b>	<b>\$ 92,000</b>
<b>6000</b>	<b>D. ENGINEERING</b>				
6010	1. Professional Services	\$ 1,128	\$ 10,000	\$ 1,500	\$ 10,000
6020	2. Engineering Surveys/Supplies	-	1,000	-	1,000
6030	3. Plan Check Fees	2,960	8,000	4,000	8,000
	<b>TOTAL ENGINEERING</b>	<b>\$ 4,088</b>	<b>\$ 19,000</b>	<b>\$ 5,500</b>	<b>\$ 19,000</b>
<b>6200</b>	<b>E. SANITARY SEWER</b>				
6210	1. Sewer Treatment - SOCWA Oper.	\$ 133,218	\$ 138,000	\$ 133,218	\$ 155,000
6220	2. North Coast Interceptor - CLB Oper.	-	22,000	-	46,000 (5)
6230	3. Maintenance - Equipment	2,415	13,000	5,000	13,000
6240	4. Maintenance - Vehicle - Gas/Repairs	7,055	13,000	9,000	13,000
6250	5. Sewer Lift Stations - Monthly Inspec.	1,123	6,000	2,000	6,000
6260	6. Sewer Lift Station - Electricity	6,378	13,000	7,800	13,000
6270	7. Sewer Lift Stations - Water	2,339	2,000	3,500	2,000
6280	8. Sewer Lift Stations - Supplies and Chem.	639	2,000	1,500	2,000
6290	9. Sewer Lift Stations - Maint./Repairs	17,311	55,000	20,000	55,000
6300	10. Sewer Pipeline System - Cleaning	47,077	54,600	54,600	56,300 (1)
6320	12. Sewer System - Cond Access	39,404	40,000	39,404	-
	<b>TOTAL SANITARY SEWER</b>	<b>\$ 256,959</b>	<b>\$ 358,600</b>	<b>\$ 276,022</b>	<b>\$ 361,300</b>
<b>6500</b>	<b>F. HEALTH &amp; SAFETY</b>				
6510	1. Lifeguards - Outside Services	\$ 85,057	\$ 164,500	\$ 155,000	\$ 164,500 (6)
6520	2. Fireworks - Outside Services	37,037	39,000	37,037	70,000 (7)
6530	3. Fireworks - Barge	24,210	27,000	24,210	27,000
6540	4. Fireworks - Chase Boat	1,700	2,000	1,700	2,000
	<b>TOTAL HEALTH &amp; SAFETY</b>	<b>\$ 148,004</b>	<b>\$ 232,500</b>	<b>\$ 217,947</b>	<b>\$ 263,500</b>

**EMERALD BAY SERVICE DISTRICT  
OPERATING BUDGET  
ADOPTED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

Acctg Codes		Actual 2017/2018 as of 04/30/18	Annual Budget with 03/28/18 Budget Adjustments	Estimated Actual 06/30/18	Annual Budget 2018/2019 Adopted 06/20/18
<b>6600</b>	<b>G. WATER</b>				
6610	1. Water Conservation	\$ 1,442	\$ -	\$ 1,442	\$ 1,000
6640	2. Water System - Cond Access	-	-	-	-
6999	3. Miscellaneous Water Expense	-	-	-	1,000
	<b>TOTAL WATER</b>	<b>\$ 1,442</b>	<b>\$ -</b>	<b>\$ 1,442</b>	<b>\$ 2,000</b>
<b>6700</b>	<b>H. STORM DRAINS</b>				
6710	1. Storm Drain Cleaning	\$ 41,747	\$ 48,300	\$ 48,300	\$ 50,000 (1)
6720	2. Emergency Storm Contingency	-	15,000	-	15,000
	<b>TOTAL STORM DRAINS</b>	<b>\$ 41,747</b>	<b>\$ 63,300</b>	<b>\$ 48,300</b>	<b>\$ 65,000</b>
<b>6800</b>	<b>I. EMERGENCY PREPAREDNESS/CERT</b>				
6810	1. Drills and Training	\$ 125	1,000	\$ 400	\$ 1,000
6820	2. EOC Supplies/Misc.	2,180	\$ 5,000	2,180	5,000
6830	3. Communications	4,313	1,000	5,000	8,000
6840	4. Medical	1,780	3,000	2,500	6,000
	<b>TOTAL EMERGENCY PREPAREDNESS/CERT</b>	<b>\$ 8,398</b>	<b>\$ 10,000</b>	<b>\$ 10,080</b>	<b>\$ 20,000</b>
<b>6900</b>	<b>J. FUEL MODIFICATION/LANDSCAPING</b>				
6910	1. Fuel Modification/Weed Abat.	\$ 13,597	\$ 54,292	\$ 54,292	\$ 31,000 (8)
6920	2. Landscaping Materials - Entrance	-	-	-	5,000
6930	3. Landscaping Water - Entrance	-	-	-	5,000
		<b>\$ 13,597</b>	<b>\$ 54,292</b>	<b>\$ 54,292</b>	<b>\$ 41,000</b>
<b>TOTAL OPERATING EXPENSES BUDGET</b>		<b>\$ 1,140,914</b>	<b>\$ 1,590,992</b>	<b>\$ 1,394,231</b>	<b>\$ 1,452,475</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) RFP for audit was sent out for bid in February 2018. The Board approved the bid from VTD at the March 28, 2018 Special Meeting of the Board of Directors 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.

