



# Big Bear Fire Authority

**BIG BEAR FIRE AUTHORITY  
NOTICE & AGENDA OF FINANCE COMMITTEE MEETING  
JULY 9, 2024  
10:00 A.M.**

To: Director Rick Herrick  
Director Bob Rowe  
Vice Chair Kendi Segovia

Fire Chief Jeff Willis  
Assistant Chief/Fire Marshal Luke Wagner  
Director of Business Services Kristin Mandolini  
Board Secretary Chardelle Smith  
Authority Counsel Joey Sanchez  
Local Media

CC: Board Chair Larry Walsh  
Director Perri Melnick  
Director Randall Putz  
Director John Russo  
Director Al Ziegler

NOTICE IS HEREBY GIVEN, that a meeting of the Finance Committee of Big Bear Fire Authority will be held on Tuesday, July 9, 2024, at 10:00 a.m. This meeting will be held in the Emergency Operations Conference Room at Big Bear Fire Department located at 41090 Big Bear Boulevard, Big Bear Lake, California; said meeting being called pursuant to Section 54956 of the Government Code of the State of California for the purpose of considering the following matters:

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**OPEN SESSION**

**CALL TO ORDER**

**MOMENT OF SILENCE / PLEDGE OF ALLEGIANCE**

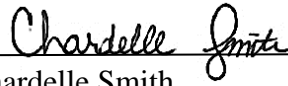
**ROLL CALL**

**DISCUSSION ITEMS**

- 1. Memorandum of Understanding between Big Bear City Community Services District and Big Bear Fire Authority**
- 2. Possible Future Tax Revenue Anticipation Note from City of Big Bear Lake and Big Bear City Community Services District**
- 3. Reserve Policy**

**ADJOURN**

I hereby certify under penalty of perjury, under the laws of the State of California, the foregoing agenda was posted in accordance with the applicable legal requirements. Dated this 3rd day of July, 2024.

  
\_\_\_\_\_  
Chardelle Smith  
Board Secretary

*The Big Bear Fire Authority 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 Chardelle Smith at 909-866-7566. Notification prior to the meeting will enable the Fire Authority to make reasonable arrangements to ensure accessibility to this meeting.*



# BIG BEAR FIRE AUTHORITY AGENDA REPORT

Item No. 1

**MEETING DATE:** July 9, 2024

**TO:** Big Bear Fire Authority Finance Committee

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

**SUBJECT:** **MEMORANDUM OF UNDERSTANDING BETWEEN BIG BEAR CITY COMMUNITY SERVICES DISTRICT AND BIG BEAR FIRE AUTHORITY**

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## **BACKGROUND**

This discussion was brought to the full board at the June 11, 2024 Regular Board meeting where the board directed to have the Finance Committee discuss in further detail.

The consolidation of Big Bear City Fire Department and Big Bear Lake Fire Protection District began in 2012 and completed in 2018. Through legal counsel of Big Bear City Community Services District (CSD) and Big Bear Fire Authority, it was determined that certain statutory requirements of the CSD could not be transferred to the Fire Authority. These items were discussed at staff, committee, and board level.

As a result, staff created an internal administrative process as to which agency was going to be responsible for what functions and associated cost to do so. This administrative process has been reevaluated on two occasions in which some items were completed and no longer necessary. The costs for performing these functions were also adjusted.

There remains a land purchase loan made by CSD enterprise departments to the Fire Department paid at \$2,500 annually and a land use payment for the Fire Department training center at \$1,500 annually. These costs are included in the total annual cost for CSD administrative services of \$31,200.

This process was documented by Mary Reeves, CSD manager, before her departure in memo form dated September 8, 2023 (attachment A).

## **DISCUSSION**

The CSD desires to formalize this administrative process through memorandum of understanding which has been provided by current CSD manager Glenn Jacklin (attachment B).

## **FISCAL IMPACT**

Cost is included in the 2024/25 Fire Authority Budget at \$31,200 annually.

Title  
July 9, 2024  
Page 2

**RECOMMENDATION**

Staff recommends the Finance Committee discuss and provide further direction to staff

Attachment A: Memo signed by Mary Reeves

Attachment B: MOU Between BBCCSD and BBFD



September 8, 2023

RE: Fire Administrative Fee due to Big Bear City CSD

Chief Willis and Fire Authority Board,

When the Big Bear Fire Authority was formed, discussions regarding duties performed by staff at the Big Bear City Community Services District were had that resulted in an annual payment of \$31,200 from the Big Bear Fire Authority to the Big Bear City Community Services District.

