

FIRE DISTRICT FUND BALANCE PROJECTION

	{A} FY 2010-11 Adopted Budget	{B} FY 2010-11 Adjusted Budget	{C} FY 2010-11 Projected Year End	{D} FY 2011-12 Proposed Budget	[D]-[B] Proposed - Adjusted Difference	Proposed vs Projected % Difference
Undesignated Fund Balance						
Balance, Start of year*	831,464	920,498	920,498	687,718	-	
Recurring Revenue	4,201,250	4,210,830	4,184,750	4,190,750	(20,080)	
Grant Revenue	32,000	32,000	32,000	5,000		
One-time donations / miscellaneous	2,000	2,000	5,600	2,000		
Transfer In from Reserves & HFUI	39,000	67,254	99,097	64,000		
Total Projected Revenue	4,274,250	4,312,084	4,321,447	4,261,750	(50,334)	-1.2%
Recurring Expenditures	4,640,580	4,644,979	4,320,550	4,190,600	(454,379)	
One-time retirement costs	-	-	9,720	118,600		
One-time legal costs	-	46,000	48,700	-		
Grant Expenditures	32,000	51,160	51,160	5,000		
Capital / Infrastructure Improvements	39,000	127,353	99,097	39,000		
Transfers Out to HUI	-	-	25,000	-		
Total Projected Expenditures	4,711,580	4,869,492	4,554,227	4,353,200	(516,292)	-11.3%
Projected Ending Undesignated Fund Balance	394,134	363,090	687,718	596,268		
Recurring Revenue						
Property Taxes	3,684,300	3,684,300	3,833,120	3,743,000	58,700	1.53%
Subventions & Grants	116,300	125,880	125,880	115,100	(10,780)	-8.56%
Licenses & Permits	107,700	107,700	107,700	98,700	(9,000)	-8.36%
Use of Money & Property	58,250	58,250	50,250	50,250	(8,000)	-15.92%
Current Service Charge	234,700	234,700	67,800	183,700	(51,000)	-75.22%
Miscellaneous	-	-	-	-	-	0.00%
Operating Transfers	-	-	-	-	-	0.00%
Total Projected Recurring Revenue	4,201,250	4,210,830	4,184,750	4,190,750	6,000	0.14%
Recurring Expenditures						
Direct Labor Costs	3,856,750	3,856,750	3,537,740	3,287,700	(569,050)	-16.09%
Supplies	142,680	142,780	142,780	142,780	-	0.00%
Other Services & Charges	641,150	645,449	640,030	583,630	(61,819)	-9.66%
Capital Outlay	-	-	-	176,490	176,490	0.00%
Contribution to Special Reserves	-	-	-	-	-	0.00%
Debt Service	-	-	-	-	-	0.00%
Transfers to Capital	-	-	-	-	-	0.00%
Total Projected Recurring Expenditures	4,640,580	4,644,979	4,320,550	4,190,600	(454,379)	-9.78%
Projected Recurring Surplus/(Shortfall)	(439,330)	(434,149)	(135,800)	150		

2011-12 SCHEDULE OF REVENUE DETAIL BY FUND

Description	2008-09 Actual	2009-10 Actual	2010-11 Adopted Budget	2010-11 Adjusted Budget (B)	2010-11 Projected Year End	2011-12 Proposed Budget (A)	Increase (Decrease) (A) - (B)	% Diff	% of Budget	Notes
220 Fire District										
Property Tax										
220-3110	Current Secured Taxes	3,524,123	3,188,629	3,373,000	3,373,000	3,499,635	3,429,600	56,600	1.7%	Based on Teeter Allocation 100% secured
220-3120	Prop 1A Securitization	0	317,448	0	0	0	0	0	0.0%	
220-3120	Current Unsecured Taxes	6,967	167,690	198,900	198,900	198,900	198,900	0	0.0%	Revenue not guaranteed.
220-3125	Supplemental Roll Prop Tax Current Year	(6,187)	(9,864)	45,000	45,000	45,000	44,900	(100)	-0.2%	
220-3126	Unitary Tax	67,167	67,121	67,400	67,400	69,585	69,600	2,200	3.3%	
220-3130	Prior Year Taxes	210,361	702	0	0	3,000	0	0	0.0%	
220-3132	Supplemental Roll Property Tax Prior Year	96,719	40,771	0	0	17,000	0	0	0.0%	
220-3134	Penalties on Taxes	12,344	13,348	0	0	0	0	0	0.0%	
	Total Property Tax	3,911,493	3,785,846	3,684,300	3,684,300	3,833,120	3,743,000	58,700	1.6%	87.8%
Subventions and Grants										
220-3368	Homeland Security Grant 08/09	0	13,963	0	0	0	0	0	0.0%	SCBA and EOC
220-3370	Homeowners Exemption	43,080	48,904	49,000	49,000	49,000	49,000	0	0.0%	Based on property tax data
220-3314	Sharing Agreement Pass Through	118,711	118,336	67,300	67,300	67,300	66,100	(1,200)	-1.8%	Based on property tax allocations
220-3371	Voluntary Fire Assistance Grant	0	7,735	0	9,580	9,580	0	(9,580)	-100.0%	
220-3372	Voluntary Fire Assistance Grant 06/07	1,354	0	0	0	0	0	0	0.0%	
220-3376	Homeland Security Grant 07/08	720	0	0	0	0	0	0	0.0%	
220-3379	Assistance For Firefighters 08/09	9,096	19,873	0	0	0	0	0	0.0%	RIT and TIC
220-3381	Assistance For Firefighters 08/09	0	211,991	0	0	0	0	0	0.0%	Driving Simulator
220-3383	SAFER Grant	0	2,158	32,000	32,000	32,000	5,000	(27,000)	-84.4%	PCF Recruitment (3yr grant awarded in FY 2009-10; 220-4210-3980)
	Total Subventions and Grants	172,961	422,961	148,300	157,880	157,880	120,100	(37,780)	-23.9%	2.8%
Licenses and Permits										
220-3408	New Construction / Plan Review	4,221	5,103	11,000	11,000	11,000	11,000	0	0.0%	Based on building permit activity
220-3419	Uniform Fire Code Permits	4,857	3,580	1,200	1,200	1,200	1,200	0	0.0%	
220-3423	Fire Suppression Services	274	1,249	500	500	500	500	0	0.0%	Hazmat, Negligence fires
220-3457	Fire Permit Fees	4,817	4,780	5,000	5,000	5,000	5,000	0	0.0%	DRC reviews/slope
220-3474	Emergency Medical Services	99,874	79,684	85,000	85,000	85,000	75,000	(10,000)	-11.8%	
220-3472	Public Training	7,485	6,193	5,000	5,000	5,000	6,000	1,000	20.0%	CPR/AED
	Total Licenses and Permits	121,528	100,589	107,700	107,700	107,700	98,700	(9,000)	-8.4%	2.3%
Use of Money and Property										
220-3611	Interest on Bank Deposits	76,113	23,394	26,000	26,000	18,000	18,000	(8,000)	-30.8%	
220-3621	Rent - Bear Mountain	3,750	3,750	3,750	3,750	3,750	3,750	0	0.0%	Per rental agreement
220-3622	Rent - Cell Tower	20,325	20,400	46,500	28,500	28,500	28,500	0	0.0%	Per rental agreement
	Total Use of Money and Property	100,188	47,544	76,250	58,250	50,250	50,250	(8,000)	-13.7%	1.2%
Current Service Charges										
220-3723	Inspection Services Fee	80	0	100	100	100	100	0	0.0%	
220-3731	Miscellaneous Revenue	3,746	4,199	3,500	3,500	3,500	3,500	0	0.0%	
220-3750	Emergency Medical Trailer Rental	0	57,861	56,000	56,000	56,000	30,000	(26,000)	-46.4%	
220-3751	Use of Personnel / Equipment	106,566	250,084	175,000	175,000	8,100	150,000	(25,000)	-14.3%	Strike team, standby
220-3752	Fire Report Sales	426	136	100	100	100	100	0	0.0%	
220-3769	Donations	3,000	20	0	0	0	0	0	0.0%	
	Total Current Service Charges	113,818	312,301	234,700	234,700	67,800	183,700	(51,000)	-21.7%	4.3%

