



SERVICE DISTRICT
Established 1961



**Approved Operating Budget for the
Fiscal Year Ending June 30, 2015**

EMERALD BAY SERVICE DISTRICT

ANNUAL BUDGET

FISCAL YEAR FROM JULY 1, 2014 TO JUNE 30, 2015

EMERALD BAY SERVICE DISTRICT BOARD OF DIRECTORS

JOHN A. McDERMOTT, PRESIDENT
WILLIAM R. HART, VICE PRESIDENT/TREASURER
JOHN L. MARCONI, SECRETARY
KERI UEBERROTH, DIRECTOR
SUSAN THOMAS, DIRECTOR

SUBMITTED BY
MICHAEL P. DUNBAR, GENERAL MANAGER



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HISTORY

The Emerald Bay Service District (District) was organized on November 20, 1961, under the Community Service District Law by resolution of the Board of Supervisors of Orange County, California to provide services to the residents living in the unincorporated area of Orange County known as Emerald Bay. Its founding Directors were Vic Andrews, Tom Swanson, Paul Dodds, Paul Beemer and Laurence Reynolds. Currently, the District has been authorized by the Orange County Local Agency Formation Commission (LAFCO) to provide sewage, water, health and safety, emergency response and other services to the residents of the Emerald Bay community.

The residents have a long history of community volunteerism. The Emerald Bay Fire Station continues to be one of the remaining three level 1 stations that are serviced by volunteers under the Orange County Fire Authority. The District is governed by an elected five member Board of Directors. The members of the Board serve without compensation, benefits or reimbursement of out of pocket expenses.

The District is a non-enterprise special district, which means that the revenues are derived from property taxes and no fees are charged for the services provided. The sphere of influence for the District is directly related to the Emerald Bay Community Association (EBCA).

The District contracts the services of a registered professional engineer who provides project plans and equipment specifications. It also contracts for financial, secretarial, and field support from Emerald Bay Community Association (EBCA) employees and rents office space in EBCA's Community Center. The District's attorney is the law firm of Stradling, Yocca, Carlson & Rauth.

In 2012, the District hired its own General Manager, who is the sole employee of the District. The General Manager provides the overall day to day operation of the District's facilities.



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May 21, 2014

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

It is our pleasure to present to you the Adopted Fiscal Year 2014/15 Operating Budget for the Emerald Bay Service District (District). The budget is developed to define how the District's resources will be utilized during the fiscal year that begins on July 1, 2014. This budget reflects how the District will effectively utilize the resources available and the efficiencies realized by the District's use of its dedicated community volunteers.

The budget estimates for Fiscal Year 2014/15 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 has been allocated between General and Administration, Finance, 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 Construction in Progress.

The Main Gate Safety Improvement Project final cost estimates and timelines have not yet been determined. Financing may be used to fund a portion of the project. You will find the estimated expenses for Fiscal Year 2014/15 separated into the Main Gate Safety Improvement Project Fund. This fund may or may not be restricted depending on the funding sources used to fund the project.



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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 \$108,000. All other 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 \$107,292. The County of Orange collects property taxes on behalf of the District and in exchange charges tax administration and property tax collection fees. As 2014 is an election year, the District is budgeting \$10,000 to cover candidate statements and the printing of ballots, if required. The District is planning to lease a four wheel drive vehicle to be utilized by the Director of Security who oversees the District's security services. The lease payments will begin in Fiscal Year 2014/15. The District is also planning on leasing a heavy duty truck to be utilized by the Maintenance Department to haul the jetting equipment that cleans/maintains the sewer collection and storm drain systems. Lease payments would begin in 2014/2015.

Finance

The accounting functions have become part of the Management Services Agreement and include a Director of Finance, for approximately twenty-six (26) hours per month and an Administrative Assistant for approximately eighty seven (87) hours per month. A portion of the



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Finance (continued)

cost of these contract employees has been allocated to the Accounting line item. The audit fees are estimated to increase by \$1,000 in Fiscal Year 2014/15.

