



**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
REGULAR MEETING AGENDA  
FEBRUARY 2, 2021 – 4:30 P.M.**

**BOARD OF DIRECTORS**

Chair Bynette Mote  
Vice Chair Alan Lee  
Board Member Dave Caretto  
Board Member Rick Herrick  
Board Member Randall Putz

**STAFF**

Fire Chief Jeff Willis  
Assistant Chief/Fire Marshal Mike Maltby  
District Counsel Stephen Deitsch  
Senior Finance Officer Kristin Mandolini  
Board Secretary Dawn Marschinke

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**NOTICE IS HEREBY GIVEN**, that the Big Bear Lake Fire Protection District will conduct a Regular Meeting on February 2, 2021, at 4:30 p.m. pursuant to Governor Newsom’s Executive Orders N-25-20 and N-29-20. The members of the Big Bear Lake Fire Protection District Board and the public shall participate in this meeting via teleconference; there is no in-person meeting location for this meeting. Public comment may be submitted by email as described below. This meeting is being called pursuant to Section 54953 of the Government Code of the State of California.

The Public may observe this meeting by:

- Calling (669) 900-6833 or;
- Join Zoom Meeting online at <https://us02web.zoom.us/j/84125197068?pwd=cDFxbDVaY2RxbXFpN3BsT1l1dkNWUT09>
- Meeting ID: 841 2519 7068
- Passcode: 446588

This meeting will be recorded. Contact the Board Secretary to receive a copy of the recording.

**AGENDA**

**OPEN SESSION**

**CALL TO ORDER**

**MOMENT OF SILENCE / PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**Please Note: The Chair may, at his or her discretion, take items out of order at the meeting in order to facilitate the business of the Board and/or for the convenience of the public.**

**ANNOUNCEMENTS & UPCOMING EVENTS**

The Fire Authority's Administrative Office will be closed on Monday, February 15, 2021, in observance of Presidents' Day and will reopen on Tuesday, February 16, 2021.

**PRESENTATIONS** - None

**GENERAL PUBLIC COMMENT:**

*Members of the public who wish to comment on topics not included on the agenda or comment on agenda items are invited to submit comments via email to [publicmeetingcomments@bigbearfire.org](mailto:publicmeetingcomments@bigbearfire.org) on or before Tuesday, February 2, 2021, at 2:00 p.m. Please limit comments to 300 words or less. If your comment is related to a specific Agenda item, please identify the Agenda item in the subject of your email.*

**CONSENT CALENDAR**

- FP1. Approval of Meeting Minutes from the October 6, 2020, Regular Meeting of the Big Bear Lake Fire Protection District**

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

**PUBLIC HEARING** - None

**DISCUSSION/ACTION ITEMS**

- FP2. FY 2019-2020 Audit Reports for Big Bear Lake Fire Protection District**

Board consideration to receive and file the Lance, Soll & Lunghard, LLP, FY 2019-2020, Big Bear Lake Fire Protection District Audit reports.

Speaker: Kristin Mandolini, Sr. Finance Officer

**ADJOURNMENT**

I hereby certify under penalty of perjury, under the laws of the State of California, that the foregoing agenda was posted in accordance with the applicable legal requirements. Dated this 27th day of January 2021.



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Dawn E. Marschinke, Board Secretary

*The Big Bear Lake Fire Protection District wishes to make all of its public meetings accessible to the public. If you need special assistance to participate in this meeting, please contact Board Secretary Dawn Marschinke at 909/866-7566. Notification 48 hours prior to the meeting will enable the Fire District to make reasonable arrangements to ensure accessibility to this meeting.*

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**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
MINUTES FOR THE MEETING OF  
OCTOBER 6, 2020**

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A Regular Meeting of the Big Bear Lake Fire Protection District was called to order by Chairman Caretto at 4:34 p.m., Tuesday, October 6, 2020 via Teleconference pursuant to Governor Newsom's Executive Orders N-25-20 and N-29-20.

Board Members Present:                      Chairman David Caretto  
    Vice Chairman Rick Herrick  
    Director Bill Jahn  
    Director Bob Jackowski  
    Director Randall Putz

Others Present:                                      Jeff Willis, Fire Chief  
   Mike Maltby, Assistant Chief  
   Kristin Mandolini, Senior Finance Officer  
   Dawn Marschinke, Board Secretary

**ANNOUNCEMENTS**

The Fire Protection District's Administrative Office will be closed:

- Wednesday, November 11, 2020 in observance of Veterans Day and will re-open on Thursday, November 12, 2020 at 8:00 a.m.
  