2011-12 SCHEDULE OF REVENUE DETAIL BY FUND

Description	2008-09 Actual	2009-10 Actual	2010-11 Adopted Budget	2010-11 Adjusted Budget (B)	2010-11 Projected Year End	2011-12 Proposed Budget (A)	Increase (Decrease) (A) - (B)	% Diff	% of Budget	Notes
Miscellaneous										
220-3912 Sale of Equipment	365	113	2,000	2,000	5,600	2,000	0	0.0%		
Total Miscellaneous	365	113	2,000	2,000	5,600	2,000	0	0.0%	0.0%	
Interfund Transfers In										
220-4110 Transfer - In From Reserves	0	0	39,000	67,254	99,097	39,000	(28,254)	-42.0%		Transfer in from replacement reserves for FY 2010-11 equipment purchases. No contributions to replacement reserves
220-4113 Transfer - In From Fire Supp (335)	14,500	0	0	0	0	0	0	0.0%		
220-4104 Transfer - In From HUF1 (994)	0	25,000	0	0	0	25,000	25,000	0.0%		Replenish contribution to HUF1
Total Interfund Transfers In	14,500	25,000	39,000	67,254	99,097	64,000	(3,254)	-4.8%	1.5%	
Total Fire Fund	4,434,853	4,694,353	4,292,250	4,312,084	4,321,447	4,261,750	(50,334)	-1.2%	100.0%	

