BIG BEAR AREA
REGIONAL WASTEWATER AGENCY

P.O. Box 517, 121 Palomino Drive, Big Bear City, California 92314-0517

For Fiscal Year End June 30, 2024

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Big Bear Area
Regional Wastewater Agency
Big Bear City, California

FY 2024
Annual Comprehensive
Financial Report
For the year ended June 30, 2024

Protecting Big Bear's Future through Responsible Planning

BIG BEAR AREA REGIONAL WASTEWATER AGENCY
BBARWA
SINCE 1974

David Lawrence, ***General Manager***

Prepared by
Christine Bennett, ***Finance Manager***
Member of the Government Finance Officers Association of the United States and Canada and the California Society of Municipal Finance Officers

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INTRODUCTORY SECTION

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INTRODUCTION

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Letter of Transmittal

BIG BEAR AREA
REGIONAL WASTEWATER AGENCY
P.O. Box 517, 122 Palomino Drive, Big Bear City, CA 92314-0517
(909) 584-4018

October 3, 2024

Chairperson, Members of the Governing Board of Directors, and the Public:

We are pleased to submit the Annual Comprehensive Financial Report (the Financial Report) of the Big Bear Area Regional Wastewater Agency (the Agency) for the fiscal year ended June 30, 2024. California Government Code Section 26909(a)(2) requires the Agency, as a joint powers agency and operating under special district law, to publish and file with the State Controller an audit report conforming to generally accepted auditing standards within 12 months of the end of the fiscal year or years under examination.

Management is responsible for the accuracy and reliability of the information contained within the report, based upon a comprehensive framework of internal controls that have been established for this purpose. The cost of internal controls should not exceed anticipated benefits; therefore, the objective is to provide reasonable assurance, rather than absolute assurance, that the statements are free of any material misstatement. To the best of management's knowledge, the enclosed data is accurate in all material respects and presents fairly the results of operations and the financial position of the Agency.

The auditing firm of Rogers, Anderson, Malody & Scott, LLP have conducted an independent audit of the Financial Report. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Agency are free of material misstatement. The auditing firm has issued an unmodified opinion on the Agency's financial statements for the fiscal year ended June 30, 2024. The independent auditor's report is located at the beginning of the Financial Section of the Financial Report on page 1.

Management's Discussion and Analysis (MD&A) follows the independent auditor's report and provides an introduction, summary, and analysis of the Agency's financial performance and basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it to enhance the readers' understanding of the information provided.

The Annual Comprehensive Financial Report

This report is presented in three sections:

Introduction, which includes this letter of transmittal, principal officials, and organization chart.

Financial, which includes the independent auditor's report on the financial statements, Management's Discussion and Analysis, the basic financial statements, and the required supplementary information.

Statistical, which includes information related to financial trends, revenue capacity, debt capacity, demographic and economic conditions, and multi-year operational data.

Profile of the Big Bear Area Regional Wastewater Agency

Legal and Organizational Structure

The Agency is an enterprise, wastewater treatment facility which was established in 1974 and organized as a joint powers agency, currently operating under special districts law. The Agency was created as a management agency, obligated to provide services to three agencies: the Big Bear City Community Services District, the City of Big Bear Lake, and the County of San Bernardino Service Area 53 B (the Member Agencies). The Agency's service area encompasses a rural mountain community of approximately 79,000 acres and 25,000 sewer connections.

Governing Body

The Agency is governed by a five-member governing board appointed annually by the governing bodies of its three Member Agencies.

Services

The Agency provides wastewater collection, treatment, and disposal services to the Big Bear area, serving approximately 25,000 commercial and residential customers. On average, the Agency treats approximately 800 million gallons of wastewater annually at its treatment plant. The Member Agencies convey wastewater from their respective sewer systems into the Agency's interceptors and into the treatment plant. The Agency's facilities operate under permit from the California Regional Water Control Board, Santa Ana Region, Order No. R8-2005-0044. The Agency's 640-acre disposal site is located northeast of the Agency in the desert community of Lucerne Valley. The effluent from the treatment plant is pumped to Lucerne Valley for irrigation of fodder and fiber crops under permit from the California Regional Water Quality Control Board, Colorado River Basin, Order No. R7-2021-0023. The disposal site is leased to an independent contractor.

Mission

The Agency's mission is to efficiently collect, treat, and beneficially reuse wastewater and bio-solids in an environmentally and fiscally responsible manner.

To carry out this mission, the Agency will meet the needs of the regulatory agencies and our community in an open and cooperative manner.

Budget Process

Pursuant to the operating agreement between the Agency and its Member Agencies, an annual budget must be adopted by May 1 of each year. By California State Law, the Agency is required to adopt its budget by July 1 of each year.

The budget process involves long-range planning, which is essential to financial management and maximizing ratepayer value. The Agency completes a five-year financial forecast each year. The first year of the forecast is the Agency's annual budget. The budget provides a solid picture of the Agency's expectations for the next twelve months and is an accountability tool for management and reflects its commitment to performance. The forecast is the Agency's best estimate of performance beyond the next twelve months. It is based on historical trend analysis, economic conditions, inflationary expectations, and other relevant information that may impact future performance. Each year, the Agency reviews and updates its 20-year capital plan which includes 1) the scheduled maintenance and replacement of Agency assets and 2) any planned improvement or capacity expansion projects.

The long-range financial plan indicates the adequacy of the Agency's revenues to meet debt covenant tests, fund balance targets, and capital requirements and is a critical tool in maintaining stable and adequate rates.

Economic Condition

The Agency's economic condition is determined based on the financial outlook or expected, future financial strength of the Agency. The Agency has maintained stable operations by 1) managing operating expenses to inflationary growth over time, 2) long-term planning for asset maintenance and 3) modifying its rates as needed. Further, based on long-range planning, the outlook for the Agency is good, with adequate revenue to cover its costs, maintain and improve its facilities, meet its debt service requirements as they come due, and fund the minimum balance requirements associated with its contingency, liquidity, capital improvement and debt service reserve funds. Factors affecting the Agency's economic condition include the local economy, long-range financial planning, financial policies and practices, and major initiatives.

Local Economy

The local area is a four-season, resort community located in the San Bernardino Mountains of Southern California. The economy is primarily driven by tourists and a large, part-time population of second homeowners. The food service, accommodation, recreation, and entertainment industries are the largest employers followed closely by educational, healthcare, and social services. The Agency serves an area that experiences relatively low growth with new connections averaging less than 1% over the long term or approximately 63 connections per year. Over the past 10 years new connections to the system have been low with the exception of the Covid19 migration which saw an influx of new construction and the construction of a new hotel during the current fiscal year. The annual average of new connections for the last ten years is approximately 57 per year, not including nonrecurring multi-unit connections. An overview of the general demographics of the area can be found in the Statistical Section.

Long-Term Financial Planning

Rates are set at levels to meet operating and maintenance costs, capital costs (both debt service and capital expenditures), and minimum reserve fund balance requirements. The Agency uses a combination of cash and debt to fund its capital investments and to maintain stable rates. The rate adjustment for FY 2025 is 18% with 18% rate adjustments projected annually through FY 2028, and a 4.5% rate adjustment projected for FY 2029. These rate adjustments include rate collection for the Replenish Big Bear Project. Annual rate adjustments, not including the Replenish

Big Bear Project, average 4% through FY 2028 and reflect the expected cost of inflation during the projection period. These rate and inflation assumptions were developed during the FY 2025 budget process.

The Agency has focused on managing costs to inflationary levels which has resulted in relatively stable rates over the years. Adequate depreciation funding, cost management, long-range planning, and a history of effective financial management have positioned the Agency to maintain stable and competitive rates and to adequately fund future capital projects. With the addition of the Replenish Big Bear Project, a water reclamation project, it has become necessary to adjust rates above inflationary levels for FY 2025 through FY 2028 for project construction costs and additional debt service requirements. At the completion of project construction, rate adjustments are expected to follow inflationary adjustments and remain stable for future years.

The Agency's capital projects during the next five-year period through FY 2029 total approximately $81.6 million (approximately $16.3 million annual average) and through FY 2044 total approximately $114.6 million (approximately $5.7 million annual average). Over the long term, under the current capital improvement plan, approximately 13% of the Agency's capital investment is for maintenance with the remaining 87% for non-maintenance improvements.

Over the next five years, the Agency's major capital projects (in approximate amounts) include $1.1 million in asphalt and paving improvements on Palomino Drive and the administrative and plant parking areas; $336,000 for the replacement of transportation equipment; $2.3 million for treatment plant equipment and rehabilitation which includes the clarifier 1 rehabilitation and miscellaneous equipment rebuilds/replacements and building improvements; $539,000 for the replacement of mobile pumping, information technology, and electrical equipment; and $150,000 for the interceptor system. Capital project costs for the Replenish Big Bear Project through FY 2028 are anticipated to be approximately $77 million, a portion of which will be offset by grant proceeds of approximately $27 million.

Financial Policies and Practices

The Agency has adopted financial policies related to debt, investment, and designated reserve funds. These policies guide the Agency through its budgeting and planning processes and provide a framework for the financial management of the Agency. The Agency maintains multiple designated reserve funds, including contingency (for variances from the budget), liquidity (for working capital), debt (for debt service) and capital and replacement (for current and future capital investment requirements). Target fund balances are set annually and are based on the Agency's operational and capital requirements. The Agency has not adopted a formal policy on a balanced budget. The Agency's practice is to balance the budget through the planned use of or contribution to the Agency's capital and replacement fund and structure its rates to cover its average recurring expenses. All references to Agency funds and designated fund balances are related to reserve funds maintained by the Agency for various operating and capital-related purposes.

FY 2025 Major Initiatives

Force Main Sliplining – The force main is likely being impacted by hydrogen sulfide gas during low flow conditions due to the collection at the top of the pipe, which can cause corrosion. A video inspection was performed and showed signs of slight corrosion. Additionally, there have been three sewage leaks on this line since March of 2023. In response to this and to prevent further damage to the pipe, approximately 1,500 ft of lining will be installed in the force main.

Replenish Big Bear – Replenish Big Bear is a forward-looking water reclamation project that protects the community's water supplies through advanced water treatment processes and will produce millions of gallons of clean water every year. This water will be used to replenish the Big Bear Valley's water supplies. The Agency began the preliminary engineering and environmental work for the Replenish Big Bear Program in FY 2019. Pre-construction activities began in FY 2023 which include engineering, environmental, pilot facility planning and implementation, and design work. Final design is scheduled to be completed in FY 2025 with construction beginning during that FY. The Governing Board approved rate adjustments, subject to annual review, through FY 2028 to support costs associated with the project.

Awards and Acknowledgement

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the **Certificate of Achievement for Excellence in Financial Reporting** to the Big Bear Area Regional Wastewater Agency for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This is the 12th consecutive year BBARWA has received the award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and will be submitting to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We wish to extend our appreciation to our independent auditors, Rogers, Anderson, Malody & Scott, LLP for their assistance in the report preparation and to the Agency's Governing Board of Directors for its support in upholding the highest standards of professionalism and financial accountability in the management of the Big Bear Area Regional Wastewater Agency.

David Lawrence
General Manager

Christine Bennett
Finance Manager

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Big Bear Area Regional Wastewater Agency
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

The Governing Board of Directors

Jim Miller, Chair
County Service Area 53B

Rick Herrick, Vice-Chair
City of Big Bear Lake

John Russo, Director
Big Bear City CSD

Kendi Segovia, Director
City of Big Bear Lake

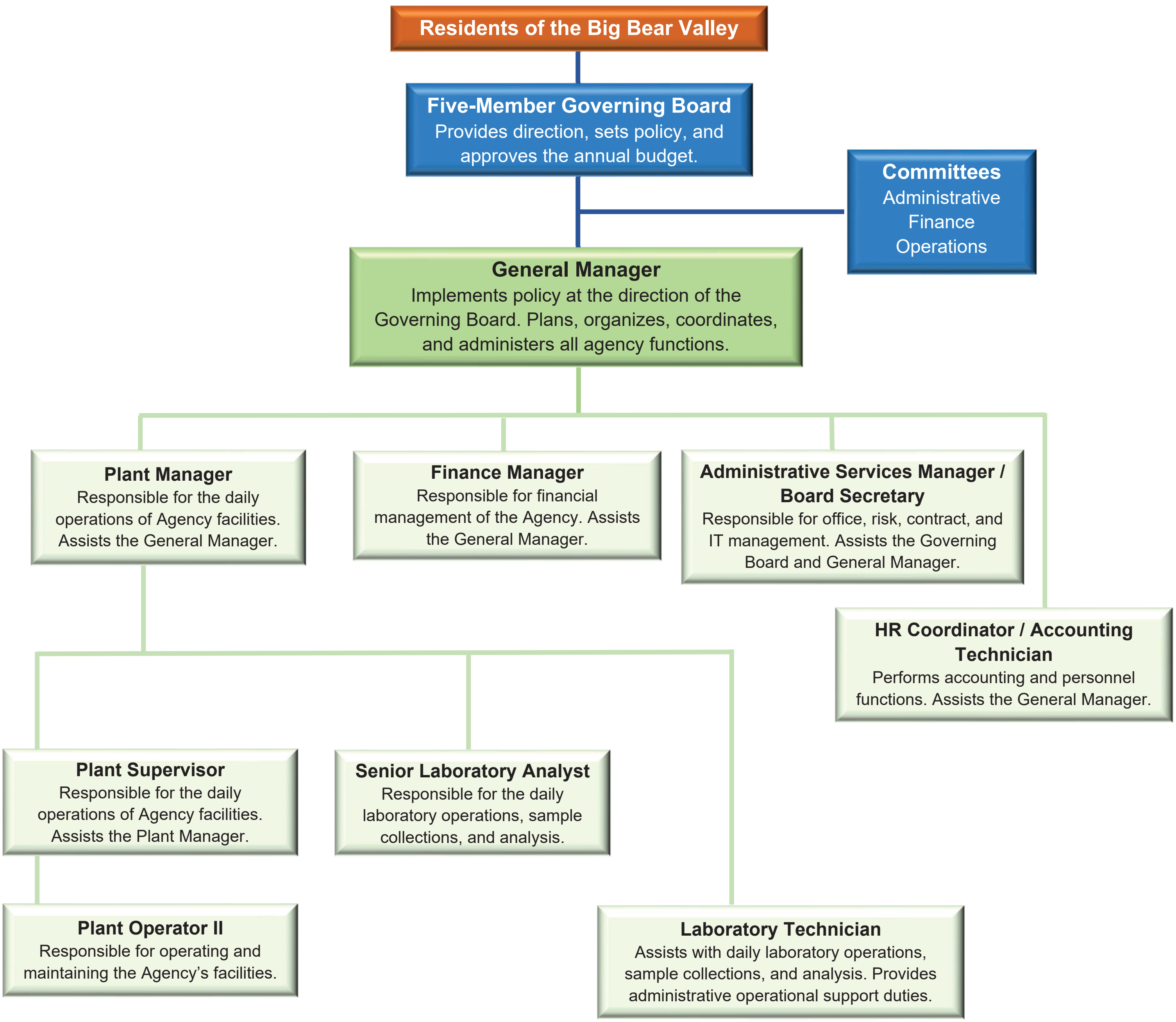
Larry Walsh, Director
Big Bear City CSD

General Manager and Management Staff

David Lawrence	General Manager	909-584-4018
Christine Bennett	Finance Manager	909-584-4522
John Shimmin	Plant Manager	909-584-4520
Bridgette Burton	Administrative Services Manager	909-584-4524

Organizational Chart

(as of June 30, 2024)



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FINANCIAL SECTION

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Independent Auditor's Report

To the Board of Directors
Big Bear Area Regional Wastewater Agency
Big Bear City, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Big Bear Area Regional Wastewater Agency (the Agency), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, (Government Auditing Standards) and the State Controller's *Minimum Audit Requirements for California Special Districts*. 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 Agency 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.

Prior Year Comparative Information

We have previously audited the Agency's 2023 financial statements, and we expressed an unmodified opinion in our report dated October 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Agency'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 GAAS and *Government Auditing Standards* (GAS) 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 GAAS and GAS, 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 Agency'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 Agency'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 Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The schedule of revenues, expenses, and changes in net position – budget vs. actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Agency's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

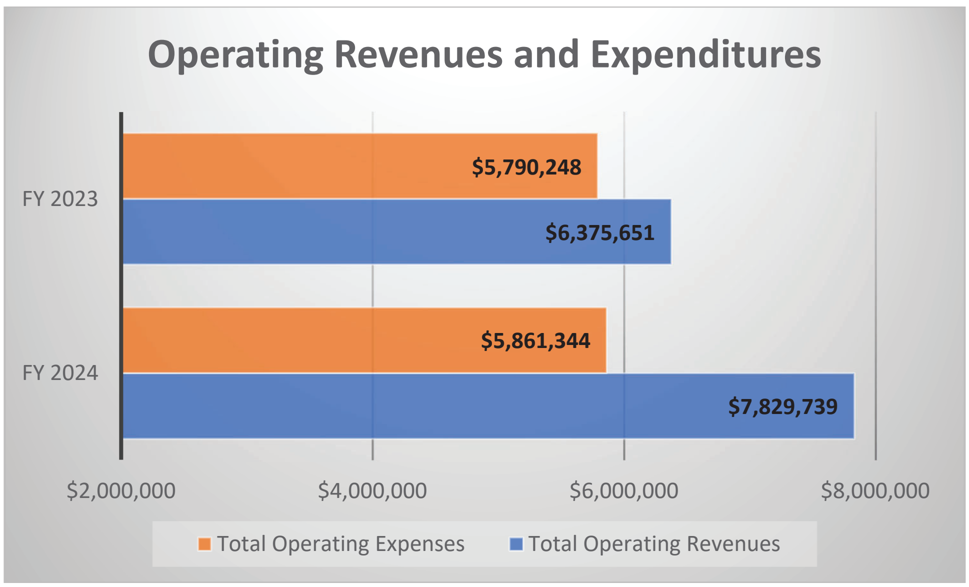
San Bernardino, California
October 3, 2024

Management's Discussion and Analysis

This section of the financial statements for the Big Bear Area Regional Wastewater Agency provides a discussion of the Agency's financial performance for the fiscal year ended June 30, 2024 (FY 2024). These comments should be read in conjunction with and are a supplement to the financial statements identified in the accompanying table of contents.

Financial Overview

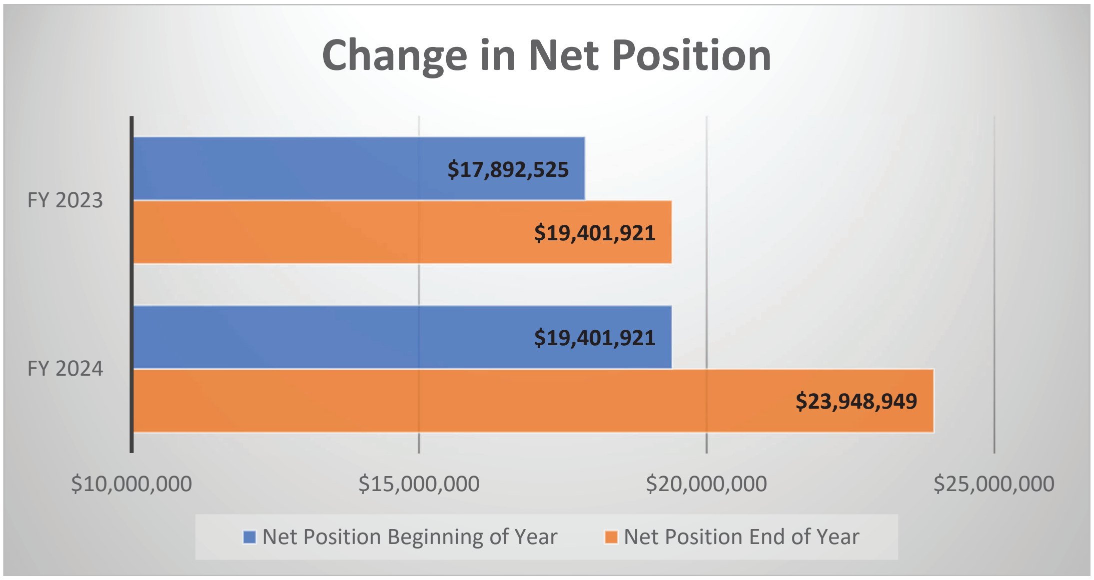
The Agency's financial performance improved compared to the prior year. Operating revenues outpaced operating expenses with operating revenues increasing by 23% and operating expenses increasing by 1%. This resulted in an increase in operating income during the period of $1,382,992. When combined with improved nonoperating income (expense) primarily due to Replenish Big Bear grant reimbursements and higher interest income, the result is a 23% increase in net position for the period.



