



**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2010**

**BIG BEAR MUNICIPAL WATER DISTRICT**  
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 JUNE 30, 2010

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## **INDEPENDENT AUDITORS' REPORT**

**Board of Directors  
Big Bear Municipal Water District  
Big Bear Lake, California**

We have audited the accompanying financial statements of the governmental activities and each major fund of Big Bear Municipal Water District, 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 Big Bear Municipal Water District's management. Our responsibility is to express opinions 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 opinions.

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

The management's discussion and analysis, budgetary comparison information, and CalPERS information on pages 3 through 9 and pages 28 and 29 are not a required part of the basic financial statements but are 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Big Bear Municipal Water District's basic financial statements. The information on page 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Eadie and Payne, LLP*

June 2, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Big Bear Municipal Water District's (District) annual financial statements provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

### INFORMATION REPORTED IN THE ACCOMPANYING FINANCIAL STATEMENTS

One of the most important questions asked about the District's finances is, "is the District better off or worse off as a result of the year's activities"? The Statement of Net Assets and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The financial statements of the District report the District's net assets and changes in those net assets. You can think of the District's net assets - the difference between assets and liabilities - as one way to measure the District's financial health or financial position. Over time, *increases and decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating.

### FINANCIAL PLAN ORGANIZATION

The District's annual fiscal year budget contains an approved budget for the current year and for those areas where it is possible, a forecast budget for the following year. Through implementation of a two-year forecasting plan, the District can realize the following benefits:

- Reinforcement of long-range planning
- Establishment of realistic funding to meet major objectives
- Promotion of more orderly spending patterns
- Savings in time and resources allocated to preparing annual budget

The General Fund portion of the District's budget contains program budgets with line-item expense categories. The District's General Fund operates under four programs - Administration, Water Resources, Maintenance, and Operations. Salaries and benefits are allocated to each program, along with related expenses. In addition to the program budgets, the District has also established the General Fund budgets for revenue projections, capital improvement expenditures, debt service, and projects.

## CAPITAL FINANCING AND DEBT MANAGEMENT

Capital improvements, along with equipment and vehicle replacement needs, are usually met on a pay-as-you-go basis, versus long-term financing. This is contingent upon current revenues and adequate fund balances being available or the ability to complete projects in phases. If this is not the case, the availability of revenues to service the debt is examined, along with the market conditions present at the time, the need or mandate for the project, and life of the project or asset. In addition:

- The District will monitor and evaluate all forms of debt annually.
- The District will diligently monitor its compliance with bond covenant.
- The District commits 18% of prior-year depreciation, plus 100% of the budgeted annual "Capital Replacement Schedule" to the Capital Improvement Fund, so long as revenues are sufficient that this approach does not interfere with the District's ability to meet other program expense requirements.
- The District meets all General Fund current-year operating expenses with current-year revenues.

## DISTRICT FINANCIAL STATEMENTS

The following schedule compares the Agency's Statement of Net Assets for fiscal years ended June 30, 2010 and 2009:

### **SUMMARY OF NET ASSETS**

	<u>2010</u>	<u>2009</u>	<u>AMOUNT OF CHANGE</u>	<u>% CHANGE</u>
Cash and investments	\$ 6,193,683	\$ 5,453,440	\$ 740,243	13.57 %
Receivables	312,010	755,070	(443,060)	(58.68)
Other assets	209,999	217,330	(7,331)	(3.37)
Capital assets	21,489,101	21,827,212	(338,111)	(1.55)
Restricted cash and investments	<u>1,307,368</u>	<u>1,307,389</u>	<u>(21)</u>	-
<b>Total Assets</b>	<u>29,512,161</u>	<u>29,560,441</u>	<u>(48,280)</u>	(0.16)
Accounts payable and accrued expenses	383,398	185,708	197,690	106.45
Long-term liabilities	<u>5,309,537</u>	<u>5,449,654</u>	<u>(140,117)</u>	(2.57)
<b>Total Liabilities</b>	<u>5,692,935</u>	<u>5,635,362</u>	<u>57,573</u>	1.02
Net Assets				
Invested in capital assets, net of related debt	16,179,564	16,377,558	(197,994)	(1.21)
Restricted	1,307,368	1,307,389	(21)	-
Unrestricted	<u>6,332,294</u>	<u>6,240,132</u>	<u>92,162</u>	1.48
<b>TOTAL NET ASSETS</b>	<u>\$23,819,226</u>	<u>\$23,925,079</u>	<u>\$(105,853)</u>	(0.44)

The following schedule provides a summary of the District's changes in net assets for fiscal years ended June 30, 2010 and 2009:

**SUMMARY OF CHANGES IN NET ASSETS**

	<u>2010</u>	<u>2009</u>	<u>AMOUNT OF CHANGE</u>	<u>% CHANGE</u>
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 1,349,547	\$ 1,288,764	\$ 60,783	4.72 %
Operating grants and contributions	5,431	12,000	(6,569)	(54.74)
General Revenues				
Property taxes	2,995,037	3,258,872	(263,835)	(8.10)
Investment earnings	42,825	101,937	(59,112)	(57.99)
Gain (loss) on sale of property	60,449	-	60,449	100.00
<b>Total Revenues</b>	<u>4,453,289</u>	<u>4,661,573</u>	<u>(208,284)</u>	<u>(4.47)</u>
<b>EXPENSES</b>				
General government	4,135,682	4,173,996	(38,314)	(0.92)
Lake improvement and wildlife mitigation	160,549	185,919	(25,370)	(13.65)
Interest on long-term debt	262,911	271,628	(8,717)	(3.21)
<b>Total Expenses</b>	<u>4,559,142</u>	<u>4,631,543</u>	<u>(72,401)</u>	<u>(1.56)</u>
<b>CHANGE IN NET ASSETS</b>	(105,853)	30,030	(135,883)	(452.49)
<b>BEGINNING NET ASSETS</b>	<u>23,925,079</u>	<u>23,895,049</u>	<u>30,030</u>	0.13
<b>ENDING NET ASSETS</b>	<u>\$23,819,226</u>	<u>\$23,925,079</u>	<u>\$ (105,853)</u>	(0.44)

The increase or decrease in net assets can provide an indication as to whether the financial position of the District improved or deteriorated during the year. Net assets of the District decreased for FY 2009-2010 due to revenues in excess of expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund operating budget revenue for FY 2009-2010 was approximately \$4.4 million, a 1.0% increase over the previous year. There were no variations in budget amounts vs. actual budget results that are expected to have a significant effect on future services or liquidity.

Property taxes continue to be the District's main source of revenue, with most of the remaining revenue derived from lake use fees, interest on investments, and sale of lake water to the two local ski areas for making artificial snow.

The reasons for significant changes in the revenues and expenses of the District noted in the previous schedules are as follows:

#### Property Taxes

Property taxes account for 67% of all District general fund income. In FY 2009-2010, the District's property tax income decreased by 8.1%.

#### Investment Earnings/Lease Income

Due to lower interest rates, interest income decreased by 58% in FY 2009-2010. Most of the District's funds are placed with the State of California's Local Agency Investment Fund, where safety is the District's primary objective. Lease income remained consistent with previous years.

#### Operating Income

The revenue from operational activities (boat permit fees, dock licenses, and aquatic plant control fees) increased 4.72% over the prior year. The increase was due to a full year at the increased boat permit fee and the new "Quagga Mussel Protection" fee put in place in 2008-2009.

#### Salaries and Benefits

Salary and benefit costs experienced an increase because of the addition a new fulltime Launch Ramp Supervisor position. This resulted in a 4% increase over the previous year.

Within the General Fund, the District maintains a number of designated, but unrestricted, funds as follows:

**In-Lieu Water Fund** - This fund was originally established to meet the cost of purchasing water or facilities to meet the demands of Bear Valley Mutual Water Company, in lieu of releasing Lake water. For a number of years, the District budgeted \$500,000 for these purposes and at the end of each fiscal year, all surplus General Fund amounts were transferred to the In-Lieu Water Fund. That practice was discontinued in FY 1996-1997 when an allocation of \$834,000 was included in the budget to meet the annual water purchase contract payment to San Bernardino Valley Municipal Water District. Each year, the annual payment is increased or decreased by a percentage linked to the change in the assessed valuation. In FY 2009-2010, the payment was increased to the amount of \$1,281,739. The fiscal year-end balance in the In-Lieu Water Fund has historically been maintained at an amount equal to three years of water contract payments. However, with the increased payment that formula was adjusted in FY 2006-2007 to require two years annual payments, plus 10% of the payment made on the upcoming July 1st. This provides the District with the ability to continue payments in the event of an extended revenue shortfall. An advance will be made from the fund each year to meet the July 1st contract amount. This advance will be replaced with property tax income later in the fiscal year as it becomes available.



**Capital Improvement Fund** - This fund receives an annual transfer from the General Fund equal to 18% of prior-year depreciation, plus 100% of the budgeted annual "Capital Replacement Schedule" to the Capital Improvement Fund so long as revenues support the transfer. The District's equipment and vehicle replacement program fund is used to ensure that District capital needs will continue to be met.

**Lake Improvement Fund** - This fund is designated to be used for future Lake-related rehabilitation and/or enhancement projects, Total Maximum Daily Load (TMDL) efforts and studies and work completed by the U.S. Army Corps of Engineers. The fund originated in 1995-1996 with a transfer of \$500,000 from unappropriated general funds and a \$100,000 transfer was approved at the end of each of the following four fiscal years. The 2001-2002 fiscal year budget included a transfer of \$834,000 from the In-Lieu Water Fund. Also deposited into the fund in the 2001-2002 fiscal year was \$250,000 of grant reimbursement (ISTEA) funding. Beginning in 2002-2003, the Board of Directors authorized an annual transfer to the Lake Improvement Fund depending on the amount of unappropriated General Fund money remaining at the end of the fiscal year-end.

**Dam Repair Fund** - This fund was established to set aside the necessary funds for future Dam related repair and/or enhancement projects.

**Aquatic Plant Management Fund** - All aquatic plant control fees paid by private dock owners are deposited into this fund. All costs for plant control are deducted from this fund and any funds remaining at the end of each fiscal year are carried over to the following year.

Within the General Fund, the District maintains restricted funds as follows:

**Stanfield Marsh Wildlife Mitigation Fund** - This fund is specifically designated for Stanfield Marsh improvements. All mitigation fees from shorezone alteration projects are placed in this account.

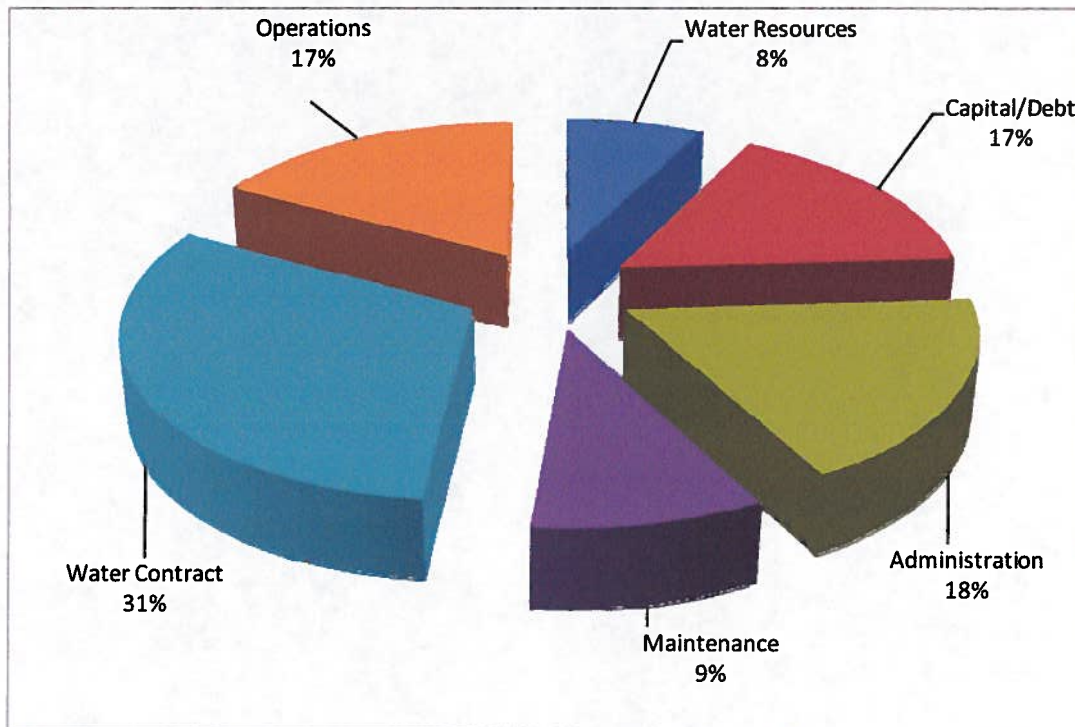
**Rathbun Creek Fund** - Funding is derived from a thirty-five year Moonridge Improvement Project pass-through agreement dated February 22, 1984 with the City of Big Bear Lake. All such "pass-through" property tax funds must be used for Rathbun Creek improvements and maintenance. At the end of the 1997-1998 fiscal year, the Board approved a one-time allocation of \$216,002. At the end of the 1999-2000 fiscal year, the Board approved a transfer of \$200,000 from the General Fund. A number of Rathbun Creek improvement projects have been completed with funds from this account, combined with grant funding.

**2003 Certificates of Participation Fund** - Bonds were issued in 2003 in the amount of \$6,100,000 to refinance a 1991 issue and to fund District Lake dredge projects. The funds are separated into three accounts: Project, Reserve and Certificate. The balance in the Reserve Account is required to be a specific percentage of the outstanding bond balance. This is a 30-year issue and property tax revenue is pledged as security for the annual payment. Thus far, the project funds have been used for the East End Sediment Removal Project and to complete some of the engineering for the Big Bear Marina Harbor Dredge Project.

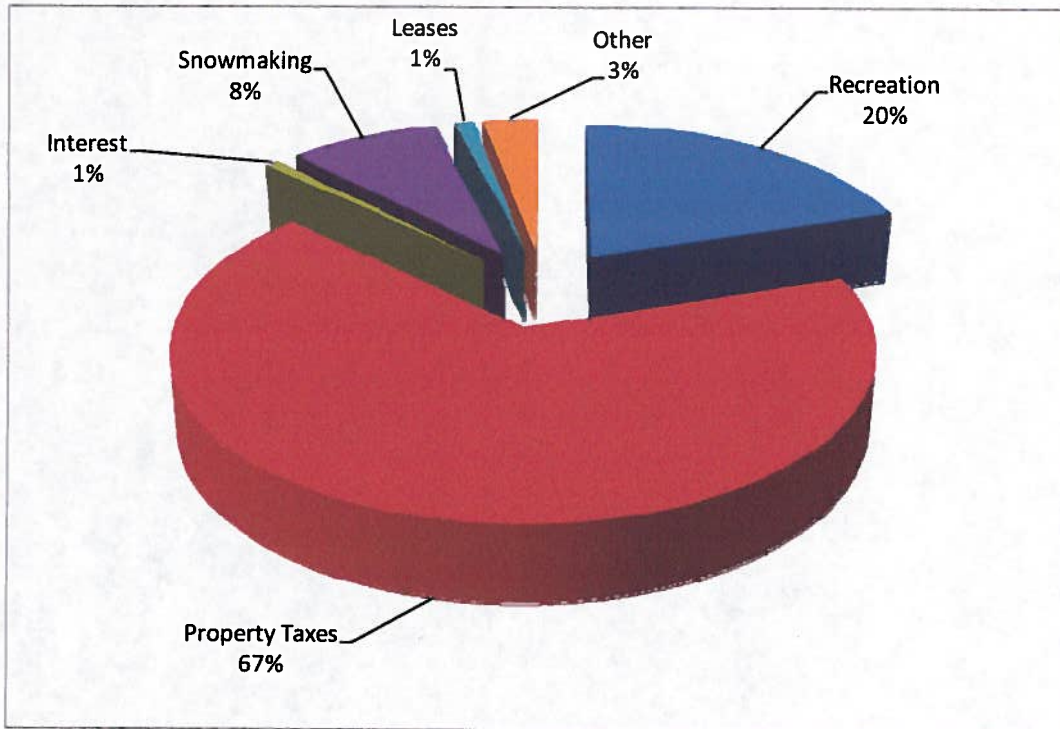
**AD 88-1 Construction Fund** - This account was established with the formation of an assessment district in 1988. Bonds were issued in the amount of \$4 million to pay for the seismic rehabilitation of the Bear Valley Dam, along with the construction of spillway improvements. The bonds are paid in full, but the spillway improvement portion of the project was not implemented until 2003. Some delinquent assessment district income is still generated annually and the remaining balance is used for ongoing dam maintenance projects. A study was initiated in 2005 to evaluate issues related to dam stability, release and flood control capabilities, automation and funding sources. This fund was used to cover the cost of that study, and in FY 2005-2006 it was used to cover the engineering costs for the Bear Valley Dam Arch Repair Project.

The following charts summarize the General Fund operating revenue excluding grants and contributions and expenses excluding lake improvement costs and depreciation for the fiscal year ended June 30, 2010:

### EXPENDITURES



## REVENUE



## LONG-TERM DEBT

The District has one debt obligation which was entered into in June 2003 and continues for 30 years until 2033. Certificates of Participation (COP) were issued in the amount of \$6,100,000. This debt issue refinanced existing indebtedness of \$2,540,000 from a 1991 COP issue, and included additional debt for lake dredge projects. In FY 2005-2006, the first project using these funds was completed. The East End Sediment Removal/Landfill Cap Project involved the removal of approximately 200,000 cubic yards of lake-bottom material for use at the Big Bear Landfill as the final cap for closure of the facility. The total cost of that project was \$5.2 million, with \$2.6 million paid from the COP funds.

