

BIG BEAR AREA
REGIONAL WASTEWATER AGENCY

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For Fiscal Year End June 30, 2026

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Big Bear Area Regional Wastewater Agency
Big Bear City, California

FY 2026
Annual Comprehensive
Financial Report
For the year ended June 30, 2026

Protecting Big Bear's Future through Responsible Planning

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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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 14, 2026

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, 2026. 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 has 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, 2026. 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 District 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 San Bernardino County Service Area 53 B (the Member Agencies). The Agency's service area encompasses a rural mountain community of approximately 79,000 acres and 25,700 sewer connections.

Governing Body

The Agency is governed by a five-member Governing Board. Per the Joint Powers Agreement, Governing Board members are appointed by the governing bodies of its three Member Agencies.

Services

The Agency provides wastewater collection, treatment, and disposal services to the Big Bear Valley, serving approximately 25,700 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 Quality 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 biosolids in an environmentally and fiscally responsible manner.

To conduct 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 improvement 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 and the educational services, health care, and social assistance are the largest employers. The Agency serves an area that experiences relatively low growth with new connections averaging less than 1% annually over the long term or approximately 59 connections per year. Over the past 10 years new connections to the system have been low with the exception of the COVID-19 migration which saw an influx of new construction and the construction of a new hotel during FY 2024. The annual average of new connections for the last ten years is approximately 58 per year, not including nonrecurring multi-unit connections (such as the addition of a new hotel). FY 2026 had the lowest annual residential connections since FY 2017, with 43 connections for the year. An overview of the general demographics of the area can be found in the Statistical Section.
Long-Term Financial Planning

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. With the implementation of an updated capital improvement forecasting methodology in FY 2025 and costs related to Replenish Big Bear (RBB), BBARWA's Wastewater Treatment Upgrade Project, it has become necessary to adjust rates above inflationary levels for FY 2026 through FY 2030.

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 FY 2026 rate adjustment was 6%, initially forecast at 18%; however, due to the RBB pause during FY 2025 the additional increase in FY 2026 for RBB was also paused. The rate adjustment for FY 2027 is 18% as final design for RBB was reinitiated during FY 2026, with projected rate adjustments of 18% annually through FY 2029, a 6% rate adjustment projected for FY 2030, and a 4% rate adjustment projected for FY 2031. These rate adjustments include rate collection for RBB for debt service payments and operational costs. Annual rate adjustments, not including RBB, average 6% through FY 2031. These rate and inflation assumptions were developed during the FY 2027 budget process.

A new capital improvement forecasting methodology was adopted in FY 2025 that prioritizes capital improvements based on likelihood and consequence of failure scores and addresses outdated project costs. Project estimates will be escalated by the Handy Whitman Index, a widely recognized benchmark that tracks construction cost trends across various regions and project types. This index will provide reliable data for estimating future costs, allowing the Agency to forecast capital costs more accurately and allow for better financial planning. As a result of the updated capital improvement forecasting methodology, rate adjustments, not including RBB, are forecast to be slightly higher than inflation through FY 2030. Rate adjustments are expected to return to at or near inflation in FY 2031.

The Preliminary Design Report (PDR) for RBB was expected to be completed by the end of Fiscal Year 2026. The PDR refines the concepts developed during the pilot study, evaluates design alternatives, and is used as the basis for final design. The Governing Board received an informational presentation on October 22, 2025 that discussed the updated treatment process, design approach, and cost estimate. On December 17, 2025 the Governing Board considered the possible financial impact of either continuing with final design or cancelling RBB at the completion of the PDR. The Governing Board made the decision to continue toward development of final design drawings and specifications with the understanding that certain final design elements would be deferred until construction funding and key RBB assumptions are more clearly established. During the April 27, 2026 Special Meeting, the Governing Board chose to pivot to a phased approach with the Greenspot Recharge Project being Phase I and authorized the General Manager to purchase the property for the new discharge location. With the pivot to a phased approach, the PDR has been delayed so that it can reflect changes and is expected to be completed in FY 2027.

