

**BIG BEAR MUNICIPAL WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2025
(With Comparative Amounts as of June 30, 2024)**

NIGRO & NIGRO^{PC}

BIG BEAR MUNICIPAL WATER DISTRICT

For the Fiscal Year Ended June 30, 2025

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Financial Section



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Big Bear Municipal Water District (District), which comprise the balance sheets as of June 30, 2025 and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1 and 6 to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences and Statement. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and Budgetary Comparison Schedule – 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 required supplementary information 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District’s financial statements for the year ended June 30, 2024, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated April 2, 2026, 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 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.



Murrieta, California
April 2, 2026

BIG BEAR MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025 and 2024

Management's Discussion and Analysis (MD&A) offers readers of the Big Bear Municipal Water District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2025. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased 2.71%, or \$745,362 from the prior year's net position of \$27,455,845 to \$28,201,207, as a result of this year's operations.
- Total revenues from all sources increased by 5.07%, or \$409,540 from \$8,069,853 to \$8,479,393, from the prior year, primarily due to an increase of \$290,312 in property tax revenues.
- Total expenses for the District's operations increased by 16.42% or \$1,090,968 from \$6,643,063 to \$7,734,031, from the prior year, primarily due to an increase in salaries and wages of \$661,246.

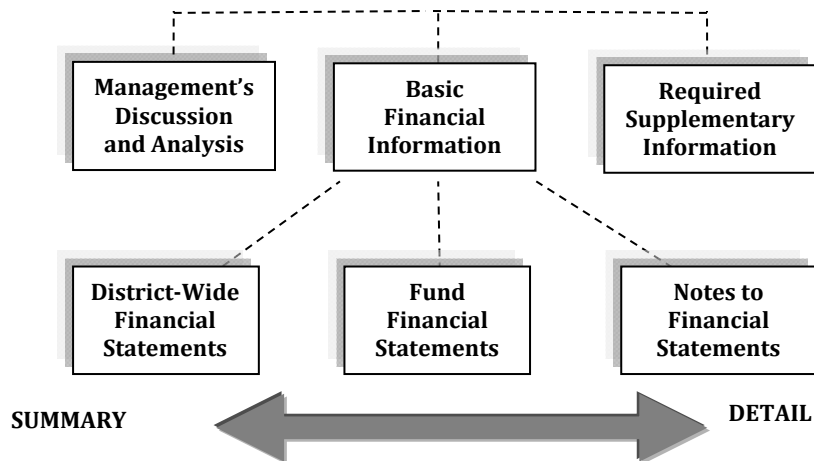
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

Figure A-1. Big Bear Municipal Water District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



BIG BEAR MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025 and 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Fund
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

BIG BEAR MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025 and 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as weed abatement, landscape maintenance, and administration. State and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has one major fund, the General Fund.

BIG BEAR MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025 and 2024

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	Governmental Activities		Increase (Decrease)
	2025	2024	
Assets:			
Current assets	\$ 18,106,634	\$ 17,133,963	\$ 972,671
Non-current assets	581,785	680,604	(98,819)
Capital assets, net	13,338,725	13,295,073	43,652
Total assets	32,027,144	31,109,640	917,504
Deferred outflows of resources:	692,242	914,245	(222,003)
Liabilities:			
Current liabilities	757,619	528,159	229,460
Non-current liabilities	3,037,193	3,114,061	(76,868)
Total liabilities	3,794,812	3,642,220	152,592
Deferred inflows of resources:	723,367	925,820	(202,453)
Net position:			
Net investment in capital assets	11,205,725	10,925,073	280,652
Unrestricted (Deficit)	16,790,097	16,325,387	464,710
Total net position	\$ 27,995,822	\$ 27,250,460	\$ 745,362

At the end of fiscal year 2025, the District shows a positive balance in its unrestricted net position of \$16,790,097 that may be utilized in future years.