Legal Fees

Due to higher than expected costs for legal work and services in Fiscal Year 2013/14 the budget for Legal Fees was increased by \$15,000 to \$31,000 for Fiscal Year 2014/15.

Engineering

Engineering expenses, which include Professional Services and Engineering Surveys/Supplies, are expected to remain unchanged from Fiscal Year 2013/14.

Sanitary Sewer

Overall the Sanitary Sewer category increased by \$6,000, this represents a 2% increase over the Fiscal Year 2013/14 budget. SOCWA operating expenses were increased by \$7,000. Sewer Pipeline System Cleaning services are provided as part of the Management Services Agreement with the EBCA. The Sewer Pipeline System-Mapping account was added to fund the expenses needed to contract experts to identify and assess the District's sewer pipeline assets. The report will include a condition assessment of the sewer assets and will outline all of the pipeline facilities and lift stations in their current condition. This report will provide the District with the information necessary to create a plan for future repair and replacement. \$30,000 has been budgeted for this line item.

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 Fireworks-Outside Services was the only line item with a budget increase as compared to Fiscal Year 2013/14. The projected increase is \$7,000.

Water

The Potable Water category budget shows an increase of \$20,000 over the previous year. This is due to the addition of a new line item Water System-Mapping. In order to prepare a future



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Water (continued)

capital improvement program, the District will hire consultants to map and perform a condition assessment for the District's water assets.

Storm Drains

The Storm Drain budget category will increase by an estimated \$17,000. Storm drain cleaning services are provided as part of the Management Services Agreement with the EBCA. The Storm Drains category also includes a new line item 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 Community Emergency Response Team (CERT) that volunteers, trains, and prepares to respond to any emergency situation. The amount budgeted for this category is increased by \$5,000 to ensure that the CERT Team has the proper radios and supplies to serve as first responders in the event of any emergency.

CAPITAL OUTLAY

Maintenance Yard

There are no projects planned for the maintenance yard in Fiscal Year 2014/15.

Storm Drains

The construction and maintenance of curbs and gutters will continue throughout the Emerald Bay Community. The expected costs for Fiscal Year 2014/15 are \$50,000 which is \$207,000 less than the prior year.

Sanitary Sewers

The District is planning several capital projects to maintain and improve the sewer system in Fiscal Year 2014/15:



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Sanitary Sewers (continued)

- 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.
- The District is planning to line or replace some of the sewer lines within the community.
- As a member of SOCWA the District is allocated its portion of the costs related to capital improvements projects.
- The City of Laguna Beach (CLB) allocates costs for sewer capital improvements to the District.

Potable Water

There are many areas within the community that have been identified for pipeline replacement. Additionally, the District's plan to replace the fire hydrants located throughout the community will continue with the replacement of the fire hydrant located at #818 Emerald Bay. 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 Reponse/CERT

The District is in the process of reviewing the feasibility of acquiring temporary desalination equipment that could be used during an emergency that obliterates the water delivery systems.

Main Gate Safety Improvement Project

A separate fund has been created to track the ongoing expenses of the Main Gate 19Aceme the 2g41c T



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CONCLUSION

The annual budgeting process is an opportunity for the District to set its priorities and goals for the coming year. The 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 system 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 Emerald Bay Community Association (EBCA) staff, especially Susan Olmstead-Bowen and Mary Simpson for their daily hard work and dedication, and particularly, as it relates to the preparation of this proposed 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



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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's 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 FY2014/15 limit has been computed to be \$2,176,890. The District's budgeted tax proceeds subject to the FY2014/15 Gann limit equal \$1,177,000. Therefore, the District is within the Gann limitation by and in compliance with state law.