The Agency's operating revenues increased $1,454,088 or 23% compared to the prior period. The increase was primarily due to a 22.5% increase in sewer user fees, which included an increase for the Replenish Big Bear project debt service reserve and an increase in connections to the system. Operating expenses increased just $71,096 or 1% over the prior period.

The Agency's nonoperating revenues increased $1,618,309 or 230% over the prior period largely due to higher grant revenue (related to the Replenish Big Bear project) and an increase in interest income. Nonoperating expenses increased just $562 or less than 1%. The prior period expenditures included financing costs for the Replenish Big Bear short term loan. Additionally, there was a reduction in interagency expenses compared to the prior period. This was partially offset by an increase in interest expense with the addition of the Replenish Big Bear short term loan. Overall, net nonoperating revenues (expenses) had a positive variance of $1,617,747 for the period.

Capital contributions (connection fee revenue) increased $246,620 or 100% during the period primarily as a result of the addition of 62 connections for the Hampton Inn. Current period connections were 118, an increase of 59 connections. The connection fee (the rate charged per connection) remained unchanged during the period at $4,180 per connection.



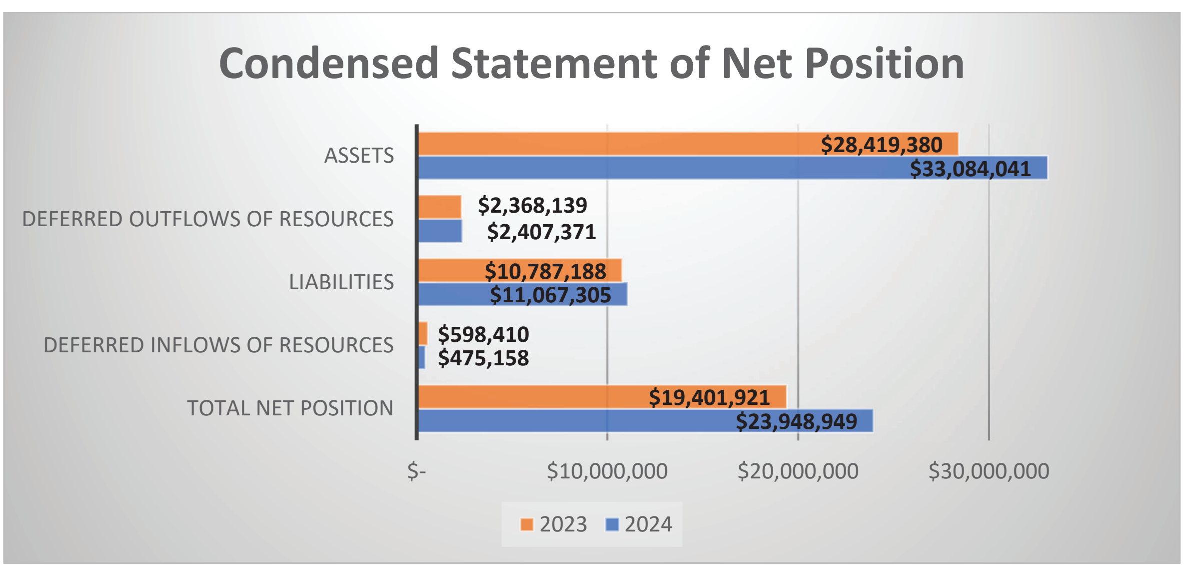
Net position increased $4,547,028 over the year-ago period due to the items noted above.

The Agency had positive cash flow during the period of $712,186. The Agency generated approximately $3 million in cash from operations and investment income. These sources of cash were offset in part by capital expenditures and debt service of approximately $2.3 million. Capital expenditures were partially offset by grant proceeds for the Replenish Big Bear project.

There are no restrictions, commitments, or other limitations that significantly affect the availability of resources for future use.

Statement of Net Position

The statement of net position presents information on the Agency's assets (including deferred outflows of resources) and liabilities (including deferred inflows of resources), with the difference reported as net position. The increases or decreases in net position, over time, may indicate whether the Agency's financial position is improving or deteriorating.



CONDENSED STATEMENT OF NET POSITION

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change
Assets:				
Current and other assets	$ 13,585,574	$ 12,179,923	$ 1,405,651	12%
Capital assets, net	19,430,494	16,106,862	3,323,632	21%
Other noncurrent assets	67,973	132,595	(64,621)	-49%
Total assets	33,084,041	28,419,380	4,664,661	16%
Deferred Outflows of Resources	2,407,371	2,368,139	39,232	2%
Liabilities:				
Current liabilities	1,350,597	1,100,897	249,700	23%
Noncurrent liabilities	9,716,708	9,686,291	30,417	0%
Total liabilities	11,067,305	10,787,188	280,117	3%
Deferred Inflows of Resources	475,158	598,410	(123,252)	-21%
Net Position:				
Net investment in capital assets	13,994,395	10,249,423	3,744,972	37%
Unrestricted	9,954,554	9,152,498	802,056	9%
Total net position	$ 23,948,949	$ 19,401,921	$ 4,547,028	23%

Summary

The Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $23,948,949 at fiscal year-end. This increased $4,547,028 compared to the prior year driven by an increase in current assets (cash and investments) and capital assets, offset by increases in liabilities such as accounts payable and accrued expenses as well as OPEB liabilities.

Assets

Total assets increased $4,664,661 or 16% over the prior period and was the result of an increase across most asset types. The increase in current assets was driven by higher cash and investments resulting from higher cash flow during the period. Higher cash flow was driven by an increase in sewer user fees to build required reserves for the Replenish Big Bear project and an increase in interest revenue. The increase in noncurrent assets was primarily driven by an increase in capital assets in progress. Capitalized investment for the period was $524,822 compared to $858,504 in asset depreciation and amortization.

Deferred Outflows of Resources

Deferred outflows of resources increased $39,232 or 2% and primarily reflects the net change in pension and OPEB-related adjustments associated with changes in investment experience and contributions related to these plans.

Liabilities

Total liabilities increased $280,117 or 3% from the prior period. The increase was primarily driven by an increase in current liabilities of $249,700 reflecting higher accounts payable and accrued expenses. Noncurrent liabilities increased by $30,417 with Pension and OPEB liabilities increasing by $453,147 as a result of lower market returns than expected on invested assets related to these plans for the twelve-months ended June 30, 2023 (measurement period). Long-term debt decreased as a result of scheduled principal amortization.

Deferred Inflows of Resources

Deferred inflows of resources decreased $123,252 or 21% driven mostly by pension adjustments associated with changes in investment experience and a decrease in lease liability.

Net Position

There are two components of the Agency's net position. The largest portion, net investment in capital assets, represents the Agency's investment in capital assets net of any related debt (debt used to finance the purchase of capital assets) and reflects the Agency's investment in property, plant, and equipment. The remaining unrestricted net position is available to meet the Agency's ongoing obligations. The Agency's overall net position is simply a function of its assets and deferred outflows of resources minus its liabilities and deferred inflows of resources. During the period, the Agency's net position increased by $4,547,028 primarily due to increases in assets and decreases in liabilities for the period, which have been previously noted.

Statement of Revenues, Expenses and Changes in Net Position

This statement reflects the Agency's revenues and expenses, with the difference between the two reported as change in net position. The order of presentation reflects the Agency's primary operations, with operating revenues and operating expenses presented first, nonoperating revenues and nonoperating expenses presented second, and capital contributions presented last. The change in net position shows the residual revenue (on an accrual basis) that is available to contribute toward current and future capital (both investment and debt service) and reserve funding and is an indication of the adequacy of the Agency's rates.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change
Operating revenues	$ 7,829,739	$ 6,375,651	$ 1,454,088	23%
Nonoperating income	2,322,624	704,315	1,618,309	230%
Total revenues	10,152,363	7,079,966	$ 3,072,397	43%
Operating expenses	5,002,841	4,896,558	106,283	2%
Depreciation and amortization	858,503	893,690	(35,187)	-4%
Nonoperating expenses	237,231	236,669	562	0%
Total expenses	6,098,575	6,026,917	71,658	1%
Net income (loss) before capital contributions	4,053,788	1,053,050	3,000,738	285%
Capital contributions	493,240	246,620	246,620	100%
Replenish Big Bear capital contributions	-	209,726	(209,726)	-
Change in net position	$ 4,547,028	$ 1,509,395	$ 3,037,633	201%
Net Position, Beginning of Year	$ 19,401,921	$ 17,892,525	$ 1,509,396	8%
Net Position, Beginning of Year	$ 23,948,949	$ 19,401,921	$ 4,547,028	23%

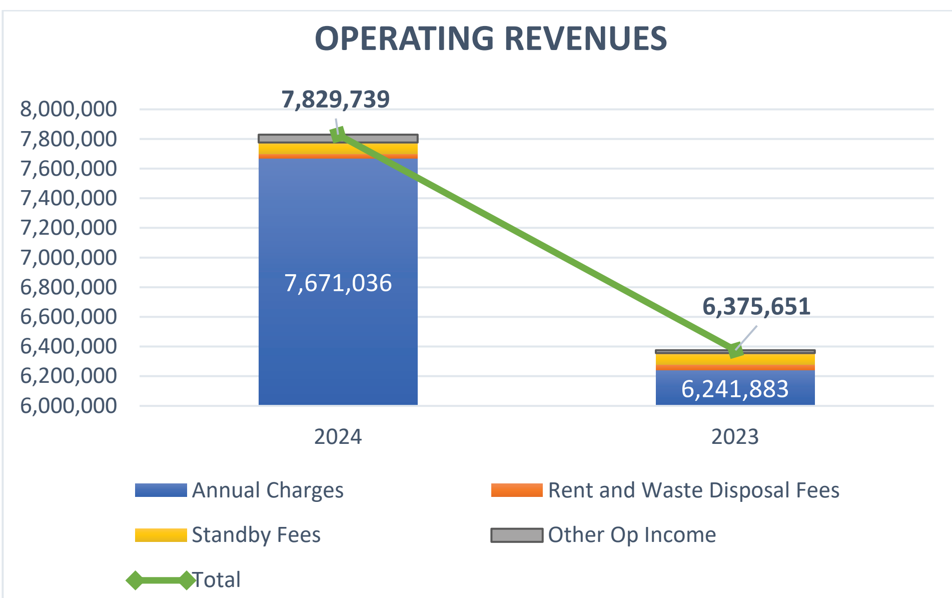
Summary

The Agency's operating revenues increased $1,454,088 or 23% and total expenses, including depreciation and amortization, increased $71,658 or 1%, resulting in an increase in operating income of $1,382,992 or 236% when compared to the prior period. This increase, with the addition of improved nonoperating income (expense), resulted in a $3,037,633 increase in change in net position for the period when compared to the prior period.

Operating Revenues

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change
Operating revenues:				
Annual charges	$ 7,671,036	$ 6,241,883	$ 1,429,153	23%
Standby fees	75,297	77,590	(2,293)	-3%
Rent and waste disposal fees	30,010	36,359	(6,348)	-17%
Other revenue	53,396	19,819	33,577	169%
Total operating revenues	$ 7,829,739	$ 6,375,651	$ 1,454,088	23%

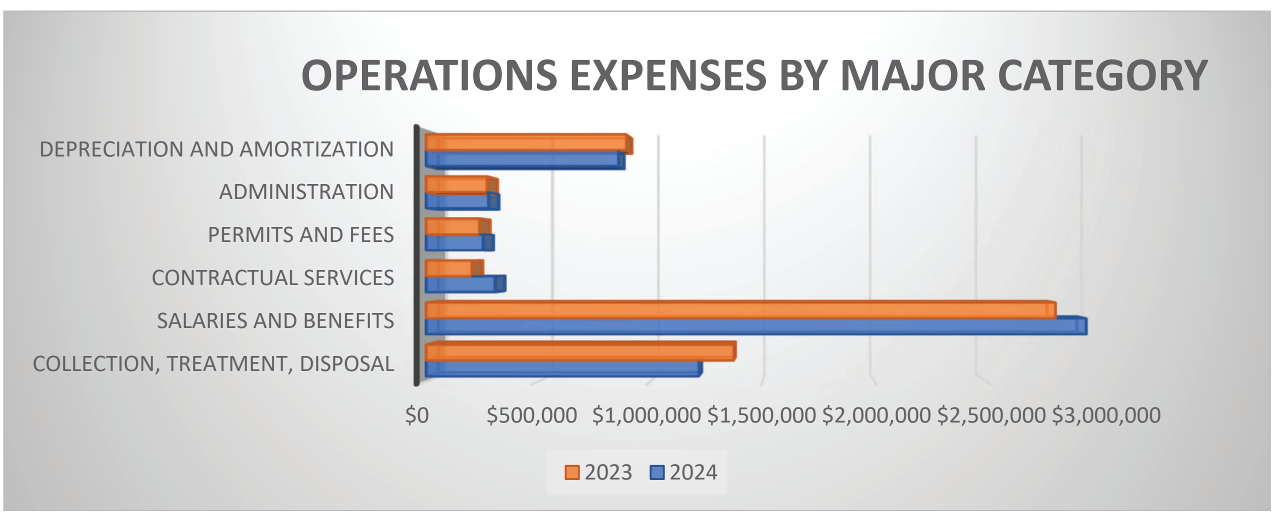
Changes in operating revenues are largely driven by changes in annual charges which make up 98% of total operating revenues. Annual charges are based on the established sewer user fee set by the Governing Board and the number of equivalent dwelling units connected to the system. Sewer user fees increased 22.5%, which included an increase for required reserves and debt financing of the Replenish Big Bear Project. When combined with higher connections the total increase in annual charges was 23%, with the overall increase in operating revenues at 23%. The increase in other revenue for the period was primarily related to an insurance claim reimbursement and the sale of green energy credits generated by the solar production facility.

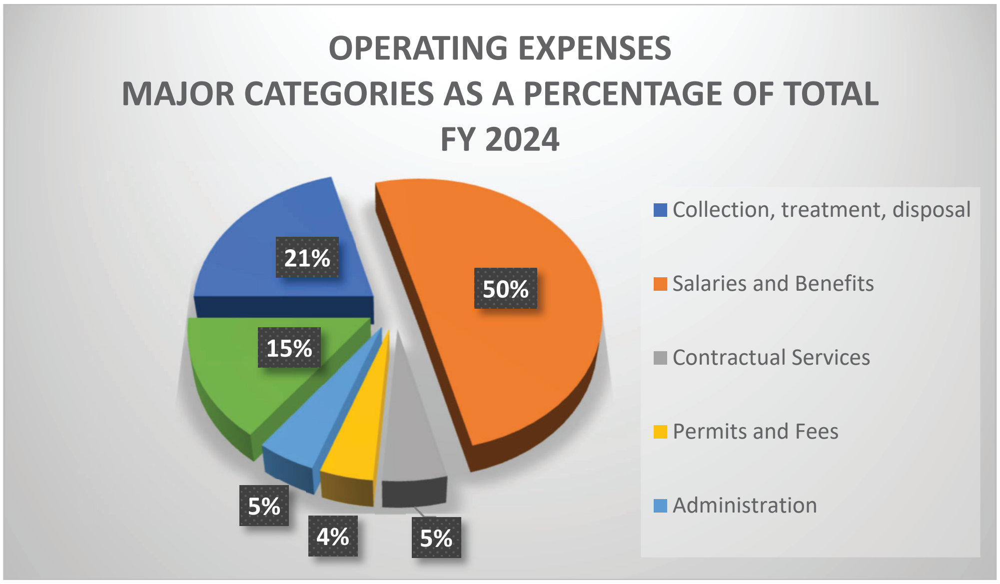


Operating Expenses

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change
Operating expenses:				
Collection, treatment, disposal	$ 1,216,104	$ 1,371,813	$ (155,709)	-11%
Salaries and benefits	2,944,982	2,807,640	137,342	5%
Contractual services	307,965	204,883	103,082	50%
Permits and fees	254,556	239,056	15,500	6%
Administration	279,234	273,165	6,069	2%
Depreciation and amortization	858,503	893,690	(35,187)	-4%
Total operating expenses	$ 5,861,344	$ 5,790,248	$ 71,096	1%

Total expenses increased $71,658 or 1% compared to the year-ago period. This increase was distributed across most expense accounts with the exception of collection, treatment, and disposal and depreciation and amortization. The greatest increases experienced were in salaries and benefits and contractual services. The increase in salaries and benefits was largely due to accounting adjustments associated with pension and OPEB expense as well as increases in benefits and salaries and wages. The increase in contractual services was primarily due to higher engineering and legal services as well as HVAC and electrical repairs and maintenance costs. Further discussion regarding variances to operating expenses continues below.





Collection, Treatment and Disposal Expense

Collection, treatment, and disposal expense decreased $155,709 or 11% under the prior period. This decrease was primarily driven by decreases in repairs and replacements and utilities partially offset by increases in sludge removal and chemicals.

- **Repairs and Replacement expense** decreased $190,931 or 56%. The cost of higher repairs and replacements in the prior period related to emergency repairs were one time expenditures. The current did not experience the level of emergency repairs as the prior period did.

- **Utilities expense** decreased $20,405 or 42% primarily due to a decrease in the removal and disposal of solid waste from the scum bed when compared to the prior period.

- **Sludge removal expense** increased $33,617 or 13% over the prior period. During the current period 4,413 tons of sludge was removed versus 3,927 tons during the prior period, an increase of 486 tons.

- **Chemicals expense** increased $13,617 or 13% when compared to the prior year. The increase was due to an increase in polymer and odor control – disinfectant expenses.

Salaries and Benefits Expense

Salaries and benefits expense increased $137,342 or 5% over the prior period. Excluding accounting adjustments related to GASB 68 and GASB 75, salaries and benefits expense increased $148,486 or 5%.

Salaries and Benefits Expense Excluding Accounting Adjustments

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change[1]
Salaries and benefits	$ 2,944,982	$ 2,807,640	$ 137,342	5%
Accounting Adjustments	(36,200)	(47,344)	11,144	+
Salaries and benefits before adjustments	$ 2,908,782	$ 2,760,296	$ 148,486	5%

[1] Percent change is not provided if either the latest period or the year-ago period contains a loss or negative number.
If actual performance is improved, a "+" is given. If worse, a "-" is given.

The increase in salaries and benefits expense (excluding accounting adjustments) largely reflects a $35,343 or 2% increase in salaries and wages, a $25,408 or 3% increase in employee benefits expense, and a $72,976 or 46% increase in OPEB benefits. Salaries and wages increased as a result of annual merit and cost-of-living adjustments partially offset by employees that were on medical disability during a portion of the current period. Employee benefits expense increased due to higher pension expenses. OPEB benefits increased as a result of an increase in the required employer contributions per the valuation report.

Contractual Services

Contractual services expense increased $103,082 or 50% over the prior period. The increase was driven by increases in legal services due to a significant increase in records requests, engineering services which included planning support for the force main rehabilitation project, unexpected repairs to the administration building HVAC system, and an increase in electrical repairs and maintenance.

Permits and Fees

Permits and fees expense increased $15,500 or 6% largely due to increases imposed by the permitting agencies.

Administration Expense

Administration expense was up $6,069 or 2% from the prior period reflecting a slight increase in property tax, insurance, and education and training. Education and training experienced the largest increase, $3,027, as more employees took advantage of the training opportunities provided.

Depreciation and amortization

Depreciation and amortization expense decreased $35,187 or 4% from the prior period and was due to a lower level of depreciable assets as large assets become fully depreciated.

Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) had a positive variance of $1,617,746 compared to the prior period primarily due to higher nonoperating revenues driven by higher grant proceeds (higher by $1.2 million) and higher interest income (higher by $429,103). Higher grant proceeds in the current period are related to grant reimbursements associated with the Replenish Big Bear Project.