FIRE DISTRICT

Acct #	Title	2008-09 Actual	2009-10 Actual	2010-11 Adopted Budget	2010-11 Adjusted Budget (B)	2010-11 Projected Year End	2011-12 Proposed Budget (A)	Difference (A) - (B)	% Diff	% of Budget	Notes
Fund		220									
Department		4210									
Direct Labor Costs											
0010	Salaries	1,670,350	1,908,302	1,977,540	1,965,640	1,820,230	1,701,700	(263,940)	-13.4%		Less 1 Firefighter/Paramedic FY 2011-12
0013	Salaries - Disability	(4,279)	2,738	0	0	20,080	0	0	0.0%		
0016	Salaries - Retirement	185,789	0	0	0	9,720	0	0	0.0%		
0020	Salaries - Overtime	444,418	380,906	250,000	250,000	449,970	275,000	25,000	10.0%		
0022	Salaries - Overtime Reimbursable	65,408	123,170	175,000	175,000	6,200	150,000	(25,000)	-14.3%		
0031	Apprentice Firefighter	0	0	0	0	0	0	0	0.0%		
0035	Wages Part-Time - Paid Call Firefighter	23,520	23,289	23,000	23,000	12,980	20,000	(3,000)	-13.0%		
0038	Board Stipends	0	5,500	6,000	17,900	19,300	12,000	(5,900)	-33.0%		
0080	Direct Benefits	1,072,235	1,229,519	1,395,860	1,395,860	1,179,430	1,223,200	(172,660)	-12.4%		
0082	Workers' Compensation Claims Reimbursement	(3,044)	8,211	0	0	4,700	0	0	0.0%		
0085	Direct Benefits - Paid Call Firefighter	0	0	0	0	0	0	0	0.0%		
0090	Direct Benefits - Cafeteria	29,138	40,290	29,350	29,350	24,850	24,400	(4,950)	-16.9%		
0099	Salaries - Disaster	0	36,153	0	0	0	0	0	0.0%		
Total Direct Labor Costs		3,483,536	3,758,079	3,856,750	3,856,750	3,547,460	3,406,300	(450,450)	-11.7%	78%	
Supplies											
1400	Office Expense	3,567	2,684	3,900	3,900	3,900	3,900	0	0.0%		
1410	General Household	4,555	5,485	5,600	5,600	5,600	5,600	0	0.0%		
1420	Gasoline	22,866	20,528	30,000	30,000	30,000	30,000	0	0.0%		
1430	Special Department Expense	7,503	3,464	3,500	3,500	3,500	3,500	0	0.0%		
1440	Basic Materials	1,222	1,467	1,600	1,600	1,600	1,600	0	0.0%		
1450	Automotive Expense	29,153	56,292	52,000	52,100	52,100	52,100	0	0.0%		
1460	Medical Supplies	1,464	3,022	3,000	3,000	3,000	3,000	0	0.0%		
1470	Disaster Supplies	(3)	0	500	500	500	500	0	0.0%		
1480	Small Tools	876	247	1,000	1,000	1,000	1,000	0	0.0%		
1481	Paramedic Supplies	4,016	4,687	6,000	6,000	6,000	6,000	0	0.0%		
1482	Safety Supplies	231	0	500	500	500	500	0	0.0%		
1490	Clothing / Personal Equipment	21,795	29,358	35,080	35,080	35,080	35,080	0	0.0%		
Total Supplies		97,245	127,235	142,680	142,780	142,780	142,780	0	0.0%	3%	
Other Services and Charges											
2110	Advertising	730	230	1,000	1,000	1,000	1,000	0	0.0%		
2120	Telephone	11,741	13,916	19,000	16,460	19,000	19,000	2,540	15.4%		
2129	Radio Maintenance	1,418	2,379	2,000	2,000	2,000	2,000	0	0.0%		
2140	Utilities - Gas	13,487	15,450	15,800	15,800	15,800	15,800	0	0.0%		
2150	Utilities - Water	3,644	3,941	6,300	6,300	6,300	6,300	0	0.0%		
2160	Utilities - Electric	20,229	22,765	26,300	26,300	26,300	26,300	0	0.0%		
2170	Printing	1,810	3,149	3,200	3,200	3,200	3,200	0	0.0%		
2180	Photocopy	0	0	100	100	100	100	0	0.0%		
2190	Postage Charges	1,820	2,177	2,000	2,000	2,000	2,000	0	0.0%		
2210	Rents and Leases	16,698	7,139	8,000	2,000	8,000	1,500	(500)	-25.0%		
2220	Maintenance of Buildings and Grounds	13,165	24,777	18,000	18,000	18,000	18,000	0	0.0%		
2230	Maintenance of Equipment	6,018	6,517	8,000	8,000	8,000	8,000	0	0.0%		
2240	Professional Services	3,419	6,133	4,000	5,828	5,830	5,830	2	0.0%		
2244	Prof Services - Legal	62,661	44,680	14,000	60,000	62,700	14,000	(46,000)	-76.7%		
2251	Administrative Overhead	75,000	75,000	75,000	75,000	75,000	83,600	8,600	11.5%		Add'l cost of PAC staff to film Fire Board meetings
2253	Small Office Equipment	739	176	1,000	1,000	1,000	1,000	0	0.0%		
2300	Contractual Services - Government Contract	41,278	44,254	54,000	56,450	54,000	64,000	7,550	13.4%		Dispatch Services
2310	Contractual Services	17,579	23,163	30,500	30,500	30,500	30,500	0	0.0%		Radio & Pager Access and Cardiac Monitor Maintenance
2317	Employee Recruitment	16,482	1,975	4,000	4,000	4,000	4,000	0	0.0%		
2320	Laundry	554	649	750	750	750	750	0	0.0%		
2552	Accidents and Damage	1,128	229	1,400	1,400	1,400	1,400	0	0.0%		

Acct #	Title	2008-09 Actual	2009-10 Actual	2010-11 Adopted Budget	2010-11 Adjusted Budget (B)	2010-11 Projected Year End	2011-12 Proposed Budget (A)	Difference (A) - (B)	% Diff	% of Budget	Notes
Fund 220											
2553	Workers' Compensation Insurance Expense	49,374	69,340	78,200	78,200	134,500	119,000	40,800	52.2%		Based on CJPIA estimate
2600	General Liability and Property Insurance	85,578	171,877	221,600	221,600	159,800	114,300	(107,300)	-48.4%		Based on CJPIA estimate
2640	Memberships and Dues	1,484	1,953	2,200	2,200	2,200	2,200	0	0.0%		
2650	Publications	2,267	1,255	2,500	2,500	2,500	2,500	0	0.0%		
2660	Travel, Conferences, and Meetings	3,787	5,986	6,000	12,000	6,000	4,000	(8,000)	-66.7%		
2661	Meetings - Non Travel	0	1,771	3,000	3,000	3,000	2,000	(1,000)	-33.3%		
2670	Education and Training	19,381	12,190	18,500	18,500	18,500	20,000	1,500	8.1%		
2683	Community Promotion	5,595	5,271	5,000	5,000	5,000	1,500	(3,500)	-70.0%		
2700	Public Training	1,526	3,041	3,000	3,000	3,000	3,000	0	0.0%		
2820	Other Charges	474	484	500	500	500	500	0	0.0%		
2822	Small Fire Equipment	601	348	750	750	750	750	0	0.0%		
2823	Small Living Space Equipment	95	664	1,000	1,000	1,000	1,000	0	0.0%		
2824	Small Machinery and Equipment	899	561	1,000	1,000	1,000	1,000	0	0.0%		
2825	Software	607	1,386	3,500	3,500	3,500	3,500	0	0.0%		
2999	Disaster Expense	0	9,685	50	2,611	2,600	100	(2,511)	-96.2%		
Total Other Services and Charges		481,267	584,510	641,150	691,449	688,730	583,630	(107,819)	-15.6%	13%	
Capital Outlay											
3371	Voluntary Fire Assistance Grant	0	16,895	0	19,160	19,160	0	(19,160)	-100.0%		
3372	Voluntary Fire Assistance Grant 06/07	541	0	0	0	0	0	0	0.0%		
3374	State Homeland Security Grant 08/09	0	18,443	0	0	0	0	0	0.0%		
3929	Radio Equipment	2,364	5,352	7,500	7,500	7,500	7,500	0	0.0%		Funded by radio equipment reserve
3930	Vehicle Replacement Reserve	0	0	0	0	0	146,990	146,990	0.0%		Annual set-aside for vehicle replacement (see schedule)
3931	Fire Station Replacement Reserve	0	0	0	0	0	0	0	0.0%		
3944	Fire Equipment	3,402	4,328	10,000	10,000	10,000	10,000	0	0.0%		Funded by equipment replacement reserve
3945	Paramedic Equipment	5,000	3,769	5,000	33,254	5,000	5,000	(28,254)	-85.0%		Funded by paramedic equipment replacement reserve
3947	Arthur Hall Donation	39,552	0	0	0	0	0	0	0.0%		
3949	Living Space Equipment	0	1,999	3,000	3,000	3,000	3,000	0	0.0%		Funded by equipment replacement reserve
3950	Office Equipment	0	0	500	500	500	500	0	0.0%		Funded by equipment replacement reserve
3951	Computer Equipment	1,102	0	3,000	3,000	3,000	3,000	0	0.0%		Funded by equipment replacement reserve
3960	Machinery Equipment	0	17,065	10,000	11,862	11,860	10,000	(1,862)	-15.7%		Funded by equipment replacement reserve
3965	Paramedic Equipment Reserve	0	0	0	0	0	8,000	8,000	0.0%		
3955	Terrorism Equipment	0	0	0	0	0	0	0	0.0%		
3967	Fire Equipment Reserve	0	0	0	0	0	5,000	5,000	0.0%		
3968	Radio Replacement Reserve	0	0	0	0	0	500	500	0.0%		
3969	Machinery / Equipment Reserve	0	0	0	0	0	16,000	16,000	0.0%		
3971	Assistance For Firefighters 08/09	9,096	20,189	0	0	0	0	0	0.0%		
3973	Assistance For Firefighters 08/09	0	224,406	0	0	0	0	0	0.0%		
3980	SAFER Grant	0	2,158	32,000	32,000	32,000	5,000	(27,000)	-84.4%		PCF Recruitment (3yr grant awarded in FY 2009-10 see 220-0000-3383)
Total Capital Outlay		61,057	314,603	71,000	120,276	92,020	220,490	100,214	83.3%	5%	
Interfund Transfers											
5101	Transfer - Out To Capital Projects (325)	0	180,556	0	58,237	58,237	0	(58,237)	-100.0%		Transfer out from Vehicle Replacement Reserve
5102	Transfer - Out To Capital Projects (321)	2,904	0	0	0	0	0	0	0.0%		
5103	Transfer - Out To HUFU (994)	25,000	0	0	0	25,000	0	0	0.0%		FY 2008-09 contribution to fund HUFU advertising; HUFU Fund to replenish Fire Fund in FY 2009-10
Total Interfund Transfers		27,904	180,556	0	58,237	83,237	0	(58,237)	-100.0%	0%	
FIRE DISTRICT		4,151,009	4,964,983	4,711,580	4,869,492	4,554,227	4,353,200	(516,292)	-10.6%	100%	