At the end of the fiscal year ended June 30, 2010, the outstanding principal balance was \$5,305,000.

## CONDITIONS THAT MAY IMPACT FUTURE FINANCIAL POSITION

On June 30, 2010, there were no known conditions that may impact the District's future financial position.

## CONTACTING THE AGENCY

This financial report is designed to provide our citizens, customers, 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 District office at 40524 Lakeview Drive, Big Bear Lake, CA 92315, 909-866-5796.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**

**ASSETS**

Cash	\$ 71,523
Investments	6,122,160
Receivables	
Accounts receivable	23,011
Grants	17,819
Property taxes	262,957
Accrued interest	8,223
Other assets	209,999
Restricted cash and investments	1,307,368
Capital Assets	
Land	5,825,395
Depreciable buildings, property, equipment, and infrastructure - net of depreciation	<u>15,663,706</u>

**TOTAL ASSETS**

29,512,161

**LIABILITIES**

Accounts payable	268,133
Accrued liabilities	16,155
Customer deposits	7,986
Accrued interest	44,904
Compensated absences	46,220
Long-term debt - due within one year	139,537
Long-term debt - due in more than one year	<u>5,170,000</u>

**TOTAL LIABILITIES**

5,692,935

**NET ASSETS**

Invested in capital assets, net of related debt	16,179,564
Restricted for capital projects	499,731
Restricted for debt service	393,500
Restricted for other purposes	414,137
Unrestricted	<u>6,332,294</u>

**TOTAL NET ASSETS**

\$ 23,819,226

The accompanying notes are an integral part of the financial statements.

**BIG BEAR MUNICIPAL WATER DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u> <u>CHARGES FOR SERVICES</u>	<u>OPERATING</u> <u>GRANTS AND</u> <u>CONTRIBUTIONS</u>	<u>TOTALS</u>	<u>NET (EXPENSE)</u> <u>REVENUE AND</u> <u>CHANGES IN</u> <u>NET ASSETS</u> <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
<b>FUNCTIONS/PROGRAMS</b>					
General government	\$ 4,135,682	\$ 1,348,547	\$ 5,431	\$ 1,353,978	\$ (2,781,704)
Lake improvement and wildlife mitigation	160,549	1,000	-	1,000	(159,549)
Interest on long-term debt	<u>262,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(262,911)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 4,559,142</u>	<u>\$ 1,349,547</u>	<u>\$ 5,431</u>	<u>\$ 1,354,978</u>	<u>(3,204,164)</u>
<b>GENERAL REVENUES</b>					
Property taxes, levied for general purposes					2,995,037
Investment earnings					42,825
Gain on sale of property					60,449
<b>Total General Revenues</b>					<u>3,098,311</u>
Change in net assets					(105,853)
<b>Net Assets, Beginning of Year</b>					<u>23,925,079</u>
<b>NET ASSETS, END OF YEAR</b>					<u>\$ 23,819,226</u>

The accompanying notes are an integral part of the financial statements.



**BIG BEAR MUNICIPAL WATER DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS</u>
<b>ASSETS</b>			
Cash	\$ 71,523		\$ 71,523
Investments	6,122,160		6,122,160
Receivables			
Accounts receivable	23,011		23,011
Grants	17,819		17,819
Property taxes	262,957		262,957
Accrued interest	8,223		8,223
Prepaid expenses and deposits	47,021		47,021
Restricted cash and investments	<u>807,637</u>	<u>\$ 499,731</u>	<u>1,307,368</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 7,360,351</b></u>	<u><b>\$ 499,731</b></u>	<u><b>\$ 7,860,082</b></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 268,133		\$ 268,133
Accrued liabilities	15,922		15,922
Customer deposits	<u>7,986</u>		<u>7,986</u>
<b>Total Liabilities</b>	<u><b>292,041</b></u>	<u><b>-</b></u>	<u><b>292,041</b></u>
<b>FUND BALANCES</b>			
Reserved for:			
Debt service	393,500		393,500
Other purposes	414,137		414,137
Capital projects		<u>\$ 499,731</u>	<u>499,731</u>
Unreserved	<u>6,260,673</u>	<u>-</u>	<u>6,260,673</u>
<b>Total Fund Balances</b>	<u><b>7,068,310</b></u>	<u><b>499,731</b></u>	<u><b>7,568,041</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 7,360,351</b></u>	<u><b>\$ 499,731</b></u>	<u><b>\$ 7,860,082</b></u>

The accompanying notes are an integral part of the financial statements.

**BIG BEAR MUNICIPAL WATER DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>TOTALS</u>
<b>REVENUES</b>			
Property taxes	\$ 2,995,037		\$ 2,995,037
Charges for services	1,433,894		1,433,894
Operating grants and contributions	5,431		5,431
Investment earnings	42,825	-	42,825
<b>TOTAL REVENUES</b>	<u>4,477,187</u>	<u>-</u>	<u>4,477,187</u>
<b>EXPENDITURES</b>			
General government	2,805,263		2,805,263
Administration	751,368		751,368
Lake improvement	160,484		160,484
Capital outlay	243,393	-	243,393
Debt Service			
Principal	140,064		140,064
Interest	256,297		256,297
<b>TOTAL EXPENDITURES</b>	<u>4,356,869</u>	<u>-</u>	<u>4,356,869</u>
<b>EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES</b>	<u>120,318</u>	<u>-</u>	<u>120,318</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sales of property	60,449	-	60,449
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>60,449</u>	<u>-</u>	<u>60,449</u>
<b>NET CHANGE IN FUND BALANCES</b>	180,767	-	180,767
<b>FUND BALANCES, JULY 1, 2009</b>	<u>6,887,543</u>	<u>\$ 499,731</u>	<u>7,387,274</u>
<b>FUND BALANCES, JUNE 30, 2010</b>	<u>\$ 7,068,310</u>	<u>\$ 499,731</u>	<u>\$ 7,568,041</u>

The accompanying notes are an integral part of the financial statements.

**BIG BEAR MUNICIPAL WATER DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

**TOTAL GOVERNMENTAL FUND BALANCES** **\$ 7,568,041**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 21,489,101

Accrued interest on long-term bonds is not accounted for under modified accrual and, therefore, is not reported in the funds. (45,137)

Compensated absences are not accounted for under modified accrual and, therefore, are not reported in the funds. (46,220)

Long-term liabilities, including certificates of participation, are not due and payable in the current period and, therefore, are not reported in the funds. (5,146,559)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 23,819,226**

The accompanying notes are an integral part of the financial statements.



**BIG BEAR MUNICIPAL WATER DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 180,767

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

In the governmental funds, the modified accrual method is used. Revenue is recognized only if received within sixty days of year-end. However, in the statement of activities, the full accrual method is used. (84,347)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from sale of capital assets is reported as revenue in governmental funds; whereas only the gain on sale is reported in the statement of activities. This is the amount by which capital outlays exceeded depreciation and loss on retirement in the current period. (338,111)

Accrued interest and amortization of discount on long-term debt do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (6,614)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of the principal payments on long-term debt and compensated absences. 142,452

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ (105,853)

The accompanying notes are an integral part of the financial statements.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Introduction**

The Big Bear Municipal Water District (District) is a special district formed under Section 71000 of the Municipal Water District Law of 1911. The District was established by the people of Big Bear Valley for the purpose of stabilizing the water level of Big Bear Lake for recreation and wildlife.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**B. Financial Reporting Entity**

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit within the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of members of the governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based on the application of these criteria, one component unit has been included in the District's reporting entity.

**Big Bear Municipal Water District Public Facilities Corporation**

This exempt corporation was created to issue certificates of participation in order to finance the purchase of capital assets used by the District. The Corporation board and management is the same as the District's; therefore, the Corporation has been included in the District's reporting entity as a blended component unit. The amounts reported include the capital projects fund, general capital assets, and general long-term debt.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### C. Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government.

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 for lake use, sale of water for snow making, and aquatic plant control fees and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

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

### D. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 sixty days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all susceptible to accrual and have been recognized as revenues of the fiscal period when available. All other revenue items are considered measurable and available only when the District receives cash.

#### *Fund Accounting*

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### *Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental funds:

**General Fund** - The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the bylaws of the District.

**Capital Projects Fund** - The Capital Projects Fund is used to account for the proceeds of the Certificates of Participation.

#### E. **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### F. **Cash and Investments**

Cash received by the District is deposited in financial institutions in demand deposit accounts and money market accounts, which are entirely insured or collateralized. Investments are limited to certificates of deposit, Treasury bills and notes, securities of the U.S. Government or its agencies, bonds and notes from the State of California or any local agency of the State, or the Local Agency Investment Fund (State pool), a special fund of the California State Treasury through which local governments may pool investments.

#### G. **Receivables**

Receivables are due for lake usage and dock fees, reimbursement of grant expenses, property taxes, and interest. The District's management believes these amounts are fully collectible; therefore, no allowance for doubtful accounts is included in the financial statements.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### H. Capital Assets

Capital assets are reported as assets in the government-wide statement of net assets but are reported as expenditures in the fund financial statements. Capital assets are recorded at cost. The District maintains a capitalization threshold of \$1,000.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures, and improvements	5 to 99 years
General plant	5 to 25 years
Machinery and equipment	5 to 39 years

### I. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District as compensated absences in the statement of net assets.

The District allows employees to carryover from one calendar year to the next up to a maximum of 240 hours of vacation, which are paid 100% upon termination of employment for any reason. Sick leave is nonvesting and nonaccumulating; therefore, no accrual has been made for unused sick leave.

### J. Property Taxes

Property taxes are assessed to finance General Fund operations. The District participates in a State of California program, whereby all of its assessed property taxes are remitted by the State by July 31 of each year. In exchange, the State retains any delinquency penalties and interest on late property tax payments.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**2. CAPITAL ASSETS**

Capital assets consisted of the following:

	BALANCE 7-1-2009	ADDITIONS	RETIREMENTS/ TRANSFERS	BALANCE 6-30-2010
Land	\$ 5,825,395			\$ 5,825,395
Dam improvements	9,756,931			9,756,931
General plant	9,445,725	\$ 162,136		9,607,861
Boats	417,714	38,722		456,436
Communications equipment	76,731			76,731
Laboratory equipment	2,854			2,854
Office furniture and equipment	141,089	15,129	\$ 13,852	142,366
Structures and equipment	3,714,957	208,448	16,962	3,906,443
Vehicles	340,341		59,431	280,910
Weed abatement equipment	227,464		125,840	101,624
Construction in progress	181,042	-	181,042	-
<b>TOTALS AT COST</b>	<u>30,130,243</u>	<u>\$ 424,435</u>	<u>\$ 397,127</u>	<u>30,157,551</u>
Less: Accumulated				
Depreciation For:				
Dam improvements	1,697,737	\$ 130,376		1,828,113
General plant	3,484,070	197,761		3,681,831
Boats	286,816	39,864		326,680
Communications equipment	69,826	5,966		75,792
Laboratory equipment	2,854			2,854
Office furniture and equipment	107,216	9,450	\$ 13,852	102,814
Structures and equipment	2,206,429	150,802	16,962	2,340,269
Vehicles	252,452	26,892	59,431	219,913
Weed abatement equipment	195,631	20,393	125,840	90,184
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<u>8,303,031</u>	<u>\$ 581,504</u>	<u>\$ 216,085</u>	<u>8,668,450</u>
<b>CAPITAL ASSETS, NET</b>	<u>\$ 21,827,212</u>			<u>\$ 21,489,101</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**3. CERTIFICATES OF PARTICIPATION**

Certificates of Participation at June 30, 2010 were as follows:

	<u>BALANCE</u> <u>7-1-2009</u>	<u>REDEEMED</u>	<u>BALANCE</u> <u>6-30-2010</u>
\$6,100,000 - Original issue June 24, 2004; interest ranging from 1.60% to 5.00%	\$ 5,440,000	\$ 135,000	\$ 5,305,000
<b>TOTALS</b>	<u>\$ 5,440,000</u>	<u>\$ 135,000</u>	<u>\$ 5,305,000</u>

**2003 ISSUE**

**Issuance**

The Big Bear Municipal Water District Public Facilities Corporation and Big Bear Municipal Water District entered into a lease pursuant to which the District agrees to lease certain real property located within the District and all buildings and improvements thereon. The certificates evidence proportionate interests in base rental payments to be made by the District.

The District has covenanted under the lease to pledge all legally available funds equal to the sum of the base rental payments due in each year, plus any required deposits to the Reserve Fund each year.

The District is obligated to pay additional rental payments equal to all taxes, assessments, and insurance on leased property; any fees and expenses in connection with the trust agreement; and any fees, costs, or expenses incurred by the Corporation in connection with the lease agreement.

**Security**

The lease provides that as long as the certificates remain outstanding, the District will be obligated to continue to make base rental payments notwithstanding accident to, or destruction of, all or a portion of the leased premises.

A Reserve Fund was established by the trust agreement and was required to be initially funded in an amount equal to \$399,500. Amounts in the Reserve Fund are to be used only for the payment of base rental payments to the extent amounts in the Certificate Fund are insufficient. The balance of the Reserve Fund, including accumulated earnings, was \$393,500 as of June 30, 2010.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Minimum Payments**

A summary of minimum payments on the 2003 Certificate of Participation Issue is presented below:

YEARS ENDING <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 135,000	\$ 251,349	\$ 386,349
2012	140,000	246,671	386,671
2013	145,000	241,593	386,593
2014	150,000	236,153	386,153
2015	160,000	230,220	390,220
2016-2020	905,000	1,034,300	1,939,300
2021-2025	1,145,000	779,875	1,924,875
2026-2030	1,460,000	455,500	1,915,500
2031-2033	<u>1,065,000</u>	<u>81,375</u>	<u>1,146,375</u>
<b>TOTALS</b>	<b><u>\$ 5,305,000</u></b>	<b><u>\$ 3,557,036</u></b>	<b><u>\$ 8,862,036</u></b>

**4. OBLIGATION UNDER CAPITAL LEASE**

The capital lease obligation at June 30, 2010 was as follows:

	<u>AMOUNT</u>
<b>Xerox Corporation</b>	
Principal and interest payments of \$480 monthly; unpaid balance due April 1, 2011; interest is imputed at 9.43%; note is secured by a copy machine	\$ 4,800
Less: Imputed interest	<u>263</u>
<b>NET OBLIGATION</b>	<b><u>\$ 4,537</u></b>



**NOTES TO FINANCIAL STATEMENTS (Continued)**

Future minimum lease payments are as follows:

YEAR ENDING <u>JUNE 30,</u>	<u>AMOUNT</u>
2011	\$ 4,800
Less: Imputed interest	<u>263</u>
<b>TOTAL</b>	<b><u>\$ 4,537</u></b>

The copier is recorded at \$22,890 with accumulated amortization of \$9,728.

**5. DEFINED-BENEFIT PENSION PLAN**

**A. Plan Description**

The Big Bear Municipal Water District contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer public employee defined-benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statutes within the Public Employees' Retirement Law. The Big Bear Municipal Water District selects optimal benefit provisions and adopts those benefits through local ordinance. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, California 95814.

**B. Funding Policy**

Participants are required to contribute 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions are those adopted by the CalPERS Board of Administration. The required employer contribution amount for the years ended June 30, 2010, 2009, and 2008 was \$64,218, \$57,028, and \$57,108, respectively. The required employer contribution rate for the years ended June 30, 2010, 2009, and 2008 was 11.643%, 11.952%, and 11.513%, respectively. The District has chosen to pay the employee portion of 7% of annual covered payroll. The contribution requirements of the Plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**C. Annual Pension Cost**

For the year ended June 30, 2010, the District's annual pension cost of \$111,949 for CalPERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry-age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected annual salary increases that vary by duration of service. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value).

**THREE-YEAR TREND INFORMATION FOR CALPERS**

<u>FISCAL YEAR</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6/30/2008	\$ 101,902	100	-
6/30/2009	118,442	100	-
6/30/2010	111,949	100	-

**6. CASH AND INVESTMENTS**

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

	<u>AMOUNT</u>
<b>Unrestricted Cash and Investments</b>	
Cash	\$ 71,523
California Local Agency Investment Fund	<u>6,122,160</u>
<b>Total Unrestricted Cash and Investments</b>	<u>6,193,683</u>
<b>Restricted Cash and Investments</b>	
Cash	4,380
California Local Agency Investment Fund	405,346
U.S. Treasury	<u>897,642</u>
<b>Total Restricted Cash and Investments</b>	<u>1,307,368</u>
<b>TOTAL</b>	<u>\$ 7,501,051</u>

Cash and investments amounting to \$1,307,368 are restricted for capital projects, wildlife mitigation, debt service, and other purposes.

## NOTES TO FINANCIAL STATEMENTS (Continued)

### A. **Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2010, the District's bank balance was all insured.

### B. **Interest Rate Risk**

The District has investments in U.S. Treasury and agency obligations. The District is subject to the risk that changes in interest rates will adversely affect the fair value of these investments.

### C. **Investments**

The pooled investments are with the State of California State Treasurer's Local Agency Investment Fund (LAIF). LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The District is a voluntary participant in the investment pool.

The District relied on information provided by the State Treasurer in estimating the District's fair value position of its holdings in LAIF. The District had a contractual withdrawal value of \$6,516,794 whose pro-rata share of fair value was estimated by the State Treasurer to be \$6,527,506. LAIF is not subject to a credit-quality rating.