NONOPERATING REVENUES (EXPENSES)

	As of June 30,		2024 vs. 2023	
	2024	2023	Increase (Decrease)	% Change[1]
Nonoperating revenues:				
Interest Income	$556,822	$127,719	$429,103	336%
Lease Revenue	60,539	60,552	-13	0%
Other	1,705,263	516,044	1,189,219	230%
Total nonoperating revenues	2,322,624	704,315	1,618,308	230%
Nonoperating expenses				
Net loss on asset disposal	0	6,029	-6,029	-100%
Interest expense	225,688	154,490	71,198	46%
Other	6,514	71,119	-64,605	-91%
Amortization of bond cost	5,029	5,031	-2	0%
Total nonoperating expenses	237,231	236,669	562	0%
Total nonoperating revenues (expenses)	$2,085,392	$467,646	$1,617,746	346%

[1] Percent change is not provided if either the latest period or the year-ago period contains a loss or negative number. If the actual performance is improved when compared to the prior period, a "+" is given. If actual performance is worse when compared to the prior period, a "-" is given.

Capital Contributions (Connection Fee Revenue)

Connection fee revenue increased $246,620 or 100% over the prior year as the number of connections increased to 118 from 59 in the prior period, a change of 59 connections. The primary factor for the increase was the addition of 62 connections for the Hampton Inn. The Agency's connection fee remained unchanged at $4,180 per connection.

CAPITAL CONTRIBUTIONS (CONNECTION FEE REVENUE)

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change
Capital Contributions	$ 493,240	$ 246,620	$ 246,620	100%
Number of Connections	118	59	59	100%

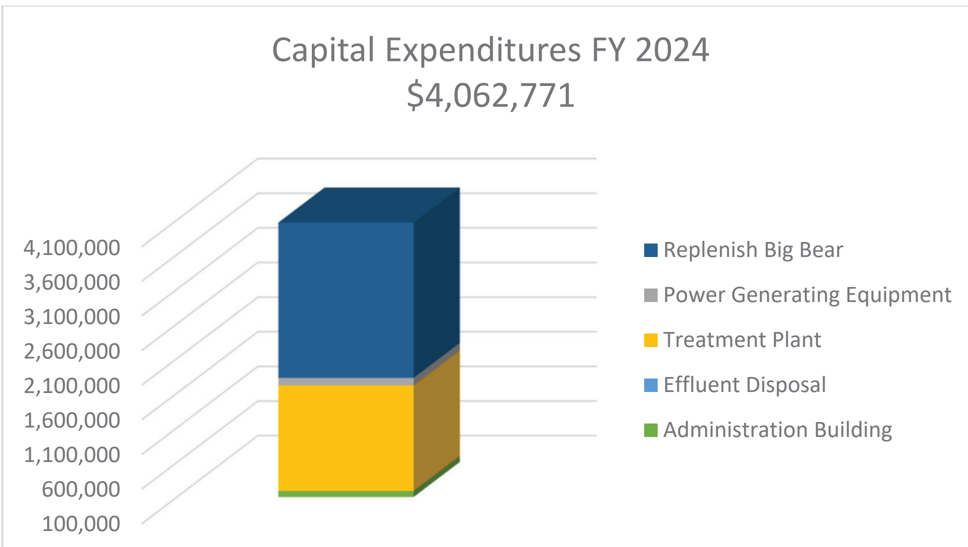
Capital Asset Activity

The Agency's net capital assets increased by $3,232,632 or 21% during the period. The net increase in capital assets was due to capital expenditures greater than annual depreciation expense and asset disposals for the period. The Agency's capital expenditures during the period totaled $4,062,771, compared to annual depreciation expense of $858,504 and net asset disposals of $35,154.

CAPITAL ASSETS, NET

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change
Capital assets, net	$ 19,430,494	$ 16,106,862	$ 3,323,632	21%

During fiscal year 2024 capital investments totaled $4,062,771. Of this amount, $3,537,949 remained in progress at year end and was primarily related to the Replenish Big Bear Project and the Agency's Grit System Rehabilitation Project. The remaining $524,822 in capital investment for the period was related to the replacement of treatment plant equipment, upgrades to the boardroom audio/visual equipment, and the administrative building roof replacement. The Agency carried over approximately $4.5 million in capital expenditures planned for FY 2024 that will be completed in FY 2025.



For additional information related to the Agency's capital assets, see note 4 in the accompanying financial statements.

Long-Term Debt, Net Pension and Net OPEB Liability Activity

The Agency decreased its long-term debt during the period by $425,903 or 7% which reflects regularly scheduled debt amortization. The Agency's net OPEB liability increased by $162,684 or 13% and the Agency's pension liability increased by $290,463 or 10%. The net change in OPEB and pension liabilities reflects the net change during the period in the respective plan assets and plan liabilities.

OUTSTANDING DEBT, NET

	As of June 30,		2024 vs 2023	
	2024	2023	Increase (Decrease)	% Change
Outstanding Debt, Net	$ 5,447,370	$ 5,873,273	$ (425,903)	-7%
Net OPEB Liability	$ 1,425,731	$ 1,263,047	$ 162,684	13%
Net Pension Liability	$ 3,232,918	$ 2,942,455	$ 290,463	10%

For additional information, see note 5, 7 and 8 in the accompanying financial statements.

Contacting the Agency

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have any questions regarding this report or need additional information, contact the Agency office at 909-584-4018, 121 Palomino Drive, Big Bear City, California 92314.

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Basic Financial Statements

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Statement of Net Position
June 30, 2024
(With comparative data for prior year)

	2024	2023
Assets		
Current assets:		
Cash and investments (Note 3)	$ 12,170,320	$ 11,458,134
Accounts receivable	1,163,037	512,453
Lease receivable (Note 4)	64,621	62,435
Due from member agencies	33,440	41,800
Interest receivable	136,007	90,315
Prepaid expenses	18,149	14,786
Total current assets	13,585,574	12,179,923
Noncurrent assets:		
Lease receivable (Note 4)	67,973	132,595
Capital assets, not being depreciated (Note 5)	6,274,301	2,771,506
Capital assets, net of depreciation/amortization (Note 5)	13,156,193	13,335,356
Total noncurrent assets	19,498,467	16,239,457
Total assets	33,084,041	28,419,380
Deferred Outflows of Resources		
Deferred charges on refunding	12,336	17,365
Pension related (Note 8)	1,434,566	1,502,866
OPEB related (Note 9)	960,469	847,908
Total deferred outflows of resources	2,407,371	2,368,139
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	557,925	349,933
Accrued salaries and benefits	79,882	68,051
Accrued interest	27,104	29,144
Long-term liabilities, due within one year (Note 6)	685,686	653,769
Total current liabilities	1,350,597	1,100,897
Noncurrent liabilities:		
Net OPEB liability (Note 9)	1,425,731	1,263,047
Net pension liability (Note 8)	3,232,918	2,942,455
Long-term liabilities, due beyond one year (Note 6)	5,058,059	5,480,789
Total noncurrent liabilities	9,716,708	9,686,291
Total liabilities	11,067,305	10,787,188
Deferred Inflows of Resources		
Lease related (Note 4)	137,325	197,864
Pension related (Note 8)	179,400	264,177
OPEB related (Note 9)	158,433	136,369
Total deferred inflows of resources	475,158	598,410
Net Position:		
Net investment in capital assets	13,994,395	10,249,423
Unrestricted	9,954,554	9,152,498
Total net position	$ 23,948,949	$ 19,401,921

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

Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2024
(With comparative data for prior year)

	2024	2023
Operating revenues		
Member agency fees	$ 7,671,036	$ 6,241,883
Standby charges	75,297	77,590
Rental income	7	11,096
Waste disposal fees	30,003	25,263
Other revenues	53,396	19,819
Total operating revenues	7,829,739	6,375,651
Operating expenses		
Salaries and benefits	2,944,982	2,807,640
Power	442,662	434,357
Sludge removal	291,833	258,216
Chemicals	95,601	80,548
Materials and supplies	142,604	148,013
Repairs and replacements	148,728	339,659
Equipment rental	950	3,097
Utilities	28,578	48,982
Communications	65,148	58,941
Contractual services - other	153,562	80,920
Contractual services - professional	154,403	123,963
Permits and fees	254,556	239,056
Property tax	4,196	4,096
Insurance	229,000	226,698
Other operating	46,038	42,370
Amortization	467	467
Depreciation	858,036	893,225
Total operating expenses	5,861,344	5,790,248
Operating income	1,968,395	585,403
Nonoperating revenues		
Investment income	556,822	127,719
Lease revenue	60,539	60,552
Other miscellaneous revenue	1,705,263	516,044
Total nonoperating revenues	2,322,624	704,315
Nonoperating expenses		
Other	6,514	71,119
Interest	230,717	159,520
Net loss on capital asset disposals	-	6,029
Total nonoperating expenses	237,231	236,668
Income before contributions	4,053,788	1,053,050
Capital contributions - connection charges	493,240	456,346
Change in net position	4,547,028	1,509,396
Net position, beginning of year	19,401,921	17,892,525
Net position, end of year	$ 23,948,949	$ 19,401,921

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

Statement of Cash Flows
For the year ended June 30, 2024
(With comparative data for prior year)

	2024	2023
Cash flows from operating activities:		
Cash received from customers and other sources	$ 7,179,155	$ 5,976,203
Cash payments to suppliers for goods and services	(2,173,271)	(2,251,425)
Cash payments for employees and benefits	(2,551,422)	(2,622,825)
Other non-operating revenues	1,705,263	516,044
Other non-operating expenses	(6,514)	(71,119)
Net cash provided by operating activities	4,153,211	1,546,878
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets	(3,862,094)	(1,344,694)
Proceeds from sale of capital assets	-	2,536
Proceeds from capital contributions	501,600	460,526
Principal payments on lease liability	(465)	(460)
Principal payments on long-term debt	(425,904)	(411,797)
Proceeds from new debt issuance	-	3,400,000
Interest paid on long-term debt	(227,728)	(137,943)
Net cash (used for) provided by capital and related financing activities	(4,014,591)	1,968,168
Cash flows from investing activities:		
Investment income received	511,130	50,332
Payments received from lease receivables	62,436	60,317
Net cash provided by investing activities	573,566	110,649
Net change in cash and investments	712,186	3,625,695
Cash and investments, beginning of year	11,458,134	7,832,439
Cash and investments, end of year	$ 12,170,320	$ 11,458,134

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

Statement of Cash Flows (continued)
For the year ended June 30, 2024
(With comparative data for prior year)

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,968,395	$ 585,403
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	858,036	893,225
Amortization	467	467
Other revenues	1,705,263	516,044
Other expense	(6,514)	(71,119)
Construction in process in accounts payable	(320,041)	(151,319)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(650,584)	(399,448)
Prepaid expenses	(3,363)	(2,288)
Deferred outflows of resources - OPEB related	(112,561)	(539,005)
Deferred outflows of resources - pension related	68,300	(867,877)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	207,992	(8,902)
Accrued salaries and benefits	11,831	28,544
Compensated absences	35,556	19,634
Deferred inflows of resources - OPEB related	22,064	(378,162)
Deferred inflows of resources - pension related	(84,777)	(873,471)
Net OPEB liability	162,684	950,243
Net pension liability	290,463	1,844,909
Net cash provided by operating activities	$ 4,153,211	$ 1,546,878
Schedule of non-cash noncapital and capital related financing and investing activities		
Disposed capital assets, net book value	$ -	$ (8,565)
Construction in progress in accounts payable	320,041	151,319

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

NOTE 1: Reporting entity and significant accounting policies

(a) Description of the reporting entity

The Big Bear Area Regional Wastewater Agency (the "Agency") is a joint powers agency comprised of three members: the Big Bear City Community Services District, the City of Big Bear Lake, and the County of San Bernardino on behalf of the County Service Area 53, Zone B. The Agency was formed in 1974 to construct and operate regional sewage treatment and disposal facilities for the entire Big Bear Valley. The service area for the Agency includes most of the Big Bear Valley in the San Bernardino Mountains in Western San Bernardino County.

The Agency was formed under a joint exercise of powers agreement among the member entities for the purposes of planning and constructing sewer improvements to serve the member entities' service areas, obtaining State and Federal Clean Water grants, financing the local share of project costs, and operating the regional facilities. A regional treatment plant and disposal area were constructed and began operation in 1978.

(b) Basis of accounting

The Agency operates and reports as an enterprise utilizing the accrual method of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities.

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

(c) Applicable accounting standards

The Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for financial statements of state and local governments. The Agency has elected to follow all pronouncements of the GASB.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Investments

Investments are reported in the accompanying statement of net position at fair value, except for certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

NOTE 1: Reporting entity and significant accounting policies, (continued)

(d) Investments, (continued)

In accordance with the Agency's investment policy, the Agency may invest in the following:

Certificates of Deposit
U.S. Treasury Bills, Notes and Bonds
Local Agency Investment Fund
Money Market Mutual Funds

(e) Statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents are defined to be cash on hand, demand deposits, restricted cash and investments, and highly liquid investments with a maturity of three months or less from the date of purchase. For financial statement presentation purposes, cash and cash equivalents are shown as cash and investments and restricted cash and investments, if applicable.

(f) Restricted cash and investments

Restricted cash and investments represent amounts held in trust at the bank and are set aside for construction costs as required by the loan agreement. Currently, the Agency has no restricted cash and investments.

(g) Capital assets

Assets purchased are recorded and capitalized at cost. Developer contributed capital assets are recorded at acquisition value at the time received. Donated capital assets are recorded at their acquisition value at the date of acquisition. The Agency's capitalization threshold for additions, major improvements, equipment, tools, vehicles, and other capital assets that individually have an original total cost of $10,000 or more and have a useful life of one year or more or in the case of additions and improvements, extend the useful life by one year or more. Pipeline replacement expenditures of $20,000 or greater and have a one year or greater life expectancy. All land and buildings are capitalized.

Land and construction in progress are not depreciated. All other assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

	Estimated Useful Life Range (in years)
Administration Building	10 - 40
Treatment Plant	15 - 99
Interceptor System	15 - 99
Effluent Disposal Assets	30 - 50
Power Generation Equipment	25 - 40
Flow Measuring Devices	10 - 15
Other Equipment	5 - 50
Transportation Equipment	15 - 20
Other Tangible Plant	30 - 30
Studies and Maps	5 - 40

NOTE 1: Reporting entity and significant accounting policies, (continued)

(h) Employee leave benefits

Regular employees of the Agency earn from 3 to 4 vacation days per year, depending on their length of employment, and 12 sick days per year. Temporary and seasonal employees of the Agency are not eligible for vacation leave benefits.

In accordance with generally accepted accounting principles (GAAP), a liability is recorded for unused vacation and similar compensatory leave balance since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GAAP, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the Agency. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the Agency and the employee.

Upon termination or retirement, employees are entitled to receive compensation at their current base salary for all unused vacation and annual leave. Upon retirement or other honorable termination, an employee with a minimum of 5 continuous years of service is entitled to receive 50% of the value of his or her unused sick leave based on the number of hours accumulated.

The Agency has recorded a liability for the full 50% that is payable under the assumption that most employees will remain long enough to become eligible for the benefit.

(i) Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Prior year amounts

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's prior year financial statements, from which this selected financial data was derived.

NOTE 1: Reporting entity and significant accounting policies, (continued)

(k) Pension plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website at www.calpers.ca.gov.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

(l) Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies.

(m) Contributed capital

Capital contributions typically consist of connection fees associated with the member agencies. The *Due from member agencies* account balance consists of connection fees still owed by the member agencies as of the fiscal year end.

(n) Other postemployment benefit plan (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined by an actuary. Investments are reported at fair value.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	June 30, 2022 to June 30, 2023

(o) Jointly governed organization

In 2017, the Agency joined the Ground Water Sustainability Agency for the Bear Valley Basin (BVBGSA). The BVBGSA will enable the Agency to exercise the powers common and to work cooperatively and efficiently to implement the Sustainable Groundwater Management Act's requirements and provides a better opportunity for implementation of a recycled wastewater project.

NOTE 2: Budgetary data

During March, the General Manager submits to the Board of Directors a proposed operating budget for the fiscal year commencing July 1. The budget includes proposed expenses and estimated revenues. Prior to May 1, the budget is enacted legally through passage of an appropriation resolution. The Board of Directors must approve revisions that alter total appropriations. All appropriations lapse at fiscal year-end unless the Board of Directors takes formal action to continue the appropriation into the following fiscal year.

NOTE 3: Cash and investments

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 12,170,320

Cash and investments as of June 30, 2024 consist of the following:	
Cash on hand	$ 600
Deposits with financial institutions	460,903
Investments	11,708,817
Total cash and investments	$ 12,170,320

Investments authorized by debt agreements

Investments of debt proceeds held by the loan trustee are governed by provisions of the loan agreement rather than the general provisions of the California Government Code or the Agency's investment policy. The following table identifies the investment types that are authorized for investments held by loan trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
Money Market Mutual Funds investing in securities directly or indirectly guaranteed by the United States of America or an agency thereof	N/A	None	None

NOTE 3: Cash and investments, (continued)

Fair value measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Agency does not have any recurring fair value measurements as of June 30, 2024. The Local Agency Investment Fund (LAIF) of $11,708,817 is not subject to the fair value hierarchy.

Investments authorized by the California Government Code and the Agency's investment policy

The following table identifies the investment types that are authorized for the Agency by the California Government Code and the Agency's investment policy. The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Investment types authorized by State law	Authorized by investment policy	Maximum maturity*	Maximum percentage of portfolio*	Maximum investment in one issuer*
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	No	5 years	None	None
Banker's Acceptances	No	180 days	40%	30%
Commercial Paper	No	270 days	25%	10%
Negotiable Certificates of Deposit	No	5 years	30%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	$ 75 Million
Certificate of Deposits	Yes	2 years	30%	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

NOTE 3: Cash and investments, (continued)

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or earning close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee, if any) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

		Remaining maturing (in months)			
Investment type	Total	12 or less	13 to 24	25 to 60	More than 60
State investment pool	$ 11,708,817	$ 11,708,817	$ -	$ -	$ -

Credit risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

				Rating as of year end		
Investment type	Total	Minimum legal rating	Exempt from disclosure	AAA	Aa	Not rated
State investment pool	$ 11,708,817	N/A	$ -	$ -	$ -	$ 11,708,817

Concentration of credit risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Agency did not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total Agency investments.

NOTE 3: Cash and investments, (continued)

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, the Agency’s deposits with financial institutions are interest bearing, and have a limited insurance coverage with the federal deposit insurance corporation up to $250,000. Any amounts in excess of $250,000 per institution are collateralized by the bank with pledged securities.

Investment in State investment pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Agency may invest up to $75,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California. The average annual yield of LAIF during the years ended June 30, 2024 and 2023 was 3.927% and 2.170%, respectively. The carrying value and estimated fair value of the LAIF Pool at June 30, 2024 and 2023 was $178,048,356,232 and $178,392,433,566 and $178,382,808,290 and $175,676,473,336, respectively. The Agency's share of the Pool at June 30, 2024 and 2023 was approximately 0.00658% and 0.00617%, respectively. Included in LAIF's investment portfolio at June 30, 2024 and 2023 are structured notes and asset-backed securities totaling $2,250.000 and $3,098.480 and $2,300.000 and $2,660.770, respectively currently available. The LAIF has oversight by the Local Investment Advisory Board. The LAIF Board consists of five members as designated by statute.

NOTE 4: Lease receivable

On July 1, 2023, the Agency had several leases as a Lessor which ranged from 59 to 60 months for the use of several plots of land. An initial lease receivable was recorded in the range between $34,440 and $133,833. As of June 30, 2024, the value of the lease receivable was $132,594. The lessees are required to make fixed payments in a range between $779 and $17,117. The leases have an interest rate between 0.6240% and 0.9480%. The value of the deferred inflow of resources as of June 30, 2024 was $137,325, and the Agency recognized lease revenue of $60,539 during the fiscal year. Two of the leases have an extension option for 60 months.