The annual payment of \$31,200 includes an administrative fee for duties performed by Big Bear City Community Services District staff, a Fire Department land loan purchase reimbursement, and a lease payment for use of the Paradise Yard for the Big Bear Fire Authority Training Center.

To memorial those discussions, staff prepared the attached list of duties, along with the 2022 burdened rate for the staff members performing duties related to the Fire Department. Also attached is a Fire Land Loan repayment schedule, the annual payment is \$2,500. The annual lease payment for the use of Paradise Yard is \$1,500.

Over time, the list of duties performed by Big Bear City Community Services District staff should diminish and the Fire Land loan will be fully paid off. The annual lease payment for the use of Paradise Yard will continue until the Training Center is relocated.

Staff at the Big Bear City Community Services District are always available to discuss and negotiate solutions that benefit both the District and the Fire Authority.

Sincerely,

*Mary T. Reeves*

Mary Reeves  
General Manager, Big Bear City Community Services District

Current Admin Fee \$ 31,200

Employee	Rate	Hrs/Month	Hrs/Year	Total
General Manager	\$ 181.64	0.5	6	\$ 1,090
Finance Officer	\$ 87.75	9	108	\$ 9,477
HR Manager/Board Secretary	\$ 102.99	9	108	\$ 11,123
Financial Analyst	\$ 85.01	4.5	54	\$ 4,645
Administrative Manager/Front Office	\$ 102.99	1	12	\$ 1,236
				\$ 27,570

Land Loan \$2,500 Per Year - Included in the \$31,200  
 PY Usage \$1,500 Per Year - Included in the \$31,201

Total \$ 31,570

**Current Duties**

- Retiree OPEB/CERBIT/LIAL
- CalPERS Data Extract for OPEB Valuation
- Monthly LIAL Administration
- Review and pass SANN Limit
- Include Fire in the CSD Audit
- Cash Management/Online Payments
- State Comptroller's report
- Side Fund Loan Administration
- Maintain FD Fixed Assets
- Tax collection/distribution
- Sorting of Incoming Mail
- Vault Storage of Documents
- Paradise Yard Usage (\$1500/year)
- Track Land Loan (\$2,500/year owed to Enterprise Depts.)
- Monthly Health Payments to CalPERS for Retirees
- CalPERS Service Prior to Membership Requests

**Removed Duties**

- Fuel Surcharge
- Fuel Keys
- COBRA
- GEMT Audit Assistance
- Include Fire in the CSD Budget
- Receive Residual Amb. Accounts Receivable

## LAND PURCHASES BY DEPT

	<u>Water</u>	<u>Sewer</u>	<u>SW</u>	<u>Fire</u>
Lane Property 1989-90 (Fire Station #282)	31,278	31,278	31,278	78,023
Lane Property Allocation 1993 (Fire Station #282)	6,477	2,477	6,477	16,158
	<b>\$ 37,755</b>	<b>\$ 33,755</b>	<b>\$ 37,755</b>	<b>\$ 94,181</b>
	<b>\$ 37,755</b>	<b>33,755</b>		
	<b>37,755</b>	<b>WATER</b>		
	<b>\$ 109,265</b>	<b>SEWER</b>		
<b>Water, Sewer Solid Waste (Lane Property)</b>		<b>SOLID WASTE</b>		
		<b>(A) TOTAL PAID BY ENTERPRISE FOR FIRE STATION LAND</b>		

	<u>Water</u>	<u>Sewer</u>	<u>SW</u>	<u>Fire</u>
Roberts Property 125 E. Big Bear Blvd	33,341	33,341	14,289	14,289
Property 121 E. Big Bear Blvd	21,397	21,397	9,170	9,170
W. Baldwin Lake - Hamilton Ranch	137,550	45,850	45,850	45,850
	<b>\$ 192,287.95</b>	<b>\$ 100,588.15</b>	<b>\$ 69,309.15</b>	<b>\$ 69,309.15</b>
<b>Due to Fire from Enterprise Departments</b>	<b>\$ 69,309.15</b>	<b>(B) TOTAL PAID BY FIRE FOR ENTERPRISE/GEN FUND LAND</b>		
<b>Due from Fire to Enterprise Departments (A) - (B)=</b>	<b>\$ 39,956</b>			

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for FY 2021/22 REMAINING DUE = \$85,000  
 2500 / yr in the \$31,200