## 7. **RISK MANAGEMENT**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). JPIA is a public entity risk pool currently operating as a risk management and insurance program for over 200-member water agencies. The District pays an annual premium to JPIA for its general and automobile liability and property coverage; the general and automobile liability coverages have a self-insured retention level of \$2,500. JPIA is self-sustaining through members' premiums and reinsures through commercial companies for claims in excess of \$500,000 for each insured event.

## NOTES TO FINANCIAL STATEMENTS (Continued)

Summary financial information as of and for the period ended September 30, 2010 was as follows:

	<u>AMOUNT</u>
Total assets	\$ 127,965,405
Total liabilities	83,963,531
Designated equity	44,001,874
Total revenues	27,052,089
Net investment income	2,885,378
Increase in designated equity	3,928,210

The District continues to carry commercial insurance for all other risks of loss including workers' compensation and employee health and accident insurance.

### 8. DEFERRED-COMPENSATION PLAN

The District offers its employees a deferred-compensation plan in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed and administered by Lincoln National or PEBSCO. Investments are held in the names of employees and, therefore, are not reported on the District's financial statements.

### 9. COMMITMENTS

The District is obligated to Bear Valley Mutual Water Company (Mutual) to release water, or cause water to be released, at such a rate as may be reasonably necessary to meet the requirements of Mutual's stockholders, not exceeding 65,000 acre-feet in any ten-year period, as determined by the Board of Directors of Mutual at its sole discretion.

The District has adopted a policy to provide water to Mutual by a combination of lake releases and purchases of in-lieu water. The District signed an agreement with San Bernardino Valley Municipal Water District (SBVMWD), which states that whenever lake releases under the District's lake release policy are not sufficient to meet Mutual's lake release demands, SBVMWD shall deliver in-lieu water to satisfy the remainder of the demand. Pursuant to this agreement, the District is required to make annual payments to SBVMWD through July 1, 2016. The required payments are the larger of \$834,000 or \$834,000 times an inflation factor. This inflation factor is based on the assessed values of the District's property tax base. For the year ended June 30, 2010, the payment was increased to \$1,281,739.

**BIG BEAR MUNICIPAL WATER DISTRICT  
ORGANIZATION DATA  
JUNE 30, 2010**

**Formation of the District:**

Big Bear Municipal Water District was formed on January 7, 1964 under Section 71000 of the Municipal Water District Law of 1911.

**Nature and Location of Business:**

Operation and maintenance of Big Bear Lake. The office is located at 40524 Lakeview Drive in Big Bear Lake, California.

**Officers and Directors:**

Paula Fashempour . . . . .	President
Skip Suhay . . . . .	Vice President
Vicki Sheppard . . . . .	Secretary
Scott Heule . . . . .	Treasurer/Deputy Secretary
John Eminger . . . . .	Director
Todd Murphy . . . . .	Director
Vince Smith . . . . .	Director

**BIG BEAR MUNICIPAL WATER DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Property taxes	\$ 3,100,000	\$ 3,089,000	\$ 2,995,037	\$ (93,963)
Charges for services	1,203,717	1,299,862	1,433,894	134,032
Operating grants and contributions	33,611	15,500	5,431	(10,069)
Investment earnings	100,000	110,000	42,825	(67,175)
<b>Total Revenues</b>	<u>4,437,328</u>	<u>4,514,362</u>	<u>4,477,187</u>	<u>(37,175)</u>
<b>EXPENDITURES</b>				
General government	2,602,735	2,740,400	2,805,263	(64,863)
Administration	774,649	816,953	751,368	65,585
Lake improvement	154,887	104,500	160,484	(55,984)
Capital outlay	386,557	195,000	243,393	(48,393)
Debt service	395,141	396,361	396,361	-
<b>Total Expenditures</b>	<u>4,313,969</u>	<u>4,253,214</u>	<u>4,356,869</u>	<u>(103,655)</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>123,359</u>	<u>261,148</u>	<u>120,318</u>	<u>(140,830)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	1,500	1,600	60,449	58,849
Surplus sale	<u>5,500</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>7,000</u>	<u>5,600</u>	<u>60,449</u>	<u>54,849</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	130,359	266,748	180,767	(85,981)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>7,387,274</u>	<u>7,387,274</u>	<u>7,387,274</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,517,633</u>	<u>\$ 7,654,022</u>	<u>\$ 7,568,041</u>	<u>\$ (85,981)</u>

**BIG BEAR MUNICIPAL WATER DISTRICT  
CALPERS SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2010**

	(a)	(b)	(c)	(d)	(e)	(f)
			UNFUNDED (OVERFUNDED) LIABILITY/ (EXCESS ASSETS) [(B)-(A)]	FUNDED RATIO [(A)/(B)]	ANNUAL COVERED PAYROLL	UNFUNDED (OVERFUNDED) ACTUARIAL LIABILITY AS PERCENTAGE OF COVERED PAYROLL {[(B)-(A)]/(E)}
ACTUARIAL VALUATION DATE	ACTUARIAL ASSET VALUE	ENTRY-AGE ACTUARIAL ACCRUED LIABILITY				
6/30/2005	\$ 2,588,713,000	\$ 2,891,460,651	\$ 302,747,651	89.5 %	\$ 755,046,679	40.1 %
6/30/2006	2,492,226,176	2,754,396,608	262,170,432	90.5	699,897,835	37.5
6/30/2007	2,391,434,447	2,611,746,790	220,312,343	91.6	665,522,859	33.1
6/30/2008	2,547,323,278	2,780,280,768	232,957,490	91.6	688,606,681	33.8
6/30/2009	2,758,511,101	3,104,798,222	346,287,121	88.8	742,981,488	46.6

Information is pursuant to GASB Statement No. 27 for a cost-sharing multiple-employer defined benefit plan. Effective October 2003, pooling is mandatory for all public agency plans with less than 100 active members as of June 30, 2003. The schedule of funding progress presented above is representative of the Miscellaneous 2% at 55 Risk Pool of which the District is a participant.

**BIG BEAR MUNICIPAL WATER DISTRICT  
 CERTIFICATES OF PARTICIPATION, 2003 ISSUE - PAYMENT SCHEDULE  
 JUNE 30, 2010**

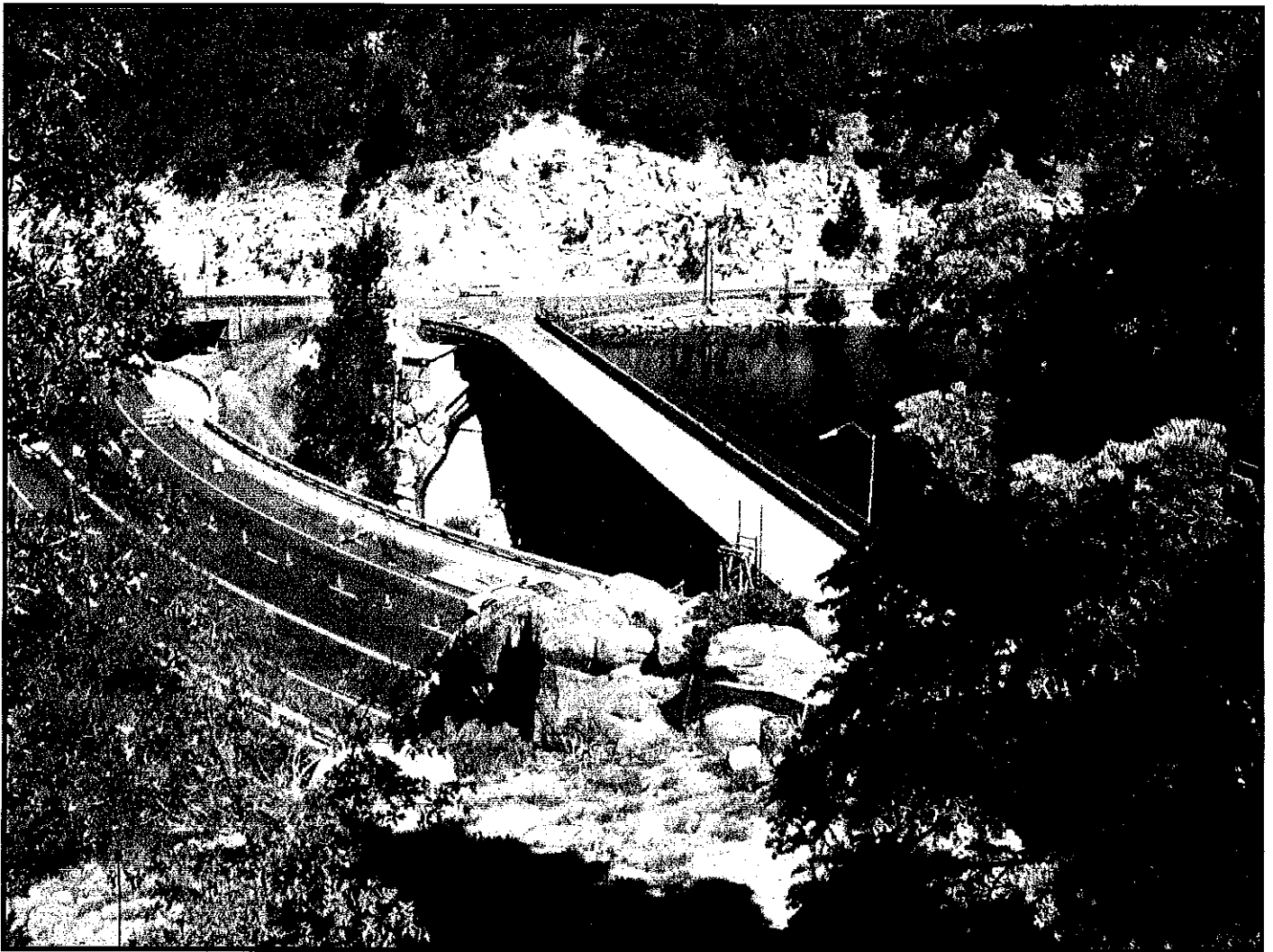
<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>INTEREST</u>	<u>TOTAL PAYMENTS</u>
2010-2011	\$ 135,000	3.30 %	\$ 251,349	\$ 386,349
2011-2012	140,000	3.50	246,672	386,672
2012-2013	145,000	3.63	241,594	386,594
2013-2014	150,000	3.75	236,153	386,153
2014-2015	160,000	3.90	230,220	390,220
2015-2016	165,000	4.00	223,800	388,800
2016-2017	170,000	5.00	216,250	386,250
2017-2018	180,000	5.00	207,500	387,500
2018-2019	190,000	5.00	198,250	388,250
2019-2020	200,000	5.00	188,500	388,500
2020-2021	205,000	5.00	178,375	383,375
2021-2022	220,000	5.00	167,750	387,750
2022-2023	230,000	5.00	156,500	386,500
2023-2024	240,000	5.00	144,750	384,750
2024-2025	250,000	5.00	132,500	382,500
2025-2026	265,000	5.00	119,625	384,625
2026-2027	280,000	5.00	106,000	386,000
2027-2028	290,000	5.00	91,750	381,750
2028-2029	305,000	5.00	76,875	381,875
2029-2030	320,000	5.00	61,250	381,250
2030-2031	340,000	5.00	44,750	384,750
2031-2032	355,000	5.00	27,375	382,375
2032-2033	370,000	5.00	9,250	379,250
<b>TOTALS</b>	<b><u>\$ 5,305,000</u></b>		<b><u>\$ 3,557,038</u></b>	<b><u>\$ 8,862,038</u></b>





# 2011-2012 BUDGET

## BIG BEAR MUNICIPAL WATER DISTRICT



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San Bernardino County

# **BIG BEAR MUNICIPAL WATER DISTRICT**

## **FORMATION:**

Established in 1964 under the Municipal Water Code of 1911

## **MISSION:**

Stabilize the level of Big Bear Lake



## **BOARD OF DIRECTORS**

Todd Murphy, Director - Division I  
Paula Fashempour, Director - Division II  
Skip Suhay, President - Division III  
John Eminger, Vice President - Division IV  
Vince Smith, Director - Division V

## **MANAGEMENT**

Scott Heule - General Manager  
Mike Stephenson - Lake Manager

40524 Lakeview Drive  
P. O. Box 2863  
Big Bear Lake, CA 92315  
(909) 866-5796

Web Page - [www.bbmwd.org](http://www.bbmwd.org)

E-mail - [bbmwd@bbmwd.net](mailto:bbmwd@bbmwd.net)

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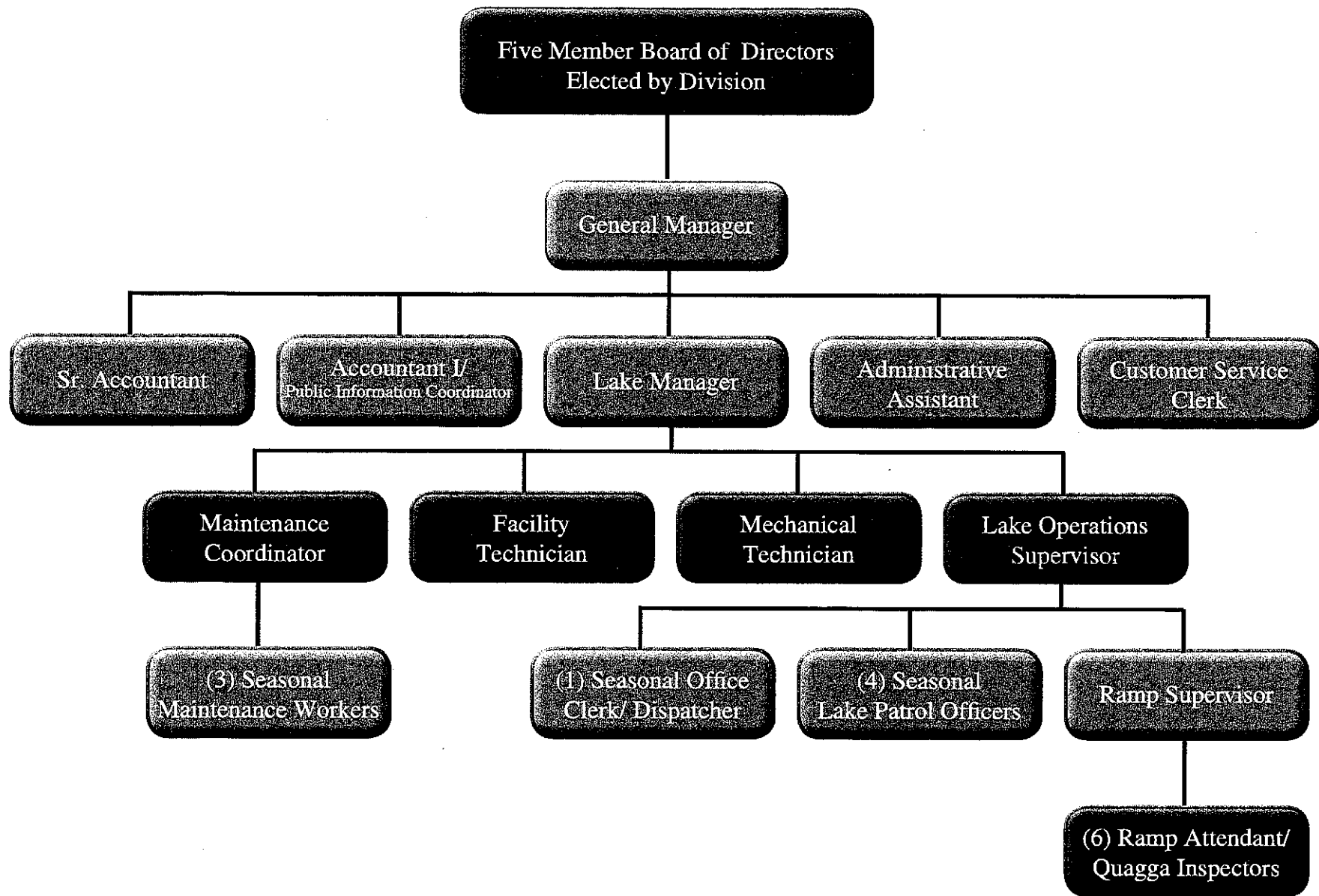
# BOARD OF DIRECTORS



(Pictured from left to right)

*Director Todd Murphy, Director Paula Fashempour, President Skip Suhay,  
Vice President John Eminger, Director Vince Smith*

Directors are elected by divisions balanced by the population. Each Director serves a four-year term and there are no term limits. Elections are held every two years, with elections for Divisions 1, 2 and 3 open in the same even-numbered years, and Divisions 4 and 5 open in the same even-numbered years. Directors Eminger and Smith began their current terms in 2009, and Directors Murphy, Suhay and Fashempour began their terms in 2007. An election for Divisions 4, and 5 is scheduled for November 2012.



## WHO WE ARE

The Big Bear Municipal Water District (MWD) established January 7, 1964 pursuant to the Municipal Water District Law of 1911 (California Water Code 20, commencing at section 71000). The purpose of the MWD is to stabilize the level of Big Bear Lake for recreation and wildlife.

## WHAT WE DO

- Stabilization of the level of Big Bear Lake by managing the amount of Lake water released to the downstream water rights holder
- Watershed/Water Quality Management
- Recreation Management
- Wildlife Habitat Preservation and Enhancement
- Bear Valley Dam and Reservoir Maintenance

The major objectives for FY 2011-12 are set forth in this document, along with the descriptions of the individual programs and projects. District goals and expenditures to meet those goals, are monitored on a quarterly basis. The manner in which the District's programs and financial operations are organized is as follows:

### REVENUE SOURCES

The District's main source of revenue is property taxes which account for approximately 69% of all District income. Most of the remaining revenue comes from Lake use fees, interest on investments and the sale of water to the two local ski areas for making snow.