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	Governmental Activities		Increase (Decrease)
	2025	2024	
Program revenues	\$ 1,889,033	\$ 1,822,365	\$ 66,668
General revenues	6,590,360	6,247,488	342,872
Total revenue	8,479,393	8,069,853	409,540
Expenses	(7,734,031)	(6,643,063)	(1,090,968)
Change in net position	745,362	1,426,790	(681,428)
Net Position – Beginning	27,455,845	26,029,055	1,426,790
Net Position – Ending	\$ 28,201,207	\$ 27,455,845	\$ 745,362

BIG BEAR MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025 and 2024

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased its net assets by \$745,362 during the fiscal year ended June 30, 2025.

Table A-3: Total Revenues

	Governmental Activities		Increase (Decrease)
	2025	2024	
Program revenues:			
Charges for services	\$ 1,746,474	\$ 1,607,010	\$ 139,464
Operating grants and contributions	142,559	215,355	(72,796)
Total program revenues	<u>1,889,033</u>	<u>1,822,365</u>	<u>66,668</u>
General revenues:			
Property tax revenue	5,902,321	5,612,009	290,312
Investment earnings	512,567	410,588	101,979
Rental revenue	16,880	57,299	(40,419)
Other revenue/Insurance proceeds	158,592	167,592	(9,000)
Total general revenues	<u>6,590,360</u>	<u>6,247,488</u>	<u>342,872</u>
Total revenues	<u>\$ 8,479,393</u>	<u>\$ 8,069,853</u>	<u>\$ 409,540</u>

Total revenues from all sources increased by 5.07%, or \$409,540 from \$8,069,853 to \$8,479,393, from the prior year, primarily due to an increase of \$290,312 in property tax revenues.

BIG BEAR MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025 and 2024

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	Governmental Activities		Increase (Decrease)
	2025	2024	
Expenses:			
Salaries and wages	\$ 2,297,096	\$ 1,635,850	\$ 661,246
Employee benefits	612,499	560,153	52,346
Insurance	322,676	191,158	131,518
Facilities and maintenance	838,969	737,074	101,895
Materials and services	3,104,299	2,916,722	187,577
Lake Improvement	68,745	144,878	(76,133)
Depreciation expense	418,017	406,621	11,396
Interest expense	71,730	50,607	21,123
Total expenses	\$ 7,734,031	\$ 6,643,063	\$ 1,090,968

Total expenses for the District's operations increased by 16.42% or \$1,090,968 from \$6,643,063 to \$7,734,031, from the prior year, primarily due to an increase in salaries and wages of \$661,246.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

As of June 30, 2025, the District reported a total fund balance of \$17,917,615. An amount of \$9,298,101 constitutes the District's *unassigned fund balance*, which is available for future expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District at year-end were \$231,531 less than actual. The variance is principally due to under-budgeting capital outlay by \$412,517. Actual revenues were greater than the anticipated budget by \$1,818,691. The variance is principally due to the under-budgeting of property tax revenue by \$1,413,899.

BIG BEAR MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025 and 2024

CAPITAL ASSET ADMINISTRATION

Table A-5: Capital Assets at Year End, Net of Depreciation

	<u>Governmental Activities</u>		<u>Increase</u>
	<u>2025</u>	<u>2024</u>	<u>(Decrease)</u>
Capital assets:			
Non-depreciable assets	\$ 6,189,160	\$ 6,486,784	\$ (297,624)
Depreciable assets	27,347,373	26,727,989	619,384
Accumulated depreciation	<u>(20,197,808)</u>	<u>(19,919,700)</u>	<u>(278,108)</u>
Total capital assets, net	<u><u>\$ 13,338,725</u></u>	<u><u>\$ 13,295,073</u></u>	<u><u>\$ 43,652</u></u>

At the end of fiscal year 2025, the District's investment in capital assets amounted to \$13,338,725 (net of accumulated depreciation). This investment in capital assets includes structures, improvements, equipment, and various other capital items. Capital asset additions amounted to \$461,669 for the year ended June 30, 2025.

See Note 5 for further information on the District's capital assets.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District office located at 40524 Lakeview Drive, Big Bear Lake, CA 92315. (909) 866-5796, bbmwd@bbmwd.net.