Payment Schedule

Fire Land Use Agreement

05.1260 - Amounts Due From Fire

0% interest

Date	AR balance	Payment amount	AR balance remaining	Paid	Date
4/30/2020	34,956.00	2,500.00	32,456.00	2,500.00	4/30/2020
4/30/2021	32,456.00	2,500.00	29,956.00	2,500.00	4/15/2021
4/30/2022	29,956.00	2,500.00	27,456.00	2,500.00	7/22/2021
4/30/2023	27,456.00	2,500.00	24,956.00	2,500.00	6/16/2022
4/30/2024	24,956.00	2,500.00	22,456.00		
4/30/2025	22,456.00	2,500.00	19,956.00		
4/30/2026	19,956.00	2,500.00	17,456.00		
4/30/2027	17,456.00	2,500.00	14,956.00		
4/30/2028	14,956.00	2,500.00	12,456.00		
4/30/2029	12,456.00	2,500.00	9,956.00		
4/30/2030	9,956.00	2,500.00	7,456.00		
4/30/2031	7,456.00	2,500.00	4,956.00		
4/30/2032	4,956.00	2,500.00	2,456.00		
4/30/2033	2,456.00	2,456.00	-		



**MEMORANDUM OF UNDERSTANDING BETWEEN  
BIG BEAR CITY COMMUNITY SERVICES DISTRICT  
AND  
BIG BEAR FIRE AUTHORITY**

This Memorandum of Understanding (“MOU”) is dated \_\_\_\_\_, 2024 (the “Effective Date”) and is made by and between the Big Bear City Community Services District, a community services district existing under California law (“BBCCSD”), and the Big Bear Fire Authority, a joint powers authority existing under California law (“BBFA”). BBCCSD and BBFA are jointly referred to as the “Parties,” and individually as “Party.”

**RECITALS**

**WHEREAS**, BBCCSD is a district duly organized and existing under and pursuant to the Community Services District Law, Section 61000 et seq. of the California Government Code; and

**WHEREAS**, BBCCSD and the Big Bear Lake Fire Protection District (“FPD”) are each authorized to provide emergency and fire prevention and protection services, and medical aid services, in their respective service areas; and

**WHEREAS**, March 14, 2012, BBCCSD and FPD entered into a certain Shared Services Agreement to contract for the services of a Joint Fire Chief, combine and share fire administrative services and various fire operations personnel, and share fire prevention and suppression equipment for cost-saving purposes; and

**WHEREAS**, BBFA is a joint exercise of powers authority formed between BBCCSD and FPD pursuant to that certain Joint Exercise of Powers Agreement, dated June 12, 2012, as such agreement may be amended from time to time (“Joint Powers Agreement”) and

**WHEREAS**, BBFA was formed (in part) for the purpose of creating a framework for joint consolidation, combination, sharing, employment, hiring, retention, release, management, and administration of fire and medical administrative services personnel, operations personnel, and other personnel necessary to provide such services; and

**WHEREAS**, pursuant to the Joint Powers Agreement and Shared Services Agreement, BBFA, and BBCCSD agreed that various administrative functions required by BBFA would be performed by BBCCSD; and

**WHEREAS**, BBFA has been invoiced annually for the Administrative Services, Land Use Loan repayment, and a Use of Facilities fee; and

**WHEREAS**, the Parties wish to memorialize the terms under which they will cooperate by means of this MOU for Administrative Services, Land Use Loan repayment, and a Use of Facilities (Uoff) fee provided to BBFA by BBCCSD.

**NOW, THEREFORE,** to facilitate the reimbursement of these various functions performed by BBCCSD for BBFA, the Parties agree to the following terms and conditions:

## AGREEMENT

**1. INCORPORATION OF RECITALS.** The recitals above are true and correct and are hereby incorporated herein by this reference.

**2. BBCCSD OBLIGATIONS.**

a. Administrative Services.

BBCCSD will continue to perform services listed below (the “Administrative Services”):

- (i) Retiree OPEB/CERBT/UAL
- (ii) CalPERS Data Extract for OPEB Valuations
- (iii) UAL Administration
- (iv) Review and pass the GANN limit
- (v) Include BBFA in BBCCSD Audit to the extent that the Accounting operations are performed by BBCCSD.
- (vi) Cash management / Online payments
- (vii) State Controller’s Report (SCO) to the extent that the Accounting operations are performed by BBCCSD.
- (viii) Side Fund Loan Administration
- (ix) Maintain BBFA Fixed Assets
- (x) Tax collection and distribution
- (xi) Sorting of incoming mail
- (xii) Vault storage of documents
- (xiii) Monthly Health payments to CalPERS for Retirees.
- (xiv) Assignment of annual Fire Tax and Appropriations Resolutions numbers and placement for adoption at the BBCCSD regular Board meeting
- (xv) Paid Call Firefighter CalPERS Service Prior to Membership Reporting
- (xvi) Retiree/Terminated Big Bear City Fire employee’s 457 Plan Administrator

b. Obligation.