### FINANCIAL PLAN ORGANIZATION

This document presents the budget for FY 2011-12 and for those areas where it is possible, a forecast is presented for FY 2012-13. Through implementation of a two-year forecasting plan the District can realize the following benefits:

1. Reinforcement of long-range planning whenever possible to include funding for future projects
2. Establishment of realistic funding to meet major objectives
3. Promotion of more orderly spending patterns
4. Savings in time and resources allocated to preparing the annual budget

### CAPITAL FINANCING AND DEBT MANAGEMENT

- Capital improvements and equipment and vehicle replacement needs are typically paid for from designated cash reserves. If current reserves are not sufficient, project phasing or postponement is considered. If these measures are not adequate longer term project financing is explored but only as a last resort.
- The District will monitor and evaluate all forms of debt annually.
- The District will diligently monitor its compliance with bond covenants.
- The District will commit at least 18% of the annual depreciation, plus 100% of the "Capital Replacement Schedule" required for boat, equipment and vehicle replacement costs to the Capital Improvement Fund, so long as revenues are sufficient and that this approach does not interfere with the District's ability to meet other program expense requirements.
- The District will meet all General Fund current year operating expenses with current year revenues.

## **GENERAL FUND 2011-12**

The General Fund portion of this budget contains program budgets with line item expense categories. The District's General Fund operates under four programs which are described more fully in the program budget section of this document. They are as follows:

- ADMINISTRATION
- WATER RESOURCES
- MAINTENANCE
- OPERATIONS

Salaries and benefits are allocated to each program, along with related expenses. In addition to the program budgets, the District has also established the following General Fund budgets:

- REVENUE PROJECTIONS
- CAPITAL IMPROVEMENT FUND
- DEBT SERVICE
- PROJECTS

## **APPROPRIATIONS LIMIT**

The Board of Directors annually adopts its appropriations limit calculated according to Section 7901 of the Government Code and Section 2228 of the Revenue and Taxation Code. The actual calculations are posted at least fifteen days prior to adoption of the limit. Should tax proceeds ever exceed allowable limits, the District has the option to consider seeking a vote of the public to amend its appropriations limit.

## **SALARIES AND BENEFITS**

Salaries & Benefits for FY 2011-12 include 11 full-time employees and 14 seasonal employees. The District's contribution to the Public Employees' Retirement System (PERS) is 12.559%, up from 11.729% FY 2010-2011. The District continues to also fund the full-time employees' 7% PERS contribution.

# MAJOR OBJECTIVES

Fiscal Year 2011-2012

- Continue a pro-active response to the Quagga Mussel threat to Big Bear Lake with:
  - Public outreach and education
  - Added seasonal staffing
  - Boat inspections
  - Limiting lake access with strict launch ramp hours
  - Equipment to decontaminate suspect vessels
  - Detailed information on the District web site
  - Training and certification of commercial launch ramp personnel
- Continue the engineering necessary to:
  - Determine need for dam arch resurfacing
  - Determine need for auxiliary spillway gates after meeting with Division of Safety of Dams
- Work to prevent agencies in the Big Bear Valley from being named by the Santa Ana Regional Water Quality Control Board as dischargers on a Mercury TMDL.
- Continue working on productive issues related to the TMDL in collaboration with named parties:
  - Initiate an Hypolimnetic Oxygenation System (HOS ) preliminary engineering report
  - Perform a demonstration of "managing on the margins" as described by Brown and Caldwell
- Finalize efforts to wrap up the Army Corps of Engineers milestone F4 Lake restoration feasibility study.
- Install Spillway Gate No. 10 in Bay No. 10 at the dam.
- Complete acquisition of the City of Big Bear Lake DWP by eminent domain providing bonding and HR issues are favorable.
- Clean up the Trout Pond:
  - Demolish the old bait shack
  - Sell the existing house
  - Drain the pond
- Develop a strategic plan for the Trout Pond.



# **BUDGET MESSAGE**

## **From the General Manager**

Throughout the first half of Fiscal Year 2010-11 the District worked hard to secure an agreement with Caltrans to replace the old highway bridge on the dam. Simon Wong Engineers designed and engineered a replacement maintenance bridge based on assurances from Caltrans that they would fund the construction. All of these efforts ultimately failed when Caltrans informed the District that they would not fund the construction of any replacement access on top of the dam. We anticipate that the old highway bridge will be removed early in Fiscal Year 2011-12 and the District will need to design some other maintenance access only for District workers. With the old bridge removed it will no longer threaten to impede flood routing over the top of the dam and the District can finally have spillway gate 10 in bay 10 installed.

During calendar year 2010 inflow to the Lake as reported in the annual Watermaster Report totaled 32,959 acre-feet compared to the 34 year average of 16,697 acre-feet. The actual Lake level rose 6.62 feet in 2010 and ended the calendar year at 0.87 feet below the top of the dam. Because the Lake was less than 6 feet below full in August, San Bernardino Valley Municipal Water District (Valley District) called for a release to satisfy a request from Bear Valley Mutual Water Company. A total of 123 acre-feet was released to help meet the request. The release rate was dramatically limited due to the potential adverse impact on the construction of the new highway bridge downstream of the dam. Releases for flood control, mostly from the base of the dam began on December 22 and continued through the end of March, at which time the Lake was allowed to rise to full pool elevation. By the time flood control releases began in December potential impacts on the new bridge construction were somewhat reduced. Nearly all releases were from the outlet works at the base of the dam. Releases, except for fisheries, ended on May 10. A total of 10,122 acre-feet was released from the Lake. The last time Lake releases occurred was during 1996.

Without the in-lieu agreement with Valley District, which supplied Bear Valley Mutual Water District 2479 acre feet during 2010, the Lake would have ended the calendar year 7.58 feet below the top of the dam instead of being full. In Fiscal Year 2010-11 the District paid Valley District \$1,239,214 for the in-lieu agreement.

The Budget for Fiscal Year 2011-12 projects operating revenues of \$4,307,689 and operating expenses of \$4,241,878. Compared to the projected revenue and expenditures for Fiscal Year 2010-11 the budget reflects an increase in revenue of \$23,794 and an increase in expenditures of \$216,763. The most significant driver for the increase in revenue is the Boards' adoption of new dock fees that had not been adjusted since the early 1990's and a \$10 increase in the annual Lake Permit fee.

Some of the savings during FY 2010-11 are the result of the vacant Lake Operations Supervisor position during most of the 3rd quarter and all of the 4th quarter. An unanticipated increase in health insurance costs increased salary and benefit expenses by about \$20,000. Unless the District chooses to change from ACWA HBA to another provider, the expense during FY 2011-12 will be an additional \$40,000 over last year.

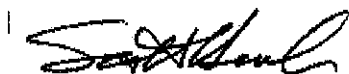
Improvements at the East Launch Ramp early in the 2011 boating season included installation of a permanent "bus stop" type structure at the top of the ramp. The structure will provide protection from the elements for ramp employees during the course of their shifts on busy days. Additionally, lights and light standards have been purchased and will likely be erected on each side at the top of the ramp before the end of the 2011 boating season.

## **Budget Message (continued)**

At the West Launch Ramp the District was able to purchase two 80 foot docks for \$60,000, about one half what was budgeted for a single replacement dock. The old docks have been in service for many years and have fully expended their useful lives.

This years' budget anticipates one significant capital project. The District RV Park has 25 spaces for rent, but only 21 have full hook-ups. This project will construct sewer, electricity and water to the four in order to be able to charge full rent for the sites.

Projections for Fiscal Year 2012-13 presume a continued flat revenue stream. The District is hopeful that the worst of the recession will be behind us this time next year.



Scott Heule  
General Manager



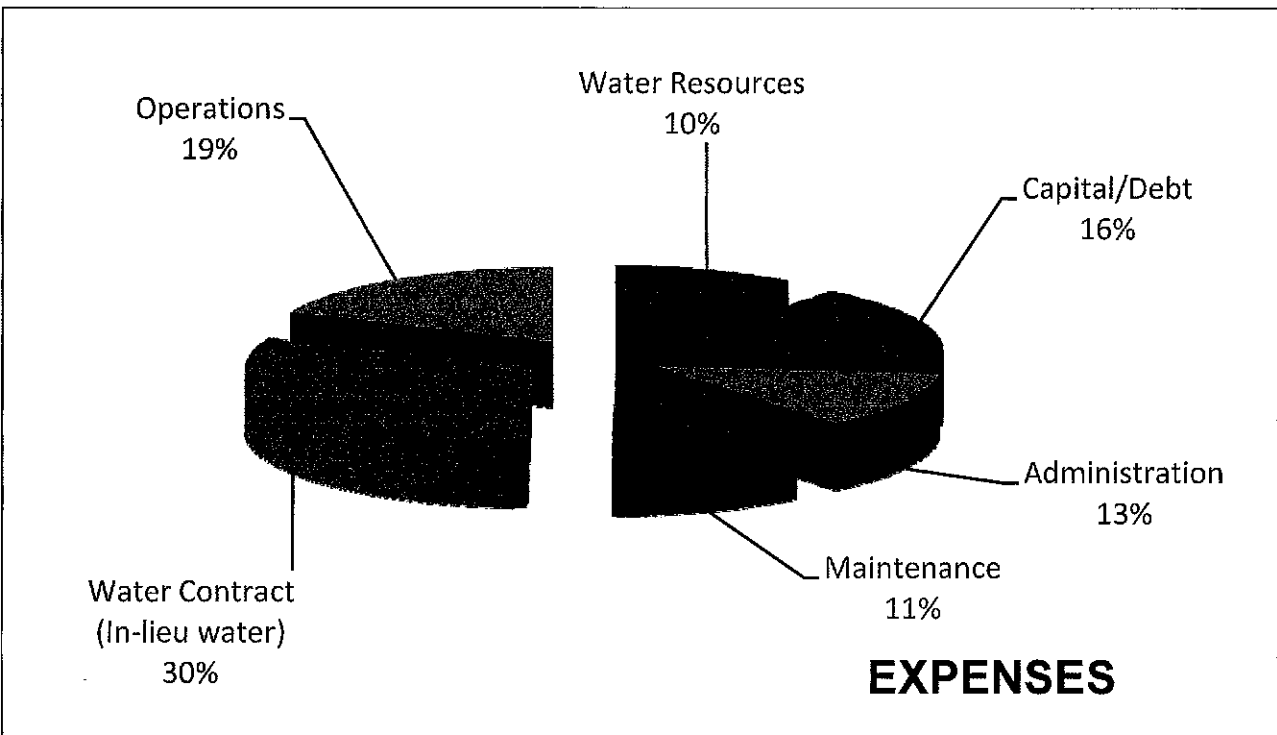
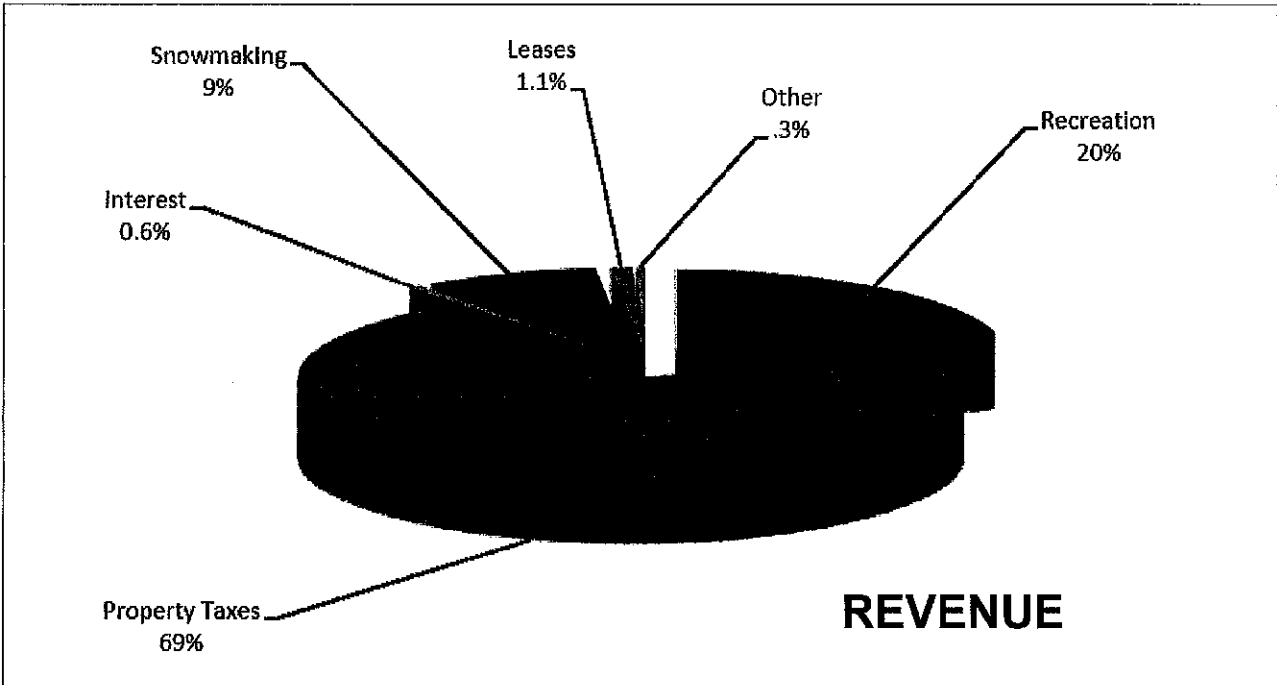
Scott Heule, General Manager

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**OVERALL GENERAL FUND OPERATING BUDGET SUMMARY**

<b>FISCAL YEAR REVENUE TOTALS</b>	<b>2008-2009 ACTUAL REVENUE</b>	<b>2009-2010 ACTUAL REVENUE</b>	<b>2010-2011 APPROVED BUDGET</b>	<b>2010-2011 PROJECTED REVENUE</b>	<b>2011-2012 APPROVED BUDGET</b>	<b>2012-2013 FORECAST BUDGET</b>
<b>OPERATING REVENUE</b>						
ADMINISTRATIVE REVENUE	\$499,321	\$433,624	\$450,930	\$440,140	\$441,639	\$449,492
PROPERTY TAX REVENUE	\$3,209,348	\$2,974,599	\$3,100,000	\$2,959,000	\$2,970,000	\$2,970,000
OPERATING REVENUE	\$810,937	\$868,970	\$815,500	\$884,038	\$901,050	\$906,550
<b>TOTAL</b>	<b>\$4,519,606</b>	<b>\$4,277,193</b>	<b>\$4,366,430</b>	<b>\$4,283,178</b>	<b>\$4,312,689</b>	<b>\$4,326,042</b>
<b>FISCAL YEAR EXPENSE TOTALS</b>	<b>2008-2009 ACTUAL EXPENSE</b>	<b>2009-2010 ACTUAL EXPENSE</b>	<b>2010-2011 APPROVED BUDGET</b>	<b>2010-2011 PROJECTED EXPENSE</b>	<b>2011-2012 APPROVED BUDGET</b>	<b>2012-2013 FORECAST BUDGET</b>
<b>OPERATING EXPENDITURES</b>						
SALARIES AND BENEFITS	\$1,154,365	\$1,208,256	\$1,252,178	\$1,238,969	\$1,322,368	\$1,348,805
SERVICES AND SUPPLIES	\$949,428	\$945,893	\$1,080,220	\$915,260	\$1,088,006	\$1,092,802
IN-LIEU WATER CONTRACT PAYMENT	\$1,212,499	\$1,281,739	\$1,290,000	\$1,239,214	\$1,204,220	\$1,250,000
DEBT SERVICE (BONDS/OTHER)	\$393,147	\$390,601	\$396,551	\$396,688	\$402,838	\$402,835
CAPITAL IMPROVEMENT FUND ALLOCATION	\$279,155	\$244,956	\$221,881	\$234,984	\$224,282	\$224,282
<b>TOTAL</b>	<b>\$3,988,594</b>	<b>\$4,071,445</b>	<b>\$4,240,830</b>	<b>\$4,026,115</b>	<b>\$4,241,714</b>	<b>\$4,318,724</b>
<b>OPERATING REVENUE</b>	<b>\$4,519,606</b>	<b>\$4,277,193</b>	<b>\$4,366,430</b>	<b>\$4,283,178</b>	<b>\$4,312,689</b>	<b>\$4,326,042</b>
<b>OPERATING EXPENDITURES</b>	<b>\$3,988,594</b>	<b>\$4,071,445</b>	<b>\$4,240,830</b>	<b>\$4,026,115</b>	<b>\$4,241,714</b>	<b>\$4,318,724</b>
<b>OPERATING FUND ALLOCATIONS</b>	<b>\$531,012</b>	<b>\$205,748</b>	<b>\$125,600</b>	<b>\$258,063</b>	<b>\$70,975</b>	<b>\$7,318</b>
<i>Dam Repair</i>	\$137,430	\$102,874	\$54,126	\$129,032	\$35,488	\$3,659
<i>In-lieu water fund</i>	\$245,921	\$0	\$17,348	\$0	\$0	\$0
<i>Lake Improvement</i>	\$147,661	\$102,874	\$54,126	\$129,032	\$35,488	\$3,659
<b>SURPLUS/DEFICIT</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# GENERAL FUND