(6) Includes one time cost of \$37,500 for additional lifeguards to be stationed at the pool.

(7) Includes one time cost \$30,000 for the July 4th Celebration Security.

(8) Actual and FY 2017-18 Budget includes carryforward of \$12,292 from CalFire Grant, which was completed in FY 2017-18.

EMERALD BAY SERVICE DISTRICT  
CAPITAL OUTLAY  
ADOPTED CAPITAL OUTLAY BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019

Acctg Codes		Actual 2017/2018 as of 04/30/18	Annual Budget with 03/28/18 Budget Adjustments	Estimated Actual 06/30/18	Annual Budget 2018/2019 Adopted 06/20/18
<b>8300</b>	<b>C. STORM DRAINS</b>				
8310	1. Construction - Curbs / Gutters	\$ -	\$ -	\$ -	\$ 20,000
	<b>TOTAL STORM DRAINS</b>	\$ -	\$ -	\$ -	\$ 20,000 (1)
<b>8400</b>	<b>D. SANITARY SEWERS</b>				
8410	1. Sewer Lift Stations - CIP	\$ 1,865	\$ 15,000	\$ 2,500	\$ 30,000 (1)
8420	2. Sewer Pipelines - CIP	10,591	149,000	149,000	50,000 (1)
8430	3. SOCWA - CIP	87,059	212,000	59,487	298,000 (2)
8440	4. CLB - CIP	74,577	80,000	74,577	10,000 (1)
	<b>TOTAL SANITARY SEWERS</b>	\$ 174,092	\$ 456,000	\$ 285,564	\$ 388,000
<b>8500</b>	<b>E. POTABLE WATER</b>				
8510	1. Water - Pipelines - CIP	\$ 29,739	\$ 30,000	\$ 29,739	\$ 61,000 (1)
8520	2. Water - FH/Valves - CIP	1,050	1,500	1,050	20,000
8530	3. Water - Meter / Repl. - CIP	211,317	301,000	211,317	30,000
	<b>TOTAL POTABLE WATER</b>	\$ 242,106	\$ 332,500	\$ 242,106	\$ 111,000
<b>8600</b>	<b>F. EMERGENCY PREPAREDNESS/CERT</b>				
8610	1. Desalination Facilities/Water Purification	\$ -	\$ -	\$ -	\$ 1,000
8620	2. Medical Shed/Relocation	1,727	2,000	1,727	2,000
8630	3. Communication Equipment	-	-	-	5,000
8640	4. Emergency Supplies	52	10,000	52	10,000 (1)
	<b>TOTAL EMERGENCY PREPAREDNESS/CERT</b>	\$ 1,779	\$ 12,000	\$ 1,779	\$ 18,000
	<b>TOTAL ADOPTED CAPITAL BUDGET</b>	\$ 417,978	\$ 800,500	\$ 529,449	\$ 537,000