(unaudited)



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EMERALD BAY SERVICE DISTRICT
APPROVED GENERAL FUND BUDGET SUMMARY
FOR THE FISCAL YEAR ENDING JUNE 30, 2015

SUMMARY	Actual 2013/2014 as of 4/30/14	2013/2014 Budget	Approved 2014/2015 Budget
APPROVED OPERATING REVENUES			
PROPERTY TAXES-SECURED	\$ 1,624,271	\$ 1,659,067	\$ 1,692,248
PROPERTY TAXES-UNSECURED	51,473	62,252	63,497
PROPERTY TAXES-SUPPLEMENTAL	32,721	9,136	15,000
PROPERTY TAXES-OTHER	7,016	12,990	12,000
INTEREST INCOME	3,851	30,000	7,000
HOMEOWNERS PROPERTY TAX RELIEF	4,640	14,537	11,000
OTHER INCOME	400	1,200	1,200
EXPENSE REIMBURSEMENTS & REFUNDS	25,784	13,000	20,000
TOTAL APPROVED OPERATING REVENUES	\$ 1,750,156	\$ 1,802,182	\$ 1,821,945
APPROVED OPERATING EXPENSES			
GENERAL AND ADMINISTRATIVE	360,135	\$ 490,000	\$ 516,000
FINANCIAL	15,125	25,000	26,500
LEGAL	27,513	16,000	31,000
ENGINEERING	6,100	7,000	7,000
SANITARY SEWER	193,448	269,000	275,000
HEALTH & SAFETY	73,900	161,000	168,000
WATER	761	22,000	42,000
STORM DRAINS	35,471	65,000	82,000
EMERGENCY PREPAREDNESS/CERT	18,436	18,000	23,000
TOTAL APPROVED OPERATING EXPENSES	\$ 730,889	\$ 1,073,000	\$ 1,170,500
APPROVED CAPITAL OUTLAY			
MAINTENANCE YARD	-	-	-
STORM DRAINS	\$ 430,906	\$ 307,000	\$ 50,000
SANITARY SEWERS	247,969	212,000	154,000
POTABLE WATER	85,800	165,000	238,000
EMERGENCY PREPAREDNESS/CERT	-	5,000	5,000
TOTAL APPROVED CAPITAL OUTLAY BUDGET	\$ 764,675	\$ 689,000	\$ 447,000
CHANGE IN UNRESTRICTED FUND BALANCE FROM OPERATING EXPENSES AND CAPITAL OUTLAY	\$ 254,592	\$ 40,182	\$ 204,445
TRANSFERS TO DEBT SERVICE FUND	\$ -	\$ -	\$ (138,288)
CHANGE IN UNRESTRICTED FUND BALANCE	\$ 254,592	\$ 40,182	\$ 66,157
BEGINNING UNRESTRICTED FUND BALANCE	\$ 2,493,991	\$ 2,493,991	\$ 2,534,173
ENDING UNRESTRICTED FUND BALANCE	\$ 2,748,583	\$ 2,534,173	\$ 2,600,330



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5000	A. GENERAL AND ADMINISTRATIVE				
5010	1. Wages and Salaries	\$ 71,667	\$ 86,000	\$ 90,000	
5020	2. Payroll Taxes	5,656	7,000	7,000	
5030	3. Worker's Compensation Ins.	1,736	4,000	3,000	
5040	4. Employee Benefits	3,206	4,000	4,000	
5050	5. Retirement Contributions	-	4,000	-	
5060	6. Personnel - Administrative	3,656	1,000	4,000	
5070	7. Property Tax Collections Fees	4,234	5,000	5,000	
5080	8. Tax Administration Charge	15,683	13,000	16,000	
5090	9. Administrations Misc. Charges	3,041	3,000	5,000	
5100	10. Computer Services	86	1,000	1,000	
5110	11. Insurance	28,854	75,000	82,000	
5120	12. Telephone	3,246	4,000	4,000	
5130	13. Memberships / Conferences	4,526	8,000	6,000	
5140	14. Management Services	202,675	245,000	248,500	(1)
5150	15. LAFCO Expense	8,979	10,000	10,000	
5160	16. Election Expense	-	-	10,000	
5170	17. Lease - Vehicle for Dir. Emergency Response	-	-	12,000	
5171	18. Lease - Truck for Jetting Equipment	-	-	6,000	
5180	19. District Website	1,369	20,000	2,500	
5195	20. Interest Expense	1,521	-	-	(2)
	TOTAL GENERAL AND ADMINISTRATIVE	\$ 360,135	\$ 490,000	\$ 516,000	
5400	B. FINANCIAL				
5410	1. Accounting Fees	\$ 8,125	\$ 17,000	\$ 18,500	(1),(3)
5420	2. Audit	7,000	8,000	8,000	224.4
	TOTAL FINANCIAL	\$ 15,125	\$ 25,000	\$ 26,500	