## BUDGET-AT-A-GLANCE FY 2011-2012

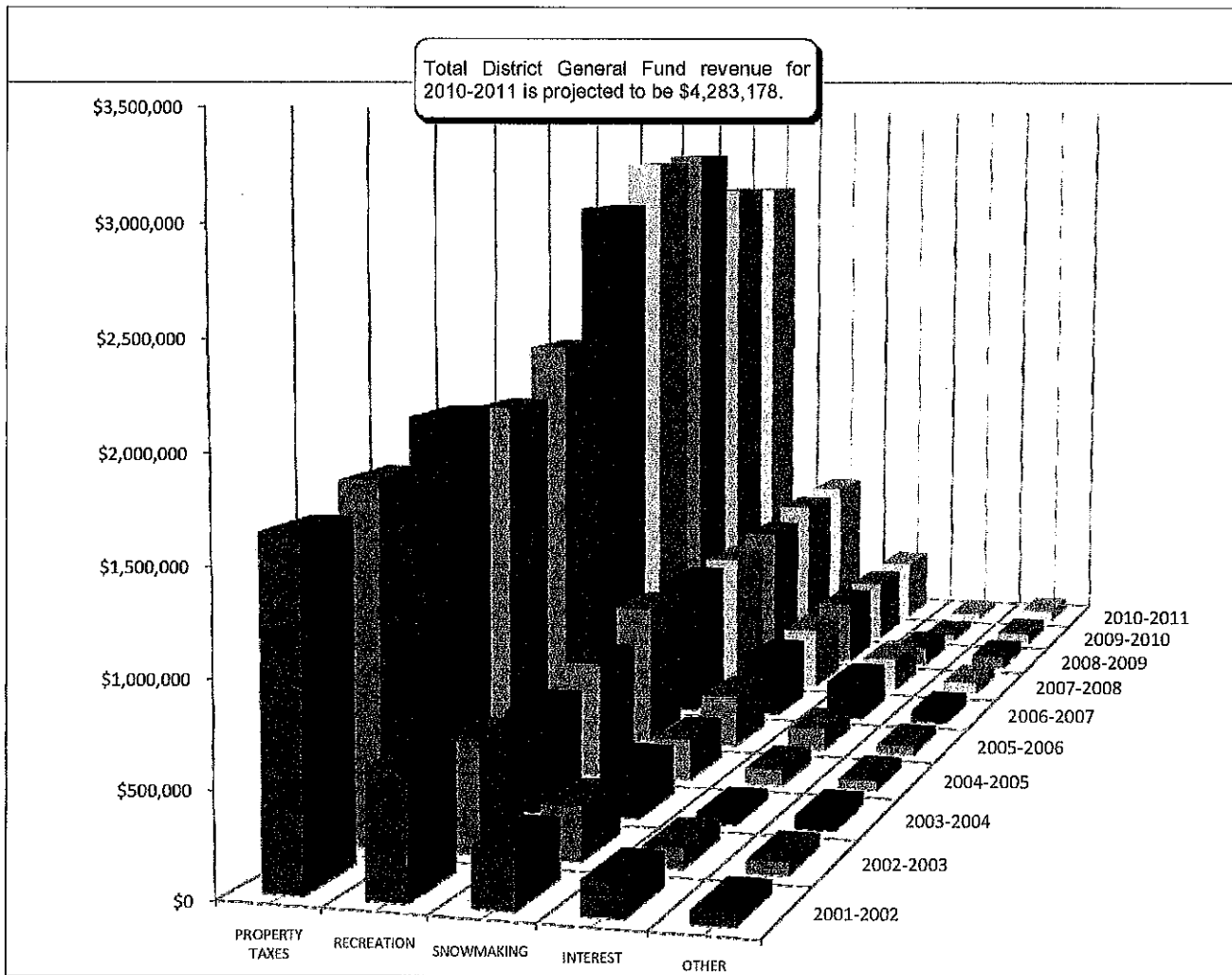


The pie chart at the top of the page depicts the District's General Fund revenue sources and the percentage each category contributes to the District's total projected General Fund income of \$4,312,689 for FY 2011-2012. The bottom chart identifies the expenditures by programs, water contract payment and capital and debt for the same fiscal year.

## GENERAL FUND REVENUE

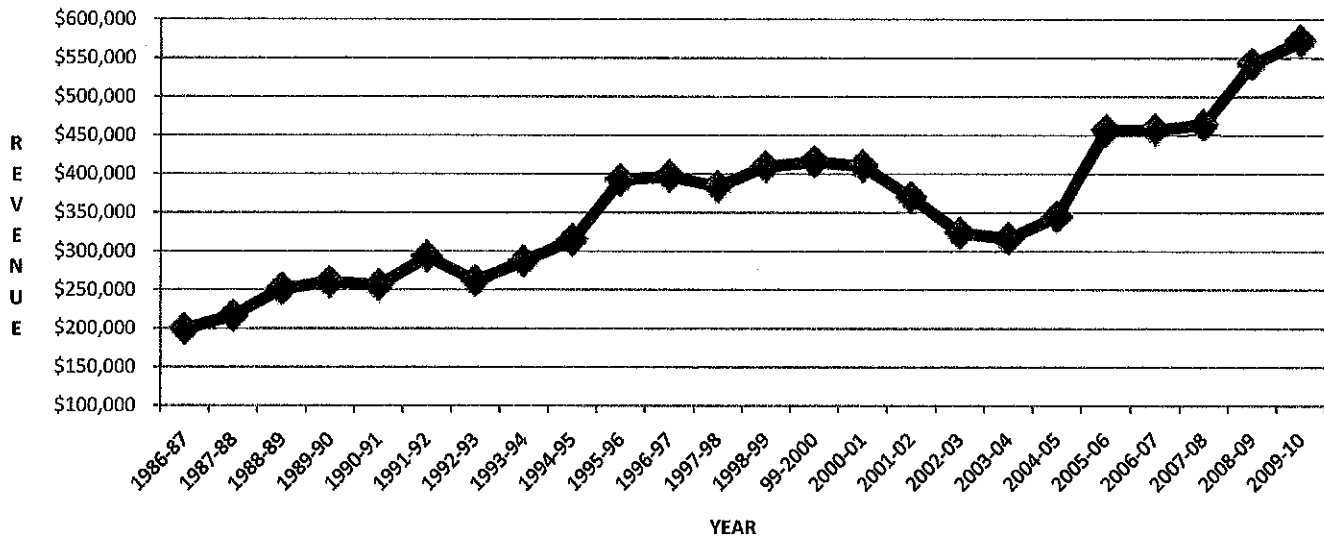
FISCAL YEAR REVENUE	2008-2009 ACTUAL REVENUE	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>ADMINISTRATIVE</b>						
WATER SALES/SNOWMAKING	\$346,453	\$353,702	\$360,450	\$360,450	\$367,659	\$375,012
INTEREST INCOME	\$102,221	\$32,113	\$40,000	\$25,000	\$25,000	\$25,500
BB MARINA/MOBIL/NJIT LEASES	\$48,480	\$45,000	\$48,480	\$50,480	\$46,480	\$46,480
SURPLUS SALE	\$0	\$0	\$0	\$0	\$0	\$0
OTHER MISCELLANEOUS	\$2,167	\$2,809	\$2,000	\$4,210	\$2,500	\$2,500
<b>TOTAL</b>	<b>\$499,321</b>	<b>\$433,624</b>	<b>\$450,930</b>	<b>\$440,140</b>	<b>\$441,639</b>	<b>\$449,492</b>
<b>PROPERTY TAXES</b>						
CURRENT SECURED	\$2,882,449	\$2,655,664	\$2,711,000	\$2,600,000	\$2,611,000	\$2,611,000
CURRENT UNSECURED	\$164,016	\$155,334	\$170,000	\$140,000	\$140,000	\$140,000
PRIOR YEAR SECURED	\$72,312	\$36,093	\$78,000	\$78,000	\$78,000	\$78,000
PRIOR YR. UNSECURED	\$4,781	\$3,986	\$59,000	\$59,000	\$59,000	\$59,000
OTHER	\$49,260	\$85,187	\$42,000	\$42,000	\$42,000	\$42,000
HOMEOWNERS' TAX	\$36,530	\$38,335	\$40,000	\$40,000	\$40,000	\$40,000
<b>TOTAL</b>	<b>\$3,209,348</b>	<b>\$2,974,599</b>	<b>\$3,100,000</b>	<b>\$2,959,000</b>	<b>\$2,970,000</b>	<b>\$2,970,000</b>
<b>OPERATING</b>						
DOCK LICENSE FEES	\$80,748	\$79,903	\$79,000	\$101,023	\$100,000	\$100,000
BOAT PERMIT FEES	\$541,977	\$571,632	\$525,000	\$570,000	\$580,000	\$580,000
QUAGGA SURCHARGE FEES	\$26,534	\$53,474	\$54,000	\$54,000	\$54,000	\$54,000
MARINA COMPENSATION	\$79,284	\$74,935	\$75,000	\$81,915	\$80,000	\$82,000
BOAT STORAGE	\$15,000	\$16,450	\$16,000	\$13,250	\$14,000	\$14,500
RECREATIONAL VEH. PARK	\$50,682	\$58,175	\$53,000	\$51,000	\$55,000	\$58,000
MTN. WATERS DISPATCH - ADS	\$9,300	\$8,900	\$9,000	\$9,550	\$9,550	\$9,550
OTHER	\$7,412	\$5,501	\$4,500	\$3,300	\$8,500	\$8,500
<b>TOTAL</b>	<b>\$810,937</b>	<b>\$868,970</b>	<b>\$815,500</b>	<b>\$884,038</b>	<b>\$901,050</b>	<b>\$906,550</b>
<b>REVENUE GRAND TOTAL</b>	<b>\$4,519,606</b>	<b>\$4,277,193</b>	<b>\$4,366,430</b>	<b>\$4,283,178</b>	<b>\$4,312,689</b>	<b>\$4,326,042</b>

# BIG BEAR MUNICIPAL WATER DISTRICT GENERAL FUND REVENUE HISTORY



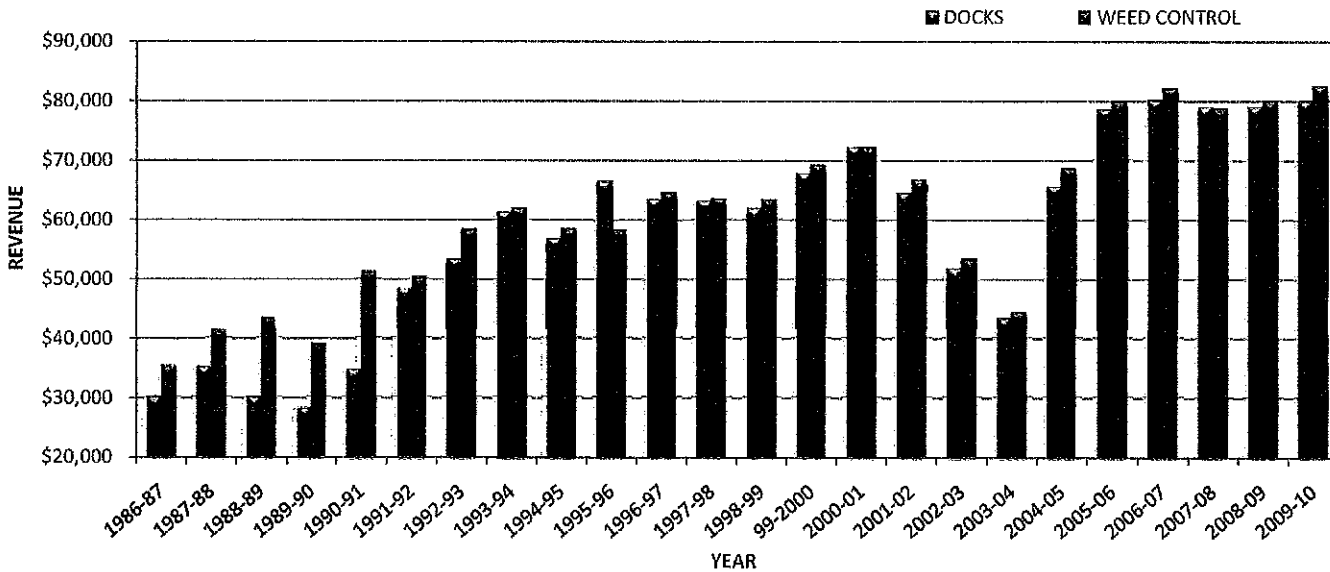
The above graph shows annual revenue from all sources beginning with FY 2001-2002. The property tax revenue bars clearly show the increased in assessed valuations on property within the District beginning in FY 2005-06. Property tax revenue declined for FY 2009-2010. Should property tax revenue continue to decline, allocations to the Dam Repair Fund and Lake Improvement Fund will be adjusted downward to accommodate the loss.

### BOAT PERMIT REVENUE HISTORY



Historically revenue from dock license fees and boat permits varied almost directly with the water level of the Lake. In recent history changes in boat permit fees has somewhat altered that effect. Two increases in boat permit fees have impacted the shape of the "Boat Permit Revenue History" graph. In 2006 boat permits were increased by \$10. The annual registered boat permit went from \$65 to \$75. Then in 2009 another \$10 increase was instituted bringing the annual registered boat permit fee to \$85, and a surcharge of \$5 was added to cover District expenses in administering Quagga Mussel inspection, decontamination and education.

### DOCK LICENSE & WEED CONTROL REVENUE ANALYSIS



# **PROGRAM DESCRIPTIONS**

The Big Bear Municipal Water District is organized into four programs to conduct the business and meet the objectives for which it is responsible. They include Administration, Water Resources, Maintenance and Operations. They are described below.

## **ADMINISTRATION**

- Administer the overall operations of the District
- Provide all accounting, secretarial, clerical and human resource functions, including purchasing, payroll, budget formulation and control
- Oversee public information projects
- Administer all duties related to the Board of Directors
- Update the MWD Management Plan, Director Handbook and Employee Handbook at least annually
- Manage Lake Awareness Month
- Update computer programs and capabilities as needed to maintain optimum productivity
- Update pdf document archiving program
- Manage Internet web page
- Monitor legislation affecting District operations
- Monitor Brown Act changes
- Participate in professional organizations such as the California Special Districts' Association and the San Bernardino County Special Districts' Association in order to remain current on issues of importance to the District such as restructuring and possible property tax diversions.

## **WATER RESOURCES**

- Administer the water purchase agreement with San Bernardino Valley Municipal Water District and any other activities related to in-lieu water management
- Participate in the Total Maximum Daily Load (TMDL) process
- Conduct and monitor water quality testing
- Implement watershed management programs
- Coordinate Watermaster Committee activities
- Maintain the Bear Valley Dam and metering of Lake releases
- Protect and manage the Lake's fish and waterfowl habitat
- Ensure compliance with Bear Creek flow requirements under Order No. 95-4 of the State Water Resources Control Board
- Participate in professional organizations such as the Association of California Water Agencies (ACWA) to maintain awareness of prominent water issues



## **MAINTENANCE**

- Maintain the waters of Big Bear Lake and related facilities, including buoy and dock maintenance and placement, aerator maintenance, aquatic plant management, algae treatment, shoreline maintenance (including cleanup activities required by the Forest Service in exchange for the Adventure Pass parking pass exemption), shoreline repairs and stabilization projects, and SS Relief maintenance
- Maintain all District vehicles and other equipment
- Manage the Adopt-A-Shoreline Program and shoreline clean-up days
- Oversee shorezone alteration projects
- Participate in professional organizations such as California Lake Managers' Society (CALMS), Western Aquatic Plant Managers' Society (WAPMS) and Western Dredging Association (WEDA) to ensure use of the most advanced Lake management technology and products

## **OPERATIONS**

- Protect the health, safety and welfare of the public on the waters of Big Bear Lake and all District properties by providing a well-trained Lake Patrol staff and prompt emergency response
- Administer dock licensing and boat permit programs
- Maintain a close alliance with the commercial boat landing operators, conducting dock and fleet inspections
- Maintain OSHA standards
- Manage special events on Big Bear Lake
- Operate public boat launch facilities and recreational vehicle park
- Publish an annual issue of Mountain Waters Dispatch
- Maintain District boats
- Promote safe boating and winter Lake safety
- Monitor legislation related to boating activity
- Maintain a data base of Lake Patrol activities and Lake use trends
- Review and update local ordinances
- Participate in professional organizations such as the California Boating Safety Officers Association (CBSOA) to maintain a high level of training

# ADMINISTRATION

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	GENERAL MANAGER	0.60	
	SR/ ACCOUNTANT/HUMAN RESOURCES	1.00	
	ADMINISTRATIVE ASSISTANT	1.00	
	ACCOUNTANT I/PUBLIC INFORMATION	0.50	
	CUSTOMER SERVICE CLERK	0.50	
	SEASONAL OFFICE CLERK		0.50
	<b>TOTAL STAFF</b>	<b>3.60</b>	<b>0.50</b>