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NOTE 5: Capital & intangible assets

A summary of changes in capital and intangible assets of the Agency for the year ending June 30, 2024 is as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not being depreciated				
Land	$ 1,037,626	$ -	$ -	$ 1,037,626
Construction in Progress	1,733,880	3,537,949	(35,154)	5,236,675
Total capital assets, not being depreciated	2,771,506	3,537,949	(35,154)	6,274,301
Capital assets, being depreciated/ amortized:				
Administration Building	2,029,161	129,730	-	2,158,891
Treatment Plant	16,525,313	421,350	(6,500)	16,940,163
Interceptor System	3,688,556	71,549	-	3,760,105
Effluent Disposal Assets	4,728,589	-	-	4,728,589
Power Generation Equipment	2,352,612	-	-	2,352,612
Flow Measuring Devices	179,955	-	-	179,955
Other Equipment	2,091,631	56,711	-	2,148,342
Transportation Equipment	602,042	-	-	602,042
Other Tangible Plant	906,530	-	-	906,530
Studies and Maps	100,785	-	-	100,785
Right-of-Use Assets	2,450	-	-	2,450
Total capital assets, being depreciated/amortized	33,207,624	679,340	(6,500)	33,880,464
Less accumulated depreciation/ amortization for:				
Administration Building	(1,063,496)	(63,103)	-	(1,126,599)
Treatment Plant	(8,763,942)	(400,658)	6,500	(9,158,100)
Interceptor System	(2,385,434)	(64,683)	-	(2,450,117)
Effluent Disposal Assets	(4,256,517)	(61,957)	-	(4,318,474)
Power Generation Equipment	(1,262,249)	(113,079)	-	(1,375,328)
Flow Measuring Devices	(65,379)	(11,984)	-	(77,363)
Other Equipment	(1,173,311)	(79,333)	-	(1,252,644)
Transportation Equipment	(353,370)	(27,828)	-	(381,198)
Other Tangible Plant	(460,571)	(34,361)	-	(494,932)
Studies and Maps	(87,133)	(1,050)	-	(88,183)
Right-of-Use Leased Equipment	(866)	(467)	-	(1,333)
Total accumulated depreciation/ amortization	(19,872,268)	(858,503)	6,500	(20,724,271)
Total capital assets being depreciated/amortized, net	13,335,356	(179,163)	-	13,156,193
Total capital assets, net	$ 16,106,862	$ 3,358,786	$ (35,154)	$ 19,430,494

Depreciation and amortization expense for the year ending June 30, 2024 is as follows:

Depreciation	$ 858,036
Amortization	467
Total	$ 858,503

NOTE 6: Long-term liabilities

A summary of long-term liabilities of the Agency at June 30, 2024 is as follows:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year	Due beyond one year
Long-term debt - direct borrowings:						
2011 refunding agreement	$ 1,177,865	$ -	$ (322,880)	$ 854,985	$ 333,623	$ 521,362
2018 installment purchase agreement	1,295,408	-	(103,024)	1,192,384	106,870	1,085,514
2023 Capital One public funding	3,400,000	-	-	3,400,000	-	3,400,000
Total direct borrowings	5,873,273	-	(425,904)	5,447,369	440,493	5,006,876
Other long-term liability:						
Compensated absences	259,754	250,814	(215,258)	295,310	244,723	50,587
Lease liability:						
Postage meter	1,531	-	(465)	1,066	470	596
Total	$ 6,134,558	$ 250,814	$ (641,627)	$ 5,743,745	$ 685,686	$ 5,058,059

2011 Refunding installment sale agreement financing with Compass Bank (2011 Refunding Agreement) – Direct Borrowing

On November 15, 2011, the Agency refunded its outstanding obligations under 1) the 1998 Association of Bay Area Governments Water and Wastewater Revenue Bonds (a pooled financing program) Series B (the ABAG Bonds) and 2) the December 1, 2006 Loan Agreement between the Agency and Municipal Finance Corporation (the 2006 Agreement). The purpose of the original borrowings was to finance certain improvements to the Agency's wastewater system. The purpose of the 2011 refunding was to take advantage of the low interest-rate environment, and refinance the Agency's existing debt at a lower rate, while maintaining the same period to maturity. All Agency net revenues are irrevocably pledged for the loan repayments in accordance with the terms of the 2011 Refunding Agreement. In the event of default, the lender may declare the unpaid principal and accrued interests due and payable immediately.

Total proceeds under the 2011 Refunding Agreement were $5,568,142, borrowed at an interest rate of 3.3%, compared to 5.0% and 4.45%, under the ABAG Bonds and 2006 Agreement, respectively. Total proceeds included a prepayment premium under the 2006 Agreement of $42,432 and issuance costs associated with the 2011 Refunding Agreement of $47,500. Amounts borrowed under the 2011 Refunding Agreement are payable in 30 semi-annual installments, over a 15-year period through November 15, 2026 with the first payment due May 15, 2012. The installment payments range from $576,084 to $179,554. The Agency may prepay the unpaid principal on the 2011 Refunding Agreement beginning November 15, 2016. Such prepayments beginning on such date and through November 14, 2021 are subject to a make-whole provision contained in the 2011 Refunding Agreement. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $125,867. This difference is reported in the accompanying financial statements as a deduction to the 2011 Refunding Agreement payable and is being amortized through November 15, 2026 using the straight-line method of amortization.

NOTE 6: Long-term liabilities (continued)

2018 Installment purchase agreement – Direct Borrowing

On September 1, 2018, the Agency entered into an Installment Purchase Agreement (the 2018 Installment Purchase Agreement), for $1,760,000 with BBVA Compass, an Alabama banking corporation (Bank), for the purpose of financing the acquisition and construction of certain improvements of the Agency's wastewater system. The 2018 Installment Purchase Agreement carries an interest rate of 3.70% on the unpaid principal with an ending term on the earlier of November 15, 2033 or the date upon which the installment payments shall be paid in full. All Agency net revenues are irrevocably pledged for the loan repayments in accordance with the terms of the 2018 Installment Purchase Agreement. In the event of default, the lender may declare the unpaid principal and accrued interests due and payable immediately and require officials of the Agency to charge and collect rates for services provided by the Agency and the System sufficient to meet all requirements of the Installment Purchase Agreement.

The Agency previously entered into a certain Loan Agreement dated as of November 1, 2011 (the 2011 Refunding agreement) by and between the Agency and the Bank under which the Agency pledged Net Revenues for the purpose of financing and refinancing certain improvements to the Agency's wastewater system.

2011 Refunding Agreement and 2018 Installment Purchase Agreement debt covenants

The Agency has covenanted to set rates, fees and charges for each fiscal year so as to yield net revenues equal to at least 120% of the annual debt service for such year. For the year ended June 30, 2024 the Agency's net revenues were 624% of the annual debt service, which exceeded the minimum requirement. The Agency also complied with all other covenants set forth in the 2011 Refunding Agreement and 2018 Installment Purchase Agreement.

2023 Capital One Public Funding Loan Agreement – Direct Borrowing

On February 1, 2023, the Agency entered into a Loan Agreement (the 2023 Capital One Public Funding Loan Agreement), for $3,400,000 with Capital One Public Funding, LLC, a limited liability company (the Lender), for the purpose of financing the Replenish Big Bear Project which consists of treatment plant upgrades and improvements to distribute treated water to the lake for re-use purposes such as landscape irrigation, dust control, and snowmaking at the golf course and ski resort and for water supply purposes such as groundwater recharge in Sand Canyon. The Capital One Public Funding Loan Agreement carries an interest rate of 4.25% on the unpaid principal with an ending term on the earlier of June 30, 2026 or the date upon which the installment payments shall be paid in full. All Agency net revenues are irrevocably pledged for the loan repayments in accordance with the terms of the 2023 Capital One Public Funding Loan Agreement. In the event of default, the lender may declare the unpaid principal and accrued interests due and payable immediately and require officials of the Agency to charge and collect rates for services provided by the Agency and the System sufficient to meet all requirements of the 2023 Capital One Public Funding Loan Agreement.

NOTE 6: Long-term liabilities (continued)

2023 Capital One Public Funding Loan Agreement debt covenants

The Agency has covenanted to set rates, fees and charges for each fiscal year so as to yield net revenues equal to at least 110% of the annual debt service for such year. For the year ended June 30, 2024 the Agency's net revenues were 624% of the annual debt service, which exceeded the minimum requirement. The Agency also complied with all other covenants set forth in the 2024 Capital One Public funding Loan Agreement.

Debt service requirements to maturity

Fiscal year	2011 Refunding Loan Agreement Principal	Interest	Total
2024-2025	$ 333,623	$ 25,485	$ 359,108
2025-2026	344,723	14,384	359,107
2026-2027	176,639	2,915	179,554
Total	$ 854,985	$ 42,784	$ 897,769

Fiscal year	2018 Installment Purchase Agreement Principal	Interest	Total
2024-2025	$ 106,870	$ 43,139	$ 150,009
2025-2026	110,859	39,150	150,009
2026-2027	115,000	35,009	150,009
2027-2028	119,295	30,714	150,009
2028-2029	123,750	26,259	150,009
2029-2030	128,371	21,638	150,009
2030-2031	133,164	16,845	150,009
2031-2032	138,138	11,871	150,009
2032-2033	143,295	6,714	150,009
2033-2034	73,642	1,359	75,001
Total	$ 1,192,384	$ 232,698	$ 1,425,082

Fiscal year	Capital One Public Funding Loan Agreement Principal	Interest	Total
2024-2025	$ -	$ 144,500	$ 144,500
2025-2026	3,400,000	144,500	3,544,500
Total	$ 3,400,000	$ 289,000	$ 3,689,000

NOTE 6: Long-term liabilities (continued)

Lease Liability – Postage meter

On August 23, 2021, the Agency entered into a 63-month lease as Lessee for the use of a postage meter. An initial lease liability was recorded in the amount of $2,450. As of June 30, 2024, the value of the lease liability is $1,066. The Agency is required to make quarterly fixed payments of $120. The lease has an interest rate of 1.09%. The equipment estimated useful life was months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of $2,450 with accumulated amortization of $1,333 is included with capital assets in Note 5.

Debt service requirements to maturity

Fiscal year	Principal	Interest	Total
2024-2025	$ 470	$ 15	$ 485
2025-2026	475	10	485
2026-2027	121	5	126
	$ 1,066	$ 30	$ 1,096

NOTE 7: Related-party transactions

The Board of Directors of the Agency is composed of board members of the three government agencies that are the primary customers of the Agency. Two of the directors of the Big Bear Area Regional Wastewater Agency are directors of the Big Bear City Community Services District. Two directors are from the City of Big Bear Lake and one director is from the County of San Bernardino. The District, City and County serve as collecting agents for certain revenues of the Agency including annual charges, standby charges, and connection fee charges.

NOTE 8: Pension plan

A. General information about the pension plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Agency participates in two rate plans (both miscellaneous). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

NOTE 8: Pension plan (continued)

A. General information about the pension plan, continued

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 non-duty disability benefits after 5 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.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Employer contribution rates	2.0% to 2.7%	1.0% to 2.5%
Required employer contribution rates	16.87%	8.00%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be 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 based on the estimated amount necessary to finance the cost allocated share of the risk pool's costs of benefits earned by employees during the year, and 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. Employer Contributions to the Plan for the fiscal year ended June 30, 2024 were $404,922. The actual employer payments of $398,290 made to CalPERS by the Agency during the measurement period ended June 30, 2023 differed from the Agency's proportionate share of the employer's contribution of $455,510 by $(57,220) which is being amortized over the expected average remaining service lifetime in the Public Agency Cost Sharing Multiple Employer Plan.

NOTE 8: Pension plan, (continued)

B. Net pension liability

The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial methods and assumptions used to determine total pension liability

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table [(1)]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

[(1)] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

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.

NOTE 8: Pension plan, (continued)

B. Net pension liability, continued

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return[1,2]
Global equity - cap-weighted	30.0%	4.54%
Global equity non-cap-weighted	12.0%	3.84%
Private equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment grade corporates	10.0%	1.56%
High yield	5.0%	2.27%
Emerging market debt	5.0%	2.48%
Private debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	-0.59%

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

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

Change of assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount rate

The discount rate used to measure the total pension liability for PERF C 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.

NOTE 8: Pension plan, (continued)

B. Net pension liability, continued

Subsequent events

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

Pension plan fiduciary net position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

C. Proportionate share of net pension liability

The following table shows the Agency's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2022 (VD)	$ 13,457,666	$ 10,515,211	$ 2,942,455
Balance at: 6/30/2023 (MD)	14,190,128	10,957,210	3,232,918
Net changes during 2022-23	$ 732,462	$ 441,999	$ 290,463

Valuation Date (VD), Measurement Date (MD).

The Agency's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The Agency's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2022 and 2023 measurement dates was as follows:

Proportion share of NPL - June 30, 2022	0.06288%
Proportion share of NPL - June 30, 2023	0.06465%
Change - Increase (Decrease)	0.00177%

NOTE 8: Pension plan, (continued)

C. Proportionate share of net pension liability, continued

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the Agency's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 percent, 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 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability	$ 5,152,073	$ 3,232,918	$ 1,653,289

Amortization of deferred outflows and deferred inflows of resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

NOTE 8: Pension plan, (continued)

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2022), the Agency's net pension liability was $2,942,455. For the measurement period ending in June 30, 2023 (the measurement date), the Agency incurred a pension expense of $678,908.

As of June 30, 2024, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 195,185	$ -
Differences between Expected and Actual Experience	165,155	25,620
Differences between Projected and Actual Investment Earnings	523,439	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	153,780
Change in Employer's Proportion	145,865	-
Pension Contributions Made Subsequent to Measurement Date	404,922	-
	$ 1,434,566	$ 179,400

The amounts above are net of outflows and inflows recognized in the 2022-2023 measurement period expense. Contributions subsequent to the measurement date of $404,922 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, Net
2025	$ 263,464
2026	175,965
2027	395,795
2028	15,020
2029	-
Thereafter	-

E. Payable to the pension plan

At June 30, 2024, the Agency reported a payable of $-0- for the outstanding amount of contributions to the pension plan required for year then ended.

NOTE 9: Other postemployment benefits plan

Plan description

The Agency has established a Retiree Healthcare Plan (OPEB Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan. Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care ACT (PEMCHA). This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is either (a) attainment of age 50 or older (age 52 for PEPRA members) with at least five years of State or public agency service or (b) an approved disability retirement. A separate financial report is not prepared for the OPEB Plan.

Benefits provided

The Agency pays 100% of the medical insurance costs for eligible retirees and their eligible dependents not to exceed the pre-Medicare (basic) family premium rate for the highest cost HMO plan in the region.

Employees retired prior to January 1, 2011 are also covered by the Agency's "Health Premium Reimbursement Plan" which, when combined with benefits provided by PEMCHA provides a benefit equal to 100% of the medical plan premiums (no maximum) for pre-2011 retirees and their dependents. Employees hired after January 1, 2020 who retire from the Agency with at least 5 years of Agency service receive a percentage of the premium for employee and their dependents (up to 90% of the highest cost Region 3 HMO plan pre-Medicare family premium rate). The percentage received is based on years of service.

Employees covered

As of the June 30, 2023 actuarial valuation date the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	14
Inactive employees or beneficiaries currently receiving benefits	14
Total	28

Contributions

The Agency makes health premium contributions for eligible retirees that enroll in a CalPERS health plan during retirement. The current monthly amount paid by the Agency ranges from $270 - $2,106. These amounts change annually based on the retiree's health plan election and rates published by CalPERS. The Agency provided amounts are detailed in the Summary of Principal Plan Provisions. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2024, the Agency's cash contributions were $172,713, made for health reimbursement premiums to retirees, $56,877 of contributions made to the Trust, and the estimated implied subsidy was $50,916 resulting in total payments of $223,629. The Agency has established an Irrevocable Trust with CalPERS' California Employer's Retiree Benefit Trust (CERBT). The Irrevocable Trust was required to fully implement the Agency's direction of prefunding the Agency's OPEB liability.

NOTE 9: Other postemployment benefits plan, (continued)

Net OPEB liability

The Agency's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Discount Rate	6.20%
Inflation	2.50% per year
Salary Increases	3.00% per year, used only to allocate the cost of benefits between service years
Investment Rate of Return	6.20%
Mortality Rate	MacLeod Watts Scale 2022
Pre-Retirement Turnover Healthcare Trend Rate	Medical plan premiums and claims are assumed to increase once each year

The long-term expected rate of return on OPEB plan investments was determined using a building–block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Treasury inflation-protected securities	5%	1.30%
Fixed income	23%	2.20%
Global equity	49%	4.50%
Global Real Estate (REIT's)	20%	3.90%
Commodities	3%	1.20%

Change of Assumptions

For the current measurement period, the discount rate changed from 6.15% to 6.20%. The demographic assumption was updated from the 2019 CalPERS Experience study to those recommended in the CalPERS 2021 Experience Study. The healthcare trend was updated from the 2021 Getzen Model to the 2023 Getzen Model. The mortality improvement scale was updated from the MacLeod Watts Scale 2020 to the MacLeod Watts Scale 2022.

NOTE 9: Other postemployment benefits plan, (continued)

Discount rate

The discount rate used to measure the total OPEB liability was 6.20% as of June 30, 2024, net of Plan investment expenses and including inflation. The projection of cash flows used to determine the discount rate assumed that Agency contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2023			
(Measurement Date June 30, 2022)	$ 3,821,017	$ 2,557,970	$ 1,263,047
Changes recognized for the measurement period:			
Service Cost	148,568	-	148,568
Interest on the total OPEB liability	237,941	-	237,941
Changes of assumptions	(60,939)	-	(60,939)
Plan experience differences	201,873	-	201,873
Investment experience differences	-	6,964	(6,964)
Contributions - employer	-	201,246	(201,246)
Expected investment income	-	157,292	(157,292)
Benefit payments	(201,246)	(201,246)	-
Administrative expenses	-	(743)	743
Net Changes	326,197	163,513	162,684
Balance at June 30, 2024			
(Measurement Date June 30, 2023)	$ 4,147,214	$ 2,721,483	$ 1,425,731

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease 5.20%	Discount rate 6.20%	1% Increase 7.20%
Net OPEB Liability	$ 2,030,077	$ 1,425,731	$ 932,804

NOTE 9: Other postemployment benefits plan, (continued)

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 882,122	$ 1,425,731	$ 2,107,903

Recognition of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual trust earnings	5 years
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.

OPEB expense and deferred outflows/inflows of resources related to OPEB

For the fiscal year ended June 30, 2024, the Agency recognized OPEB expense of $352,693. A complete breakdown of OPEB expense is as follows:

Description	**Amount**
Service cost	$ 148,568
Interest cost	237,941
Expected earnings on assets	(157,292)
Administrative expenses	743
Recognized assumption changes	76,558
Recognized differences in plan experience	3,497
Recognized differences in projected and actual investments earnings	42,678
Total OPEB expense	$ 352,693

NOTE 9: Other postemployment benefits plan, (continued)

OPEB expense and deferred outflows/inflows of resources related to OPEB, continued

As of June 30, 2024, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 280,506	$ -
Changes of assumptions	324,209	51,432
Differences between expected and actual experience	173,384	107,001
Net difference between projected and actual earnings on OPEB plan investments	182,370	-
Total	$ 960,469	$ 158,433

The $280,506 reported as deferred outflows of resources related to contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources, net
2025	$ 104,934
2026	88,660
2027	180,717
2028	64,194
2029	74,007
Thereafter	9,018

NOTE 10: Deferred compensation

The Agency has made available to its employees two deferred compensation plans (defined contribution plans), created in accordance with Internal Revenue Code Section 457, whereby employees authorize the Agency to defer a portion of their salary to be deposited in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. If an employee elects to contribute a minimum of 6% of the employee's annual salary, the Agency will contribute 3% of the employee's annual salary into a 401(a) plan, which is a employer-sponsored defined contribution plan. As of June 30, 2024, the deferred compensation assets were held in a trust account for the sole benefit of the employees and their beneficiaries, and accordingly have been excluded from the Agency's reported assets. The Agency's contribution to the plan for the current fiscal year is $54,560.

NOTE 11: Net position

The Agency's net position is comprised of the following components:

	2024	2023
Net investment in capital assets:		
Capital assets, not being depreciated	$ 6,274,301	$ 2,771,506
Capital assets, net of depreciation	13,156,193	13,335,356
Less: Debt related to capital assets		
2011 Refunding agreement	(854,985)	(1,177,865)
2018 Installment purchase agreement	(1,192,384)	(1,295,408)
2023 Capital One public funding loan agreement	(3,400,000)	(3,400,000)
Copier lease	(1,066)	(1,531)
Add: Deferred charges on refunding	12,336	17,365
Net investment in capital assets	13,994,395	10,249,423
Unrestricted	9,954,554	9,152,498
Total net position	$ 23,948,949	$ 19,401,921

NOTE 12: Risk management

The Agency is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors and omissions and natural disasters. The Agency has acquired insurance coverage through Special District Risk Management Authority to finance various risks such as workers' compensation, general liability and property damage.