BIG BEAR MUNICIPAL WATER DISTRICT

Statement of Net Position

June 30, 2025

(With Comparative Amounts as of June 30, 2024)

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 17,831,618	\$ 16,897,071
Accrued interest receivable	39,122	-
Accounts receivable	50,045	49,354
Property tax receivable	146,429	136,422
Lease receivable – current (Note 4)	39,420	51,116
Total current assets	<u>18,106,634</u>	<u>17,133,963</u>
Non-current assets:		
Restricted –cash and investments (Note 2 and 3)	205,385	205,385
Lease receivable – non-current (Note 4)	376,400	475,219
Capital assets – not being depreciated (Note 5)	6,189,160	6,486,784
Capital assets – being depreciated, net (Note 5)	7,149,565	6,808,289
Total non-current assets	<u>13,920,510</u>	<u>13,975,677</u>
Total assets	<u>32,027,144</u>	<u>31,109,640</u>
Deferred outflows of resources:		
Deferred amounts related to net pension liability (Note 9)	692,242	914,245
Total assets and deferred outflows of resources	<u>32,719,386</u>	<u>32,023,885</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	384,544	239,744
Accrued interest payable	24,530	9,085
Long-term liabilities - due within one year:		
Compensated absences (Note 6)	102,545	42,330
Loan payable (Note 7)	246,000	237,000
Total current liabilities	<u>757,619</u>	<u>528,159</u>
Non-current liabilities:		
Long-term liabilities - due in more than one year:		
Compensated absences (Note 6)	307,635	63,497
Loan payable (Note 7)	1,887,000	2,133,000
Net pension liability (Note 9)	842,558	917,564
Total non-current liabilities	<u>3,037,193</u>	<u>3,114,061</u>
Total liabilities	<u>3,794,812</u>	<u>3,642,220</u>
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	386,260	504,744
Deferred amounts related to net pension liability (Note 9)	337,107	421,076
Total deferred inflows	<u>723,367</u>	<u>925,820</u>
NET POSITION		
Net investment in capital assets (Note 10)	11,205,725	10,925,073
Restricted (Note 3)	205,385	205,385
Unrestricted	16,790,097	16,325,387
Total net position	<u>\$ 28,201,207</u>	<u>\$ 27,455,845</u>

BIG BEAR MUNICIPAL WATER DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2025**(With Comparative Amounts for the Fiscal Year Ended June 30, 2024)*

	Governmental Activities	
	2025	2024
EXPENSES		
Salaries and wages	\$ 2,297,096	\$ 1,635,850
Employee benefits	612,499	560,153
Insurance	322,676	191,158
Facilities and maintenance	838,969	737,074
Materials and services	3,104,299	2,916,722
Lake improvement	68,745	144,878
Depreciation expense	418,017	406,621
Interest expense	71,730	50,607
Total expenses	7,734,031	6,643,063
PROGRAM REVENUES		
Charges for services	1,746,474	1,607,010
Operating grants and contributions	142,559	215,355
Total program revenues	1,889,033	1,822,365
Net program expense	(5,844,998)	(4,820,698)
GENERAL REVENUES		
Property tax revenue	5,902,321	5,612,009
Investment earnings	512,567	410,588
Rental revenue	16,880	57,299
Other revenue/Insurance proceeds	158,592	167,592
Total general revenues	6,590,360	6,247,488
CHANGE IN NET POSITION	745,362	1,426,790
NET POSITION		
Beginning of year	27,455,845	26,029,055
End of year	\$ 28,201,207	\$ 27,455,845

BIG BEAR MUNICIPAL WATER DISTRICT
Balance Sheet – Governmental Funds
June 30, 2025

	<u>ASSETS</u>	<u>General Fund</u>
ASSETS		
Cash and investments		\$ 17,831,618
Restricted cash and investments		205,385
Accrued interest receivable		39,122
Accounts receivable		50,045
Property tax receivable		146,429
Lease receivable		<u>415,820</u>
Total assets		<u>\$ 18,688,419</u>
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts payable and accrued expenses		\$ 384,544
Total liabilities		<u>384,544</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to leases		<u>386,260</u>
Total deferred inflows		<u>386,260</u>
FUND BALANCE (Note 8)		
Restricted		205,385
Comitted		2,952,086
Assigned		5,462,043
Unassigned		<u>9,298,101</u>
Total fund balances		<u>17,917,615</u>
Total liabilities and fund balances		<u>\$ 18,688,419</u>