**Designated (Reserve) Fund Balance
Fire District
Fiscal Year 2011-12**

	A	B	C	D (A + B - C)	E	F	G (D + E - F)
Fire Protection District							
	Beginning Fund Balance 7/1/10	Fiscal Year 2010-11 Contributions	Uses	Fund Balance 06/30/11	Fiscal Year 2011-12 Contributions	Uses	Projected Fund Balance 6/30/12
Facility Reserve - Fire Station	1,237,468	(250,000)	-	987,468	-	-	987,468
Cash Flow Reserve	500,000	650,000	-	1,150,000	-	-	1,150,000
Vehicle Replacement Reserve	797,852	(400,000)	58,237	339,615	146,990	-	486,605
Other Equipment Reserve	303,200	-	40,860	262,340	29,500	39,000	252,840
Reserve for Self Insurance	43,469	-	-	43,469	-	-	43,469
Reserve for Encumbrances	6,251	-	-	6,251	-	-	6,251
Reserve for Compensated Absences	334,428	-	-	334,428	-	-	334,428
Designated (Reserve) Fund Balance	3,222,668	-	99,097	3,123,571	176,490	39,000	3,261,061

FIRE DISTRICT

Capital Item	Radio Designator	Year Purchased	Original Cost	Estimated Life (Years)	Replacement Fiscal Year	Estimated Replacement Cost	Annual Set Aside
1989 Seagraves Engine	E-282	1989	176,563	20	2009-2010	350,000 ¹	0
2001 Dodge Pickup	U-281	2001	24,207	15	2016-2017	42,240	2,816
2006 Ford Explorer	CH-3100	2006	21,600	10	2016-2017	29,030	2,903
2006 Ford Explorer	FPB-281	2006	21,600	10	2016-2017	29,030	2,903
2010 Ford F350	U-282	2010	48,000	10	2020-2021	64,508	6,451
2010 Ford Expedition	CH-3101	2010	94,000	8	2018-2019	115,600	14,450
2010 Ford Type IV Engine	BP-281	2011	98,000	10	2020-2021	171,710 ²	17,171
2001 E-One Ladder Truck	T-281	2001	443,048	20	2021-2022	673,000	33,650
2003 Brush Engine	BE-281	2003	222,369	20	2023-2024	465,750	23,288
2005 KME Engine	E-281	2005	337,857	20	2025-2026	480,625	24,031
2006 Rescue	R-281	2006	283,250	20	2026-2027	377,040	18,852
2009 Trailer	IS-281	2009	40,000	20	2029-2030	72,244	3,612
2004 Water Tender	WT-281	2004	194,291	30	2034-2035	294,900	9,830
1950 FWD Engine	E-283A	1950	Unknown	N/A	N/A	Antique ³	N/A
Total Set Aside						\$159,957	

1. Replacement rescheduled for a later date.

2. Replacement cost has been increased (\$40,000) as original purchase price included a chassis trade-in and the transfer of an existing utility

3. This is a historic vehicle and will not be replaced.

The Fire District possess a 2010 Ford F250 assigned for the Fuels Reduction Supervisor with monthly lease payments funded through grants. This vehicle will become the property of the Fire District during FY2015-2016 and is planned to replace the 2001 Dodge pick-up. Replacement for a vehicle assigned to the Fuels Reduction Supervisor is grant dependent.

Not included on this list, the Fire District possess a chipper, chipper truck, 2 Polaris snow mobiles with utility trailer, and a trailer mounted generator.

NOTE: An annual inflation factor of approximately 3% was used to calculate replacement figures.