BBCCSD agrees and will continue to perform the Administrative Services outlined in this Section 2 for BBFA for as long as BBFA is legally mandated to provide them and is unable to meet those obligations on its own. BBCCSD agrees to assign staff efficiently and effectively to perform the Administrative Services in order to accurately control costs.

c. Invoicing.

BBCCSD shall invoice BBFA annually on March 30th, for a sum of \$31,200 (NET 30 days). Such invoices shall include the cost of Administrative Services, a Land Use Loan Payment,

and a Use of Facility Payment as described below.

(i) Administrative Services will be provided by BBCCSD in the amount of \$27,200.00, (included in the total, Section 2. a) that includes, but is not limited to, the general description of services such as staff time, accounts payable and receivable, tax apportionment, audit services, and CalPERS services.

(ii) A Land Use Loan payment in the annual amount of \$2,500.00 (included in total, Section 2. a) with a balance of \$34,956.00 as of March 30, 2020, that will be fully repaid if all annual payments are met, upon payment of the March 30, 2033, invoice. The Land Use Loan Payment is described more particularly in Exhibit "A", attached hereto, and incorporated herein by this reference.

(iii) A Use of Facility (Uoff) payment in the annual amount of \$1,500.00 for the use of the Paradise Yard Area for the housing of the Fire Training Facility, and access to the area. The Paradise Yard Area is more particularly described in Exhibit "B", attached hereto, and incorporated herein by this reference. BBFA acknowledges that the Use of Facility Payment shall not cover the costs of repairing the Paradise Yard Area caused by BBFA's use. Such costs shall be negotiated separately between the Parties if required.

d. Review of Invoices.

Upon Party request or on the anniversary date of the second, fourth, sixth, and eighth year of the Effective Date of this MOU, BBCCSD's invoices shall be reviewed to accurately capture:

- (i) Staff time required to perform administrative services
- (ii) Staff's productive hourly rate while performing the administrative services
- (iii) To update the payment schedule for the Land Use Loan showing payments made, the remaining balance, the projected completion date, and
- (iv) Any changes to the Use of Facility payment amount.

**3. BBFA OBLIGATIONS.**

a. Payment to BBCCSD.

BBFA hereby agrees to pay the amounts for the Administrative Services, Land Use Loan, and Use of Facility Payment as described in Section 2(c) of this MOU. BBFA hereby acknowledges and agrees that the description and amounts for the Administrative Services, Land Use Loan, and Use of Facility Payment in Section 2(c) accurately reflect BBFA's payment obligations under this MOU. BBFA hereby agrees to pay any invoices that it receives from the BBCCSD according to this MOU within thirty (30) days of receipt.

b. Training Room Ownership.

BBFA hereby acknowledges and agrees that the Training Room, located in the Paradise Yard Area, as described in Exhibit "B", is owned by BBCCSD.



TO THE BBCCSD:                   Big Bear City Community Services District  
  P.O. Box 558  
  139 East Big Bear Boulevard  
  Big Bear City, CA 92314-2565  
  Attn: General Manager

Any Party may change its address by giving notice to the other Party in the manner provided for in this Section.

e.     Severability.

If any provision of this MOU is held in a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall continue in full force and effect.

f.     Amendment.

This MOU may not be amended or modified in any manner except by a written executed agreement by both Parties.

g.     Successors.

This MOU shall be binding upon and shall inure to the benefit of the successors of each Party.

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**SIGNATURE PAGE  
TO  
MEMORANDUM OF UNDERSTANDING BETWEEN  
BIG BEAR CITY COMMUNITY SERVICES DISTRICT  
AND  
BIG BEAR FIRE AUTHORITY**

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed and attested to by their proper officers hereunto duly authorized on the day and year first set forth above.