BIG BEAR MUNICIPAL WATER DISTRICT*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025*

Fund Balance – Governmental Fund	<u>\$ 17,917,615</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Amounts reported for governmental activities in the statement of net position are different because capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	13,338,725
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	692,242
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:	
Compensated absences	(410,180)
Accrued interest payable	(24,530)
Net pension liability	(842,558)
Deferred inflows related to changes in net pension liability	(337,107)
Loan payable	<u>(2,133,000)</u>
Total adjustments	<u>10,283,592</u>
Net Position of Governmental Activities	<u><u>\$ 28,201,207</u></u>

BIG BEAR MUNICIPAL WATER DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2025*

	General Fund
REVENUES	
Charges for services	\$ 1,746,474
Rental revenue	16,880
Operating grants and contributions	142,559
Property tax revenue	5,902,321
Investment earnings	512,567
Other revenue/Insurance proceeds	158,592
Total revenues	8,479,393
EXPENDITURES	
Current:	
Salaries and wages	1,992,743
Employee benefits	549,471
Insurance	322,676
Facilities and maintenance	838,969
Materials and services	3,104,299
Lake improvement	68,745
Capital outlay	461,669
Debt service	
Principal payment	237,000
Interest payment	47,200
Total expenditures	7,622,772
NET CHANGE IN FUND BALANCE	856,621
FUND BALANCE:	
Beginning of year	17,060,994
End of year	\$ 17,917,615

BIG BEAR MUNICIPAL WATER DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balance – Governmental Fund	<u>\$ 856,621</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	461,669
Depreciation expense	(418,017)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:	
Net change in accrued interest payable	(24,530)
Net change in compensated absences	(304,353)
Net change in net pension liability/(asset) and related deferred resources	(63,028)
Principal repayment of long-term debt is reported as an expenditure in governmental funds. However, principal repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.	<u>237,000</u>
Total adjustments	<u>(111,259)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 745,362</u></u>

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Big Bear Municipal Water District (the "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.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

The Big Bear Municipal Water District Public Facilities Corporation is an exempt corporation that was created to issue certificates of participation in order to finance the purchase of capital assets used by the District. The Corporation's board and management are the same as the District's; therefore, the Corporation has been included in the District's reporting entity as a blended component unit.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, The Financial Reporting Entity. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no component units as of year-end.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Fair Value Measurements

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District’s own assumptions about the factors market participants would use in pricing an investment, and are based on the best information available in the circumstances.

3. Accounts Receivable

Accounts receivable arise when revenue is earned in the current period, but cash has not yet been received by the District. In subsequent periods when the cash is received, accounts receivable is removed from the statement of net position.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, and Net Position (continued)

4. Lease Receivable and Deferred Inflows of Resources Related to Leases

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions.

The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. Inventory and Prepaids

The District maintains an inventory for resale and an inventory of materials and supplies for operational use. Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are expensed when sold or used by operations. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Structures and improvements	5-99 years
General plant and infrastructure	10-50 years
Machinery and equipment	5-50 years

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, and Net Position (continued)

7. Compensated Absences

The District's employee benefits provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Cash payment for all unused sick leave is available the employee's current pay rate upon retirement or termination. The cost of vacation is recorded in the period accrued. In accordance with GASB No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences and the District's portion of social security and medicare taxes.

8. Net Position

Net position is classified into three components: investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "investment in capital assets".

9. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, and Net Position (continued)

9. Fund Balances (continued)

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

11. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2025, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 6 for the effect of this Statement.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>Balance</u>
Cash and cash equivalents	\$ 11,238,943
Investments	6,592,675
Restricted – cash and cash equivalents	<u>205,385</u>
Total cash and investments	<u>\$ 18,037,003</u>

Cash was reported at fair value and consisted of the following as of June 30:

<u>Description</u>	<u>Balance</u>
Petty cash	\$ 300
Demand deposits held with financial institutions	7,873,223
Local Agency Investment Fund (LAIF)	3,570,805
Investments	<u>6,592,675</u>
Total cash and investments	<u>\$ 18,037,003</u>

Demand Deposits with Financial Institutions

At June 30 2025, the carrying amount of the District's demand deposits were \$7,873,223, and the financial institution's balance was \$7,940,117. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held \$3,570,805 in LAIF.