The Agency's capital projects during the next five-year period through FY 2031 total approximately $87 million (approximately $17.4 million annual average) and through FY 2045 total approximately $119 million (approximately $6 million annual average). Over the long term, under the updated capital improvement plan, approximately 32% of the Agency's capital investment is for maintenance with the remaining 68% for non-maintenance improvements.

Over the next five years, the Agency's major capital projects (in approximate amounts) include $2.8 million for the rehabilitation of the North Shore Pump Station 3 Well, $1.4 million for the Outfall Line Investigation Project (pipeline to Lucerne Valley), $900,000 for the Clarifier Splitter Gates Project, $2.1 million in asphalt and paving improvements, and $800,000 to update the Wastewater Treatment and Outfall Master Plan, the Collection Systems Master Plan, and pipeline maps. Capital project costs for RBB through FY 2030 are anticipated to be approximately $76 million, which will be funded through a combination of debt, grant proceeds, and RBB reserves.

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 adopted a policy on a balanced budget, which is included as part of the Financial Policies. The Agency's practice is to balance the budget through the planned use of contributions 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 2027 Major Initiatives

Outfall Line Investigation - The Outfall Line is approximately 16.24 miles in length and conveys effluent flows to the discharge location in Lucerne Valley. The Outfall Line was constructed in the 1970's, with venting and piping upgrades completed in the 1980's and 1990's. Most of the outfall pipeline is 16-inch concrete mortar lined and coated steel pipe. The scope of work may consist of visual inspections, soil corrosion analysis, non-destructive testing, and internal pipe camera investigations. The scope of work will include a phased investigation approach, beginning with lower cost and/or duration investigation methods to determine the condition of the pipe. If the condition of the pipe is not conclusive from the preceding investigation effort, the next phase of investigations will be implemented.

Wastewater Treatment and Outfall Master Plan and the Collection System Master Plan - Separate Master Plans will be developed for the wastewater treatment plant and outfall line, and the collection system. The Master Plans will evaluate current and future needs for repair, replacement, or rehabilitation of existing assets and facilities to maintain reliable operations, serve existing and future sewer demands, protect public health and operator safety, and meet regulatory compliance requirements.

Replenish Big Bear: Phase I Greenspot Recharge – The Agency began the preliminary engineering and environmental work for RBB in FY 2019. Pre-construction activities began in FY 2023 which included engineering, environmental, pilot facility planning and implementation, and design work. Piloting for RBB was completed in FY 2024. On October 22, 2025, the Governing Board received an informational presentation that discussed the updated treatment process, design approach, and cost estimate. On December 17, 2025 the Governing Board considered the possible financial impact of either continuing with final design or cancelling RBB at the completion of the PDR. The Governing Board made the decision to continue toward development of final design drawings and specifications with the understanding that certain final design elements would be deferred until construction funding and key RBB assumptions are more clearly established.

During the April 27, 2026 Special Meeting, the Governing Board chose to pivot to a phased approach with the Greenspot Recharge Project being Phase I and authorized the General Manager to purchase the property for the new discharge location. Under this revised approach, the Greenspot Recharge Project will serve as the Phase I discharge location, and BBARWA's Wastewater Treatment Upgrades Project will be planned to discharge to Greenspot instead of Stanfield Marsh. This phased framework reflects a shift in the overall Program, with Phase I focusing on advancing the Greenspot alternative while preserving the Stanfield Marsh option for future Phase II implementation.