**BIG BEAR FIRE AUTHORITY**

By: \_\_\_\_\_  
Name: Jeffrey Willis  
Title: Fire Chief  
Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Title: Secretary to the Governing Board

APPROVED TO FORM:

By: \_\_\_\_\_  
Title: General Counsel for BBFA

**BIG BEAR CITY COMMUNITY SERVICES DISTRICT**

By: \_\_\_\_\_  
Name: Glenn Jacklin  
Title: General Manager  
Date: \_\_\_\_\_

ATTEST

By: \_\_\_\_\_  
Title: Secretary to the Governing Board

APPROVED TO FORM:

By: \_\_\_\_\_  
Title: General Counsel for BBCCSD

EXHIBIT "A"

Payment Schedule  
 Fire Land Use Agreement  
 05.1260 - Amounts Due From Fire  
 0% interest

Date	AR balance	Payment amount	AR balance remaining	Paid	Date
4/30/2020	34,956.00	2,500.00	32,456.00	2,500.00	4/30/2020
4/30/2021	32,456.00	2,500.00	29,956.00	2,500.00	4/15/2021
4/30/2022	29,956.00	2,500.00	27,456.00	2,500.00	7/22/2021
4/30/2023	27,456.00	2,500.00	24,956.00	2,500.00	6/16/2022
4/30/2024	24,956.00	2,500.00	22,456.00		
4/30/2025	22,456.00	2,500.00	19,956.00		
4/30/2026	19,956.00	2,500.00	17,456.00		
4/30/2027	17,456.00	2,500.00	14,956.00		
4/30/2028	14,956.00	2,500.00	12,456.00		
4/30/2029	12,456.00	2,500.00	9,956.00		
4/30/2030	9,956.00	2,500.00	7,456.00		
4/30/2031	7,456.00	2,500.00	4,956.00		
4/30/2032	4,956.00	2,500.00	2,456.00		
4/30/2033	2,456.00	2,456.00	-		

EXHIBIT "B"







## BIG BEAR FIRE AUTHORITY AGENDA REPORT

Item No. 2

**MEETING DATE:** July 9, 2024

**TO:** Big Bear Fire Authority Finance Committee

**FROM:** Kristin Mandolini, Director of Business Services *KM*

**SUBJECT:** Possible Future Tax Revenue Anticipation Note from City of Big Bear Lake and Big Bear City Community Services District

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### **BACKGROUND:**

For the last four years, Big Bear Fire Authority has utilized a Tax Revenue Anticipation Note “TRAN” to cover operating expenses that come due prior to when the Authority receives property tax revenues.

### **DISCUSSION:**

At the June 11, 2024 Board meeting, discussion ensued regarding the possibility of borrowing the funds from the City of Big Bear Lake “CBBL” and/or the Big Bear City Community Services District “CSD” instead of acquiring them through a bank.

### **FISCAL IMPACT:**

The Authority anticipates a continuation of the need to borrow \$2,000,000 each fall for a minimum of three more years. For fiscal year 24-25, the TRAN interest rate is 6.95% with estimated issuance costs of \$60,000. Should an agreement be made with CBBL and/or the CSD, the idea is that both issuance costs and interest expense for the Authority would be reduced, and our partner agencies would gain interest revenue, keeping the funds in the community.

### **STAFF RECOMMENDATION:**

Staff recommends the Finance Committee consider the issuance of a future TRAN through the CBBL and/or the CSD.



# BIG BEAR FIRE AUTHORITY AGENDA REPORT

Item No. 3

**MEETING DATE:** July 9, 2024

**TO:** Big Bear Fire Authority Finance Committee

**FROM:** Kristin Mandolini, Director of Business Services *km*

**SUBJECT:** **RESERVE POLICY**

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## **PURPOSE:**

The purpose of this agenda item is to consider a revision of Big Bear Fire Authority's current reserve policy.

## **DISCUSSION:**

The Big Bear Fire Authority's initial reserve policy was issued on 12/11/12 and revised on 7/1/16. It established the policy and administrative process for fund balance designations. The policy defines the various types of fund balances as non-spendable, restricted, and unrestricted. There are three sub-categories of unrestricted fund balance: committed, assigned, and unassigned.

The policy further outlines *targeted* fund balance assignments and appropriate uses. For example, at the time this policy was written, the target for the Contingency Reserve - Disaster was equal to three months of annual operating costs. Other categories with listed targets were Replacement Reserves for Vehicles and Equipment and Facilities Reserves.

At the April 17<sup>th</sup> board workshop, a discussion was held in regards to the current reserve policy and the desire to update it to reflect the current financial priorities of the Board. Staff was asked to bring the topic back to the June 11, 2024, regular board meeting. At this meeting, the reserve policy was given to the Finance Committee for further discussion.