- Thursday, November 26, 2020 in observance of Thanksgiving and will re-open on Monday, November 30, 2020 at 8:00 a.m.

**PRESENTATIONS**

None

**PUBLIC COMMUNICATIONS**

None

**CONSENT CALENDAR**

**FP1. Approval of Meeting Minutes from the June 2, 2020, Regular Meeting of the Big Bear Lake Fire Protection District**

Motion by Director Jahn, seconded by Director Jackowski to approve the Consent Calendar as follows:

AYES: Jackowski, Jahn, Herrick, Putz, and Caretto  
NOES: None  
ABSENT: None  
ABSTAIN: None

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

None

**PUBLIC HEARINGS**

None

**DISCUSSION/ACTION ITEMS**

**FP2. Fire Protection District 2021 Meeting Calendar**

Board consideration of approving the proposed 2021 Regular Board Meeting Calendar.

Speaker: Dawn Marschinke, Board Secretary

**Action:** Motion by Director Putz; seconded by Director Jackowski to approve staff recommendation, and was approved by the following vote:

AYES: Herrick, Putz, Jackowski, and Caretto  
NOES: None  
ABSENT: None  
ABSTAIN: Jahn

**DIRECTORS COMMENTS**

Vice Chairman Herrick announced the unveiling of the Dick Kun bronze statue on October 24, 2020, as well as the VIP Soft Grand Opening of the new Zoo location on November 5, 2020. He also commented that he was looking forward to the November election.

Director Putz said he would be attending the League of California Cities meeting and will report back to the Board.

**ADJOURNMENT**

There being no further business to come before the Fire Protection District at this session, Chairman Caretto adjourned the meeting at 4:39 p.m.

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Dawn Marschinke  
Board Secretary



# BIG BEAR FIRE AUTHORITY AGENDA REPORT

Item No. FP2

**MEETING DATE:** February 2, 2021

**TO:** Chairman and Directors of Big Bear Lake Fire Protection District

**FROM:** Jeff Willis, Fire Chief *JW*

**PREPARED BY:** Kristin Mandolini, Treasurer, Senior Finance Officer *KM*

**SUBJECT:** **FY 2019-2020 AUDIT REPORTS FOR BIG BEAR LAKE FIRE PROTECTION DISTRICT**

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## **BACKGROUND**

Auditing firm Lance, Soll & Lunghard, LLP was engaged to complete the 2019-2020 Financial Audit for Big Bear Lake Fire Protection District. Interim audit work and testing were completed in May and field work and testing were completed in September. The finalized audit was completed on November 23, 2020, and is included in the February 2, 2020, Board Packet for review.

## **DISCUSSION**

No deficiencies or material weaknesses were identified in the Financial Statements or practices.

## **RECOMMENDATION**

Staff recommends the Board members receive and file the Lance, Soll & Lunghard, LLP, FY 2019-2020, Big Bear Lake Fire Protection District Audit reports.

ATTACHMENT A: FY 2019-2020 Fire Protection District Audited Financials



# BIG BEAR LAKE FIRE PROTECTION DISTRICT A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA

JUNE 30, 2020

FINANCIAL STATEMENTS

Focused  
on YOU



BIG BEAR LAKE FIRE PROTECTION DISTRICT

A COMPONENT UNIT OF THE  
CITY OF BIG BEAR LAKE, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2020

PREPARED BY:

FINANCE DIVISION



BIG BEAR LAKE FIRE PROTECTION DISTRICT

A COMPONENT UNIT OF THE  
CITY OF BIG BEAR LAKE, CALIFORNIA

JUNE 30, 2020

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Big Bear Lake Fire Protection District, (the "District"), a component unit of the City of Big Bear Lake, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

### **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 the general fund of the Big Bear Lake Fire Protection District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedule for the general fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budgetary comparison schedule for the general fund in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Solt &amp; Lughard, LLP".

Brea, California  
November 23, 2020

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2020**

	<u>General Fund</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Position</u>
<b>Assets:</b>			
Capital assets, not being depreciated	\$ -	\$ 555,237	\$ 555,237
Capital assets, net of depreciation	-	2,412,676	2,412,676
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 2,967,913</b>	<b>\$ 2,967,913</b>
<b>Fund Balance:</b>			
Restricted for public safety	\$ -	\$ -	\$ -
<b>Total Fund Balance</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>
<b>Net Position:</b>			
Investment in capital assets		2,967,913	2,967,913
<b>Total Net Position</b>		<b>\$ 2,967,913</b>	<b>\$ 2,967,913</b>