CAPITAL PROJECTS - FIRE

Acct #	Title	2008-09 Actual	2009-10 Actual	2010-11 Adopted Budget	2010-11 Adjusted Budget (B)	2010-11 Projected Year End	2011-12 Proposed Budget (A)	Difference (A)-(B)	%Diff	% of Budget	Notes
Fund 325											
Department 4325											
Capital Outlay											
3940	Automotive Equipment	0	180,556	0	58,237	58,237	0	(58,237)	-100.0%		Engine purchase postponed; FY 2009-10 \$200K Type 4 Engine and \$50K Command Vehicle
Total Capital Outlay		0	180,556	(400,000)	58,237	58,237	0	(58,237)	-100.0%	0%	
CAPITAL PROJECTS - FIRE		0	180,556	(400,000)	58,237	58,237	0	(58,237)	-100.0%	0%	

FIRE SUPPRESSION FEES FUND

Acct #	Title	2008-09 Actual	2009-10 Actual	2010-11 Adopted Budget	2010-11 Adjusted Budget (B)	2010-11 Projected Year End	2011-12 Proposed Budget (A)	Difference (A) - (B)	% Diff	% of Budget	Notes
Fund 335											
Department 4345											
Interfund Transfers											
5901	Transfer - Out To Fire Fund	14,500	0	0	0	0	0	0	0.0%		
	Total Interfund Transfers	14,500	0	0	0	0	0	0	0.0%	0%	
FIRE SUPPRESSION FEES		14,500	0	0	0	0	0	0	0.0%	0%	



**BIG BEAR LAKE FIRE PROTECTION DISTRICT
BIG BEAR LAKE, CALIFORNIA**

FINANCIAL STATEMENTS

JUNE 30, 2010

Lance Soll & Lunghard, LLP

203 North Brea Blvd
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Brea, CA 92821

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BIG BEAR LAKE FIRE PROTECTION DISTRICT
BIG BEAR LAKE, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2010

BIG BEAR LAKE FIRE PROTECTION DISTRICT

JUNE 30, 2010

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CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- Donald L. Parker, CPA
- Michael K. Chu, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Big Bear Lake Fire Protection District
Big Bear Lake, California

We have audited the accompanying financial statements of the governmental activities and the major fund of the Big Bear Lake Fire Protection District (the District), a component unit of the City of Big Bear Lake, California, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Big Bear Lake Fire Protection District as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Lance, Soll & Lunghard, LLP

November 1, 2010

BIG BEAR LAKE FIRE PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Big Bear Lake Fire Protection District (District) provides an overview of the District's Financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information provided here in conjunction with the accompanying basic financial statements.

Financial Highlights

- The District's change in net assets was a decrease of \$50,477.
- The District's general revenues were \$3,868,882. General revenues include, property taxes, levied for general purpose, use of money and property, less net transfers in or out.
- The District's cost of governmental activities was \$4,774,023.
- Actual resources available for appropriation (revenue inflows and fund balance) came in \$142,707 over final budget while actual appropriations (outflows) were \$34,945 less than budget as a result of not receiving anticipated grants.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods (*e.g.*, uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and

charges (business-type activities). The governmental activities of the District are supported by property tax increment.

Fund Financial Statements

Fund Financial Statements provide detailed information about the funds of the District. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental-type activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Fund Financial Statements focus on near-term uses and the fiscal year ending balance of spendable resources. Such information may be useful in evaluating a government's short-term financial requirements.

Because the focus of Fund Financial Statements is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. This comparison is provided in the Reconciliation of the governmental fund Balance Sheet to the Statement of Net Assets and the reconciliation of the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities. These reconciliations are presented as part of the Fund Financial Statements.

Notes to the Financial Statements

Notes to Financial Statements are presented following the Fund Financial Statements to provide additional information that is essential to a full understanding of the financial statements including significant accounting policies, cash and investments, interfund transactions, liabilities, and other disclosures.

Government-wide Financial Analysis

Our analysis focuses on the net assets and changes in net assets of the District's governmental activities. The difference between the District's assets and liabilities represents the District's net assets. The District's net assets from governmental activities decreased 0.6% or \$50,477. Table 1 on the following page shows a comparison of the Statement of Net Assets to the prior year. The total net assets decreased from \$8,838,810 to \$8,788,333. The Statement of Activities presents information showing how the net assets changed. As shown in Table 2 below, District revenues of \$4,723,546 exceeded program expenditures of \$4,774,023 resulting in a decrease in net assets of \$50,477. This decrease is primarily due to the decline in assessed property values reducing the property tax levy available to fund the cost of operations.

Table 1
Net Assets As of June 30, 2010

	Governmental Activities	
	2010	2009
Cash and Investments	\$ 4,093,852	\$ 4,210,540
Receivables	5,544	23,399
Due from other governments	291,145	314,928
Capital assets not being depreciated	555,237	555,237
Capital assets, net of depreciation	4,292,565	4,088,183
Total Assets	9,238,343	9,192,287
Accounts payable and accrued expenses	45,939	13,743
Deferred revenue	48,880	---
Claims payable	20,764	18,226
Long-term debt outstanding	334,427	321,508
Total Liabilities	450,010	353,477
Net Assets		
Invested in capital assets	4,847,802	4,643,420
Unrestricted	3,940,531	4,195,390
Total net assets	\$ 8,788,333	\$ 8,838,810

Table 2
Changes in Net Assets As of June 30, 2010

	Governmental Activities	
	2010	2009
Revenues		
Program revenues:		
Charges for services	\$ 408,670	\$ 237,746
Operating contributions and grants	445,994	175,961
General revenues:		
Property taxes	3,785,844	3,911,495
Investment income	53,221	101,545
Transfer from HUPI	25,000	---
Other	4,817	10
Total revenues	4,723,546	4,426,757
Expenses		
Public safety	4,774,023	4,152,719
Total expenses	4,774,023	4,152,719
Increase (Decrease) in net assets	(\$ 50,477)	\$ 274,038

Financial Analysis of the District's Fund Financial Statements

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District financing requirements. In particular, over time, unreserved fund balance may serve as a useful measure of a government's net resources available.

As of the end of the current fiscal year, the District governmental funds reported an decrease in fund balance of \$241,940. With the downturn in the economy, assessed valuations have declined causing a decrease in property tax revenues. Property tax revenues are the primary source of funds for the District. As a result of this decline, the District is having to look to fund balance to fund current operations.

District Fund Budgetary Highlights

During the year, with the recommendation from District staff, the Board revised the District's budget. Adjustments were made on an as needed basis to accommodate additional appropriations including changes necessary to maintain the current level of service. All amendments that result in an increase or decrease in the budgeted appropriations are approved by the Board.