Investments

The District's investment as of June 30, 2025 were as follows:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
Certificates-of-deposit	Level 2	N/A	\$ 4,398,691	\$ 1,865,370	\$ 1,005,688	\$ 1,527,633
Money-market mutual funds	Level 1	N/A	2,193,984	-	-	-
Total investments			\$ 6,592,675	\$ 1,865,370	\$ 1,005,688	\$ 1,527,633

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchases financial investments in accordance with California Government Code 53600-53610 as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
United States Treasury bills, bonds and notes	5 years	100%	None
Federal Agency or U.S. Government-sponsored obligation	5 years	100%	None
Local Agency Investment Fund (LAIF)	N/A	100%	None
County pooled investment funds	N/A	100%	None
Mone market funds	N/A	20%	None
Bankers' acceptances	180 days	40%	None
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	None
Non-negotiable certificates of deposit	5 years	100%	None
Medium term corporate notes	5 years	30%	None
California local agency obligations	5 years	100%	None
Supranationals	5 years	30%	None
Asset-backed securities	5 years	20%	None

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2025, the District's investment in the LAIF was rated by Standard & Poor's as AAf/S1.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in the LAIF.

NOTE 3 – RESTRICTED – ASSETS AND RESTRICTED – NET POSITION

Restricted assets as of June 30, 2025, were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>2025</u>
Restricted – cash and cash equivalents	<u>\$ 205,385</u>

Restricted assets for the year ended June 30, 2025, were restricted as follows:

<u>Description</u>	<u>2025</u>
Rathbun creek improvements and maintenance	<u>\$ 205,385</u>
Restricted – net position	<u>\$ 205,385</u>

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable is as follows:

<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Big Bear Lake Marina Inc.	<u>\$ 526,335</u>	<u>\$ -</u>	<u>\$ (110,515)</u>	<u>\$ 415,820</u>

The District is reporting a total lease receivable of \$514,820 and a total related deferred inflows of resources of \$386,260 for the year ending June 30, 2025. Also, the District is reporting total lease revenue of \$38,626 and interest revenue of \$9,083 related to lease payments received.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

The District’s lease is summarized as follows:

Big Bear Lake Marina

The District, on August, 1, 2018, entered into a 197-month lease as lessor for the use of real property. An initial lease receivable was recorded in the amount of \$656,643. As of June 30, 2025, the value of the lease receivable was \$415,820. The lease is required to make monthly fixed payments of \$3,825 for the first five years then an increase based on CPI every 5 years after. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$386,260 as of June 30, 2025. The District recognized lease revenue of \$38,626 and interest revenue of \$9,083 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of the original lease period. Since this is considered a volatile lease only the initial lease period has been recognized.

Minimum future lease receipts for the next two fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 39,420	\$ 8,316	\$ 47,736
2027	40,208	7,528	47,736
2028	41,012	6,724	47,736
2029	41,832	5,904	47,736
2030	43,862	5,067	48,929
2031-2035	209,486	11,771	221,257
Total	415,820	\$ 45,310	\$ 461,130
Current	(39,420)		
Long-term	\$ 376,400		

Changes in the District’s deferred inflows of resources related to leases is as follows:

<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Big Bear Lake Marina Inc.	\$ 504,744	\$ -	\$ (118,484)	\$ 386,260

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2025, will be amortized in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Inflows of Resources</u>
2026	\$ 38,626
2027	38,626
2028	38,626
2029	38,626
2030	38,626
2031-2035	193,130
Total	\$ 386,260

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 5 – CAPITAL ASSETS AND ACCUMULATED DEPRECIATION

Capital asset activity for the year ended June 30, 2025, was as follows:

<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2025</u>
Non-depreciable capital assets:				
Land	\$ 6,124,294	\$ -	\$ -	\$ 6,124,294
Construction-in-progress	362,490	64,866	(362,490)	64,866
Total non-depreciable capital assets	<u>6,486,784</u>	<u>64,866</u>	<u>(362,490)</u>	<u>6,189,160</u>
Depreciable capital assets:				
Dam improvements	10,323,549	284,332	(71,249)	10,536,632
General plant	10,702,156	-	-	10,702,156
Boats	555,301	383,658	-	938,959
Communications equipment	96,895	-	-	96,895
Office furniture and equipment	149,187	-	(22,890)	126,297
Structures and equipment	4,140,317	-	-	4,140,317
Vehicles	645,050	91,303	(34,136)	702,217
Weed abatement equipment	103,900	-	-	103,900
Right-to-use lease equipment	11,634	-	(11,634)	-
Total depreciable capital assets	<u>26,727,989</u>	<u>759,293</u>	<u>(139,909)</u>	<u>27,347,373</u>
Accumulated depreciation:				
Dam improvements	(8,709,616)	(85,063)	71,249	(8,723,430)
General plant	(6,374,930)	(184,767)	-	(6,559,697)
Boats	(391,676)	(34,719)	-	(426,395)
Communications equipment	(77,961)	(9,008)	-	(86,969)
Office furniture and equipment	(94,712)	(11,719)	22,890	(83,541)
Structures and equipment	(3,782,762)	(38,848)	-	(3,821,610)
Vehicles	(372,509)	(53,893)	34,136	(392,266)
Weed abatement equipment	(103,900)	-	-	(103,900)
Right-to-use lease equipment	(11,634)	-	11,634	-
Total accumulated depreciation	<u>(19,919,700)</u>	<u>(418,017)</u>	<u>139,909</u>	<u>(20,197,808)</u>
Total depreciable capital assets, net	<u>6,808,289</u>	<u>341,276</u>	<u>-</u>	<u>7,149,565</u>
Total capital assets, net	<u>\$ 13,295,073</u>	<u>\$ 406,142</u>	<u>\$ (362,490)</u>	<u>\$ 13,338,725</u>

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 6 – COMPENSATED ABSENCES

Changes in compensated absences amounts for the year ended June 30, 2025, were as follows:

<u>Balance</u> <u>July 1, 2024</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion</u>	<u>Non-current</u> <u>Portion</u>
\$ 105,827	\$ 304,353	\$ 410,180	\$ 102,545	\$ 307,635

As of June 30, 2025, the total liability for compensated absences was \$410,180, of which \$102,545 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore no restatement was required.

NOTE 7 – LONG-TERM DEBT

Changes in Long-term debt obligations for the year ended June 30, 2025, were as follows:

<u>Description</u>	<u>Balance</u> <u>July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
2021 COPF Obligation	\$ 2,370,000	\$ -	\$ (237,000)	\$ 2,133,000	\$ 246,000	\$ 1,887,000

On September 10, 2015, the District executed an assignment agreement with Capital One Public Funding LLC (COPF) to acquire the rights, title, and interest of Municipal Finance Corporation (Corporation) under the Installment Sale Agreement between the District and the Corporation dated September 1, 2015. The proceeds of \$3,600,000 were used by the District to refund the outstanding 2003 Certificates of Participation in the amount of \$4,575,000 and pay the costs related to the refunding of \$89,000. The refunding resulted in an economic gain of \$1,787,512 and debt service savings of \$1,844,981.

On October 1, 2021, the District refinanced the 2015 COPF Obligation and executed an agreement with COPF and the Corporation. The proceeds of \$2,839,000 were used by the District to refund the outstanding 2015 COPF Obligation in the amount of \$2,786,477 and pay the costs related to the refunding of \$52,523. The refunding resulted in an economic gain of \$96,297 and debt service savings of \$98,515.

A summary of future payments for the 2021 COPF Obligation are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 246,000	\$ 46,230	\$ 292,230
2027	254,000	40,480	294,480
2028	257,000	34,604	291,604
2029	265,000	28,601	293,601
2030	268,000	22,471	290,471
2031-2033	843,000	29,314	872,314
Total	2,133,000	\$ 201,700	\$ 2,334,700
Current	(246,000)		
Long-term	\$ 1,887,000		

BIG BEAR MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

NOTE 8 – FUND BALANCES

At June 30, 2025, fund balances of the District’s governmental funds were classified as follows:

<u>Description</u>	<u>Balance</u>
Restricted:	
Rathbun Creek improvements	\$ 205,385
Committed:	
In-lieu water	<u>2,952,086</u>
Assigned:	
Compensated absences	410,180
Invasive species control	407,939
Capital improvements	3,446,311
Lake improvements	629,849
Damn repair	441,476
Rathbun Creek improvements	<u>126,288</u>
Total Assigned:	<u>5,462,043</u>
Unassigned:	
Unassigned	<u>9,298,101</u>
Total fund balances	<u><u>\$ 17,917,615</u></u>

BIG BEAR MUNICIPAL WATER DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2025</u>
Pension related deferred outflows	\$ 692,242
Net pension liability	842,558
Pension related deferred inflows	337,107

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	<u>Miscellaneous Plans</u>	
	<u>Classic</u>	<u>PEPRA</u>
	<u>Tier 1</u>	<u>Tier 2</u>
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.8% to 2.5%	1.0% to 2.5%
Required member contribution rates	7.000%	7.750%
Required employer contribution rates – FY 2024	12.520%	7.870%

Plan Description

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public

Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2022 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

At June 30, 2024 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	2	9	11
Transferred and terminated members	4	10	14
Retired members and beneficiaries	14	-	14
Total plan members	20	19	39

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

Contributions

Contributions for the fiscal year ended June 30, 2025, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 106,834	\$ 77,795	\$ 184,629
Contributions – members	38,709	74,816	113,525
Total contributions	\$ 145,543	\$ 152,611	\$ 298,154

Proportionate Share of Net Pension Liability and Pension Expense

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2024, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.017420%	0.033730%	-0.016310%
Percentage of Plan (PERF C) Net Pension Liability	0.017420%	0.018350%	-0.000930%

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2025:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2023 (Measurement Date)	\$ 6,476,671	\$ 5,559,108	\$ 917,563
Balance as of June 30, 2024 (Measurement Date)	\$ 6,857,381	\$ 6,014,823	\$ 842,558
Change in Plan Net Pension Liability	\$ 380,710	\$ 455,715	\$ (75,005)

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$247,658. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 184,629	\$ -
Difference between actual and proportionate share of employer contributions	344,691	(89,984)
Adjustment due to differences in proportions	19,915	(244,281)
Differences between expected and actual experience	72,847	(2,842)
Differences between projected and actual earnings on pension plan investments	48,505	-
Changes in assumptions	21,655	-
Total Deferred Outflows/(Inflows) of Resources	\$ 692,242	\$ (337,107)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$184,629 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2025 will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows of Resources
2026	\$ 72,055
2027	130,727
2028	(15,653)
2029	(16,623)
Total	\$ 170,506

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023, total pension liability. The June 30, 2025, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Long-term Expected Rate of Return (continued)

The table below reflects long-term expected real rate of return by asset class.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u> ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Estate	15.00%	3.21%
Leverage	-5.00%	-0.59%
	<u>100.00%</u>	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

For the Year Ended June 30, 2025

NOTE 9 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Changes in the discount rate for the year ended June 30, 2025, were as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 5.90%	Current Discount 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	\$ 1,767,896	\$ 842,558	\$ 80,869

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2025, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2025
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 6,189,160
Capital assets, net – being depreciated	7,149,565
Loans payable – current portion	(246,000)
Loans payable – non-current portion	(1,887,000)
Total net investment in capital assets	\$ 11,205,725

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 11 – RISK MANAGEMENT POOL

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling and self-insurance authority, created under provisions of California Government Code Sections 6500 et seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2024 – 401 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2024
Audit dated	March 27, 2025

Statement of financial position:	Sept 30, 2024
Total assets	\$ 308,144,466
Deferred outflows	3,099,110
Total liabilities	177,706,110
Deferred inflows	4,357,741
Net position	\$ 129,179,725
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 261,895,930
Total expenses	(253,429,117)
Change in net position	8,466,813
Beginning – net position	120,712,912
Ending – net position	\$ 129,179,725
F. Member agencies share of year-end financial position	Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 11 – RISK MANAGEMENT POOL (continued)

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible. Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

Cyber Liability - The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence. The District has a \$1,000 deductible.

Public Official Bond - The District has purchased a \$200,000 bond to cover the general manager's faithful performance of duty.