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**STATEMENT OF ACTIVITIES AND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund	Reclassifications and Eliminations	Statement of Activities
<b>Revenues:</b>			
Taxes	\$ 6,227,191	\$ -	\$ 6,227,191
Intergovernmental	9,744	(9,744)	-
<b>Total Revenues</b>	<b>6,236,935</b>	<b>(9,744)</b>	<b>6,227,191</b>
<b>Expenditures:</b>			
Current:			
Public safety	6,227,191	162,855	6,390,046
<b>Total Expenditures</b>	<b>6,227,191</b>	<b>162,855</b>	<b>6,390,046</b>
Excess of Revenues over Expenditures	9,744	(172,599)	(162,855)
<b>Other Financing Sources (Uses):</b>			
Transfer to City of Big Bear Lake	(347,295)	-	(347,295)
<b>Total Other Financing Sources:</b>	<b>(347,295)</b>	<b>-</b>	<b>(347,295)</b>
Special item	(74,181)	-	(74,181)
Net Change in Fund Balance	(411,732)	(172,599)	(584,331)
Fund Balance/Net Position at the Beginning of the Year	411,732	3,140,512	3,552,244
<b>Fund Balance/Net Position at the End of the Year</b>	<b>\$ -</b>	<b>\$ 2,967,913</b>	<b>\$ 2,967,913</b>

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**Note 1: Reporting Entity and Significant Accounting Policies**

**a. Reporting Entity**

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

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

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

**b. Government-Wide and Fund Financial Statements**

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

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

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

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

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

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

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

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

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

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

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

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

**d. Assets, Liabilities and Net Position or Equity**

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. As of June 30, 2020, the District does not hold any investments.

Receivables and Payables

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. The District defined capital assets as assets with an initial, individual cost of more than \$7,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of acquisition.

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

Addition of a major component (over \$7,500) to an existing fixed asset that increases its usability or value is considered to be a fixed asset addition to the original asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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



**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

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

Long-Term Obligations

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

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

Fund Equity

In the fund financial statements, government funds report the following fund balance classifications:

Non-spendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the Board of Directors or City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a minute action or a resolution.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The Director of Administrative Services is authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

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

Functional Classifications

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

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

Property Tax

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the District. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31.

Property taxes are passed from the District to the joint venture entity, Big Bear Fire Authority (the "Authority"), as a part of the merger between the two entities.

**Note 2: Reconciliation of Government-Wide and Fund Financial Statements**

**a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reclassifications and eliminations column between fund balance and net position as reported in the statement of net position. One element of that reconciliation is that capital assets used in governmental activities are not financial resources and, therefore, are not reported in the general fund. The District reported a total of \$2,967,913 in capital assets in the current period (refer to Note 3).

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

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reclassifications and eliminations column between the elements that comprise the changes in fund balance and the changes in net position as reported in the statement of activities. One element of that column is that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The District reported a total depreciation expense of \$162,855 in the current period (refer to Note 3).

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

**Note 2: Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

Another element of that column is that revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the general fund. The District reported a deferred inflow or resources in the prior year related to grant funding received outside of the availability period in the amount of \$9,744. The revenue was recognized in the general fund during the current period, however it was recognized in the statement of activities in the prior period, as such it was eliminated from the statement of activities.

The final element of that column is that net position related to net effect of the beginning balances of the two items (capital assets and unavailable revenues) described above is not reported in the governmental fund statement of revenues, expenditures, and changes in fund balances. The net effect was \$3,140,512 for the current period.

**Note 3: Capital Assets**

A summary of changes in capital assets for fiscal year ended June 30, 2020, is as follows:

	Beginning Balance July 1, 2019	Increases	Decreases	Ending Balance June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 555,237	\$ -	\$ -	\$ 555,237
Total Capital Assets, Not Being Depreciated	<u>555,237</u>	<u>-</u>	<u>-</u>	<u>555,237</u>
Capital assets, being depreciated:				
Structures	3,232,152	-	-	3,232,152
Equipment	2,423,270	-	-	2,423,270
Total Capital Assets, Being Depreciated	<u>5,655,422</u>	<u>-</u>	<u>-</u>	<u>5,655,422</u>
Less accumulated depreciation:				
Structures	1,222,659	64,643	-	1,287,302
Equipment	1,857,232	98,212	-	1,955,444
Total Accumulated Depreciation	<u>3,079,891</u>	<u>162,855</u>	<u>-</u>	<u>3,242,746</u>
Total Capital Assets, Being Depreciated, Net	<u>2,575,531</u>	<u>(162,855)</u>	<u>-</u>	<u>2,412,676</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,130,768</u>	<u>\$ (162,855)</u>	<u>\$ -</u>	<u>\$ 2,967,913</u>

Depreciation expense for the year was \$162,855, allocated to the public safety function of the statement of activities.