Insurance policies are purchased for the following exposures with the deductible or the amount of risk retention:

Gen*eral and Auto Liability, Public Officials' and Employees' Errors and Omissions and Employment Practices Liability:* coverage of $5,000,000, with $500 deductible per occurrence for general liability, $1,000 deductible per occurrence for auto liability, and 50% co-insurance of cost expended by SDRMA, in excess of $10,000 up to $50,000 for employment-related claims.

Employee Dishonesty: purchased from National Union Fire Insurance Company – coverage of $1,000,000 per loss and includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction.

Property Loss: purchased from Lexington Insurance Company – coverage of $1,000,000,000 per occurrence with $1,000 deductible per occurrence.

Boiler and Machinery: purchased from Lexington Insurance Company – coverage of $100,000,000 per occurrence with $1,000 deductible.

Public Officials Personal Liability: coverage of $500,000 per occurrence, with an annual aggregate of $500,000 per each elected/appointed official, with deductible of $1,000 per claim;

Comprehensive and Collision: on selected vehicles with deductibles of $250/$500 or $500/$1,000 as elected.

Worker's compensation: statutory limits per occurrence and $5,000,000 for employer's liability coverage.

The amounts of settlements did not exceed insurance coverage for each of the past three fiscal years.

Required Supplementary Information

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Big Bear Area Regional Wastewater Agency

Schedule of the Agency's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date
Last 10 Years

Measurement date	Employer's proportion of the collective net pension liability[1]	Employer's proportionate share of the collective net pension liability	Employer's covered payroll	Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	Pension plan's fiduciary net position as a percentage of the total pension liability
6/30/2014	0.02306%	$ 1,435,154	$ 958,945	149.66%	83.03%
6/30/2015	0.03971%	1,089,410	1,082,228	100.66%	87.32%
6/30/2016	0.04580%	1,590,864	1,100,884	144.51%	81.05%
6/30/2017	0.01942%	1,925,676	1,097,657	175.44%	79.48%
6/30/2018	0.01953%	1,881,571	1,099,489	171.13%	81.37%
6/30/2019	0.02071%	2,122,006	1,159,628	182.99%	80.46%
6/30/2020	0.02181%	2,372,448	1,279,546	185.41%	79.45%
6/30/2021	0.02029%	1,097,546	1,300,655	84.38%	90.81%
6/30/2022	0.02547%	2,942,455	1,392,498	211.31%	78.14%
6/30/2023	0.02591%	3,232,918	1,557,221	207.61%	77.22%

[1] Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

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Schedule of Pension Plan Contributions
Last 10 Years

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, 2015	$ 179,263	$ (179,263)	$ -	$ 1,082,228	16.56%
June 30, 2016	157,379	(157,379)	-	1,100,884	14.30%
June 30, 2017	171,414	(171,414)	-	1,097,657	15.62%
June 30, 2018	186,220	(186,220)	-	1,099,489	16.94%
June 30, 2019	223,484	(223,484)	-	1,159,628	19.27%
June 30, 2020	272,345	(272,345)	-	1,279,546	21.28%
June 30, 2021	310,799	(310,799)	-	1,300,655	23.90%
June 30, 2022	350,101	(350,101)	-	1,392,498	25.14%
June 30, 2023	398,290	(398,290)	-	1,557,221	25.58%
June 30, 2024	404,922	(404,922)	-	1,575,803	25.70%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 years*

Measurement Date	2023	2022	2021	2020	2019
Total OPEB Liability					
Service Cost	$ 148,568	$ 119,346	$ 118,066	$ 114,627	$ 101,392
Interest on the Total OPEB Liability	237,941	230,514	234,811	226,464	213,507
Actual and expected experience difference	201,873	-	(191,253)	-	9,864
Changes in assumptions	(60,939)	437,365	17,881	-	14,085
Benefit payments	(201,246)	(233,129)	(250,348)	(201,920)	(177,938)
Net change in Total OPEB Liability	326,197	554,096	(70,843)	139,171	160,910
Total OPEB Liability - beginning	3,821,017	3,266,921	3,337,764	3,198,593	3,037,683
Total OPEB Liability - ending (a)	4,147,214	3,821,017	3,266,921	3,337,764	3,198,593
Plan Fiduciary Net Position					
Contribution - employer	201,246	233,129	250,348	410,141	241,291
Net investment income	164,256	(395,399)	637,162	74,474	117,953
Benefit payments	(201,246)	(233,129)	(250,348)	(201,920)	(177,938)
Administrative expense	(743)	(748)	(877)	(997)	(403)
Net change in Plan Fiduciary Net Position	163,513	(396,147)	636,285	281,698	180,903
Plan Fiduciary Net Position - beginning	2,557,970	2,954,117	2,317,832	2,036,134	1,855,231
Plan Fiduciary Net Position - ending (b)	2,721,483	2,557,970	2,954,117	2,317,832	2,036,134
Net OPEB Liability - ending (a) - (b)	$ 1,425,731	$ 1,263,047	$ 312,804	$ 1,019,932	$ 1,162,459
Plan fiduciary net position as a percentage of the total OPEB liability	65.62%	66.94%	90.43%	69.44%	63.66%
Covered-employee payroll	$ 1,613,198	$ 1,443,194	$ 1,346,813	$ 1,317,806	$ 1,135,222
Net OPEB liability as a percentage of covered-employee payroll	88.38%	87.52%	23.23%	77.40%	102.40%

Notes to schedule:
Contributions are fixed and not based on a measure of pay, therefore covered-employee payroll is used in the schedule.

The following assumptions were changed from the prior valuation:

Discount rate: *In 2024, the discount rate was changed from 6.15% to 6.20%*

Healthcare cost trend rates: In 2024, the step down changed from 5.7% in 2022 decreasing to 4.0% by 2076 to 6.5% in 2025 decreasing to 3.9% by 2075

Mortality: *In 2024, the CalPERS Experience Study was updated to 2021 from 2017*

Morality Improvement: *In 2024, the MW Scare was updated to 2022 from 2020*

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 years* (Continued)

Measurement Date	2018	2017
Total OPEB Liability		
Service Cost	$ 92,607	$ 70,271
Interest on the Total OPEB Liability	204,015	197,835
Actual and expected experience difference	-	(139,764)
Changes in assumptions	100,635	70,862
Changes in benefit terms	-	-
Benefit payments	(138,739)	(134,557)
Net change in Total OPEB Liability	258,518	64,647
Total OPEB Liability - beginning	2,779,165	2,714,518
Total OPEB Liability - ending (a)	3,037,683	2,779,165
Plan Fiduciary Net Position		
Investment experience differences	$ -	$ -
Contribution - employer	425,765	419,453
Net investment income	113,645	114,707
Benefit payments	(138,739)	(134,557)
Administrative expense	(2,726)	(581)
Net change in Plan Fiduciary Net Position	397,945	399,022
Plan Fiduciary Net Position - beginning	1,457,286	1,058,264
Plan Fiduciary Net Position - ending (b)	1,855,231	1,457,286
Net OPEB Liability - ending (a) - (b)	$ 1,182,452	$ 1,321,879
Plan fiduciary net position as a percentage of the total OPEB liability	61.07%	52.44%
Covered-employee payroll	$ 1,099,489	$ 1,097,657

Schedule of OPEB Plan Contributions
Last 10 years*

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in relation to the ADC	Contribution deficiency/ (excess)	Covered-employee payroll	Contribution as a percentage of covered-employee payroll
2018	$ 198,107	$ (425,765)	$ (227,658)	$ 1,099,489	38.72%
2019	203,772	(241,291)	(37,519)	1,135,222	21.25%
2020	210,141	(410,141)	(200,000)	1,317,806	31.12%
2021	205,464	(250,348)	(44,884)	1,346,813	18.59%
2022	206,603	(233,129)	(26,526)	1,443,194	16.15%
2023	156,703	(201,246)	(44,543)	1,613,198	12.47%
2024	280,506	(280,506)	-	1,635,041	17.16%

Notes to schedule:
Contributions are fixed and not made based on a measure of pay, therefore covered employee payroll is used in the schedule.

Actuarial methods and assumptions used to set actuarially determined contributions for fiscal year 2024 were from the June 30, 2023 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Level % of Pay, 30 years closed
Amortization Period	15 yrs remain
Asset Valuation Method	Market value of assets
Discount Rate	6.20%
Inflation	2.50% per annum
Salary Increase	3.00% per year; since benefits are not related to pay, this is used only to allocate the cost of benefits between service years
Investment Rate of Return	6.20%
Healthcare Trend	6.50%, decreasing to 3.9% by 2075
Retirement Age	From 50 to 75
Mortality	CalPERS 2021 Experience Study, Projected with MW Scale 2022

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Supplementary Information

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Schedule of Revenues, Expenses and Changes in Net Position – Budget vs. Actual
For the year ended June 30, 2024

	2024 Actual	2024 Final budget (unaudited)	Variance with budget	2023 Actual
Operating revenues				
Member agency fees	$ 7,671,036	$ 7,671,077	$ (41)	$ 6,241,883
Standby charges	75,297	75,297	-	77,590
Rental income	7	55,048	(55,041)	11,096
Waste disposal fees	30,003	21,690	8,313	25,263
Other revenues	53,396	-	53,396	19,819
Total operating revenues	7,829,739	7,823,112	6,627	6,375,651
Operating expenses				
Salaries and benefits	2,944,982	2,958,007	(13,025)	2,807,640
Power	442,662	499,429	(56,767)	434,357
Sludge removal	291,833	336,212	(44,379)	258,216
Chemicals	95,601	95,080	521	80,548
Materials and supplies	142,604	175,989	(33,385)	148,013
Repairs and replacements	148,728	305,850	(157,122)	339,659
Equipment rental	950	912	38	3,097
Utilities	28,578	37,000	(8,422)	48,982
Communications	65,148	72,644	(7,496)	58,941
Contractual services - other	153,562	154,321	(759)	80,920
Contractual services - professional	154,403	189,027	(34,624)	123,963
Permits and fees	254,556	259,973	(5,417)	239,056
Property tax	4,196	4,124	72	4,096
Insurance	229,000	240,678	(11,678)	226,698
Other operating	46,038	59,826	(13,788)	42,370
Amortization	467	-	467	467
Depreciation	858,036	901,809	(43,773)	893,225
Total operating expenses	5,861,344	6,290,881	(429,537)	5,790,248
Operating income	1,968,395	1,532,231	436,164	585,403
Nonoperating revenues				
Investment income (loss)	556,822	126,395	430,427	127,719
Lease revenue	60,539	-	60,539	60,552
Other miscellaneous revenue	1,705,263	-	1,705,263	516,044
Total nonoperating revenues	2,322,624	126,395	2,196,229	704,315
Nonoperating expenses				
Other	6,514	166,000	(159,486)	71,119
Interest	230,717	232,742	(2,025)	159,520
Net loss on capital asset disposals	-	2,555	(2,555)	6,029
Total nonoperating expenses	237,231	401,297	(164,066)	236,668
Income before contributions	4,053,788	1,257,329	2,796,459	1,053,050
Capital contributions - connection charges	493,240	188,100	305,140	456,346
Change in net position	4,547,028	1,445,429	3,101,599	1,509,396
Net position, beginning of year	19,401,921	19,401,921	-	17,892,525
Net position, end of year	$ 23,948,949	$ 20,847,350	$ 3,101,599	$ 19,401,921

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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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*

Independent Auditor's Report

To the Board of Directors
Big Bear Area Regional Wastewater Agency
Big Bear City, California

We have audited, 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 (*Government Auditing Standards)*, the financial statements of the Big Bear Area Regional Wastewater Agency (the Agency), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated October 3, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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 determination of financial statement amounts. 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 3, 2024

STATISTICAL SECTION

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STATISTICAL SECTION

Overview

The objective of the statistical section is to provide users with historical perspective and detail so that they may better understand and assess the Agency's economic condition. Please note that all information presented has been sourced from Agency financial and operating information unless otherwise noted.

Financial Trends

This section contains 10-year historical information related to the Agency's financial performance and is intended to assist users in understanding and assessing the Agency's financial position and how it has changed over time.

Revenue Capacity

This section contains information related to the Agency's primary operating revenues and is intended to assist users in understanding and assessing the Agency's capacity to generate revenues and its ability to collect revenues.

Debt Capacity

This section contains information related to the Agency's ability to service its current debt outstanding and provides an indication of the Agency's ability to issue additional debt.

Demographic and Economic Information

This section contains information related to the socioeconomic environment in which the Agency operates. This information facilitates comparisons of financial statement information over time and among similar government agencies.

Financial Trends

All years presented are for the fiscal year ending June 30.

NET POSITION BY COMPONENT - 10 FISCAL YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
NET POSITION:										
Net Investment in capital assets	12,812,871	12,947,480	12,864,383	12,092,923	10,947,850	12,541,345	12,722,328	12,648,441	10,249,423	13,994,395
Unrestricted net position	4,589,703	5,342,359	5,800,317	3,814,051	5,144,711	3,974,927	3,774,827	5,238,781	9,152,498	9,954,554
Total	17,402,574	18,289,839	18,664,700	15,906,974	16,092,561	16,516,272	16,497,155	17,887,222	19,401,921	23,948,949

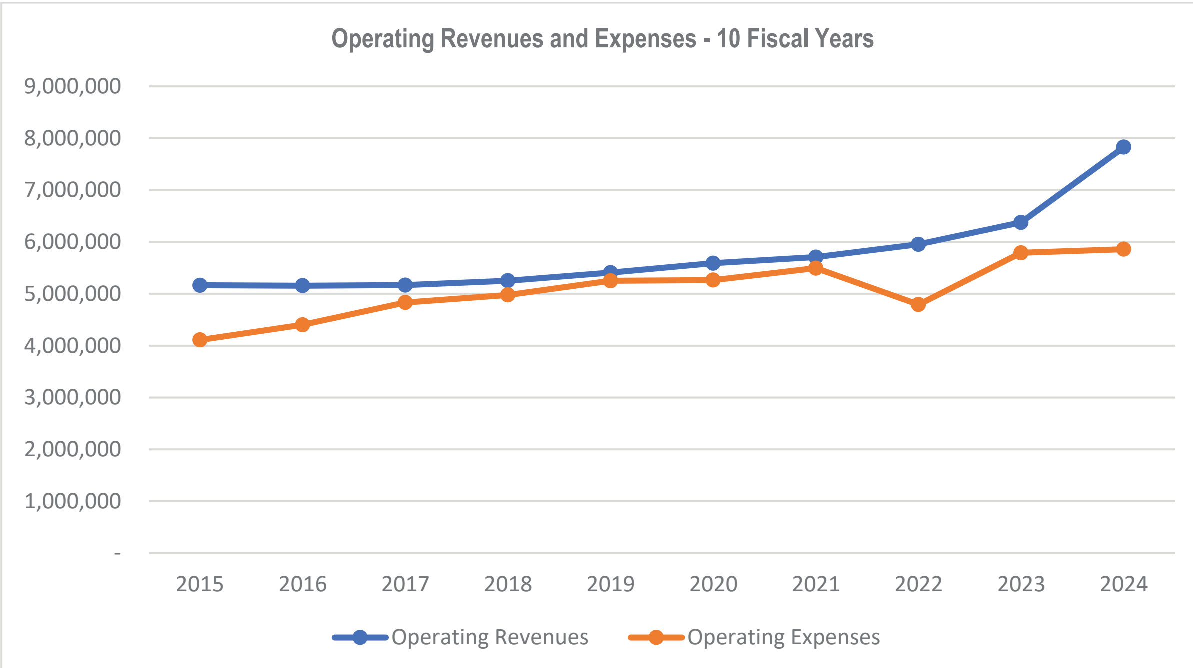
Notes: The above data was extracted from the Agency's financial statements. Net position was restated in fiscal years 2015, 2018, and 2021 to reflect the implementation of GASB 68, the implementation of GASB 75, and the implementation of GASB 87, respectively.

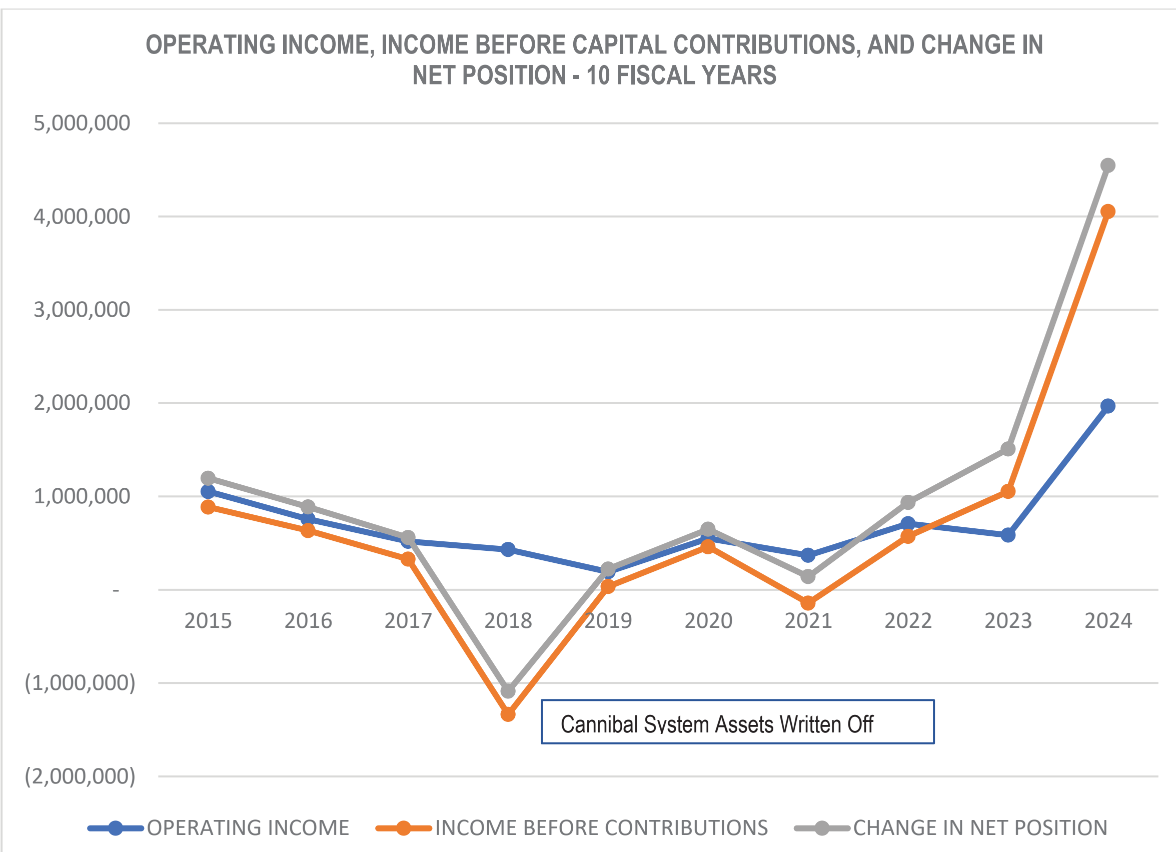
CHANGE IN NET POSITION - 10 FISCAL YEARS