Workers' Compensation - The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers' compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer's liability coverage.

Underground Storage Tank Pollution Liability - The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023.

BIG BEAR MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Big Valley Mutual Water Company

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. 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, 2025, the payments were \$2,303,399.

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of the lake and lake facilities within its service area. The financing of such construction contracts is being provided primarily from a combination of debt, the District's replacement reserves and capital contributions. As of June 30, 2025, the District has committed approximately \$492,866 to complete projects currently in construction-in-progress.

Litigation

The District is involved in routine litigation incidental to its business and may be subject to claims and litigation from outside parties. After consultation with legal counsel and/or management, management believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through April 2, 2026, the date on which the financial statements were available to be issued.

Required Supplementary Information

BIG BEAR MUNICIPAL WATER DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 4,488,422	\$ 5,902,321	\$ 1,413,899
Charges for services	1,187,453	1,746,474	559,021
Rental revenue	62,078	16,880	(45,198)
Operating grants and contributions	440,913	142,559	(298,354)
Investment earnings	475,606	512,567	36,961
Other revenue/Insurance proceeds	6,230	158,592	152,362
Total revenues	<u>6,660,702</u>	<u>8,479,393</u>	<u>1,818,691</u>
EXPENDITURES:			
Current:			
Salaries and wages	2,313,039	1,992,743	320,296
Employee benefits	512,048	549,471	(37,423)
Insurance	200,000	322,676	(122,676)
Facilities and maintenance	622,921	838,969	(216,048)
Materials and services	3,355,823	3,104,299	251,524
Lake Improvement	54,058	68,745	(14,687)
Capital outlay	49,152	461,669	(412,517)
Debt service:			
Principal	237,000	237,000	-
Interest	47,200	47,200	-
Total expenditures	<u>7,391,241</u>	<u>7,622,772</u>	<u>(231,531)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (730,539)</u>	856,621	<u>\$ 1,587,160</u>
FUND BALANCES:			
Beginning of year		<u>17,060,994</u>	
End of year		<u>\$ 17,917,615</u>	

BIG BEAR MUNICIPAL WATER DISTRICT

*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025*

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2015	0.024180%	\$ 663,304	\$ 598,219	110.88%	79.89%
June 30, 2016	0.026200%	915,555	625,393	146.40%	74.06%
June 30, 2017	0.034800%	1,092,669	578,940	188.74%	75.40%
June 30, 2018	0.028680%	1,078,101	567,092	190.11%	77.70%
June 30, 2019	0.029840%	1,195,000	808,543	147.80%	77.70%
June 30, 2020	0.012050%	1,311,227	895,716	146.39%	75.10%
June 30, 2021	0.013400%	724,665	932,684	77.70%	88.29%
June 30, 2022	0.013660%	1,578,076	951,492	165.85%	76.68%
June 30, 2023	0.018350%	917,564	1,137,466	80.67%	76.20%
June 30, 2024	0.017420%	842,558	1,188,697	70.88%	87.71%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022:

There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90% and the inflation rate reduced from 2.50% to 2.30%.

From fiscal year June 30, 2023 to June 30, 2025:

There were no significant changes in assumptions.

BIG BEAR MUNICIPAL WATER DISTRICT

*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2025*

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	\$ 92,044	\$ (92,044)	\$ -	\$ 625,393	14.72%
June 30, 2017	80,411	(80,411)	-	578,940	13.89%
June 30, 2018	62,837	(62,837)	-	567,092	11.08%
June 30, 2019	73,104	(73,104)	-	808,543	9.04%
June 30, 2020	162,177	(162,177)	-	895,716	18.11%
June 30, 2021	165,819	(165,819)	-	932,684	17.78%
June 30, 2022	180,496	(180,496)	-	951,492	18.97%
June 30, 2023	958,783	(958,783)	-	1,137,466	84.29%
June 30, 2024	123,035	(123,035)	-	1,188,697	10.35%
June 30, 2025	184,629	(184,629)	-	1,524,128	12.11%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2023	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment exper
Retirement Age	50 years (2.5%@55), 52 years (2.0%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities and general fund of the Big Bear Municipal Water District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 2, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
April 2, 2026