## **FISCAL IMPACT**

There is no fiscal impact at this time.

## **RECOMMENDATION:**

Staff recommends the Finance Committee Discuss and provide further direction to staff.

Attachment A: Administrative Instruction Number 2012-04 Reserve Policy

Attachment B: 07-01-2016 Reserve Policy Update



# Big Bear Fire Authority

## *Administrative Instruction*

Number: 2012-04  
Page 1 of 4

Issued: 12-11-12  
Revised:

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**SUBJECT: RESERVE POLICY**

### I. PURPOSE

This document establishes the policy and administrative process for the Big Bear Fire Authority (“Authority”) fund balance designations.

### II. POLICY

Pursuant to Government Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Government Fund Type Definitions, effective for financial statement periods beginning after June 15, 2010, this policy formalizes the reserve policy as described below:

*Nonspendable Fund Balance:* The nonspendable fund balance category cannot be spent either because it is not in a spendable form (e.g. Reserve for inventories) or it is the result of a legal or contractual requirement to be maintained intact. The Authority Treasurer or his/her designee is responsible for establishing and maintaining the Non-Spendable Fund Balance in accordance with Generally Accepted Accounting Principles as well as the legal and contractual requirements that are the basis for this fund balance categorization.

*Restricted Fund Balance:* The restricted fund balance category contains fund balance constraints externally imposed (e.g. debt covenants, grant requirements, contributor specifications) or imposed by law (e.g. constitutional provisions enabling legislation). Enabling legislation as defined in GASB 54 authorizes the collection of payment for a specific purpose. The Authority Treasurer or his/her designee is responsible for establishing and maintaining the Restricted Fund Balance in accordance with Generally Accepted Accounting Principles as well as the externally and legally imposed constraints that are the basis for this fund balance categorization. The undesignated fund balance for the Big Bear Fire Authority falls into this category (can only be used for Authority purposes).

*Unrestricted Fund Balance:* The unrestricted fund balance category contains fund balances that do not meet the criteria for categorization as nonspendable or restricted. Within the category of unrestricted, there are three subcategories: Committed, Assigned, and Unassigned.

*Committed:* The committed fund balance subcategory is established and utilized pursuant to the formal action of the governing body prior to the end of

the fiscal year (June 30). Examples of fund balances categorized as committed include contingency reserves, replacement reserves, and infrastructure improvement reserves. Contributions and uses of reserves during a fiscal period are initially established by resolution during the budget adoption process and are reevaluated and modified during the mid-year budget review with the adoption of a resolution approving mid-year budget adjustments. Budgeted contributions and uses may also be adjusted throughout the year with the consent of a simple majority of the governing body. Regardless of when formal action is made, any recommendation to establish a contribution or use of committed reserves requires formal authorization of the governing body. For each type of committed fund balance, the table below shows the targeted fund balance and appropriate uses established by this policy:

Contingency Reserve – Disaster	Equal to 3-months (25%) annual operating costs.	To ensure continuity of operations due to unplanned events or cash flow purposes.
Replacement Reserve – Authority Vehicles & Equipment	<p>Equal to 50% of the depreciated cost of existing safety vehicles &amp; fire apparatus.</p> <p>Equal to estimated replacement cost of existing fire / incident response equipment.</p> <p>Equal to flat amount of \$250,000 for other equipment.</p>	<p>To repair, replace, upgrade or acquire safety vehicles and fire apparatus. The basis for determining the budgeted contributions is the Annual Set Aside calculation based on estimated replacement cost of existing vehicles and equipment.</p> <p>The contribution to reserves for equipment used for fire / incident assignments will be determined and placed into reserves at the end of the fiscal year only if revenue is generated from assignments. The maximum contribution will be equal to the estimated replacement cost.</p> <p>Replacement Reserves for other equipment have been established for radio, paramedic, office / computer and other equipment. Contributions to be made in years when a Authority operating surplus is available after fully funding all other categories of committed Authority reserves.</p>
Authority Fire Facility Reserve	Equal to 25% of the original cost of existing buildings.	To repair, replace or upgrade facility structures and fixtures.

It is the intent of the governing body to maintain each of the committed fund balances at the established reserve target. It is also recognized that uses of reserves temporarily reduces the balance. During the annual budget and mid-year budget processes, the governing body will replenish reserves from the receipt of reimbursements from outside sources (e.g. grant proceeds, emergency management reimbursements) or the generation of recurring surplus resulting in undesignated funds which can be used for replenishment.