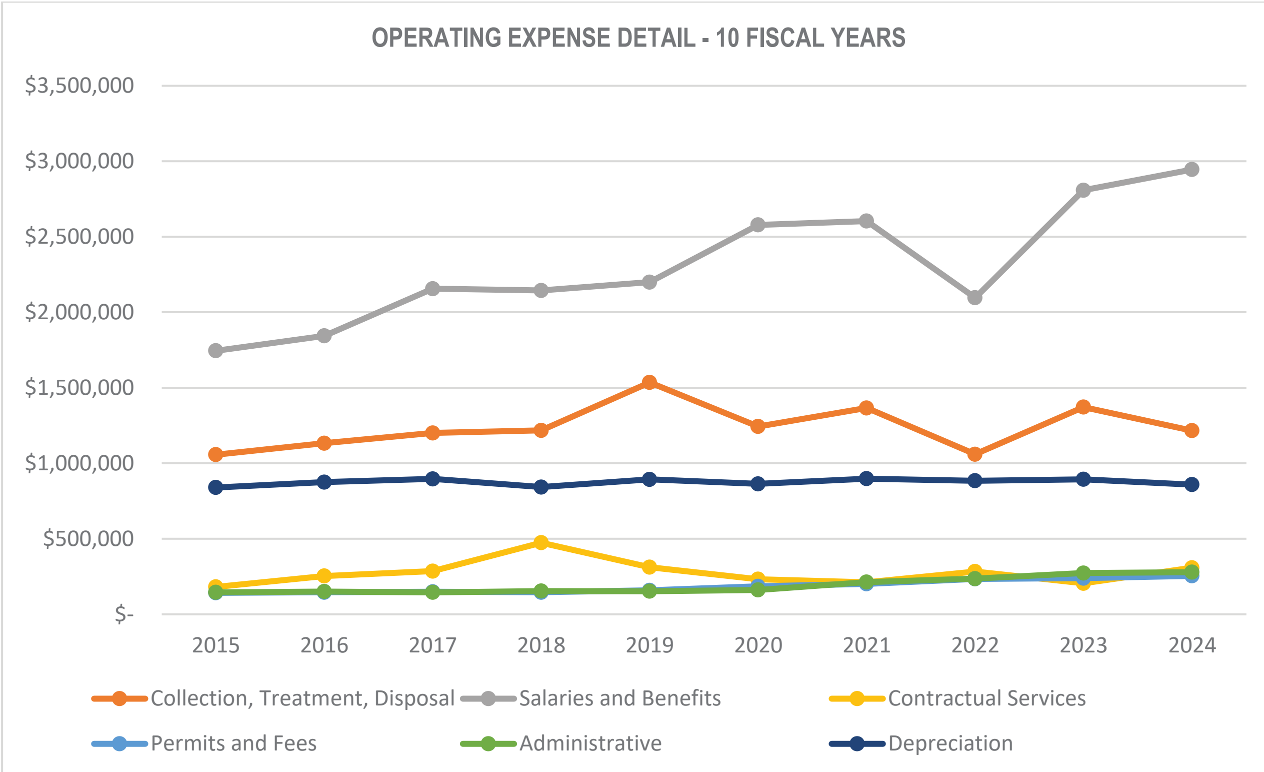
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING REVENUES:										
Annual Charges	$4,979,690	$4,991,166	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036
Standby Fees	90,860	89,250	86,930	85,180	83,200	81,660	80,300	79,220	77,590	75,297
Rent, Waste Disposal Fees	68,120	72,101	71,951	73,562	71,679	70,610	23,859	22,070	36,359	30,010
Other	24,575	5,104	488	1,916	765	-	793	7,709	19,819	53,396
Total	5,163,245	5,157,621	5,166,439	5,252,234	5,407,186	5,589,346	5,707,065	5,954,162	6,375,651	7,829,739
OPERATING EXPENSES:										
Salaries and Benefits	1,745,042	1,843,685	2,155,804	2,144,299	2,199,428	2,578,433	2,603,634	2,095,989	2,807,640	2,944,982
Power	486,461	520,431	522,181	386,367	520,234	453,306	459,483	388,721	434,357	442,662
Sludge Removal	162,627	225,990	281,096	397,813	298,241	276,292	319,660	271,361	258,216	291,833
Materials and Supplies	192,900	184,933	209,323	176,687	215,782	206,648	216,427	172,426	228,562	238,205
Repairs and Replacements	161,825	150,764	128,645	155,447	445,040	253,789	262,795	156,609	339,659	148,728
Equipment rental	3,659	165	2,242	37,215	1,363	351	835	111	3,097	950
Utilities expense	16,062	11,773	13,023	26,737	22,207	14,180	61,996	22,427	48,982	28,578
Communications expense	33,490	38,610	44,062	37,064	32,160	39,043	44,988	48,093	58,941	65,148
Contractual services - othe	81,626	102,120	94,181	74,947	97,296	78,879	90,873	86,212	80,920	153,562
Contractual services, prof	99,798	151,407	191,457	399,514	214,413	153,470	120,390	196,672	123,963	154,403
Permits and fees	142,310	145,866	148,687	145,515	158,528	185,051	201,452	234,270	239,056	254,556
Property tax expense	3,426	3,476	3,523	3,599	3,665	3,917	3,963	4,017	4,096	4,196
Insurance expense	83,561	87,406	85,386	99,428	100,952	112,262	171,881	188,844	226,698	229,000
Other operating expense	57,963	59,474	56,328	50,470	48,142	45,018	37,216	42,987	42,370	46,038
Depreciation and Amortizati	840,229	875,328	896,429	842,154	893,196	863,233	898,422	883,955	893,690	858,504
Total	4,110,979	4,401,428	4,832,367	4,977,256	5,250,647	5,263,872	5,494,015	4,792,694	5,790,248	5,861,344
OPERATING INCOME	1,052,266	756,193	334,072	274,978	156,539	325,474	213,050	1,161,468	585,403	1,968,395
NONOPERATING REVENUES:										
Interest income	12,430	22,889	29,101	73,866	164,531	130,952	(1,670)	(70,341)	127,719	556,822
Lease Revenue	-	-	-	-	-	-	52,592	52,741	60,552	60,539
Other	-	-	-	-	180	101,297	24,158	133,473	516,044	1,705,263
Total non-operating revenu	12,430	22,889	29,101	73,866	164,711	232,249	75,080	115,873	704,315	2,322,624
NONOPERATING EXPENSES:										
Net Loss on asset disposal	21,553	2,678	91,973	1,709,527	-	9,178	360,999	33,519	6,029	-
Interest expense	145,012	130,669	115,849	100,536	134,569	135,308	122,823	109,214	154,490	225,688
Amortization debt costs	11,700	11,700	11,700	11,700	7,665	5,029	5,029	5,028	5,031	5,029
Other	-	-	-	19,777	181,529	172,597	98,876	103,172	71,119	6,514
Total non-operating expens	178,265	145,047	219,522	1,841,540	323,763	322,112	587,727	250,933	236,668	237,231
INCOME BEFORE CAPITAL CONTRIBUTIONS	886,431	634,035	143,651	(1,492,696)	(2,513)	235,611	(299,597)	1,026,407	1,053,050	4,053,788
Capital contributions	308,280	253,230	231,210	249,560	188,100	188,100	284,240	363,660	246,620	493,240
RBB Capital Contributions	-	-	-	-	-	-	-	-	209,726	-
CHANGE IN NET POSITION	1,194,711	887,265	374,861	(1,243,136)	185,587	423,711	(15,357)	1,390,067	1,509,396	4,547,028
NET POSITION										
Beginning of year, as restated	16,207,863	17,402,574	18,289,839	17,150,110	15,906,974	16,092,561	16,512,512	16,497,155	17,892,525	$19,401,921
End of year	$17,402,574	$18,289,839	$18,664,700	$15,906,974	$16,092,561	$16,516,272	$16,497,155	$17,887,222	$19,401,921	$23,948,949

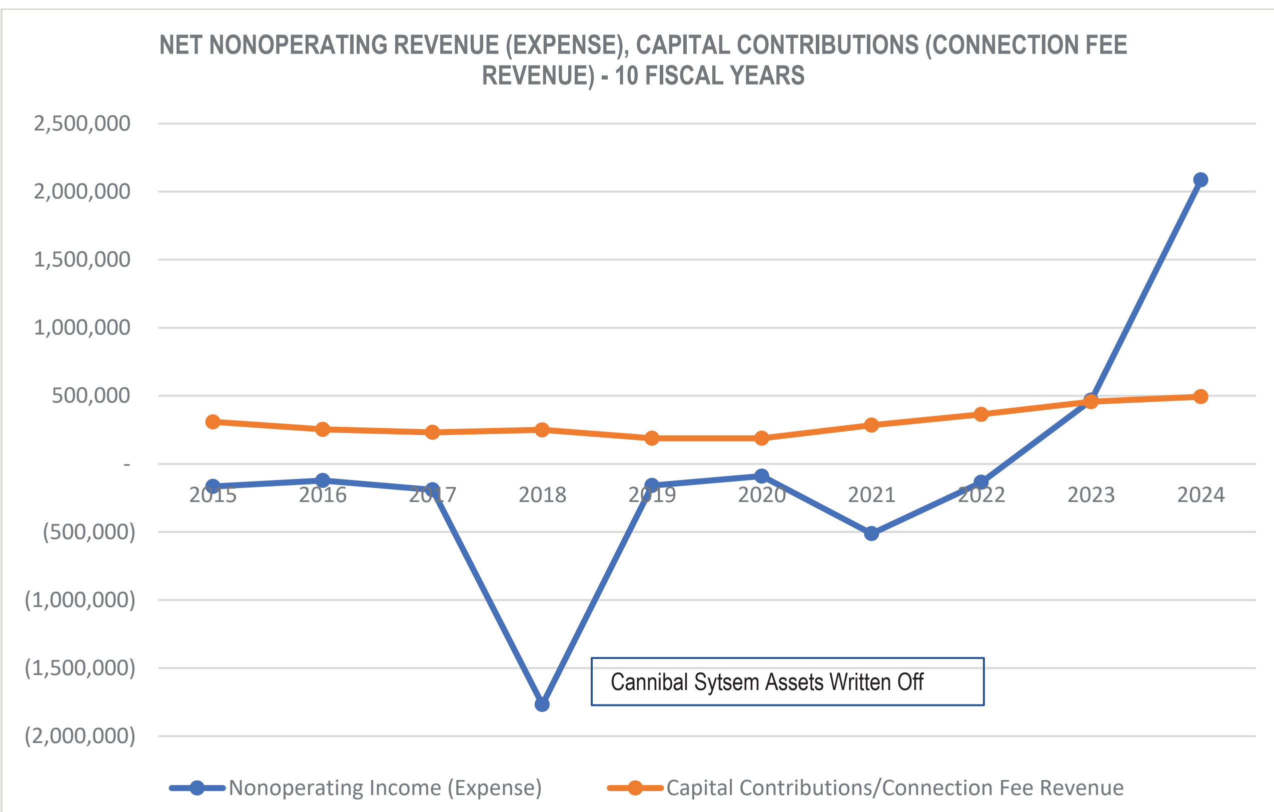
Notes The above data was extracted from the Agency's financial statements. Net position was restated in fiscal years 2015, 2018, and 2021 to reflect the implementation of GASB 6
implementation of GASB75, and the implementation of GASB 87, respectively.

Fiscal Year 2023 includes one time RBB capital contributions that were received from member agencies for use towards the Replenish Big Bear Project construction.


Operating Revenues and Expenses - 10 Fiscal Years
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME BEFORE CAPITAL CONTRIBUTIONS, AND CHANGE IN NET POSITION - 10 FISCAL YEARS
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
(1,000,000)
(2,000,000)
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Cannibal System Assets Written Off
OPERATING INCOME
INCOME BEFORE CONTRIBUTIONS
CHANGE IN NET POSITION

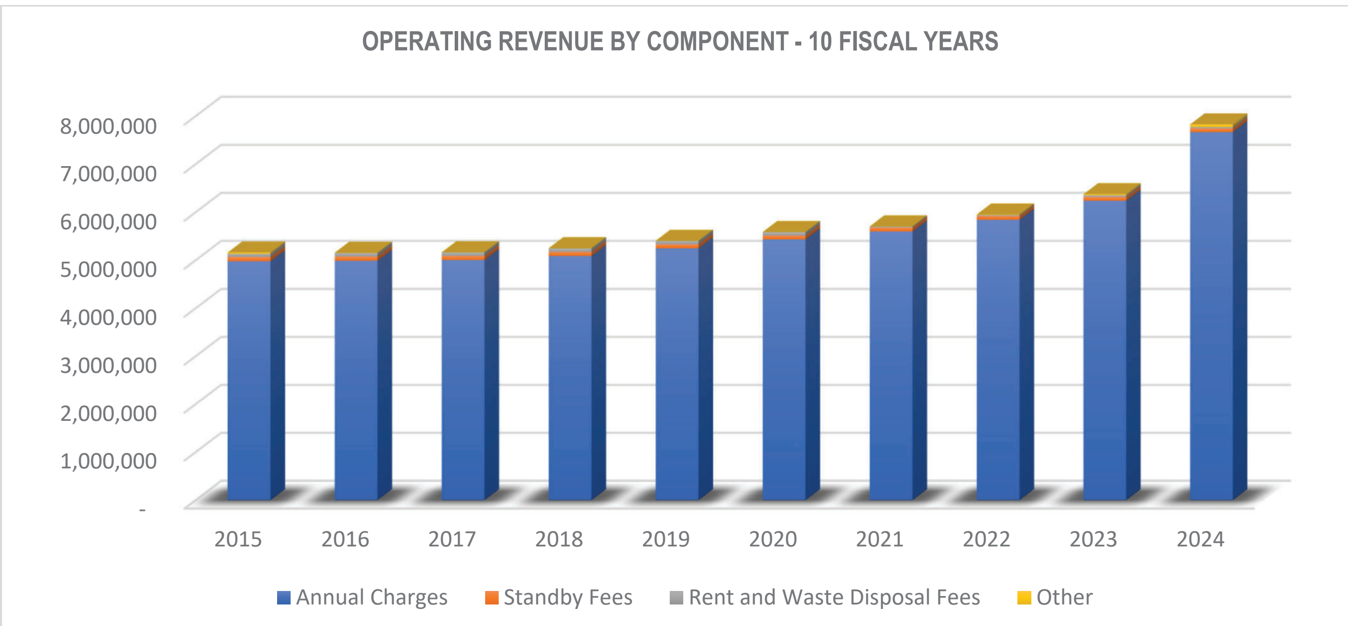

OPERATING EXPENSE DETAIL - 10 FISCAL YEARS
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Collection, Treatment, Disposal
Salaries and Benefits
Contractual Services
Permits and Fees
Administrative
Depreciation


NET NONOPERATING REVENUE (EXPENSE), CAPITAL CONTRIBUTIONS (CONNECTION FEE REVENUE) - 10 FISCAL YEARS
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
(500,000)
(1,000,000)
(1,500,000)
(2,000,000)
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
Cannibal Sytsem Assets Written Off
Nonoperating Income (Expense)
Capital Contributions/Connection Fee Revenue

Revenue Capacity

OPERATING REVENUES BY COMPONENT - 10 FISCAL YEARS

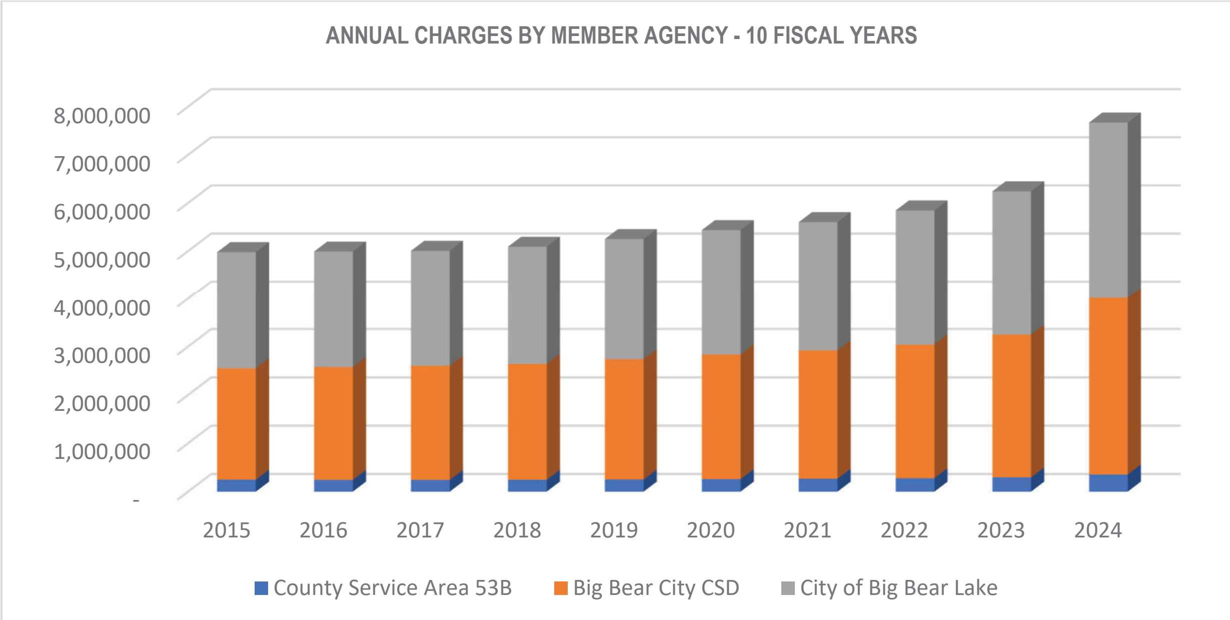
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING REVENUES:										
Annual Charges	$4,979,690	$4,991,166	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036
Standby Fees	90,860	89,250	86,930	85,180	83,200	81,660	80,300	79,220	77,590	75,297
Rent and Waste Disposal Fees	68,120	72,101	71,951	73,562	71,679	70,610	23,859	22,070	36,359	30,010
Other	24,575	5,104	488	1,916	765	-	793	7,709	19,819	53,396
Total operating revenues	$5,163,245	$5,157,621	$5,166,439	$5,252,234	$5,407,186	$5,589,346	$5,707,065	$5,954,162	$6,375,651	$7,829,739



Annual charges are the Agency's largest component of Operating Revenues and represent the Agency's charges for the collection, treatment, and disposal of wastewater flow. Annual charges are charged to the Member Agencies (the Big Bear City Community Services District, the City of Big Bear Lake, and the County of San Bernardino CSA 53B), and are based on the sewer user fee (rate) established by the Governing Board of Directors, the number of equivalent dwelling units and the volume of wastewater collected, treated, and disposed of.