EXPENDITURES	2008-2009 ACTUAL EXPENSE	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>SALARIES AND BENEFITS</b>						
FULL-TIME SALARIES	\$217,686	\$218,860	\$234,181	\$227,698	\$242,998	\$247,858
SEASONAL SALARIES	\$13,378	\$12,004	\$10,049	\$12,985	\$8,255	\$8,420
EMERGENCY OVERTIME	\$183	\$443	\$0	\$0	\$0	\$0
FICA/UI/WORKERS' COMP	\$21,015	\$21,128	\$21,361	\$20,507	\$21,475	\$21,905
RETIREMENT/GROUP INS.	\$94,000	\$99,920	\$96,162	\$96,637	\$109,714	\$111,908
<b>SALARIES/BENEFITS TOTAL</b>	<b>\$346,262</b>	<b>\$352,356</b>	<b>\$361,753</b>	<b>\$357,827</b>	<b>\$382,442</b>	<b>\$390,091</b>
<b>SERVICES AND SUPPLIES</b>						
POSTAGE/SHIPPING	\$9,167	\$8,165	\$6,800	\$6,000	\$6,800	\$6,868
PRINTING	\$6,430	\$4,865	\$7,900	\$6,000	\$6,000	\$6,060
OFFICE SUPPLIES	\$8,990	\$12,168	\$11,500	\$10,000	\$10,000	\$10,100
UNIFORMS	\$1,148	\$245	\$1,200	\$1,200	\$1,200	\$1,212
TELEPHONE	\$25,564	\$29,737	\$29,080	\$27,000	\$27,000	\$27,270
INSURANCE	\$5,555	\$5,779	\$5,970	\$5,068	\$5,970	\$6,030
MEMBERSHIPS/SUBSC/PERMITS	\$17,348	\$13,196	\$17,888	\$18,000	\$19,165	\$19,356
LAFCO FEE	\$6,832	\$9,925	\$5,000	\$5,000	\$5,000	\$5,050
PUBLIC INFORMATION	\$10,021	\$14,900	\$17,650	\$21,850	\$21,850	\$22,068
KOOL KIDS	\$2,441	\$2,494	\$5,600	\$5,600	\$4,000	\$4,040
MWD COUNSEL RETAINER	\$36,000	\$42,000	\$48,000	\$42,000	\$48,000	\$48,480
LEGAL/LEGAL NOTICES	\$60,970	\$1,825	\$67,000	\$25,000	\$50,000	\$50,500
PROFESSIONAL SERVICES	\$95,116	\$87,367	\$112,180	\$83,500	\$98,000	\$98,980
EMPLOYEE TRAINING	\$20,949	\$17,290	\$13,400	\$12,000	\$15,300	\$15,453
FINACIAL REPORT WRITING SOFTWARE	\$1,100	\$0	\$0	\$0	\$0	\$0
DIRECTOR FEES	\$46,073	\$48,916	\$50,000	\$51,678	\$57,913	\$58,492
DIRECTOR GROUP INSURANCE	\$59,543	\$61,382	\$63,192	\$64,997	\$63,900	\$64,539
DIRECTOR SEMINARS/TRAVEL	\$7,207		\$12,500	\$5,000	\$12,500	\$12,625
COMPUTER MAINTENANCE	\$8,495	\$9,164	\$6,500	\$6,500	\$7,500	\$7,575
EQUIPMENT MAINT/REPAIR	\$8,258	\$11,272	\$10,500	\$6,000	\$10,500	\$10,605
BLDG/FACILITY MAINTENANCE	\$9,261	\$8,837	\$10,000	\$10,000	\$10,000	\$10,100
PARKING LOT RE-SEAL	\$0	\$0	\$0	\$0	\$0	\$0
<b>SERVICES/SUPPLIES TOTAL</b>	<b>\$446,467</b>	<b>\$389,527</b>	<b>\$501,860</b>	<b>\$412,393</b>	<b>\$480,597</b>	<b>\$486,403</b>
<b>GRAND TOTAL</b>	<b>\$792,729</b>	<b>\$741,883</b>	<b>\$863,612</b>	<b>\$770,220</b>	<b>\$863,039</b>	<b>\$875,493</b>

# WATER RESOURCES

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	GENERAL MANAGER	0.40	
	LAKE MANAGER	0.20	
	LAKE OPERATIONS SUPERVISOR	0.20	
	MAINTENANCE COORDINATOR	0.20	
	MECHANICAL AND FACILITY TECH. (2)	0.60	
	FACILITY MAINTENANCE		0.50
	<b>TOTAL STAFF</b>	<b>1.60</b>	<b>0.50</b>

EXPENDITURES	2008-2009 ACTUAL EXPENSE	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>SALARIES AND BENEFITS</b>						
FULL-TIME SALARIES	\$118,836	\$115,999	\$127,498	\$128,304	\$130,629	\$133,242
SEASONAL SALARIES	\$2,000	\$7,543	\$5,977	\$6,100	\$8,380	\$8,548
EMERGENCY OVERTIME	\$0	\$500	\$500	\$577	\$500	\$500
FICA/UI/WORKERS' COMP	\$12,987	\$12,677	\$16,036	\$18,255	\$18,075	\$18,436
RETIREMENT/GROUP INS.	\$31,000	\$42,186	\$42,118	\$41,278	\$46,333	\$47,259
<b>SALARIES/BENEFITS TOTAL</b>	<b>\$164,823</b>	<b>\$178,905</b>	<b>\$192,129</b>	<b>\$194,614</b>	<b>\$203,917</b>	<b>\$207,985</b>
<b>SERVICES AND SUPPLIES</b>						
INSURANCE	\$12,392	\$12,892	\$13,316	\$11,306	\$13,316	\$13,582
UTILITIES- DAM/AERATOR	\$15,623	\$11,662	\$12,000	\$12,800	\$15,000	\$15,300
BEAR VALLEY DAM PERMIT	\$10,497	\$10,497	\$11,730	\$11,730	\$11,730	\$11,965
LEGAL	\$0	\$0	\$500	\$0	\$500	\$500
PROFESSIONAL SERVICES	\$19,344	\$12,688	\$36,000	\$5,000	\$83,000	\$84,660
WATERMASTER (1)	\$24,591	\$41,185	\$50,000	\$42,000	\$50,000	\$51,000
AERATOR/DAM MAINTENANCE	\$6,072	\$3,578	\$5,500	\$11,600	\$6,200	\$6,386
WATERSHED MGT. LAB TESTS/TMDL	\$25,614	\$37,881	\$47,000	\$28,000	\$0	\$0
FISHERY MANAGEMENT	\$25,876	\$21,292	\$18,000	\$20,810	\$18,000	\$18,540
ALPINE TROUT PONDS	\$811	\$0	\$5,000	\$0	\$0	\$0
<b>SERVICES/SUPPLIES TOTAL</b>	<b>\$140,820</b>	<b>\$161,675</b>	<b>\$199,046</b>	<b>\$143,246</b>	<b>\$197,746</b>	<b>\$201,933</b>
<b>GRAND TOTAL</b>	<b>\$305,643</b>	<b>\$330,580</b>	<b>\$391,175</b>	<b>\$337,760</b>	<b>\$401,663</b>	<b>\$409,918</b>

(1) Includes two contracts, one for the Watermaster Report, one for the Watermaster Meeting Expense

# MAINTENANCE

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	LAKE MANAGER	0.40	
	LAKE OPERATIONS SUPERVISOR	0.20	
	MECHANICAL AND FACILITY TECH.	0.80	
	MAINTENANCE COORDINATOR	0.80	
	LAUNCH RAMP SUPERVISOR	0.34	
	FACILITY MAINTENANCE		3.50
	<b>TOTAL STAFF</b>	<b>2.64</b>	<b>3.50</b>

EXPENDITURES	2008-2009 ACTUAL EXPENSE	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>SALARIES AND BENEFITS</b>						
FULL-TIME SALARIES	\$126,903	\$131,886	\$139,025	\$131,189	\$134,081	\$136,763
SEASONAL SALARIES	\$44,002	\$35,988	\$30,021	\$55,369	\$46,488	\$47,418
EMERGENCY OVERTIME	\$2,144	\$1,150	\$1,000	\$2,742	\$1,000	\$1,020
FICA/UI/WORKERS' COMP	\$20,659	\$21,470	\$26,480	\$22,773	\$27,063	\$27,605
RETIREMENT/GROUP INS.	\$62,732	\$72,724	\$71,216	\$72,351	\$71,390	\$72,818
<b>SALARIES/BENEFITS TOTAL</b>	<b>\$256,440</b>	<b>\$263,218</b>	<b>\$267,742</b>	<b>\$284,423</b>	<b>\$280,023</b>	<b>\$286,623</b>
<b>SERVICES AND SUPPLIES</b>						
JANITORIAL SUPPLIES	\$4,326	\$2,618	\$4,300	\$3,500	\$3,500	\$3,570
INSURANCE	\$11,965	\$12,448	\$12,857	\$10,916	\$12,857	\$13,114
UNIFORMS/EQUIPMENT	\$3,706	\$2,357	\$4,400	\$4,400	\$4,700	\$4,794
SMALL TOOLS/TOOL SUPPLIES	\$6,426	\$2,801	\$6,000	\$7,000	\$7,000	\$7,140
OSHA COMPLIANCE (TRAINING ETC.)	\$2,930	\$3,275	\$2,925	\$3,000	\$3,100	\$3,162
VEHICLE MAINTENANCE	\$12,649	\$9,474	\$11,500	\$11,500	\$13,400	\$13,668
INVASIVE SPECIES CONTROL-Lake	\$49,581	\$40,500	\$45,000	\$45,000	\$55,000	\$56,100
EQUIPMENT MAINT/REPAIR	\$6,426	\$8,799	\$7,000	\$7,000	\$7,000	\$7,140
BLDG/FACILITY MAINTENANCE	\$23,464	\$22,622	\$22,000	\$22,000	\$22,000	\$22,440
SS RELIEF/PORTABLES MAINT.	\$11,385	\$11,990	\$12,500	\$12,500	\$12,500	\$12,750
VECTOR CONTROL/SB COUNTY	\$0	\$0	\$7,500	\$0	\$7,500	\$7,500
<b>SERVICES/SUPPLIES TOTAL</b>	<b>\$132,868</b>	<b>\$116,884</b>	<b>\$135,982</b>	<b>\$126,816</b>	<b>\$148,567</b>	<b>\$161,378</b>
<b>GRAND TOTAL</b>	<b>\$389,297</b>	<b>\$380,102</b>	<b>\$403,724</b>	<b>\$411,240</b>	<b>\$428,579</b>	<b>\$437,001</b>

# OPERATIONS

STAFFING SUMMARY	POSITION	ALLOCATION OF TIME	
		FULL-TIME	SEASONAL
	LAKE MANAGER	0.40	
	LAKE OPERATIONS SUPERVISOR	0.40	
	MECHANICAL AND FACILITY TECH.	0.60	
	ACCOUNTANT I/PUBLIC INFORMATION	0.50	
	CUSTOMER SERVICE CLERK	0.50	
	LAUNCH RAMP SUPERVISOR	1.00	
	LAKE PATROL/RAMP/OFFICE CLERK		0.50
	<b>TOTAL STAFF</b>	<b>3.40</b>	<b>0.50</b>

EXPENDITURES	2008-2009 ACTUAL EXPENSE	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>SALARIES AND BENEFITS</b>						
FULL-TIME SALARIES	\$151,735	\$157,783	\$169,540	\$157,876	\$173,287	\$176,753
SEASONAL SALARIES	\$123,908	\$138,172	\$136,182	\$123,100	\$154,358	\$157,446
EMERGENCY OVERTIME	\$7,201	\$5,452	\$5,000	\$6,745	\$5,000	\$5,100
FICA/UI/WORKERS' COMP	\$41,265	\$42,910	\$49,909	\$46,221	\$48,598	\$49,570
RETIREMENT/GROUP INS.	\$62,732	\$69,462	\$73,013	\$68,263	\$74,743	\$76,238
<b>SALARIES/BENEFITS TOTAL</b>	<b>\$386,841</b>	<b>\$413,778</b>	<b>\$433,645</b>	<b>\$402,205</b>	<b>\$455,986</b>	<b>\$465,106</b>
<b>SERVICES AND SUPPLIES</b>						
POSTAGE AND SHIPPING	\$1,931	\$2,154	\$2,000	\$1,100	\$1,600	\$1,632
PRINTING CHARGES	\$15,916	\$13,048	\$15,500	\$9,500	\$9,500	\$9,690
MOUNTAIN WATERS DISPATCH	\$6,300	\$7,216	\$7,500	\$8,493	\$10,000	\$10,200
OSHA EQUIPMENT/OTHER	\$7,663	\$11,981	\$8,075	\$12,000	\$12,000	\$12,240
JANITORIAL SUPPLIES	\$3,273	\$2,832	\$3,900	\$3,400	\$3,400	\$3,468
RADIO COMMUNICATIONS	\$7,571	\$4,911	\$5,250	\$5,200	\$6,050	\$6,171
INSURANCE	\$11,965	\$12,448	\$12,857	\$10,916	\$12,857	\$13,114
UTILITIES	\$50,492	\$52,161	\$55,000	\$59,000	\$60,000	\$61,200
UNIFORMS/EQUIPMENT	\$4,408	\$3,966	\$4,200	\$4,200	\$4,700	\$4,794
BOAT MAINTENANCE	\$14,862	\$49,237	\$16,500	\$16,500	\$16,500	\$16,830
PATROL BOAT ENGINES/OUT DRIVES	\$12,000	\$12,256	\$12,000	\$12,000	\$12,000	\$12,240
PATROL BOAT HULL	\$0	\$31,390	\$0	\$0	\$0	\$0
PETROLEUM	\$54,829	\$47,133	\$62,000	\$50,000	\$62,000	\$63,240
PARKING LOT RE-SEAL - West Ramp	\$0	\$0	\$0	\$0	\$12,000	\$0
PARKING LOT RE-SEAL - East Ramp	\$0	\$0	\$0	\$0	\$0	\$0
RAMPS/RV PARK MAINTENANCE	\$16,171	\$23,796	\$20,000	\$18,500	\$18,500	\$18,870
QUAGGA PREVENTION	\$21,903	\$13,278	\$24,800	\$21,995	\$20,000	\$20,400
<b>SERVICES/SUPPLIES TOTAL</b>	<b>\$229,284</b>	<b>\$287,807</b>	<b>\$249,582</b>	<b>\$232,804</b>	<b>\$261,107</b>	<b>\$264,089</b>
<b>GRAND TOTAL</b>	<b>\$616,124</b>	<b>\$701,585</b>	<b>\$683,227</b>	<b>\$635,009</b>	<b>\$717,093</b>	<b>\$719,195</b>

## **FUND DESCRIPTIONS**

This portion of the budget monitors the income and expenses related to redemption funds (assessment districts), grants and other funds. These funds require dedicated sources of income and are not commingled with General Fund moneys.

### **FUND BALANCES**

Within the General Fund, there are a number of designated funds for specific activities and projects. Their descriptions are as follows:

#### **IN-LIEU WATER FUND**

This fund was originally established to meet the cost of purchasing water or facilities to meet the demands of Bear Valley Mutual Water Company. Since the signing of the water contract in 1996, it has been maintained at a level equal to at first four times, then three times the water contract payment of \$834,000. However, that practice was changed in FY 2006-07 when the payment became subject to an annual increase. It is now required that at the end of each fiscal year, the account shall have a balance equal to two years' payments (twice the amount of the payment due on the following July 1st, plus 10% of that payment). The fund will be reviewed annually to ensure this formula results in the appropriate balance and adjustments shall be made as needed. This provides the District with the ability to continue payments for at least two years in the event of an unexpected revenue shortfall. An advance will be made from the fund each year to meet the July 1st contract amount. This advance will be replaced with property tax income later in the fiscal year as it becomes available.

#### **CAPITAL IMPROVEMENT FUND**

Historically this fund received an annual transfer from the General Fund equal to at least 30% of prior year depreciation so long as revenues supported the transfer. During budget preparation and revision in FY 2008-09 a depreciation and replacement schedule was prepared for the Districts boats, vehicles, and floating facilities. This provided a means to better anticipate and track needed replacements. However, the method does not allocate funds for repair and replacement of other capital improvements. Revenue received during FY 2011-12 will be used to transfer 18% of the FY 2010-11 depreciation to the Capital Improvement Fund in addition to the vehicle depreciation schedule of \$122,282.

#### **STANFIELD MARSH WILDLIFE MITIGATION FUND**

This fund is specifically designated for Stanfield Marsh improvements. All mitigation fees from shorezone alteration projects are placed in this account. During FY 1998-99, this account received a General Fund transfer of \$25,000, and during FY 2001-02, a grant reimbursement of \$250,000 was placed in this fund. An additional transfer of \$140,000 was necessary during FY 2003-04 to cover the costs associated with the Stanfield Marsh habitat island construction and planting project.

#### **LAKE IMPROVEMENT FUND**

This fund is designated to be used for future Lake-related rehabilitation and/or enhancement projects, including District dredge projects, Total Maximum Daily Load (TMDL) efforts, and work related to the U.S. Army Corps of Engineers study efforts. This fund originated in FY 1995-96 with a transfer of \$500,000 from unappropriated general funds. At the end of each fiscal year, any General Fund operating budget surplus funds remaining after allocations are made to the Capital Improvement Fund, Dam Repair Fund and the In-Lieu Water Fund shall be placed in the Lake Improvement Fund.

#### **INVASIVE SPECIES CONTROL FUND**

This fund was established in FY 2005-06 to cover the annual costs associated with the control of aquatic plants in Big Bear Lake. All fees collected for this activity are placed in this fund, and any funds remaining at the end of the fiscal year less the expenses for that year shall be carried over to the following year.