The District's revenue budget was increased slightly from the original budget by \$70,104 to reflect adjustments to anticipated grant proceeds. Actual revenue came in \$142,707 over the final budget as a result of reimbursements received for the use of personnel and equipment and the collection of prior year property taxes offset by a reduction in investment income with the decline in interest rates.

The District's budget for appropriations was decreased by \$163,006 or 3.2%, and actual expenditures came in \$34,945 or 0.7% below the final appropriations budget. With the reduction in property tax revenue resulting in the need to use fund balance to support operations, planned appropriations were not made.

Debt Administration

At the end of the current fiscal year, the District had total debt outstanding of \$334,427 representing the value of accumulated earned time off.

**Long Term Debt
As of June 30, 2010**

	Governmental Activities	
	2010	2009
Compensated absences payable	\$ 334,427	\$ 321,508
Totals	\$ 334,427	\$ 321,508

Economic Factors and Projections for next year

The revenue and expenditure projections provided for in the Fiscal Year 2010-11 budget are based on economic forecasts and trends for the area in which the District is located. This information is supplied by outside agencies, such as the State Department of Finance and the San Bernardino County Assessor's Office, to predict revenues for grants, state subventions, and property tax. The revenue and expenditure projections are intended to serve as a guide in planning for the future.

The District's primary source of revenue comes from property taxes. With the recent downturn in the economy, property taxes are expected to continue to decline in Fiscal Year 2010-11 as additional valuation adjustments are realized.

In anticipation of lower property tax revenue, operating expenditures have been planned at the existing staffing level. Investments in capital assets planned for replacement continue to be funded through replacement reserves; however, contributions to reserves are not budgeted in Fiscal Year 2010-11 due to the planned shortfall in operating revenue funded by property tax levies. Appropriates in conjunction with anticipated grant proceeds have been planned accordingly. Thus, budgeted expenditures are projected to be in line with the prior fiscal year.

As the economic downturn tapers off and recovery begins, the recovery in property tax revenues will be slow and is not likely to return to the peak of Fiscal Year 2008-09. As such, the District remains vested in resolving the operating shortfall. Alternatives are being explored to ensure the continuity in public safety operations.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Big Bear Lake, P.O. Box 10000, Big Bear Lake, California, 92315, (909) 866-5831.

BIG BEAR LAKE FIRE PROTECTION DISTRICT

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities
Assets:	
Cash and investments	\$ 4,093,852
Receivables:	
Accrued interest	5,544
Due from other governments	291,145
Capital assets not being depreciated	555,237
Capital assets, net of depreciation	<u>4,292,565</u>
Total Assets	<u>9,238,343</u>
Liabilities:	
Accounts payable	45,939
Deferred revenue	48,880
Noncurrent liabilities:	
Due in more than one year	334,427
Accrued claims & judgments	<u>20,764</u>
Total Liabilities	<u>450,010</u>
Net Assets:	
Invested in capital assets, net of related debt	4,847,802
Unrestricted	<u>3,940,531</u>
Total Net Assets	<u>\$ 8,788,333</u>

BIG BEAR LAKE FIRE PROTECTION DISTRICT

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	
Functions/Programs				
Primary Government:				
Governmental Activities:				
Public safety	\$ 4,774,023	\$ 408,670	\$ 445,994	\$ (3,919,359)
Total Governmental Activities	<u>\$ 4,774,023</u>	<u>\$ 408,670</u>	<u>\$ 445,994</u>	<u>(3,919,359)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purpose				3,785,844
Use of money and property				53,221
Other				4,817
Transfers from Healthy Urban Forest Initiative Fund				<u>25,000</u>
				<u>3,868,882</u>
				(50,477)
				<u>8,838,810</u>
				<u>\$ 8,788,333</u>

BIG BEAR LAKE FIRE PROTECTION DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2010**

	<u>General Fund</u>
Assets:	
Pooled cash and investments	\$ 4,093,852
Receivables:	
Accrued interest	5,544
Due from other governments	291,145
	<hr/>
Total Assets	<u><u>\$ 4,390,541</u></u>
Liabilities and Fund Balances:	
Liabilities:	
Accounts payable	\$ 45,939
Deferred revenues	48,880
Accrued claims and judgments	20,764
	<hr/>
Total Liabilities	<u>115,583</u>
Fund Balances:	
Reserved:	
Reserved for encumbrances	6,251
Reserved for compensated absences	334,428
Unreserved:	
Unreserved, reported in nonmajor:	
Designated for self-insurance	43,469
Designated for future expenditures	463,795
Designated for capital improvement projects	1,257,668
Designated for cash flows	500,000
Undesignated	1,669,347
	<hr/>
Total Fund Balances	<u>4,274,958</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,390,541</u></u>

BIG BEAR LAKE FIRE PROTECTION DISTRICT

**GOVERNMENTAL FUND
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund balances of governmental funds \$ 4,274,958

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets net of depreciation have not been included as financial resources in governmental fund activity 4,847,802

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Compensated Absences (334,427)

Net assets of governmental activities \$ 8,788,333

BIG BEAR LAKE FIRE PROTECTION DISTRICT

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2010**

	General Fund
Revenues:	
Taxes	\$ 3,785,844
Licenses and permits	20,905
Intergovernmental	422,960
Charges for services	387,765
Use of money and property	53,221
Contributions	20
Developer participation	23,014
Miscellaneous	4,199
	<hr/>
Total Revenues	4,697,928
	<hr/>
Expenditures:	
Current:	
Public safety	4,682,270
Capital outlay	282,711
	<hr/>
Total Expenditures	4,964,981
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(267,053)
	<hr/>
Other Financing Sources (Uses):	
Transfers in	25,000
Proceeds from sale of capital asset	113
	<hr/>
Total Other Financing Sources (Uses)	25,113
	<hr/>
Net Change in Fund Balances	(241,940)
	<hr/>
Fund Balances, Beginning of Year	4,516,898
	<hr/>
Fund Balances, End of Year	\$ 4,274,958
	<hr/> <hr/>

BIG BEAR LAKE FIRE PROTECTION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2010**

Net change in fund balances - total governmental funds \$ (241,940)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period 204,382

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (12,919)

Change in net assets of governmental activities \$ (50,477)