**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, 2019

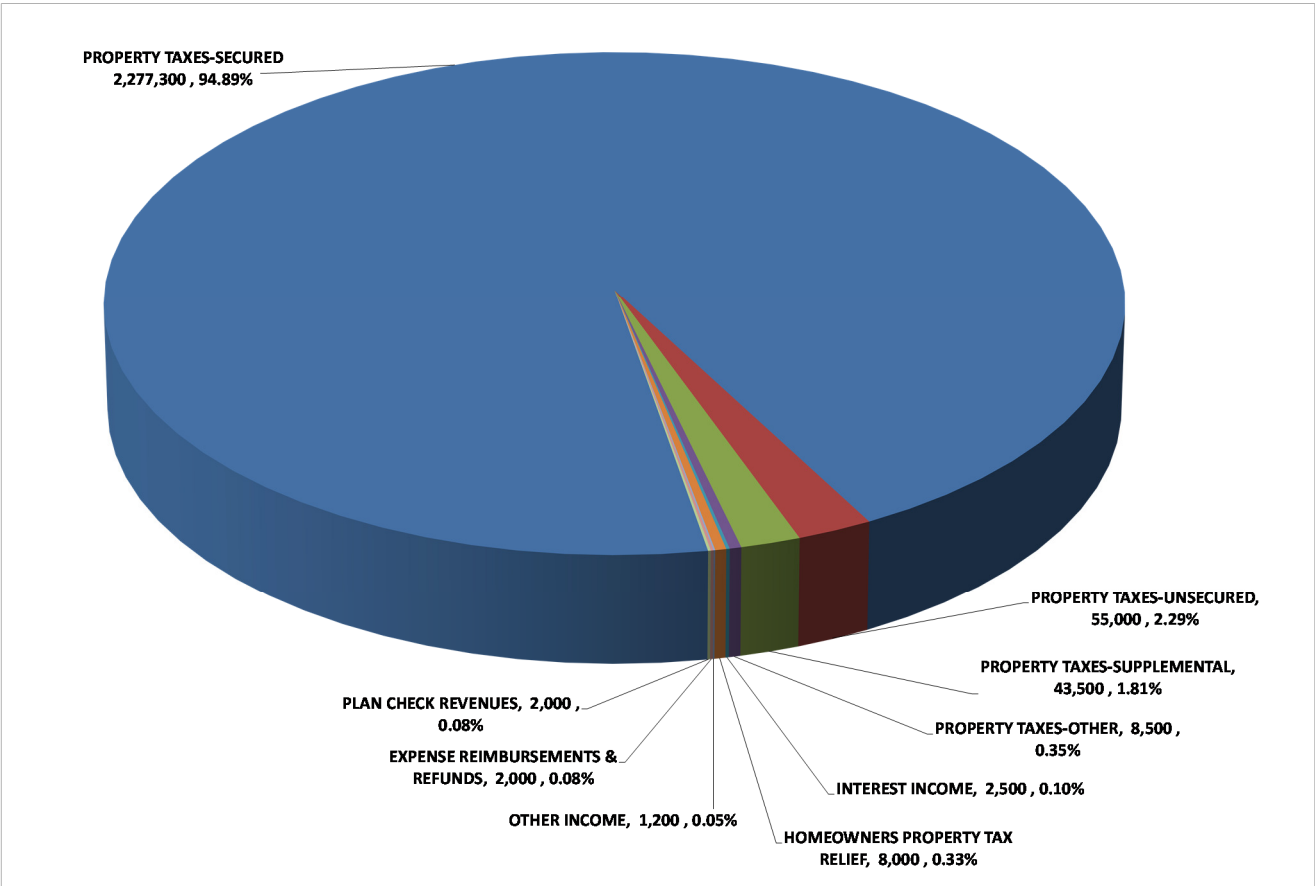
Acctg Codes		Actual 2017/2018 as of 04/30/18	Annual Budget with 03/28/18 Budget Adjustments		Estimated Actual 06/30/18	Annual Budget 2018/2019 Adopted 06/20/18	
A. DEBT SERVICE FUND							
	1. Note Payable-Bonds (principal and interest)	\$ 493,314	\$ 487,422	\$ 493,314	\$ 487,422	(1)	
	TOTAL PROPOSED DEBT SERVICE FUND	\$ 493,314	\$ 487,422	\$ 493,314	\$ 487,422		