## FUND DESCRIPTIONS (continued)

### BEAR VALLEY DAM REPAIR FUND

This fund was established in FY 2006-07 to cover costs associated with the dam arch resurfacing project. This project was mandated by the State of California Division of Safety of Dams and must be completed when the Lake level reaches 10 feet below full. The cost of the project is unknown and funding will be set aside annually at a rate determined by the Board of Directors until the project is implemented. Engineering design for this work commenced, along with other tasks, during FY 2008-09. MWH Americas, the Districts dam engineer, is evaluating several issues associated with the dam including; cracking on the upstream side of arch number 9, the integrity of dam abutment foundation rock at either end of the dam, routing the probable maximum flood over the dam without new auxiliary spillway gates, and providing engineering findings and conclusions to convince the Division of Safety of Dams that dam arch resurfacing is not necessary. Additionally, the steel support pipes on the dam arches must be repainted. The crack in the dam has been studied and found to be inconsequential to the integrity of the dam. An annual monitoring program is in place. Geotechnical studies have been completed that have identified potential bedrock stability issues that might or might not need to be addressed after the new highway bridge is completed downstream from the dam. The engineer has also concluded that from a dam integrity standpoint, the auxiliary spillway gates are not necessary. Any severe flooding flows can safely overtop the dam.

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The District also manages restricted funds which have been established for specific purposes and cannot be used for other District activities. They are as follows:

### 2003 CERTIFICATES OF PARTICIPATION FUND

Bonds were issued in 2003 in the amount of \$6,100,000 to refinance a 1991 issue and to fund District Lake dredge projects. The funds are separated into three accounts: Project, Reserve and Certificate. The balance in the Reserve Account is required to be a specific percentage of the outstanding bond balance. This is a 30 year issue and property tax revenue is pledged as security for the annual payment. Thus far, the project funds have been used for the East End Sediment Removal Project and to complete some of the engineering for the Big Bear Marina Harbor Dredge Project.

### RATHBUN CREEK FUND

Funding is derived from a thirty-five year Moonridge Improvement Project pass-through agreement dated February 22, 1984 with the City of Big Bear Lake. All such "pass-through" property tax funds must be used for Rathbun Creek improvements and maintenance. However, at the end of FY 1997-98, the Board approved a General Fund transfer of \$216,002, and at the end of FY 1999-2000, the Board approved an additional transfer of \$200,000. These General Fund transfers are not considered restricted funds and are available at the Board's discretion for transfer to other projects.

## FISCAL YEAR-END FUND BALANCES

ALL ACCOUNTS	2008-2009 ACTUAL	2009-2010 ACTUAL	2010-2011 APPROVED	2010-2011 PROJECTED	2011-2012 APPROVED	2012-2013 FORECAST
MWD GENERAL FUND OPERATING ACCT	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
MWD IN-LIEU WATER FUND	\$2,691,652	\$2,691,652	\$2,709,000	\$2,709,000	\$2,709,000	\$2,846,017
CAPITAL IMPROVEMENT FUND	\$247,107	\$271,290	\$194,053	\$381,079	\$562,861	\$780,143
DAM REPAIR FUND	\$902,671	\$1,219,651	\$658,801	\$1,139,193	\$1,094,209	\$1,015,286
LAKE IMPROVEMENT FUND	\$1,059,872	\$1,171,582	\$992,040	\$219,367	\$229,383	\$230,460
INVASIVE SPECIES MANAGEMENT FUND- docks	\$16,961	\$7,273	\$17,361	\$39,354	\$10,407	\$13,541
RATHBUN CREEK/WATERSHED (RDA)	\$454,870	\$462,231	\$495,346	\$507,231	\$451,231	\$495,231
AD 88-1 REDEMPTION FUNDS (Dam Only) *	\$4,184	\$4,186	\$4,184	\$4,186	\$4,186	\$4,186
WILDLIFE MITIGATION FUND-Stanfield Marsh *	\$4,377	\$1,505	\$1,577	\$1,505	\$2,005	\$2,505
COP ISSUE- 1991/2003 SERIES RESERVE *	\$393,526	\$393,500	\$392,895	\$393,500	\$392,500	\$391,500
2003 BOND (COP) DREDGE FUND *	\$499,731	\$499,731	\$440,747	\$499,736	\$499,736	\$499,736
* Restricted Funds						

# **CAPITAL PURCHASE DESCRIPTIONS**

## **FISCAL YEAR 2011-2012**

### **STRUCTURES AND IMPROVEMENTS**

Only one significant capital project is proposed for Fiscal Year 2011-2012. The District RV Park has 25 spaces, four of which are not full hook-ups. In an effort to continually improve the park and the potential income that it generates investigations are underway to equip the four dry sites with full service, water, sewer and electricity. The work is anticipated to begin either late fall or early next spring in hopes of having it in place for summer 2012.



## CAPITAL IMPROVEMENT FUND

REVENUE	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
SURPLUS SALE	\$50,409	\$0	\$13,103	\$0	\$0
INSURANCE REIMBURSEMENT - 2009 Ford Expl.	\$12,540	\$0	\$0	\$0	\$0
UNIDENTIFIED CAPITAL REPLACEMENT (Up to 18% of past year deprec	\$62,126	\$102,000	\$102,000	\$102,000	\$102,000
CAPITAL REPLACEMENT SCHEDULE	\$119,881	\$119,881	\$119,881	\$122,282	\$122,282
<b>REVENUE TOTAL</b>	<b>\$244,956</b>	<b>\$221,881</b>	<b>\$234,984</b>	<b>\$224,282</b>	<b>\$224,282</b>
EXPENDITURES	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>EQUIPMENT/VEHICLE PURCHASE</b>					
CARP - ELECTRO SHOCK BOAT & EQUIP	\$7,332	\$0	\$0	\$0	\$0
FORKLIFT	\$0	\$100,000	\$0	\$0	\$0
BACKHOE	\$0	\$100,000	\$60,115	\$0	\$0
PARKING LOT SWEEPER (Boston Whaler Motor)	\$0	\$10,000	\$5,687	\$0	\$0
<b>TOTAL</b>	<b>\$7,332</b>	<b>\$210,000</b>	<b>\$65,802</b>	<b>\$0</b>	<b>\$0</b>
<b>STRUCTURES AND IMPROVEMENTS</b>					
PICNIC TABLES (RAMPS/RV PARK)	\$0	\$0	\$0	\$0	\$7,000
RV PARK UTILITY ADDITION	\$0	\$0	\$0	\$35,000	\$0
EAST RAMP PARKING LOT REPAIR/REPLACE	\$158,378	\$0	\$0	\$0	\$0
OFFICE REPLACEMENT, EAST BOAT RAMP	\$25,346	\$0	\$0	\$0	\$0
PONTOON LOGS	\$0	\$0	\$0	\$0	\$0
DATA BASE PROGRAM-dock/permits/patrol stops	\$9,620	\$0	\$0	\$0	\$0
ADMIN OFFICE FURNITURE	\$0	\$0	\$0	\$0	\$0
ACCTING OFFICE FURNITURE	\$5,509	\$0	\$0	\$0	\$0
FRONT OFFICE REMODEL	\$14,588	\$0	\$0	\$0	\$0
BOARDROOM DIAS REMODEL	\$0	\$0	\$0	\$7,500	\$0
WEST RAMP DOCKS (2 each 80')	\$0	\$120,000	\$59,392	\$0	\$0
PATROL DOCK - 2008	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$213,441</b>	<b>\$120,000</b>	<b>\$59,392</b>	<b>\$42,500</b>	<b>\$7,000</b>
<b>EXPENDITURE GRAND TOTAL</b>	<b>\$220,773</b>	<b>\$330,000</b>	<b>\$125,194</b>	<b>\$42,500</b>	<b>\$7,000</b>
YEAR-END FUND BALANCE	2009-2010 ACTUAL BALANCE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED BALANCE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>CAPITAL IMPROVEMENT FUND</b>	<b>\$271,290</b>	<b>\$194,053</b>	<b>\$381,079</b>	<b>\$562,861</b>	<b>\$780,143</b>

**BIG BEAR MUNICIPAL WATER DISTRICT  
CAPITAL REPLACEMENT SCHEDULE**

	YEAR ACQUIRED	BOOK COST	DEPRECIATED VALUE 8/30/2010	DEPRECIATION YEARS	REPLACEMENT REVIEW	REPLACEMENT COST	REQUIRED ANNUAL ACCRUAL
<b>AUTOS/TRUCKS</b>							
2010 FORD EXPLORER	2008	\$24,000	\$20,925	8	2016	\$25,338	\$3,167
2006 FORD 3/4 TON TRUCK	2006	\$27,000	\$21,144	5	2015	\$30,900	\$3,433
2003 FORD FLATBED	2003	\$26,854	\$0	8	2013	\$31,673	\$3,959
2001 FORD 1 1/2 TON 4/4	2001	\$44,573	\$0	5	2016	\$52,788	\$10,557
2007 FORD PICKUP 4X4	2007	\$25,337	\$19,187	10	2017	\$31,673	\$3,167
90 INT'L FLATBED DUMP TRUCK	1997	\$18,210	\$0	16	2013	\$31,673	\$10,557
<b>\$34,840</b>							
<b>MOBILE EQUIPMENT</b>							
2006 CATERPILLAR SKID STEER/TRAILE	2007	\$39,986	\$37,086	15	2022	\$42,230	\$2,815
89 CLARK FORKLIFT	1989	\$49,413	\$0	7	2015	\$105,575	\$13,204
2008 VOLVO TRACTOR (BACKHOE)	2010	\$60,000	\$60,000		2022	\$100,000	\$8,333
2001 HARVESTER	2001	\$94,900	\$37,169	10	2020	\$103,000	\$10,300
BACKHOE TRAILER	1998	\$4,619	\$0	7	2020	\$12,669	\$1,060
<b>\$35,712</b>							
<b>BOATS</b>							
07 BOULTON (PATROL)	2007	\$70,546	\$69,450	15	2022	\$13,725	\$915
99 JETCRAFT (PATROL)	1999	\$48,997	\$0	5	2014	\$13,725	\$2,744
95 ALUMAWELD (PATROL)	1995	\$43,521	\$0	5	2014	\$13,725	\$2,744
95 JETCRAFT (PATROL)	1995	\$39,493	\$0	5	2015	\$13,725	\$2,744
1986 CRESTLINER MAINTENANCE	1986	\$33,493	\$0	5	NA	NA	
87 ALMAR (PATROL)	1989	\$43,399	\$0	7	2012	\$13,725	\$2,744
86 PONTOON (MAINT) REHAB 1994	1986	\$10,421	\$0	10	2015	\$26,399	\$2,639
1996 EROCA PONTOON (TMDL)	2006	\$10,000	\$6,250	10	2016	\$15,841	\$1,584
<b>\$16,114</b>							
<b>STRUCTURES</b>							
PATROL DOCK	2008	\$100,000	\$95,000	25	2033	\$131,963	\$5,278
WEST RAMP DOCKS	2011	\$60,000	\$60,000	25	2036	\$100,000	\$4,000
EAST RAMP DOCKS	2007			25	2032	\$150,000	\$6,000
<b>\$35,615</b>							
<b>\$122,282</b>							

## DEBT SERVICE

DEBT SERVICE	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>PRINCIPAL</b>					
COP - 2003 SERIES (FINAL PMT 2033)	\$135,000	\$135,000	\$135,000	\$140,000	\$140,000
XEROX COPIER LEASE	\$4,537	\$4,599	\$4,987	\$4,987	\$4,984
IN-LIEU WATER PURCHASE CONTRACT	\$1,239,214	\$1,290,000	\$1,204,220	\$1,250,000	\$1,250,000
<b>PRINCIPAL TOTAL</b>	<b>\$1,378,751</b>	<b>\$1,429,599</b>	<b>\$1,344,207</b>	<b>\$1,394,987</b>	<b>\$1,394,984</b>
<b>INTEREST</b>					
COP - 2003 SERIES	\$255,601	\$256,751	\$255,601	\$256,751	\$256,751
XEROX COPIER LEASE	\$696	\$201	\$1,100	\$1,100	\$1,100
<b>INTEREST TOTAL</b>	<b>\$256,297</b>	<b>\$256,952</b>	<b>\$256,701</b>	<b>\$257,851</b>	<b>\$257,851</b>
	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>PRINCIPAL &amp; INTEREST TOTAL</b>	<b>\$1,635,048</b>	<b>\$1,686,551</b>	<b>\$1,600,909</b>	<b>\$1,652,838</b>	<b>\$1,652,835</b>

# STANFIELD MARSH IMPROVEMENT PROJECT

REVENUE	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
MITIGATION FEES/INTEREST	\$3	\$500	\$0	\$500	\$500
TRANSFER	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$3</b>	<b>\$500</b>	<b>\$0</b>	<b>\$600</b>	<b>\$500</b>
EXPENDITURES	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
SHORE PROTECTION/SIGNAGE	\$575	\$0	\$0	\$0	\$0
CONSERVATION EASEMENT FENCING	\$2,300	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$2,875</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
YEAR-END FUND BALANCE	2009-2010 ENDING BALANCE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED YEAR-END	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>TOTAL</b>	<b>\$1,505</b>	<b>\$1,577</b>	<b>\$1,505</b>	<b>\$2,005</b>	<b>\$2,505</b>

## LAKE IMPROVEMENT FUND PROJECTS

REVENUE	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>LAKE IMPROVEMENT FUND</b>					
GENERAL FUND TRANSFER	\$224,059	\$54,126	\$53,351	\$10,016	\$1,077
TMDL WORK GROUP FUNDS	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$224,059</b>	<b>\$54,126</b>	<b>\$53,351</b>	<b>\$10,016</b>	<b>\$1,077</b>
<b>PROJECT FUND BOND (COP)</b>					
COP BOND PROCEEDS/INTEREST	\$0	\$0	\$5	\$0	\$0
<b>REVENUE TOTALS</b>	<b>\$224,059</b>	<b>\$54,126</b>	<b>\$53,356</b>	<b>\$10,016</b>	<b>\$1,077</b>
EXPENDITURES	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>LAKE IMPROVEMENT FUND</b>					
LAKE IMPROVEMENT - General Expense	\$0	\$0	\$628	\$0	\$0
TROUT POND - Property Purchase	\$0	\$0	\$701,128	\$0	\$0
LAKE WEED MAPPING - Expenses	\$6,691	\$0	\$0	\$0	\$0
LAKE WEED MAPPING - Consultant	\$0	\$0	\$0	\$0	\$0
LAKE MANAGEMENT CONCEPTUAL MATERPLAN	\$26,871	\$0	\$0	\$0	\$0
COST SHARING - Santa Ana Sucker Task	\$20,000	\$0	\$32,500	\$0	\$0
FISH PURCHASE	\$0	\$0	\$5,600	\$0	\$0
HERBICIDE	\$0	\$0	\$240,000	\$0	\$0
GRANT WRITER	\$0	\$20,000	\$0	\$0	\$0
BIG BEAR MARINA DREDGE:					
BB Marina Dredge - Moffat & Nichols	\$24,467	\$15,000	\$11,706	\$0	\$0
BB Marina Dredge - MWH Sediment Sampling Plan	\$34,321	\$0	\$14,004	\$0	\$0
BB Marina Dredge - CEQA EIR	\$0	\$140,000	\$0	\$0	\$0
BB Marina Dredge - Survey - Hicks & Hartwick	\$0	\$0	\$0	\$0	\$0
BB Marina Dredge - Bathymetry - Aquatechnex	\$0	\$0	\$0	\$0	\$0
	<b>\$112,349</b>	<b>\$175,000</b>	<b>\$1,005,566</b>	<b>\$0</b>	<b>\$0</b>
<b>BOND PROJECT/DREDGE FUND (COP)</b>					
MWD HARBOR REHAB/IMPROV PROJECT	\$0	\$0	\$0	\$0	\$0
BENEFICIAL USE MAP (COP EXP)	\$47,784	\$10,000	\$0	\$0	\$0
WEATHER STATION	\$0	\$1,200	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$47,784</b>	<b>\$11,200</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>EXPENSE TOTALS</b>	<b>\$160,133</b>	<b>\$186,200</b>	<b>\$1,005,566</b>	<b>\$0</b>	<b>\$0</b>
YEAR-END FUND BALANCE	2009-2010 ACTUAL BALANCE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED BALANCE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>LAKE IMPROVEMENT FUND</b>	<b>\$1,171,582</b>	<b>\$992,040</b>	<b>\$219,367</b>	<b>\$229,383</b>	<b>\$230,460</b>
<b>COP CONSTRUCTION FUND</b>	<b>\$499,731</b>	<b>\$488,531</b>	<b>\$499,736</b>	<b>\$499,736</b>	<b>\$499,736</b>
<b>TOTAL</b>	<b>\$1,671,312</b>	<b>\$1,480,571</b>	<b>\$719,102</b>	<b>\$729,118</b>	<b>\$730,196</b>

## DAM REPAIR FUND PROJECTS

	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>DAM REPAIR FUND</b>					
<b>BEGINNING BALANCE</b>	\$902,671	\$924,675	\$1,219,651	\$1,139,193	\$1,094,209
<b>EXPENDITURES</b>					
	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>DAM REPAIR FUND</b>					
Dam Repair Expense	\$0	\$0	\$3,836	\$0	\$0
Painting Dam Buttresses	\$0	\$130,000	\$0	\$0	\$0
Flood Routing	\$0	\$0	\$0	\$0	\$0
Pedestrian Bridge- Simon Wong	\$4,500	\$100,000	\$121,002	\$0	\$0
Pedestrian Bridge- CEQA		\$0	\$0	\$0	\$0
2008 Dam Crack - Monitoring/Reporting - MWH SD Rogers	\$0	\$30,000	\$0	\$0	\$0
Dam Engineering Services - MWH (San Diego-Rogers)	\$52,998	\$60,000	\$9,057	\$55,000	\$80,000
<b>EXPENSE TOTALS</b>	<b>\$57,498</b>	<b>\$320,000</b>	<b>\$133,895</b>	<b>\$55,000</b>	<b>\$80,000</b>
<b>REVENUE</b>					
	2009-2010 ENDING REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>DAM REPAIR FUND</b>					
GENERAL FUND TRANSFER	\$374,478	\$54,126	\$53,437	\$10,016	\$1,077
<b>REVENUE TOTALS</b>	<b>\$1,277,149</b>	<b>\$54,126</b>	<b>\$53,437</b>	<b>\$10,016</b>	<b>\$1,077</b>
<b>YEAR-END FUND BALANCE</b>					
	2009-2010 ENDING BALANCE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED YEAR-END	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>DAM REPAIR FUND</b>	1,219,651.03	658,801.00	1,139,192.99	1,094,208.99	1,015,285.99