**Note 4: Transfer to the City of Big Bear Lake**

During the current period, the City opened a new fund to record development impact fees related to fire suppression, which were previously recorded within the District's general fund. As these activities are no longer performed by the District, the resources held by the District for those funds were transferred to the City's new fund which now reports those development impact fees. The total amount of the transfer was \$347,295.

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

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**Note 5: Liability, Workers' Compensation, and Purchased Insurance**

The District is covered under the City of Big Bear Lake's insurance policies with the California Joint Powers Insurance Authority. Therefore, the limitation and self-insured retentions applicable to the City of Big Bear Lake also apply to the District. Additional information as to coverage and self-insured retentions can be obtained by contacting the City.

**Note 6: Joint Venture Organization**

The District is a member of the Big Bear Fire Authority (Authority). The Authority was formed in 2012 under the California Joint Exercise of Powers Act to merge the Big Bear Fire Protection District and the Big Bear City Community Services District's fire agencies under one umbrella and provide fire protection and prevention services in the Big Bear Valley area of San Bernardino County.

The Board consists of ten directors, including the elected or appointed members of the boards of directors of the participating agencies. The term of office of each director shall be concurrent with that director's term of office on the participating agency's board of directors.

The District does not have an equity interest in the Authority. However, the District passes through property tax assessments it receives to the Authority, for the Authority to provide fire safety services to the District.

Below are the most currently available condensed audited financial statements of the Authority as of June 30, 2019. Separate financial statements of the Authority are available from its offices at the Big Bear Fire Department located at 41090 Big Bear Blvd., Big Bear Lake, California, 92315.

	<u>Total</u>
Assets	\$ 8,930,259
Deferred Outflows of Resources	19,245,802
Liabilities	(34,169,055)
Deferred Inflows of Resources	<u>(2,162,728)</u>
Net Position	<u>\$ (8,155,722)</u>
Revenues	\$ 15,120,041
Expenses	<u>18,894,277</u>
Change in Net Position	(3,774,236)
Net Position - Beginning of Year	<u>(4,381,486)</u>
Net Position - End of Year	<u>\$ (8,155,722)</u>

**Note 7: Commitments and Contingencies**

The District is subject to litigation arising in the normal course of business. In the opinion of legal counsel there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2020**

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**Note 8: Special Item**

During the year, the District completed all grant activities that it previously performed under existing grant agreements. As part of the merger process with the Big Bear Fire Authority, the District transferred remaining assets related to grant activities being transferred to the Authority. The total amount of assets transferred to the Authority as part of the wind-down of District operations was \$74,181.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary Fund Balance, July 1</b>	\$ 411,732	\$ 411,732	\$ 411,732	\$ -
<b>Resources (Inflows):</b>				
Taxes	5,506,100	5,506,100	6,227,191	721,091
Intergovernmental	-	-	9,744	9,744
<b>Amounts Available for Appropriations</b>	<b>5,917,832</b>	<b>5,917,832</b>	<b>6,648,667</b>	<b>730,835</b>
<b>Charges to Appropriations (Outflows):</b>				
Public safety	5,506,100	5,506,100	6,227,191	(721,091)
Transfer to the City of Big Bear Lake	-	-	347,295	(347,295)
Special item	-	-	74,181	(74,181)
<b>Total Charges to Appropriations</b>	<b>5,506,100</b>	<b>5,506,100</b>	<b>6,648,667</b>	<b>(1,142,567)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 411,732</b>	<b>\$ 411,732</b>	<b>\$ -</b>	<b>\$ (411,732)</b>

The notes to required supplementary information are an integral part of this schedule.

**BIG BEAR LAKE FIRE PROTECTION DISTRICT  
A COMPONENT UNIT OF THE CITY OF BIG BEAR LAKE, CALIFORNIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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**Note 1: General Budget Policies**

1. The annual budget adopted by the District Board of Directors provides for the general operation of the District. It includes proposed expenditures and the means of financing them.
2. The District Board of Directors approves total budgeted appropriations and any amendments to appropriations throughout the year. This appropriated budget covers District expenditures in the General Fund. Actual expenditures may not exceed budgeted appropriations at the function level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year-end lapse, and then are added to the following years budgeted appropriations.
4. The budget for the General Fund is adopted on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Based on calculations by District Management, proceeds of taxes did not exceed related appropriations for the fiscal year ended June 30, 2020. Furthermore, Section 5 of Article XIII B allows the District to commit a portion of fund balance for general contingencies to be used in future years without limitation.