**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 2018/19.

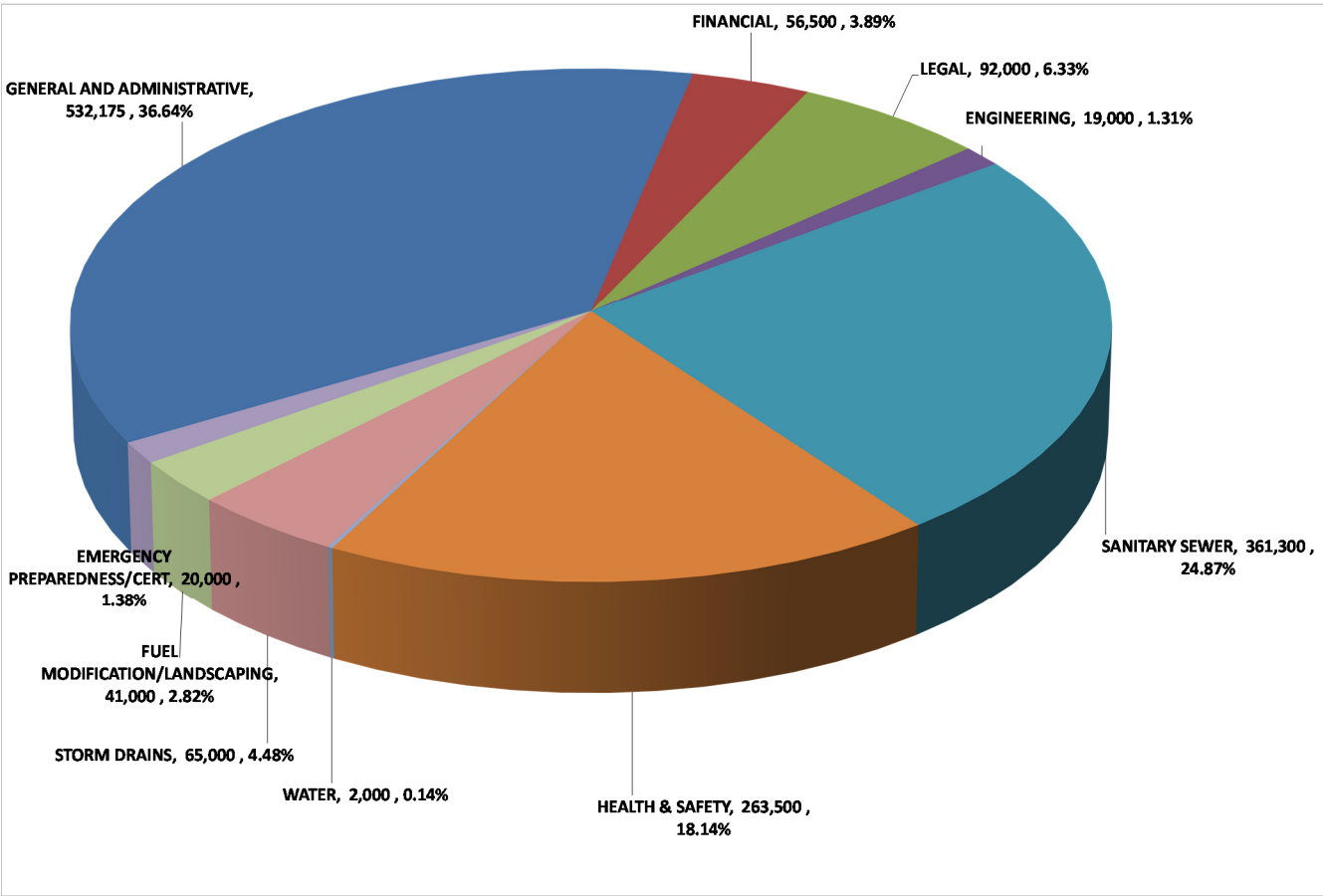


**SUPPLEMENTAL INFORMATION**

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.