# RATHBUN CREEK RESTORATION PROJECT

REVENUE	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
RDA PASS-THROUGH (CITY OF BBL) (Agreement expires June 2018)	\$56,885	\$45,000	\$45,000	\$45,000	\$45,000
<b>TOTAL</b>	<b>\$56,885</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$45,000</b>	<b>\$45,000</b>
EXPENDITURES	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
CATCHMENT BASINS CLEAN-OUT	\$0	\$0	\$0	\$0	\$0
RATHBUN CREEK FLOW MONITORING	\$0	1,000	\$0	1,000	1,000
TROUT POND	\$0	\$0	\$0	100,000	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$0</b>	<b>\$101,000</b>	<b>\$1,000</b>
YEAR-END FUND BALANCE	2009-2010 ENDING BALANCE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED YEAR-END	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>TOTAL</b>	<b>\$462,231</b>	<b>\$495,346</b>	<b>\$507,231</b>	<b>\$451,231</b>	<b>\$495,231</b>

## CONTAMINATION CLEANUP PROJECT

FUNDING	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED REVENUE	2010-2011 PROJECTED REVENUE	2011-2012 PROPOSED REVENUE	2012-2013 FORECAST BUDGET
UNDERGROUND STORAGE TANK FUND	\$15,000	\$15,000	\$15,000	\$185,000	\$15,000
<b>TOTAL</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$185,000</b>	<b>\$15,000</b>

EXPENDITURES	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED EXPENSE	2010-2011 PROJECTED EXPENSE	2011-2012 PROPOSED EXPENSE	2012-2013 FORECAST EXPENSE
TREATMENT/MONITORING	\$17,819	\$15,000	\$201,397	\$15,000	\$15,000
FINAL CLEAN-UP/SOIL REMOVAL PROJ.	\$0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$17,819</b>	<b>\$15,000</b>	<b>\$201,397</b>	<b>\$15,000</b>	<b>\$15,000</b>

TOTAL EXPENDITURES AS OF 1998-1999 FY END	\$433,926
TOTAL EXPENDITURES AS OF 1999-2000 FY END	\$563,059
TOTAL EXPENDITURES AS OF 2000-2001 FY END	\$633,598
TOTAL EXPENDITURES AS OF 2001-2002 FY END	\$675,865
TOTAL EXPENDITURES AS OF 2002-2003 FY END	\$734,349
TOTAL EXPENDITURES AS OF 2003-2004 FY END	\$768,161
TOTAL EXPENDITURES AS OF 2004-2005 FY END	\$809,245
TOTAL EXPENDITURES AS OF 2005-2006 FY END	\$818,479
TOTAL EXPENDITURES AS OF 2006-2007 FY END	\$836,298
TOTAL EXPENDITURES AS OF 2007-2008 FY END	\$854,116
TOTAL EXPENDITURES AS OF 2008-2009 FY END	\$871,935
TOTAL EXPENDITURES AS OF 2009-2010 FY END	\$889,753
TOTAL EXPENDITURES PROJECTED AS OF 2010-2011FY END	\$1,091,150

In 1993, the San Bernardino County Environmental Health Department mandated that the three fuel tanks on the Big Bear Marina property be removed because they did not meet existing regulations. Following removal of the tanks and the subsequent installation of an above-ground tank, the surrounding area was examined for potential contamination. After the initial site assessment, it was concluded that extensive contamination existed and a workplan was prepared to address the area's groundwater contamination. Wells were subsequently installed to pump and filter the groundwater but after two years, the contamination had not been reduced to acceptable levels. In the 1997-98 fiscal year, enhanced in situ bioremediation was implemented and seven of nine monitoring wells show that cleanup has been achieved. However, in two of the well areas, benzene levels still exceed the allowable levels. The clay layer in these two areas has not been receptive to the treatment, and in 2004 the District evaluated options for project close-out. Project costs were initially covered with money from the District's general fund, but since 1998, almost all costs have been reimbursed by the SB2004 Underground Storage Tank (UST) Clean-up Fund. In an effort to further the contamination remediation progress the Santa Ana Regional Water Quality Control Board asked the District to construct a ground water collection gallery for disposal to the sewer. The project was completed in spring 2011 and is functioning as designed. Ground water quality monitoring continues as prescribed.



## INVASIVE SPECIES FUND (DOCKS)

REVENUE	2009-2010 ACTUAL REVENUE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED REVENUE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>INVASIVE SPECIES FUND</b>					
<b>ANNUAL INVASIVE SPECIES FEE PAYMENTS</b>					
FEES PAID BY DOCK OWNERS	\$82,585	\$80,000	\$78,750	\$80,000	\$80,000
<b>REVENUE TOTALS</b>	<b>\$82,585</b>	<b>\$80,000</b>	<b>\$78,750</b>	<b>\$80,000</b>	<b>\$80,000</b>
EXPENDITURES	2009-2010 ACTUAL EXPENSE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED EXPENSE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>INVASIVE SPECIES FUND</b>					
Equipment Depr	\$9,490	\$9,490	\$9,490	\$9,490	\$9,490
Herbicides	\$76,007	\$60,000	\$29,803	\$60,000	\$60,000
Application Labor	\$6,776	\$6,646	\$6,776	\$6,776	\$6,776
Training/Travel Expense		\$600	\$600	\$600	\$600
<b>EXPENSE TOTALS</b>	<b>\$92,273</b>	<b>\$76,736</b>	<b>\$46,669</b>	<b>\$76,866</b>	<b>\$76,866</b>
YEAR-END FUND BALANCE	2009-2010 END BALANCE	2010-2011 APPROVED BUDGET	2010-2011 PROJECTED BALANCE	2011-2012 APPROVED BUDGET	2012-2013 FORECAST BUDGET
<b>ENDING BALANCE</b>	<b>\$7,273</b>	<b>\$17,361</b>	<b>\$39,354</b>	<b>\$10,407</b>	<b>\$13,541</b>

RESOLUTION NO. 2011-05

**A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT TRANSFERRING FUNDS UNAPPROPRIATED AS OF JUNE 30, 2011 TO THE DISTRICT'S CONTINGENCY RESERVE ACCOUNT, AFFIRMING INVESTMENT POLICY, APPROVING THE DISTRICT'S BUDGET AND ESTABLISHING THE APPROPRIATIONS LIMIT FOR THE FISCAL YEAR COMMENCING JULY 1, 2011**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR MUNICIPAL WATER DISTRICT** as follows:

**Section 1. Contingency Reserves**

(a) The District has previously established a contingency reserve account for each discrete fund of the District. The continued existence of such contingency reserve accounts is hereby affirmed.

(b) All moneys previously appropriated to any fund of the District which are not expended as of June 30, 2010 shall be appropriated to the contingency reserve account of each respective District fund.

(c) Unless moneys are being accumulated as reserve, appropriations to the various contingency reserve accounts shall be expended for usual and necessary expenses chargeable to each of the respective funds.

**Section 2. Investment Policy**

The investment policy adopted by the District on November 7, 1996, is hereby affirmed for the fiscal year commencing July 1, 2011.

**Section 3. Budget**

The budget attached hereto and hereby incorporated by this reference as Exhibit A, is hereby approved for the fiscal year commencing July 1, 2011.

**Section 4. Appropriations Limit**

The appropriations limit of the District under California Constitution Article XIIIB for the fiscal year commencing July 1, 2011, is \$11,242,001.13

**PASSED, APPROVED AND ADOPTED this 16th day of June 2011.**

ATTEST:

  
Skip Sunay, President

  
Vicki Sheppard, Secretary to the Board

(SEAL)

**RESOLUTION NO. 2011-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF BIG BEAR  
MUNICIPAL WATER DISTRICT ESTABLISHING EMPLOYEE  
COMPENSATION AND REPEALING RESOLUTION NO. 2010-04**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR  
MUNICIPAL WATER DISTRICT** as follows:

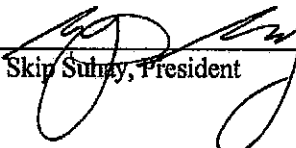
**Section 1. Purpose**

The purpose of this resolution is to establish positions of employment and employment compensation as stated in Exhibits "A" and "B" attached hereto.

**Section 2. Repeals**

Resolution No. 2010-04 is hereby repealed.

**PASSED, APPROVED AND ADOPTED** this 16<sup>th</sup> day of June, 2011

  
\_\_\_\_\_  
Skip Sundry, President

ATTEST:

  
\_\_\_\_\_  
Vicki Sheppard, Secretary to the Board

(SEAL)

**RESOLUTION NO. 2011-04  
EXHIBIT "A"  
2011 COMPENSATION PLAN**

**FULL-TIME EMPLOYEES**

POSITION	MINIMUM (Monthly)	MAXIMUM (Monthly)
GENERAL MANAGER	\$8,714	\$11,678
8,714 - 9,150 - 9,607 - 10,088 - 10,592 - 11,122 - 11,678		
LAKE MANAGER	\$5,947	\$7,970
5,947 - 6,245 - 6,557 - 6,885 - 7,229 - 7,591 - 7,970		
SR. ACCOUNTANT/HUMAN RESOURCES	\$4,481	\$6,004
4,481 - 4,705 - 4,940 - 5,187 - 5,446 - 5,718 - 6,004		
LAKE OPERATIONS SUPERVISOR	\$4,481	\$6,004
4,481 - 4,705 - 4,940 - 5,187 - 5,446 - 5,718 - 6,004		
MECHANICAL AND FACILITY TECHNICIAN	\$3,649	\$4,890
3,649 - 3,831 - 4,023 - 4,224 - 4,435 - 4,657 - 4,890		
MAINTENANCE COORDINATOR	\$3,334	\$4,469
3,334 - 3,501 - 3,676 - 3,860 - 4,053 - 4,256 - 4,469		
ADMINISTRATIVE ASSISTANT	\$3,246	\$4,350
3,246 - 3,408 - 3,579 - 3,757 - 3,945 - 4,143 - 4,350		
ACCOUNTANT I/PUBLIC INFORMATION COORDINATOR	\$3,246	\$4,350
3,246 - 3,408 - 3,579 - 3,757 - 3,945 - 4,143 - 4,350		
CUSTOMER SERVICE CLERK	\$2,564	\$3,436
2,564 - 2,692 - 2,827 - 2,968 - 3,117 - 3,273 - 3,436		
LAUNCH RAMP SUPERVISOR	\$2,564	\$3,436
2,564 - 2,692 - 2,827 - 2,968 - 3,117 - 3,273 - 3,436		

\* RESOLUTION NO. 2004-08 Section 4.104 Step Raises

(b) Employees who are at the top or above the approved pay scale and who have not received a step (merit) increase in three (3) years, shall be eligible for a five percent (5%) merit raise after performing three years of satisfactory service. Performance evaluation(s) with a satisfactory or higher rating shall be required for this merit increase. Employees at the top of the pay scale shall only be eligible for this merit increase once in any three (3) year period.

RESOLUTION NO. 2011-04

EXHIBIT "B"  
2011  
COMPENSATION PLAN

SEASONAL EMPLOYEES

<b>POSITION</b>	<b>MINIMUM (Hourly)</b>	<b>MAXIMUM (Hourly)</b>
LAKE RANGER AIDE	legal minimum wage	legal minimum wage
LAKE RANGER I 11.60 - 12.18 - 12.78 - 13.42 - 14.09 - 14.80 - 15.54	<b>\$11.60</b>	<b>\$15.54</b>
LAKE RANGER II 14.10 - 14.80 - 15.54 - 16.32 - 17.14 - 17.99 - 18.89	<b>\$14.10</b>	<b>\$18.89</b>

TEMPORARY EMPLOYEES

<b>POSITION</b>	<b>(Hourly)</b>	<b>(Hourly)</b>
GRANT COORDINATOR	\$45.00	\$45.00

**RESOLUTION NO. 96-15**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
BIG BEAR MUNICIPAL WATER DISTRICT RESTATING  
INVESTMENT POLICY AND REPEALING RESOLUTION  
NO. 96-02**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BIG BEAR  
MUNICIPAL WATER DISTRICT** as follows:

**Section 1. Purpose**

This Resolution restates and replaces prior statements of the District's investment policy.

**Section 2. Permitted Investments**

(a) The Treasurer may invest surplus monies of the District without first securing further Board approval in the following types of investments:

(1) Local Agency Investment Fund of the State of California.

(2) Time certificates of deposits issued by a nationally or state chartered bank or a state or federal association located within the State of California if secured by federal insurance or fully collateralized at 110% of principal for government securities, collateral and 150 percent of principal for first mortgage collateral. No more than 30 percent of the District's general fund investment portfolio or \$1 million, whichever is less, shall be invested in any single institution. For investments greater than \$100,000, the institution shall maintain \$100 million in assets. For investments greater than \$300,000, the institution shall maintain at least \$300 million in assets. The institution shall maintain a net worth to asset ratio of at least 2.5 percent and a positive earnings record for at least four years.

(3) United States treasury notes, bonds, bills, or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest.

(4) Passbook Saving Account secured by federal insurance or collateralized in the same manner as certificates of deposit.

(b) The Board may authorize the Treasurer to invest surplus monies of the District in the following additional types of investment:

(1) Bonds issued by the District.

(2) Registered state warrants or treasury notes or bonds of the State of California or by a department board, agency or authority of the State.

(3) Bonds, notes, warrants for other evidences of indebtedness of any local agency within this state.

(4) Obligations issued by banks or cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participation or other instruments of or issued by or fully guaranteed as to principal and interest by the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in obligations, participation or other instruments of, or issued by a federal agency, or a United States Government sponsored

enterprise.

(5) Time certificates of deposit issued by a nationally or state chartered bank or a state or federal association located outside of the State of California if secured by federal insurance.

(c) No investment shall be purchased:

(1) On margin;

(2) "Forward" or "in the future";

(3) Which are based upon foreign currency;

(4) Which are shares of beneficial interest issued by diversified management companies as described in Government Code Section 53601(t);

(5) Which are inverse floaters, range notes, interest only strips derived from a pool of mortgages or any security resulting in zero interest if held to maturity.

(d) Investments may be short-term or long-term in nature. Long-term investments are those which comply with the requirements of Government Code Sections 53601 et seq. and with a maturity date greater than five (5) years from the date of purchase. No long-term investment shall be made unless the Board has granted express authority to make that investment either specifically or as a part of an investment program no less than three months prior to the investment purchase date.

### Section 3. **Investment Procedure**

(a) In making the above investments the District shall observe the limitations contained in Government Code, including Section 53601, and stated in this resolution.

(b) The Treasurer is responsible for selecting the proper mix of investments. The primary investment goal of the District is to safeguard the principal of the fund. The secondary investment goal is to meet liquidity needs of the District. The third investment goal is to achieve return on investment.

(c) When deposits or investments owned by the District mature or when other monies are available for investment or deposit, the monies may be deposited or invested in the Local Agency Investment Fund or other permitted investments.

(d) All investments shall be held in the name of the District. All investment documents shall be held for safekeeping in the District vault or in a depository approved by the Board. The Board shall, from time to time, execute such documents as are necessary to provide evidence of the Treasurer's trading authority as set forth in this resolution.

### Section 4. **Reports**

(a) The Treasurer shall present quarterly reports on investments to the General Manager and Board of Directors. The report shall show: the type of investment; date of investment; how title is held; institution; date of maturity; par value; amount of each investment; current market value for all securities with a maturity of more than 12 months; rate of interest; confirmation that each investment is consistent with this investment policy; information showing expenditure requirements can be met in the following quarter and specify which investments were made pursuant to Government Code Section 53601(i), 53601.1 and 53635(i). For money managed by LAIF, a county investment pool or placed in FDIC insured accounts, the Treasurer may use the statement from these institutions in

lieu of separate report.

(b) The Treasurer and District Counsel (hereinafter collectively "investment review committee") shall review all investments held by the District semi-annually on or about January 1 and July 1 of each year.

(c) This investment policy shall be reviewed annually or more often, as necessary. The Treasurer shall annually recommend a statement of investment policy. The Board shall consider the Treasurer's recommendation at a public meeting.

**Section 5. Transitional Rules**

Investments held by the District as of the date of this resolution which are contrary to the terms of this resolution shall be divested by the Treasurer, provided, investments which cannot be divested immediately without loss of earnings shall be divested at maturity.

**Section 6. Other**

(a) All transactions described herein shall be accomplished by the designated officer only in the name of the District. Action by the Board is required for each transaction unless otherwise indicated above. All withdrawals shall be supported by receipts which indicate the purpose of the withdrawal, the amount and the District employee responsible for the withdrawal.

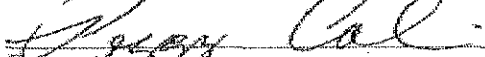
(b) Any officer may receive non-negotiable instruments on behalf of the District. Such instrument shall be remitted to the Treasurer for handling.

(c) Resolution No. 96-02 is hereby repealed.

PASSED, APPROVED AND ADOPTED this 7th day of November 1996.

  
President

ATTEST:

  
Secretary