ANNUAL CHARGES BY MEMBER AGENCY - 10 FISCAL YEARS

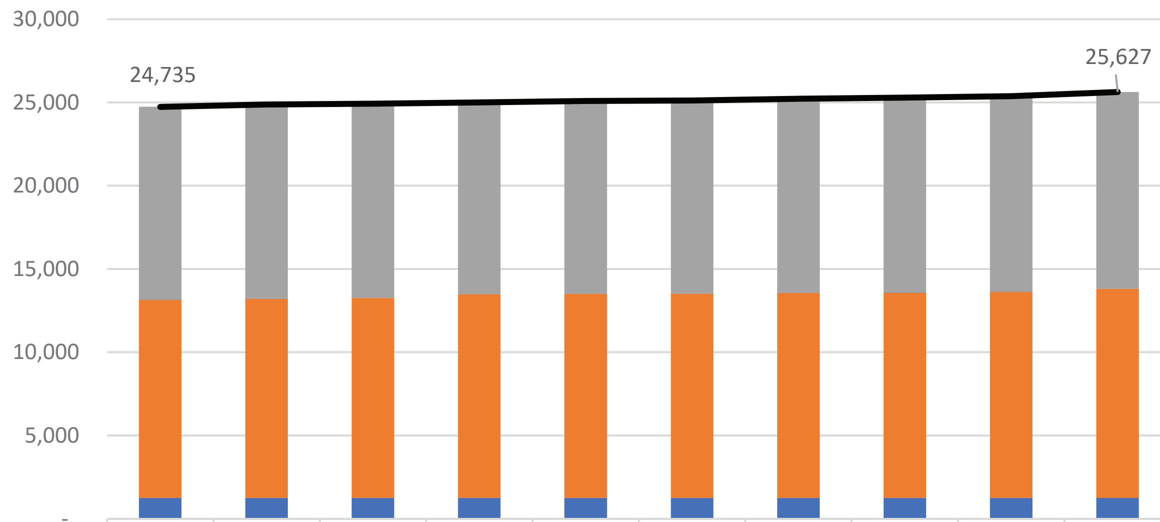
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County Service Area 53B	$247,473	$241,821	$242,135	$244,697	$250,523	$258,429	$268,256	$278,853	$294,727	$354,559
Big Bear City CSD	2,306,127	2,335,900	2,363,616	2,398,457	2,488,269	2,579,204	2,652,478	2,763,777	2,955,515	3,660,648
City of Big Bear Lake	2,426,090	2,413,444	2,401,319	2,448,422	2,512,750	2,599,443	2,681,379	2,802,534	2,991,642	3,655,830
Total Annual Charges	$4,979,690	$4,991,166	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036



ANNUAL CHARGES BY MEMBER AGENCY - % OF TOTAL

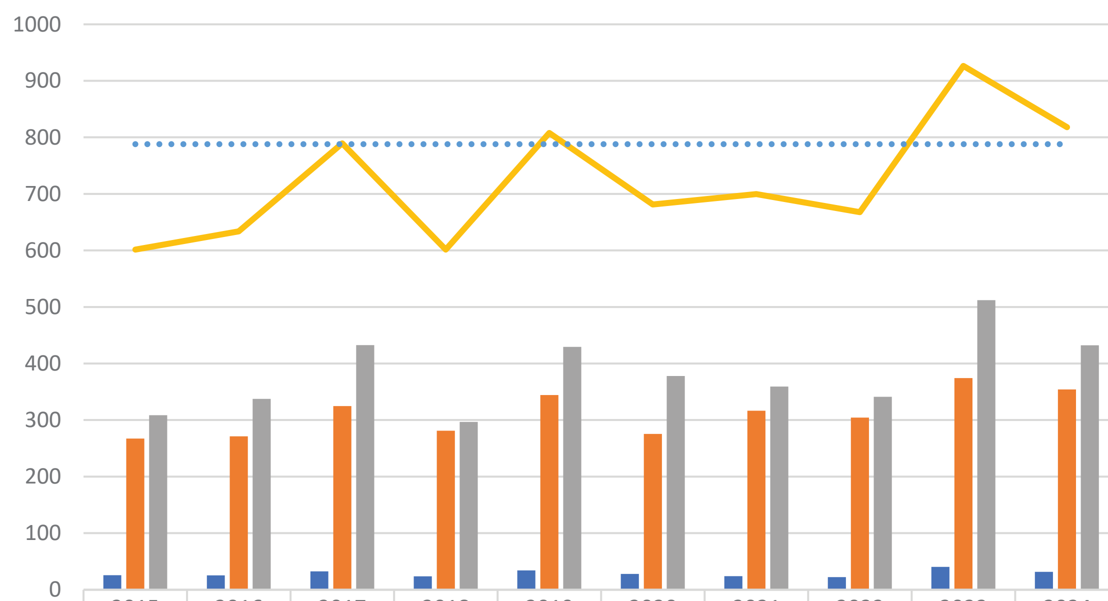
	2015	2024
County Service Area 53B	5%	5%
Big Bear City CSD	46%	48%
City of Big Bear Lake	49%	47%
	100%	100%

EQUIVALENT DWELLING UNITS BY MEMBER AGENCY - 10 FISCAL YEARS

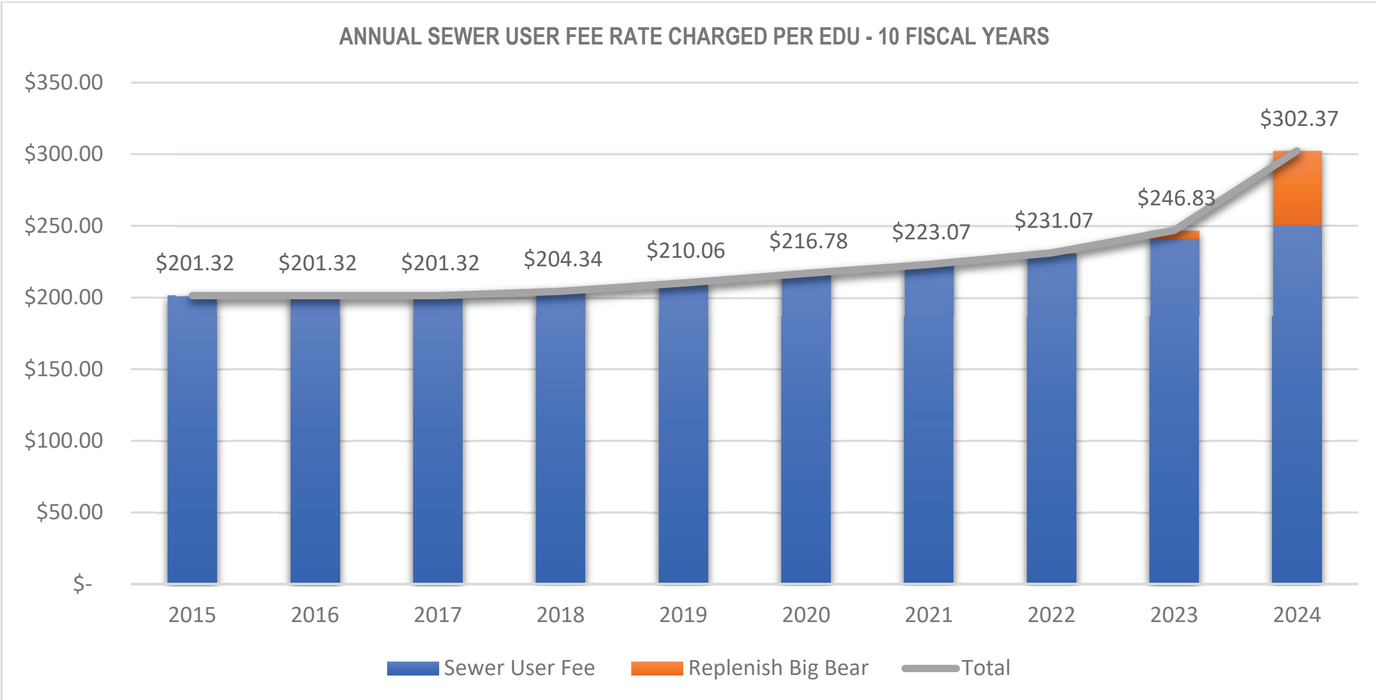


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City of Big Bear Lake	11,568	11,636	11,654	11,506	11,559	11,573	11,666	11,698	11,724	11,814
Big Bear City CSD	11,910	11,977	12,004	12,234	12,260	12,279	12,290	12,326	12,381	12,546
County Service Area 53B	1,257	1,258	1,259	1,260	1,262	1,262	1,264	1,264	1,265	1,268
Total EDUs	24,735	24,871	24,917	25,000	25,081	25,114	25,220	25,288	25,370	25,627

INFLUENT FLOW BY MEMBER AGENCY SERVED (MILLIONS OF GALLONS) - 10 FISCAL YEARS



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County Service Area 53B	25.563	25.211	32.277	23.686	34.111	27.756	23.942	22.315	40.248	31.532
Big Bear City CSD	267.355	271.320	324.605	281.152	344.309	275.529	316.385	304.217	374.248	354.100
City of Big Bear Lake	308.589	337.312	432.546	296.724	429.294	377.903	359.227	341.177	512.109	432.213
Total Influent Flow	601.508	633.842	789.428	601.562	807.714	681.188	699.554	667.709	926.605	817.845
Average Dry Weather Flow	788.000	788.000	788.000	788.000	788.000	788.000	788.000	788.000	788.000	788.000



Debt Capacity

DEBT RATIOS - 10 FISCAL YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Principal Outstanding	$4,125,097	$3,681,512	$3,223,168	$2,749,574	$4,040,433	$3,668,205	$3,283,230	$2,885,070	$5,873,273	$5,447,369
Leases Outstanding	-	-	-	-	-	-	-	1,991	1,531	1,066
Total Outstanding Debt	$4,125,097	$3,681,512	$3,223,168	$2,749,574	$4,040,433	$3,668,205	$3,283,230	$2,887,061	$5,874,804	$5,448,435
EDUs	24,735	24,871	24,917	25,000	25,081	25,114	25,220	25,288	25,370	25,627
Debt Per EDU	$167	$148	$129	$110	$161	$146	$130	$114	$232	$213
Debt per Residential EDU	$200	$178	$155	$132	$193	$175	$156	$137	$278	$255
Debt as % of Household Income	0.5%	0.5%	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%	0.5%	0.4%
Rate of Debt to Gross Revenue	0.76	0.68	0.58	0.48	0.70	0.62	0.54	0.46	0.86	0.61

Notes: Amounts exclude debt issuance or discount costs being amortized over the life of the debt issue and amounts related to Net Pension and OPEB Liabilities.

Household income is derived from an average of the household income estimated for the City of Big Bear Lake and the Big Bear City Community Services District. For periods through 2017 the estimate is determined with data provided in the 2010 U.S. Census Bureau. For periods 2018 and after, data provided in the American Community Survey was used.

DEBT SERVICE COVERAGE - 10 FISCAL YEARS

	OUTSTANDING DEBT [1]							
Fiscal Year	Refunding Revenue Bonds	Water Revenue Bonds	Loan	Total Outstanding Debt	Gross Revenues	Net Revenues [2]	Debt Service [3]	Debt Service Coverage
2015	$ -	$ -	$4,125,097	$4,125,097	$5,433,739	$1,907,639	$579,284	3.29
2016	-	-	3,681,511	3,681,511	5,426,749	1,490,810	579,284	2.57
2017	-	-	3,223,167	3,223,167	5,575,660	1,440,559	579,284	2.49
2018	-	-	2,368,710	2,368,710	5,759,997	1,402,547	579,284	2.42
2019	-	-	4,040,433	4,040,433	5,759,997	1,402,366	593,013	2.36
2020	-	-	3,668,204	3,668,204	5,908,852	1,508,210	511,944	2.95
2021	-	-	3,283,230	3,283,230	6,042,227	1,446,634	511,944	2.83
2022	-	-	2,885,070	2,885,070	6,300,303	2,391,563	511,944	4.67
2023	-	-	5,873,273	5,873,273	7,012,538	2,115,980	614,229	3.44
2024	-	-	5,447,369	5,447,370	8,946,742	3,943,435	635,233	6.21

[1]Outstanding debt balances reflect principal balances and exclude discounts, premiums, and deferred amounts. All debt issued is secured by the revenues of the Agency.
[2] Net Revenues are defined as operating revenue plus interest income plus proceeds from the sale of assets plus other income plus connection fee revenue less operating and maintenance expense. Net Revenues are net of GASB 68 and 75 adjustments. These adjustments were material in 2022 and 2023.
[3] Debt service is calculated on accrual basis for both principal and interest and may not agree with the basic financial statements.

Demographic and Economic Information

The following is general information related to the economic and demographic condition of the Agency's service area. The Agency serves a rural, tourist-based area comprised of three separate service areas: the Big Bear City Community Services District (CSD), the City of Big Bear Lake, and the County of San Bernardino County Service Area 53B (CSA 53B). It should be noted that the Agency serves a large population of second homeowners due to the resort nature of the area. The Agency estimates that approximately 38% of the residential sewer connections represent full-time Big Bear residents.

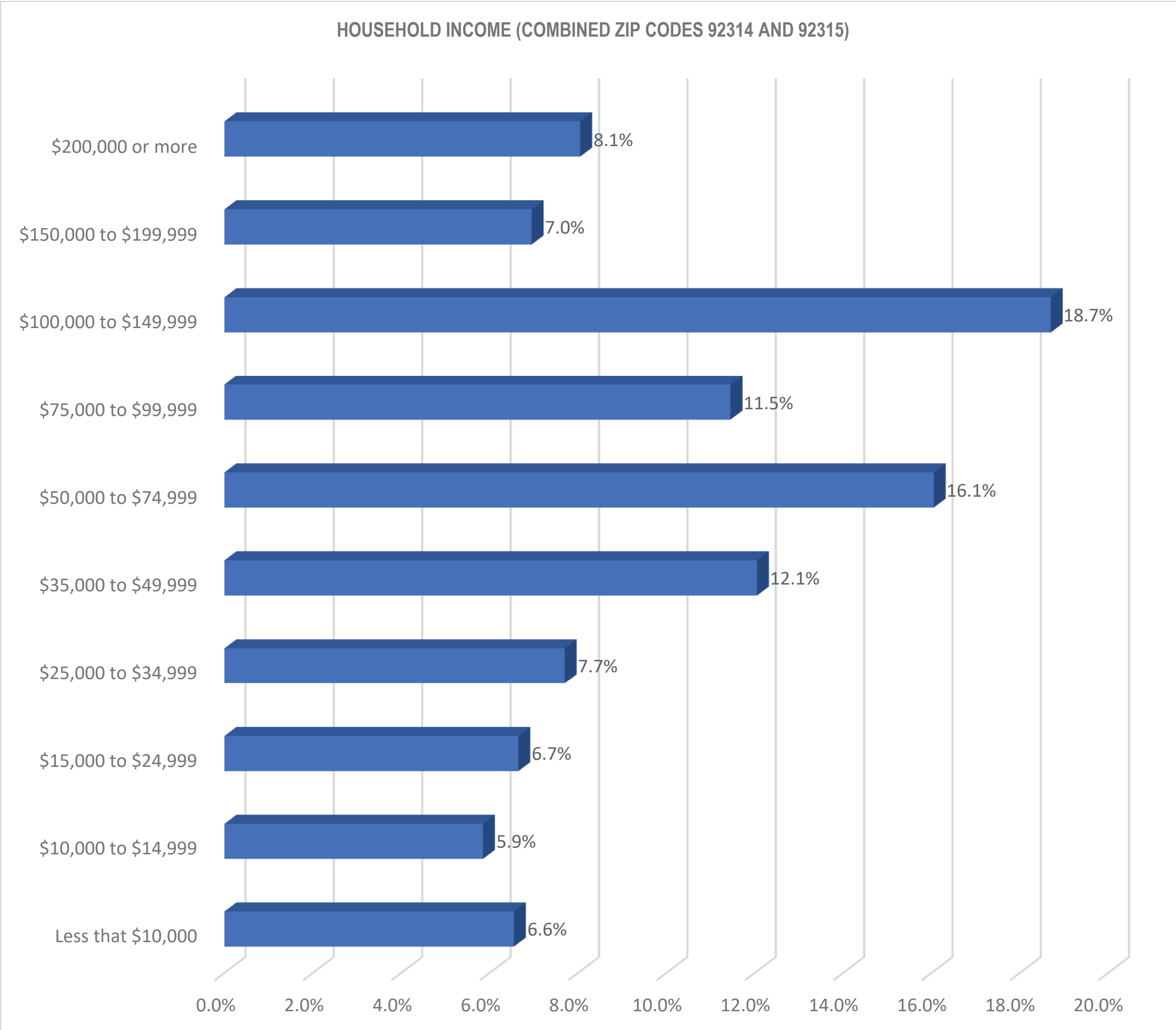
The statistics presented on the following pages have been obtained from information estimated by the U.S. Census Bureau in the 2022 American Community Survey. **It is important to note that the information presented covers the zip code areas of 92315, which is represented in the following demographic information as the City of Big Bear Lake and 92314, which is represented in the following demographic information as Big Bear City.**

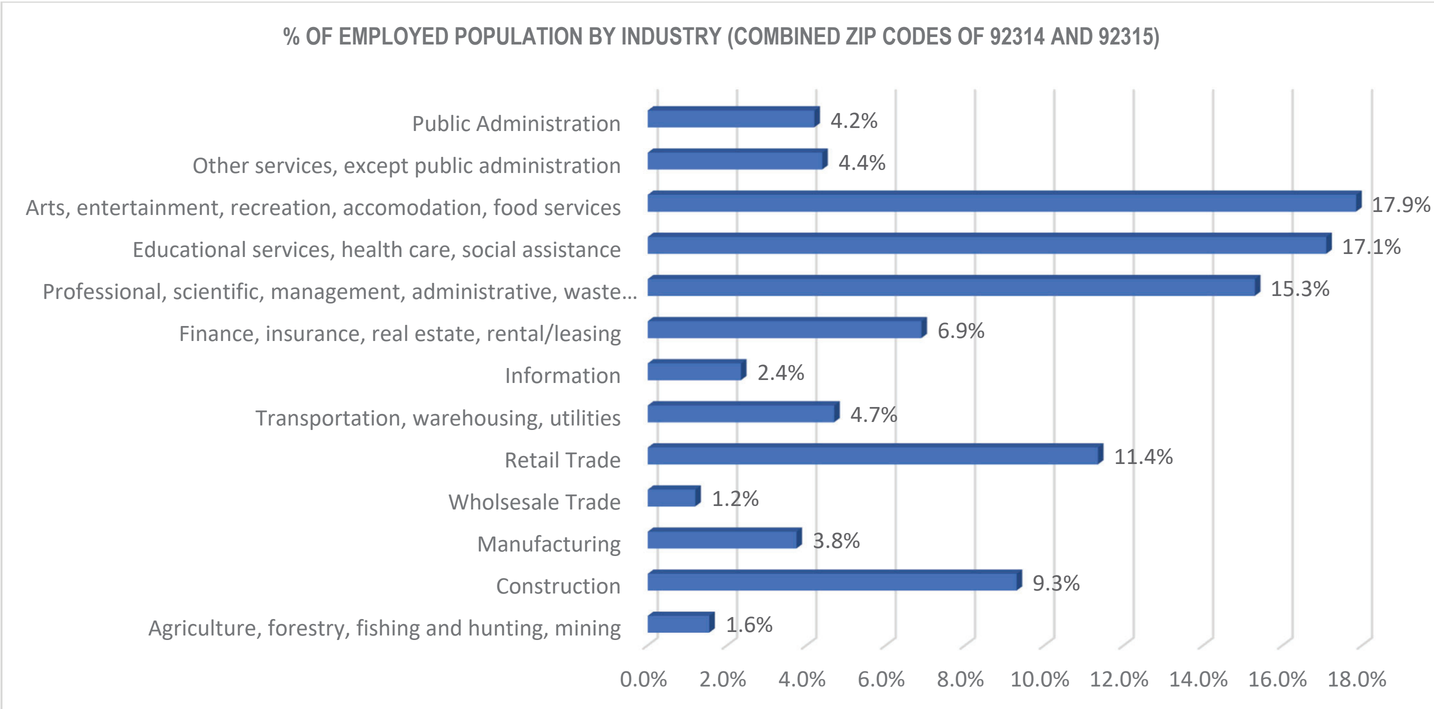
POPULATION ESTIMATES

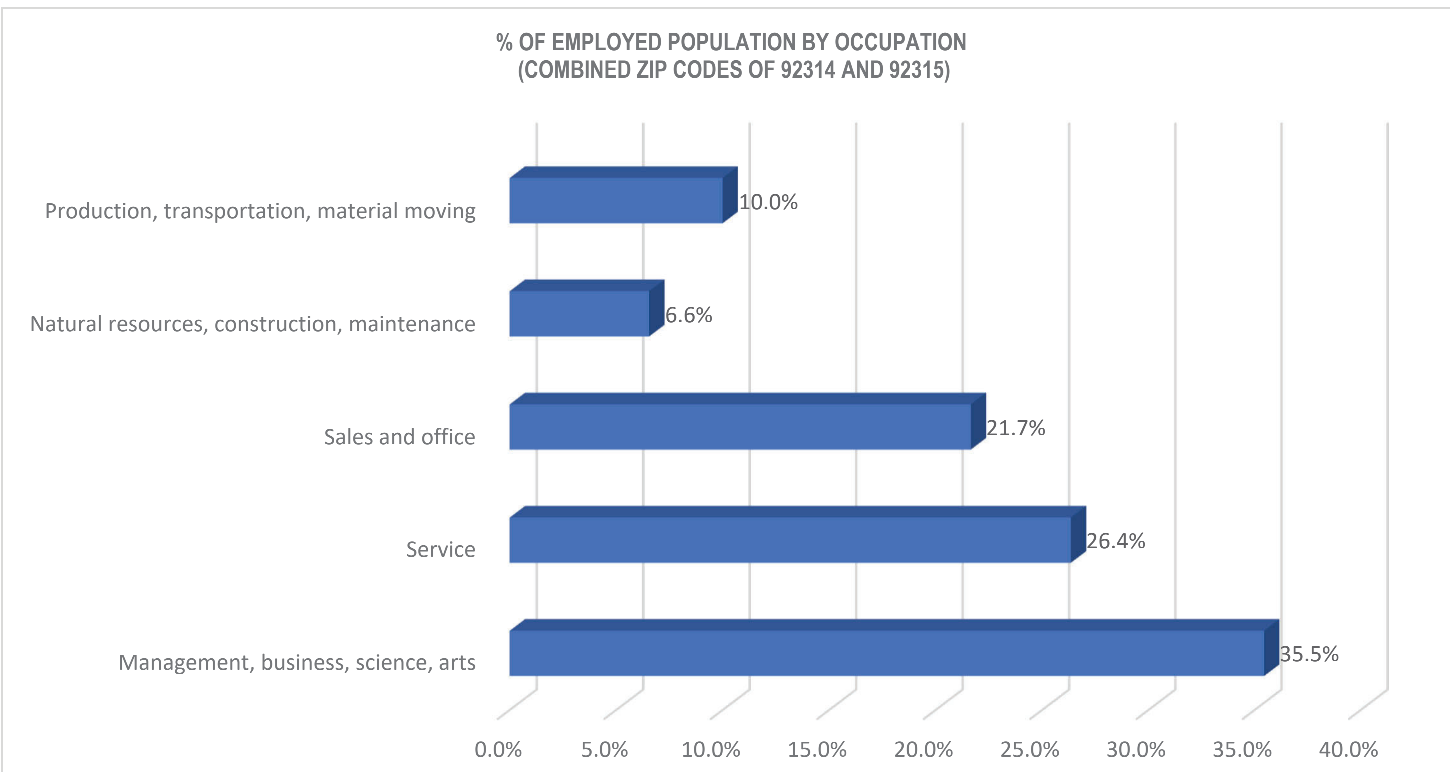
Year	City of Big Bear Lake	Big Bear City	Total
2022	5,059	12,753	17,812