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EMERALD BAY SERVICE DISTRICT
OPERATING BUDGET
APPROVED OPERATING EXPENSES BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2015

Acctg Codes		Actual 2013/2014 as of 4/30/14	2013/2014 Budget	Approved 2014/2015 Budget
6500	F. HEALTH & SAFETY			
6510	1. Lifeguards - Outside Services	\$ 73,900	\$ 110,000	\$ 110,000
6520	2. Fireworks - Outside Services	-	30,000	37,000
6530	3. Fireworks - Barge	-	20,000	20,000
6540	4. Fireworks - Chase Boat	-	1,000	1,000
	TOTAL HEALTH & SAFETY	\$ 73,900	\$ 161,000	\$ 168,000 (4)
6600	G. WATER			
6610	1. Water Conservation	\$ -	\$ 2,000	\$ 2,000
6630	3. Fuel Modification/Weed Abat.	761	20,000	20,000
6640	4. Water System - Cord Access	-	-	20,000
	TOTAL WATER	\$ 761	\$ 22,000	\$ 42,000
6700	H. STORM DRAINS			
6710	1. Storm Drain Cleaning	\$ 35,471	\$ 40,000	\$ 42,000 (1)
6720	2. Emergency Storm Contingency	-	25,000	20,000
6730	3. Storm Drain System - Cord Access	-	-	20,000
	TOTAL STORM DRAINS	\$ 35,471	\$ 65,000	\$ 82,000
6800	I. EMERGENCY PREPAREDNESS/CERT			
6810	1. Drills and Training	\$ 1,023	\$ 4,000	\$ 5,000
6820	2. EOC Supplies/Misc.	5,315	1,000	2,000
6830	3. Communications	11,325	8,000	10,000
6840	4. Medical	773	5,000	6,000
	TOTAL EMERGENCY PREPAREDNESS/CERT	\$ 18,436	\$ 18,000	\$ 23,000
	TOTAL APPROVED OPERATING EXPENSES BUDGET	\$ 730,889	\$ 1,073,000	\$ 1,170,500

- Note:** (1) Services previously expensed as Management Services have been allocated to more applicable expense accounts based on the services provided. 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, Accounting, Storm Drain Cleaning and Sewer Pipeline Cleaning. The budget estimate for the contracted services provided by the EBCA was increased by 5% to cover EBCA employee salary increases, as well as increased workers' compensation expense and higher health benefits expenses. The contract also includes \$107,292 for rental of office and facilities space from EBCA.
- (2) See Debt Service Fund for interest expense.
- (3) The need for an outside accountant was eliminated when EBCA employed an inhouse accountant who provides accounting services to the District. Accounting services are now included in the Management Services Agreement.
- (4) Requires prior Board approval before any funding can be expended from this category.
- (5) Election Expense category is a place holder in the event there is a contested election within Emerald Bay.