BIG BEAR LAKE FIRE PROTECTION DISTRICT

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,516,898	\$ 4,516,898	\$ 4,516,898	\$ -
Resources (Inflows):				
Taxes	3,700,020	3,713,430	3,785,844	72,414
Licenses and permits	20,700	20,700	20,905	205
Intergovernmental	383,000	419,704	422,960	3,256
Charges for services	249,900	281,390	387,765	106,375
Use of money and property	81,110	81,110	53,221	(27,889)
Contributions	-	-	20	20
Developer participation	20,000	23,000	23,014	14
Miscellaneous	3,000	3,000	4,199	1,199
Transfers in	52,000	37,500	25,000	(12,500)
Proceeds from sale of capital asset	500	500	113	(387)
Amounts Available for Appropriation	9,027,128	9,097,232	9,239,939	142,707
Charges to Appropriation (Outflow):				
Public safety	4,469,130	4,488,135	4,501,714	(13,579)
Capital outlay	266,802	318,735	282,711	36,024
Transfers out	427,000	193,056	180,556	12,500
Total Charges to Appropriations	5,162,932	4,999,926	4,964,981	34,945
Budgetary Fund Balance, June 30	\$ 3,864,196	\$ 4,097,306	\$ 4,274,958	\$ 177,652

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Note 1: Reporting Entity and Significant Accounting Policies

a. Reporting Entity

The Big Bear Lake Fire Protection District (the District) was formed in 1927 under the laws of the State of California to provide fire protection and prevention services in the Big Bear Lake area of San Bernardino County.

The basic criteria for including an organization in a primary governmental unit's financial statements is the exercise of oversight responsibility over the organization by the primary governmental unit's elected officials. The City of Big Bear Lake (City) is the primary governmental unit. The District is a component unit of the City. Component units are those entities which are financially accountable to the primary government, either because the primary unit appoints a voting majority of the component unit Board or because the component unit will provide financial benefit or impose a financial burden on the primary government. The specific criteria used in determining that the District was a component unit of the City was that the members of the City Council were the same as the members of the District Board of Directors.

The attached basic financial statements contain information relative only to the District as a component unit of the total reporting entity.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Big Bear Lake Fire Protection District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010

Note 1: Reporting Entity and Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

Cash and Investments

All cash and investments of the District are pooled with that of the City of Big Bear Lake and are invested by the City Treasurer. Investments are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

No allowance for doubtful accounts has been established as all amounts are considered collectible.

Under California Law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by voters. Taxes are levied on June 30 and are payable in two installments on December 10 and April 10. The property taxes go into a pool and are allocated to the cities based on a complex formula. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available.

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Reporting Entity and Significant Accounting Policies (Continued)

Available means then due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The City of Big Bear Lake accrues revenue only for those taxes which are received within 60 days after year-end.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. The District defined capital assets as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the District has reported its general infrastructure.

Addition of a major component (over \$3,000) to an existing fixed asset that increases its usability or value is considered to be a fixed asset addition to the original asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
General plant and equipment	5 - 50

Compensated Absences

It is the District's policy to permit employees to accumulate general leave benefits. Under the current memorandum of understanding, District employees receive 17 to 22, 24-hour shifts of general leave each year depending upon length of service. Each employee's maximum accrual of general leave shall be equal to three times the employee's annual entitlement in hours. Employees may cash out up to 192 hours of general leave per fiscal year. However, employees must keep a minimum leave amount of 72 hours. The current memorandum is in effect through June 30, 2011.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

Post-Employment Health Care Benefits

Retiree Benefits: The District has no obligation to provide for post-employment health care benefits of retirees.

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010

Note 1: Reporting Entity and Significant Accounting Policies (Continued)

COBRA Benefits: Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Functional Classifications

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

Public Safety - Fire Protection includes activities of the Fire Protection District involved in the protection of people and property from fire.

e. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - governmental fund and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$ 204,382 difference are as follows:

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 1: Reporting Entity and Significant Accounting Policies (Continued)

Depreciation expense	\$ (204,326)
Net book value of dispositions	505
Capital outlay	<u>408,203</u>
Net adjustment to decrease net changes in fund balances of total governmental funds, to arrive at changes in net assets of governmental activities	<u>\$ 204,382</u>

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

1. The annual budget adopted by the District Board of Directors provides for the general operation of the District. It includes proposed expenditures and the means of financing them.
2. The District Board of Directors approves total budgeted appropriations and any amendments to appropriations throughout the year. This appropriated budget covers District expenditures in the General Funds. Actual expenditures may not exceed budgeted appropriations at the department level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year-end lapse, and then are added to the following years budgeted appropriations. However, encumbrances at year-end are reported as reservations of fund balance.
4. The budget for the General Fund is adopted on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Based on calculations by District Management, proceeds of taxes did not exceed related appropriations for the fiscal year ended June 30, 2010. Furthermore, Section 5 of Article XIII B allows the District to designate a portion of fund balance of general contingencies to be used in future years without limitation.

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 3: Cash and Investments

Cash and investments at June 30, 2010, consisted of the following:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and investments with City of Big Bear Lake	<u>\$ 4,093,852</u>	<u>\$ 4,093,852</u>
Total Cash and Investments	<u><u>\$ 4,093,852</u></u>	<u><u>\$ 4,093,852</u></u>

The District's funds are pooled with the City of Big Bear Lake's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40 related to authorized investments, credit risk, etc. is available in the annual report of the City.