UNEMPLOYMENT ESTIMATES

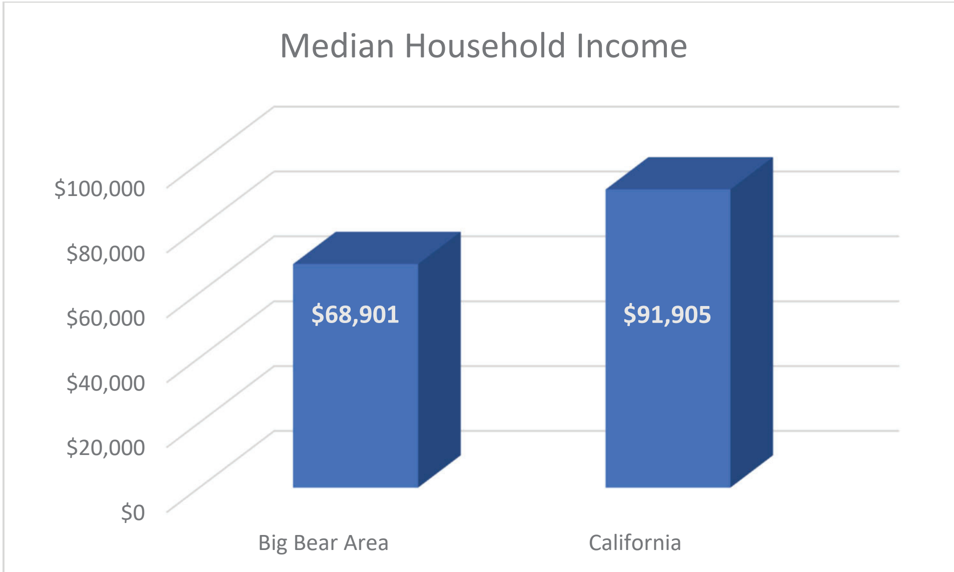
Year	City of Big Bear Lake	Big Bear City
2022	3.4%	4.6%

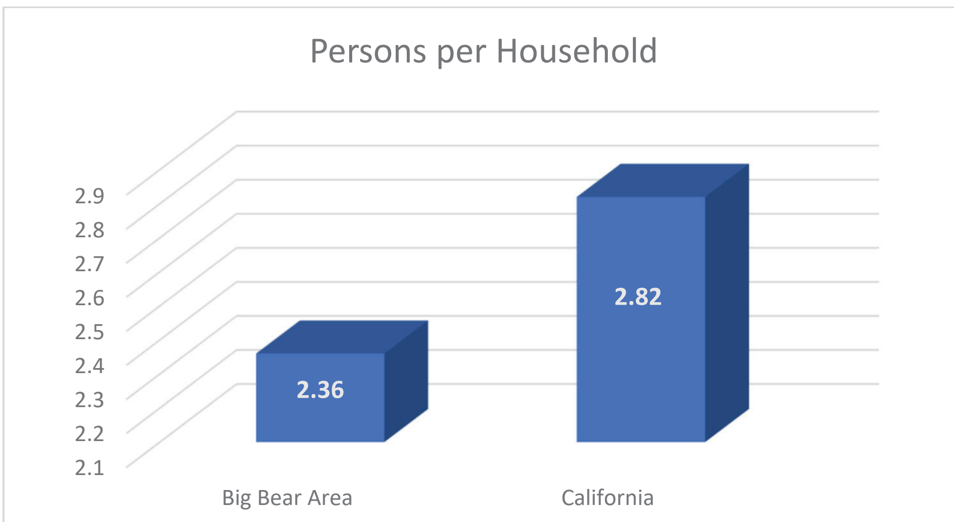

HOUSEHOLD INCOME (COMBINED ZIP CODES 92314 AND 92315)
$200,000 or more
8.1%
$150,000 to $199,999
7.0%
$100,000 to $149,999
18.7%
$75,000 to $99,999
11.5%
$50,000 to $74,999
16.1%
$35,000 to $49,999
12.1%
$25,000 to $34,999
7.7%
$15,000 to $24,999
6.7%
$10,000 to $14,999
5.9%
Less that $10,000
6.6%
0.0%
2.0%
4.0%
6.0%
8.0%
10.0%
12.0%
14.0%
16.0%
18.0%
20.0%

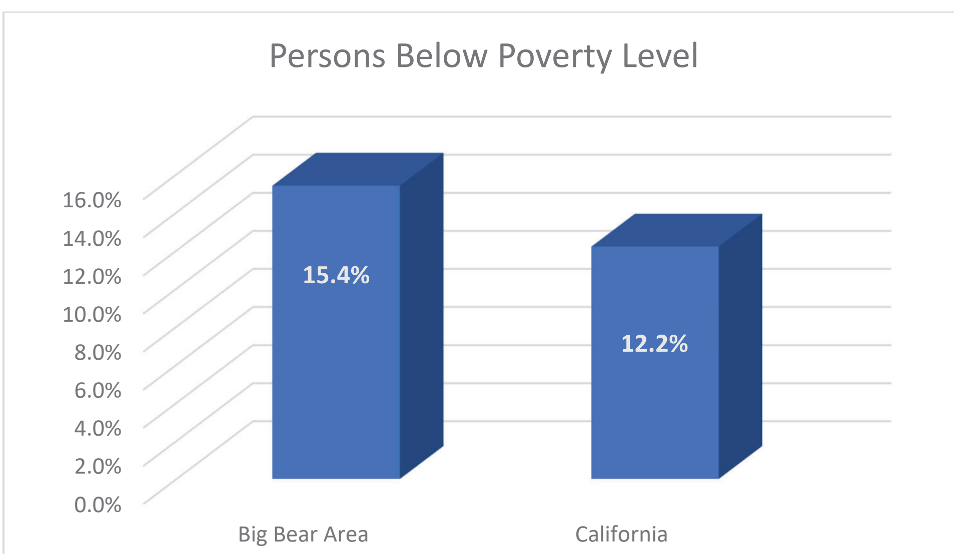

% OF EMPLOYED POPULATION BY INDUSTRY (COMBINED ZIP CODES OF 92314 AND 92315)
Public Administration 4.2%
Other services, except public administration 4.4%
Arts, entertainment, recreation, accomodation, food services 17.9%
Educational services, health care, social assistance 17.1%
Professional, scientific, management, administrative, waste… 15.3%
Finance, insurance, real estate, rental/leasing 6.9%
Information 2.4%
Transportation, warehousing, utilities 4.7%
Retail Trade 11.4%
Wholesale Trade 1.2%
Manufacturing 3.8%
Construction 9.3%
Agriculture, forestry, fishing and hunting, mining 1.6%
0.0% 2.0% 4.0% 6.0% 8.0% 10.0% 12.0% 14.0% 16.0% 18.0%


% OF EMPLOYED POPULATION BY OCCUPATION
(COMBINED ZIP CODES OF 92314 AND 92315)
Production, transportation, material moving 10.0%
Natural resources, construction, maintenance 6.6%
Sales and office 21.7%
Service 26.4%
Management, business, science, arts 35.5%
0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0% 35.0% 40.0%

BIG BEAR AREA[1] COMPARISON TO STATE OF CALIFORNIA





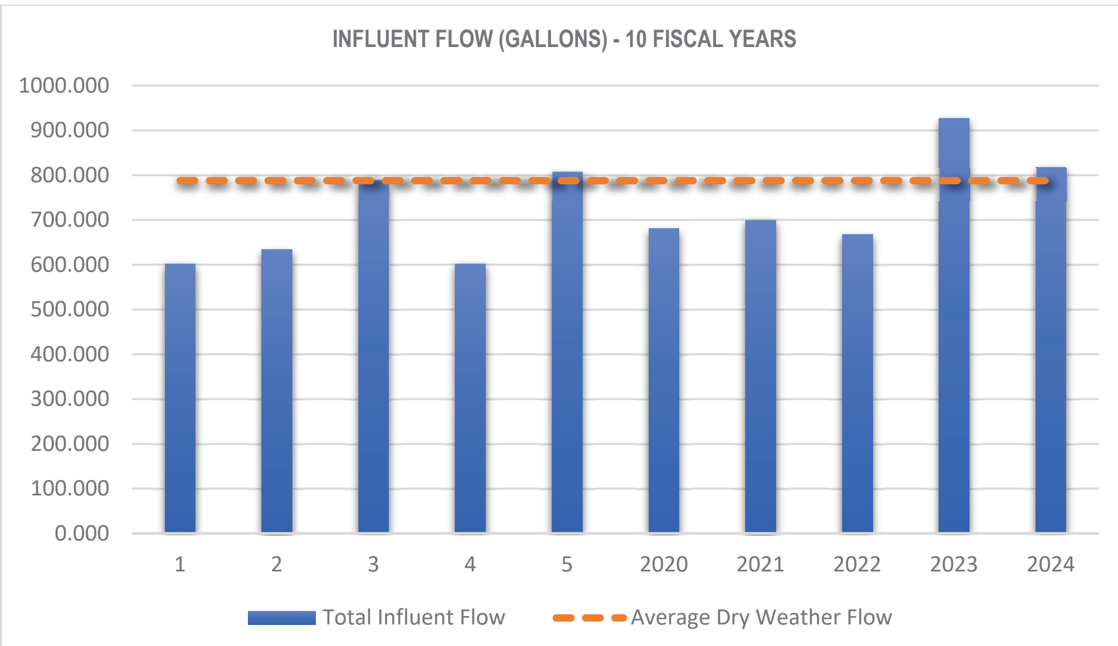


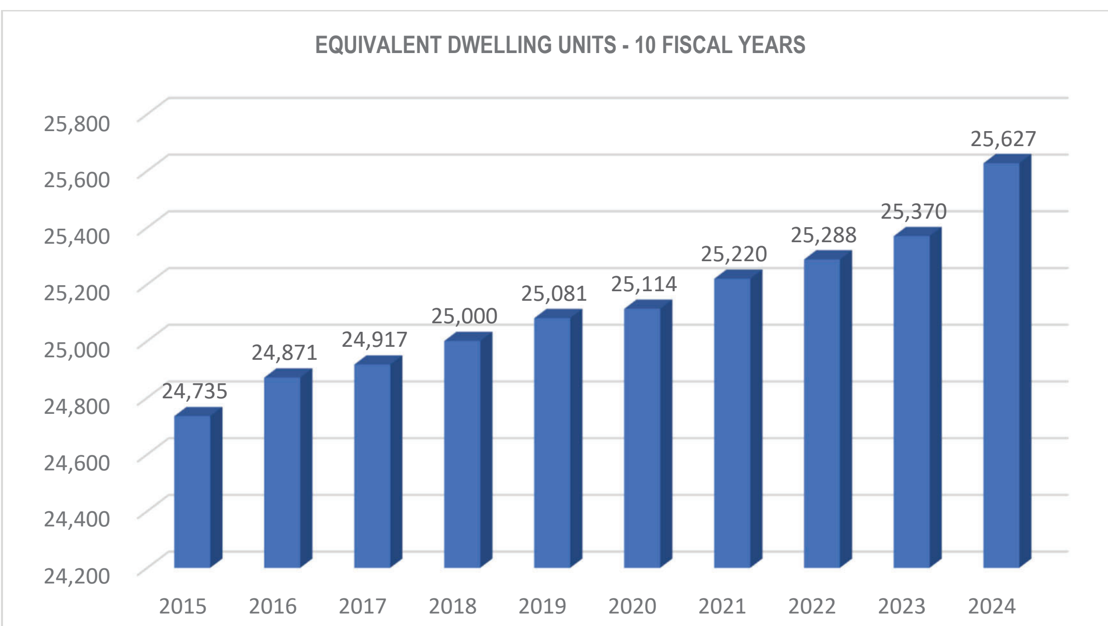
[1] Includes the zip code areas of 92314 and 92315.

Operating Information

System Demand (annual influent flow)

The Agency's wastewater flows are primarily impacted by 1) wet weather which creates infiltration and inflow into the system, and 2) peak tourist periods. Otherwise, the Agency's wastewater flows are fairly predictable due to the mature and stable commercial and residential housing markets in the area. The long-term average annual growth in equivalent dwelling units is below 1.0%. It is important to note that seven periods in the last ten years have been below the Agency's long-term average dry weather flow of 788 million gallons due to drought conditions.

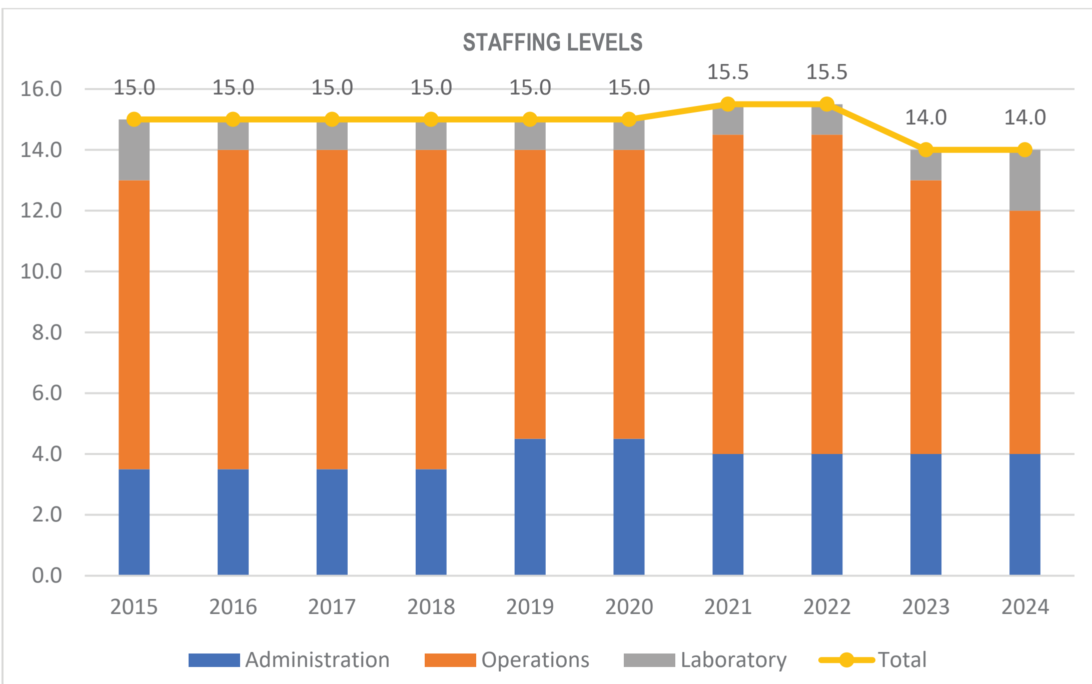




AGENCY STAFFING BY DEPARTMENT[1]

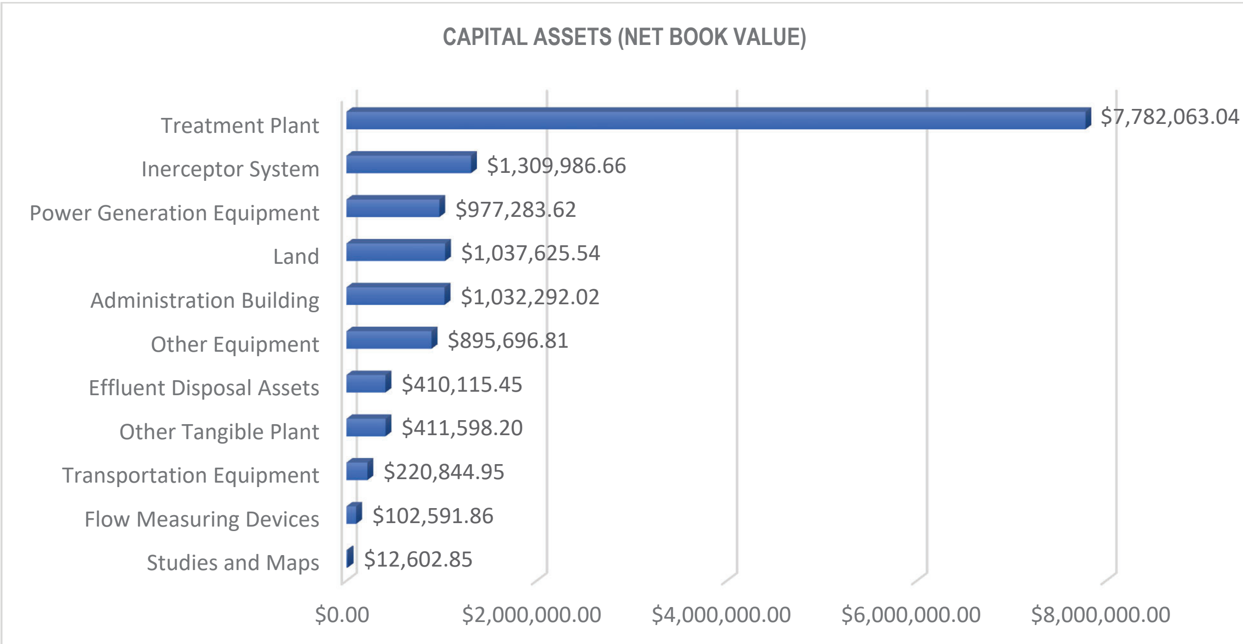
Year	Administration	Operations	Laboratory	Total
2015	3.5	9.5	2.0	15.0
2016	3.5	10.5	1.0	15.0
2017	3.5	10.5	1.0	15.0
2018	3.5	10.5	1.0	15.0
2019	4.5	9.5	1.0	15.0
2020	4.5	9.5	1.0	15.0
2021	4.0	10.5	1.0	15.5
2022	4.0	10.5	1.0	15.5
2023	4.0	9.0	1.0	14.0
2024	4.0	8.0	2.0	14.0

[1]Full-time regular employees are assigned a 1.0. Part-time (regular, not full-time) and non-regular (seasonal, temporary) are assigned a 0.5, although hours worked and compensation are not equivalent, i.e., part-time employees may receive full benefits and non-regular employees may not receive benefits. Staffing levels are as of June 30 of the respective fiscal year.



Nature of Capital Assets and Capacity Utilization

The concentration of the Agency's assets directly reflects its operations with the largest investments in the wastewater treatment plant (55%) and the interceptor system (9%).



KEY ASSETS			
Treatment Plant		**Interceptor System**	
Clarifiers	3	Miles of Pipeline	15.07
Covered Drying Bed	1	Manholes	93
Oxidation Ditches	3	Air Release Vents	12
Storage Ponds	4	Lift Stations	4

The Agency's facilities and processes have excess capacity due to the demographics of the area served. While there are approximately 21,000 residential sewer connections, the Agency estimates that only 38% or 7,980 connections reside in the Big Bear area full-time. The Agency's facilities were built to meet some of the demands associated with an increase in full-time occupancy. Historical data is not available.

CAPACITY UTILIZATION BY STRUCTURE

	Capacity MGD	Utilization MGD	Utilization Rate
Effluent Pumping	5.6	2.4	43%
Interceptor System (N. Shore Sliplining)	2.0	0.5	26%
Lake Pump Station	8.0	4.6	58%
Load Equalization Basin/Bal Chamber	2.4	0.8	33%
Main Line (manholes)	7.2	3.2	44%
North Shore Pump Station 1	0.9	0.3	36%
Oxidation Ditches	4.9	2.4	49%
RAS Pumping	3.8	2.4	63%
Old Sludge Building	6.4	2.4	38%
Outfall Line	9.6	2.4	25%
Grit Removal System (2.4 / 7.6)	10.0	2.4	24%
Clarifiers	3.04	2.4	79%
New Belt Press	18.56	2.4	13%