Recognizing that the timing of funds available to replenish committed fund balances may not occur within a given fiscal period, this policy establishes a commitment to replenish uses of reserves to the target level within three (3) years of use, unless the governing body grants an extension. The governing body may choose to grant an extension when the timing of a reimbursement from outside parties will occur outside the three-year timeframe or undesignated funds are not available to commit. Upon granting an extension, the governing body shall establish a timeline under which replenishment must take place and the priority of replenishment should it be necessary to spread limited funds among the various types of committed fund balance.

In the event, the committed reserve balance at the end of the fiscal year is below target by 10% and undesignated funds are not available to commit and/or reimbursement of funds from an outside party is not likely to be received within three (3) years, the governing body shall devise a plan to replenish reserves to the target level.

Assigned: The assigned fund balance subcategory contains amounts that are intended to be used for a specific purpose but are neither restricted nor committed. Funds reserved for encumbrances and compensated absences are examples of assigned fund balances. Unlike the other fund balance designations, assigned fund balances do not require formal action of the governing body to establish or adjust. The governing body, by way of policy adoption, assigns authority for determining such assignments to a management position; in this case, the Authority Treasurer or his/her designee has been assigned such authority.

Unassigned: The unassigned fund balance subcategory is the residual (undesignated) fund balance in the general operating fund. This portion of the fund balance has not been restricted, limited or assigned to a specific purpose. The general operating fund is the only fund that will report a positive unassigned fund balance. The other governmental funds may report a negative unassigned fund balance if expenditures exceed the amounts restricted, committed, or assigned for the specific purpose for which the fund exists.

Recognition Criteria: For financial reporting purposes, it is necessary to establish the recognition criteria for uses of restricted and unrestricted fund balances. This policy establishes that expenditures are considered to be incurred when restricted and unrestricted fund balances are used, regardless of whether the unrestricted fund balance is categorized as committed, assigned, or unassigned. For example, the use of

vehicle replacement reserves to purchase a replacement vehicle will be considered an expenditure at the time of purchase, at which time, the use of reserved fund balances will be transferred out to cover the expenditure. Likewise, the use of contingency reserves for cash flow purposes will be transferred out to cover operating expenditures and will be considered expended at the time of transfer.



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JEFF WILLIS  
Fire Chief

December 11, 2012  
Date



# Big Bear Fire Authority

## *Administrative Instruction*

Number: 2012-04  
Page 1 of 4

Issued: 12-11-12  
Revised: 07-01-16

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**SUBJECT: RESERVE POLICY**

### I. PURPOSE

This document establishes the policy and administrative process for the Big Bear Fire Authority ("Authority") fund balance designations.

### II. POLICY

Pursuant to Government Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Government Fund Type Definitions, effective for financial statement periods beginning after June 15, 2010, this policy formalizes the reserve policy as described below:

*Nonspendable Fund Balance:* The nonspendable fund balance category cannot be spent either because it is not in a spendable form (e.g. Reserve for inventories) or it is the result of a legal or contractual requirement to be maintained intact. The Authority Treasurer or his/her designee is responsible for establishing and maintaining the Non-Spendable Fund Balance in accordance with Generally Accepted Accounting Principles as well as the legal and contractual requirements that are the basis for this fund balance categorization.

*Restricted Fund Balance:* The restricted fund balance category contains fund balance constraints externally imposed (e.g. debt covenants, grant requirements, contributor specifications) or imposed by law (e.g. constitutional provisions enabling legislation). Enabling legislation as defined in GASB 54 authorizes the collection of payment for a specific purpose. The Authority Treasurer or his/her designee is responsible for establishing and maintaining the Restricted Fund Balance in accordance with Generally Accepted Accounting Principles as well as the externally and legally imposed constraints that are the basis for this fund balance categorization. The undesignated fund balance for the Big Bear Fire Authority falls into this category (can only be used for Authority purposes).

*Unrestricted Fund Balance:* The unrestricted fund balance category contains fund balances that do not meet the criteria for categorization as nonspendable or restricted. Within the category of unrestricted, there are three subcategories: Committed, Assigned, and Unassigned.