Note 4: Capital Assets

A summary of changes in capital assets for fiscal year ended June 30, 2010, is as follows:

	<u>Beginning Balance July 1, 2009</u>	<u>Adjustments</u>	<u>Adjusted Beginning Balance at July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance June 30, 2010</u>
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 555,237	\$ -	\$ 555,237	\$ -	\$ -	\$ 555,237
Total Capital Assets, Not Being Depreciated	<u>555,237</u>	<u>-</u>	<u>555,237</u>	<u>-</u>	<u>-</u>	<u>555,237</u>
Capital assets, being depreciated:						
Structures	3,232,152	-	3,232,152	-	-	3,232,152
Improvements	8,250	-	8,250	-	-	8,250
Equipment	2,414,126	-	2,414,126	408,202	(203,281)	2,619,047
Total Capital Assets, Being Depreciated	<u>5,654,528</u>	<u>-</u>	<u>5,654,528</u>	<u>408,202</u>	<u>(203,281)</u>	<u>5,859,449</u>
Less accumulated depreciation:						
Structures	576,227	-	576,227	64,554	-	640,781
Improvements	917	-	917	275	(505)	687
Equipment	989,200	-	989,200	139,497	(203,281)	925,416
Total Accumulated Depreciation	<u>1,566,344</u>	<u>-</u>	<u>1,566,344</u>	<u>204,326</u>	<u>(203,786)</u>	<u>1,566,884</u>
Total Capital Assets, Being Depreciated, Net	<u>4,088,184</u>	<u>-</u>	<u>4,088,184</u>	<u>203,876</u>	<u>505</u>	<u>4,292,565</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 4,643,421</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,643,421</u></u>	<u><u>\$ 203,876</u></u>	<u><u>\$ 505</u></u>	<u><u>\$ 4,847,802</u></u>

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 4: Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Public safety - fire protection	\$ 204,326

Note 5 Long Term Debt

Compensated Absences Payable

Compensated absences represent the amount of accumulated vacation which is expected to be liquidated with future resources. There is no fixed payment schedule for unpaid compensated absences. See Note 1 for additional information.

A summary of the changes in long-term debt for the fiscal year ended June 30, 2010, is as follows:

	Balance July 1, 2009	Adjustments	Adjusted Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due Within One Year
Compensated absences payable	\$ 321,508	\$ -	\$ 321,508	\$ 26,626	\$ 13,707	\$ 334,427	\$ -
	<u>\$ 321,508</u>	<u>\$ -</u>	<u>\$ 321,508</u>	<u>\$ 26,626</u>	<u>\$ 13,707</u>	<u>\$ 334,427</u>	<u>\$ -</u>

Note 6: Liability, Property and Workers' Compensation Protection

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Big Bear Lake is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

b. Self-Insurance Program of the Authority

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll;

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2010

Note 6: Liability, Property and Workers' Compensation Protection (Continued)

(4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance policies and are subject to a \$2,500,000 annual aggregate deductible; (4b) costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) Costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with 4a, 4b, and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

Workers' Compensation - The City of Big Bear Lake also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

c. Purchased Insurance

Environmental Insurance - The City participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

Property Insurance - The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance - The City of Big Bear Lake purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Big Bear Lake property currently has earthquake protection in the amount of \$19,033,418. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 6: Liability, Property and Workers' Compensation Protection (Continued)

Crime Insurance - The City of Big Bear Lake purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is arranged by the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

d. Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Note 7: Reserves and Designations of Fund Equity

A district may set up "reserves" of fund equity to segregate fund balances which are not appropriate for expenditure in future periods or which are legally set aside for a specific future use. Fund "designations" also may be established to indicate tentative plans for financial resource utilization in a future period.

The purpose and nature of certain reserves and designations listed on the financial statement is as follows:

a. Reserved for Encumbrances

Amounts reserved for encumbrances are commitments for materials and services on purchase orders and other contracts which are outstanding.

b. Reserved for Compensated Absences

This amount is reserved for unpaid vacation to be liquidated from future resources.

c. Designated for Self Insurance - CJPIA

This reservation has been established to provide for the general liability and workers' compensation insurance programs. The Fire Protection District is a member of California Joint Power Insurance Authority (CJPIA).

d. Designated for future expenditures

This amount is designated to provide for the replacement of District owned vehicles, radios and other equipment.

e. Designated for Capital Improvement Projects

This amount is designated to provide for the construction of a new building.

f. Designated for Cash Flows

This designation of fund balance is intended to fund those cash flow requirements resulting from the timing of expenditures and revenues. The expenditures of the Fire Protection District are made on a fairly uniform basis month-to-month. The revenue flow of the Fire Protection District is received at the same time as property tax installments in December and April, thus necessitating a cash flow reserve.

BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Retirement Plan

Plan Description

The City of Big Bear Lake contributes to the San Bernardino County Employees' Retirement Association (SBCERA), a cost-sharing multiple-employer public employee defined benefit pension plan. Although legally established as a single employer plan, the City of Chino Hills, the City of Big Bear Lake, the County Supervisors Association of California and the South Coast Air Quality Management District were later included along with the County of San Bernardino (the "County") and are collectively referred to as the "Participating Members." Substantially all employees of the Participating Members are covered by the Plan. SBCERA provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. SBCERA acts as a common investment and administrative agent for the Participating Members. Benefit provisions and all other requirements are established by the California County employees' Retirement Act of 1937. Copies of SBCERA's annual financial report may be obtained from their executive office: San Bernardino County Employee's Retirement Association, 195 North Arrowhead Avenue, San Bernardino, CA 92415-0014.

Funding Policy

The contribution requirements of plan members and the City (including the District) are established and may be amended by SBCERA. Employees are required to contribute a percentage of their annual compensation to the Plan based on the member's age at entry into the Plan. The City pays the employee's contribution up to 8% for the General Employees, and 10.37% for Safety Employees, of their salary. The City also contributes an amount, based on actuarial assumptions that, together with employee contributions, is intended to provide sufficient reserves for payment of all prospective benefits to members. Employer rates are as follows:

<u>Category</u>	<u>Member Rates as a Percentage of Covered Payroll</u>
General Members	15.72%
Safety Members	31.93%

Annual Pension Cost

For fiscal year 2009-2010, the City's annual pension cost of \$2,814,394 for SBCERA was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method.

The summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Amortization Method	Level Percent of Payroll over 20 years
Asset Valuation Method	Smoothed Market over a 5-year average

Actuarial Assumptions:

Investment Rate of Return	8.00% per annum, compounded semi-annually
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BIG BEAR LAKE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8: Retirement Plan (Continued)

Interest Credited to Employee Accounts	5.25% per annum, compounded semi-annually
Inflation	3.75% per annum
Projected Salary Growth	Based on merit and longevity
Mortality for Employee Contribution Rate Purposes	1994 Group Annuity Mortality Table

Three-Year Trend Information for SBCERA
 (Amounts in Thousands)

<u>Fiscal Year</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 2,548	100 %	\$ -
6/30/09	2,789	100 %	-
6/30/10	2,814	100 %	-