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**EMERALD BAY SERVICE DISTRICT
CAPITAL OUTLAY
APPROVED CAPITAL OUTLAY BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Acctg Codes		Actual 2013/2014 as of 04/30/14	2013/2014 Budget	APPROVED 2014/2015 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	\$ 430,906	\$ 307,000	\$ 50,000
	TOTAL STORM DRAINS	<u>\$ 430,906</u>	<u>\$ 307,000</u>	<u>\$ 50,000 (1)</u>
8400	D. SANITARY SEWERS			
8410	1. Sewer Lift Stations - CIP	\$ 7,260	\$ 50,000	\$ 25,000 (1)
8420	2. Sewer Pipelines - CIP	43	20,000	5,000 (1)
8430	3. SOCWA - CIP	105,780	90,000	84,000
8440	4. CLB - CIP	-	40,000	40,000
8450	5. Sewer - Pull Out Reel / Camera	47,296	12,000	-
8411	6. L.S. #5 Stairway	87,590	-	-
	TOTAL SANITARY SEWERS	<u>\$ 247,969</u>	<u>\$ 212,000</u>	<u>\$ 154,000</u>
8500	E. POTABLE WATER			
8510	1. Water - Pipelines - CIP	\$ 15,400	\$ 10,000	\$ -
8511	2. Pipeline Replacement (EB 141)	56,000	-	-
8512	3. Pipeline Replacement (EB 816 - EB 822)	-	-	31,000 (1)
8513	4. Pipeline Replacement (EB 804 - EB 814)	-	-	41,000 (1)
8514	5. Pipeline Replacement (EB 105 - EB 165)	-	-	131,000 (1)
8520	7. Water - FH/Valves - CIP	-	130,000	-
8521	8. Fire Hydrant Replacement (EB 818)	-	-	15,000 (1)
8530	9. Water - Meter / Repl. - CIP	14,400	25,000	20,000
	TOTAL POTABLE WATER	<u>\$ 85,800</u>	<u>\$ 165,000</u>	<u>\$ 238,000</u>
8600	F. EMERGENCY PREPAREDNESS/CERT			
8610	1. Desalination Facilities	\$ -	\$ 5,000	\$ 5,000
	TOTAL EMERGENCY PREPAREDNESS/CERT	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
	TOTAL APPROVED CAPITAL BUDGET	<u>\$ 764,675</u>	<u>\$ 689,000</u>	<u>\$ 447,000</u>

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



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**EMERALD BAY SERVICE DISTRICT
MAIN GATE SAFETY IMPROVEMENT PROJECT FUND
APPROVED MAIN GATE SAFETY PROJECT FUND BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Acctg Codes		2013/2014 as of 04/30/14	2013/2014 Budget	Approved 2014/2015 Budget
8100	A. MAIN GATE SAFETY IMPROVEMENT PROJECT			
8110	1. Legal / Permitting	\$ 102,964	\$ 25,000	\$ 24,000
8120	2. Communications	-	5,000	5,000
8130	3. Engineering	-	90,000	25,000
8131	4. Construction Manager - Planning	-	-	14,500
8132	5. Construction Manager - Construction	-	-	14,500
8133	6. Geotechnical Inspection	-	-	44,000
8134	7. General Inspection	-	-	8,000
8135	8. Construction	-	-	1,584,000
	9. Financing costs	-	-	3,000
	TOTAL APPROVED MAIN GATE SAFETY IMPROVEMENT PROJECT	\$ 102,964	\$ 120,000	\$ 1,722,000 (1)

Note: (1) The Main Gate Safety Improvement Project cost estimates and timelines are still being evaluated. An additional appropriation and budget adjustment will be needed before the beginning of construction. Funding for construction will be a combination of transfers from the unrestricted reserves and financing activities. This fund will be closed out at the end of each fiscal year to the Fixed Asset Group. The expected financing will be \$2,000,000, leaving \$278,000 of restricted cash in the fund at year end. All other funding for the project will come from General fund transfers.

**EMERALD BAY SERVICE DISTRICT
DEBT SERVICE FUND
APPROVED MAIN GATE SAFETY PROJECT FUND BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

Acctg Codes		Actual 2013/2014 as of 04/30/14	2013/2014 Budget	Approved 2014/2015 Budget
	A. DEBT SERVICE FUND			
	1. Note Payable-Truck (principal)	\$ -	\$ -	\$ 7,408
	2. Note Payable-Jetter (principal)	-	-	10,487
	3. Note Payable-MGSIP (principal)	-	-	84,275 (1)
	4. Interest Expense	-	-	36,118 (1)
	TOTAL APPROVED DEBT SERVICE FUND	\$ -	\$ -	\$ 138,288

Note: (1) Due to the possible financing of the Main Gate Safety Improvement Project (MGSIP) the principal and interest for all district debt will be recorded in the Debt Service Fund. The principal and interest repayment amounts are calculated for a \$2,000,000 loan acquired in January 2015 (6 months) with an interest rate of 3.5%.