*Committed:* The committed fund balance subcategory is established and utilized pursuant to the formal action of the governing body prior to the end of the fiscal year (June 30). Examples of fund balances categorized as committed include contingency reserves, replacement reserves, and infrastructure improvement reserves. Contributions and uses of reserves during a fiscal period are initially established by resolution during the budget adoption process and are reevaluated and modified during the mid-year budget review with the adoption of a resolution approving mid-year budget adjustments. Budgeted contributions and uses may also be adjusted throughout the year with the consent of a simple majority of the governing body. Regardless of when formal action is made, any recommendation to establish a contribution or use of committed reserves requires formal authorization of the governing body. For each type of committed fund balance, the table below shows the targeted fund balance and appropriate uses established by this policy:

Contingency Reserve – Disaster and Capital Projects	Target is equal to 25% of annual operating costs.	To ensure continuity of operations due to unplanned events or cash flow purposes and allow for contingency in Capital projects.
Vehicle Replacement Reserve – Authority Vehicles & Equipment	Target is equal to the annually calculated replacement reserve estimate for existing safety vehicles & fire apparatus.	To repair, replace, upgrade or acquire safety vehicles and fire apparatus. The basis for determining the Target Vehicle Replacement Reserve amount is a calculation based on estimated replacement cost of all existing vehicles and Utility equipment belonging to each of the JPA member agencies  The annual contribution to reserves for equipment used for fire / incident assignments will be determined by the Fire Chief and based on current equipment needs and available resources identified during the annual budgeting process. .
Office Equipment Reserve	Target is \$50,000	To ensure available funds for new software, computer equipment rotation and computer system upgrades
Contingency Reserve – Disaster and Capital Projects	Target is equal to 25% of annual operating costs.	To ensure continuity of operations due to unplanned events or cash flow purposes and allow for contingency in Capital projects



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Other Equipment Reserves	Target is \$100,000	To support capital projects related to modernization of the Training Center and to ensure regular rotation of suppression personnel safety equipment. May be funded by the Mutual Aid Fund excess revenue over expenses.
Facility Reserve	Target is \$750,000	To repair, replace or upgrade facility structures and fixtures.

It is the intent of the governing body to maintain each of the committed fund balances at the established reserve target. It is also recognized that uses of reserves temporarily reduces the balance. During the annual budget and mid-year budget processes, the governing body will replenish reserves from the receipt of reimbursements from outside sources (e.g. grant proceeds, emergency management reimbursements) or the generation of recurring surplus resulting in undesignated funds which can be used for replenishment.

Recognizing that the timing of funds available to replenish committed fund balances may not occur within a given fiscal period, this policy establishes a commitment to replenish uses of reserves to the target level within three (3) years of use, unless the governing body grants an extension. The governing body may choose to grant an extension when the timing of a reimbursement from outside parties will occur outside the three-year timeframe or undesignated funds are not available to commit. Upon granting an extension, the governing body shall establish a timeline under which replenishment must take place and the priority of replenishment should it be necessary to spread limited funds among the various types of committed fund balance.

In the event, the committed reserve balance at the end of the fiscal year is below target by 10% and undesignated funds are not available to commit and/or reimbursement of funds from an outside party is not likely to be received within three (3) years, the governing body shall devise a plan to replenish reserves to the target level.

*Assigned:* The assigned fund balance subcategory contains amounts that are intended to be used for a specific purpose but are neither restricted nor committed. Funds reserved for encumbrances and compensated absences are examples of assigned fund balances. Unlike the other fund balance designations, assigned fund balances do not require formal action of the governing body to establish or adjust. The governing body, by way of policy adoption, assigns authority for determining such assignments to a management position; in this case, the Authority Treasurer or his/her designee has been assigned such authority.

Unassigned: The unassigned fund balance subcategory is the residual (undesignated) fund balance in the general operating fund. This portion of the fund balance has not been restricted, limited or assigned to a specific purpose. The general operating fund is the only fund that will report a positive unassigned fund balance. The other governmental funds may report a negative unassigned fund balance if expenditures exceed the amounts restricted, committed, or assigned for the specific purpose for which the fund exists.

Recognition Criteria: For financial reporting purposes, it is necessary to establish the recognition criteria for uses of restricted and unrestricted fund balances. This policy establishes that expenditures are considered to be incurred when restricted and unrestricted fund balances are used, regardless of whether the unrestricted fund balance is categorized as committed, assigned, or unassigned. For example, the use of vehicle replacement reserves to purchase a replacement vehicle will be considered an expenditure at the time of purchase, at which time, the use of reserved fund balances will be transferred out to cover the expenditure. Likewise, the use of contingency reserves for cash flow purposes will be transferred out to cover operating expenditures and will be considered expended at the time of transfer.

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JEFF WILLIS  
Fire Chief  
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Date