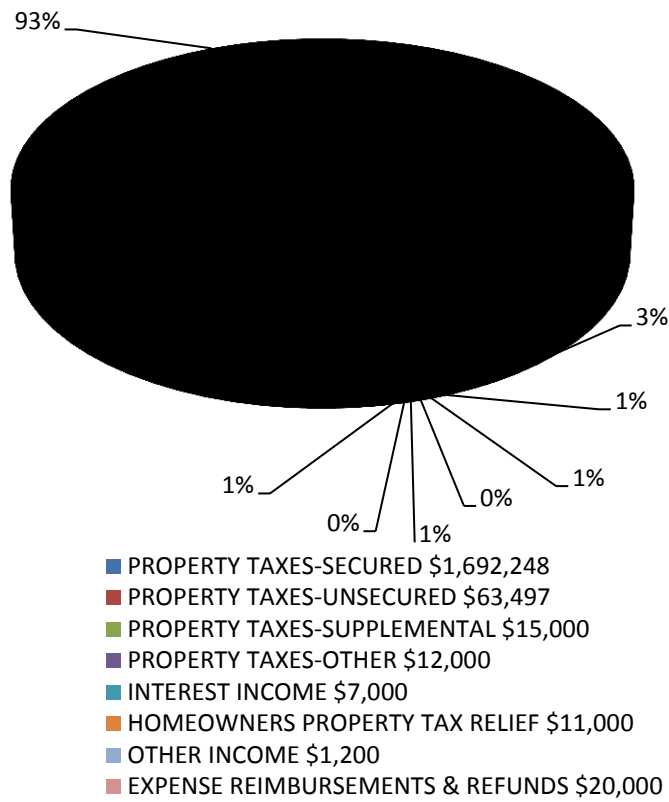
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SUPPLEMENTAL INFORMATION



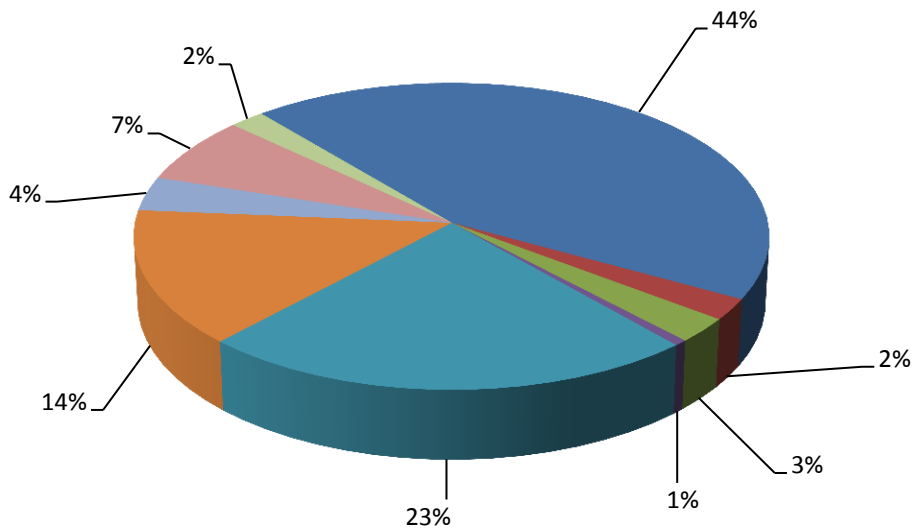
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APPROVED OPERATING REVENUES



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APPROVED OPERATING EXPENSES



- GENERAL AND ADMINISTRATIVE \$516,000
- FINANCIAL \$26,500
- LEGAL \$31,000
- ENGINEERING \$7,000
- SANITARY SEWER \$275,000
- HEALTH & SAFETY \$168,000
- WATER \$42,000
- STORM DRAINS \$82,000
- EMERGENCY PREPAREDNESS/CERT \$23,000



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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.



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Glossary (continued)

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.

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



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Glossary (continued)

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.

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 or 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.



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Glossary (continued)

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 – Moneys 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.

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



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