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, 2025. This is the 14th 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, 2025

Christopher P. Morrill

Executive Director/CEO

The Governing Board of Directors



Kendi Segovia, Chair
City of Big Bear Lake



Larry Walsh, Vice-Chair
Big Bear City CSD



Rick Herrick, Director
City of Big Bear Lake



Andrew Sauer, Director
County Service Area 53B



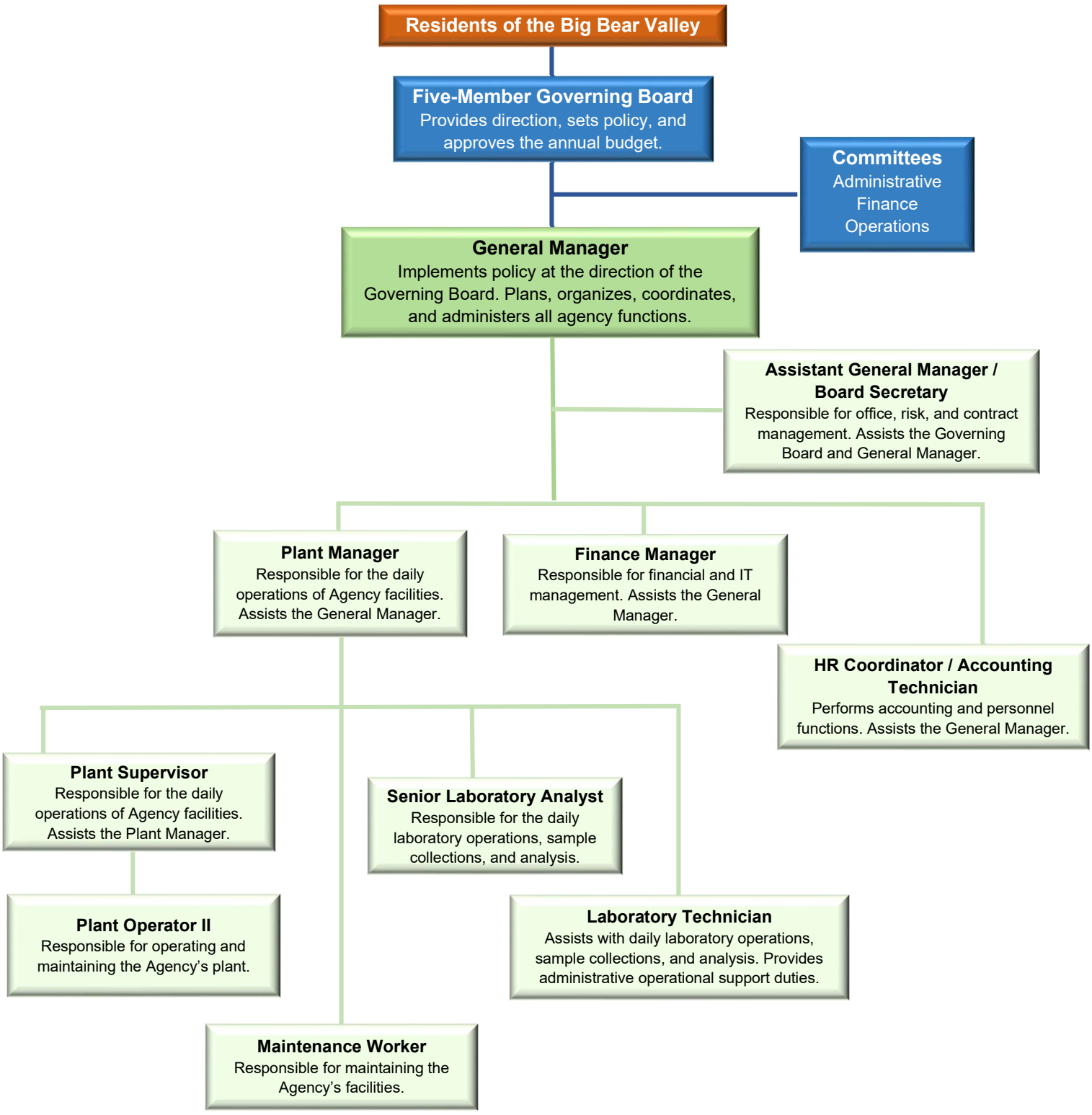
John Russo, Director
Big Bear City CSD

General Manager and Management Staff

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

Organizational Chart

(as of June 30, 2026)



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FINANCIAL SECTION

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RAMS
CERTIFIED PUBLIC ACCOUNTANTS

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, 2026, 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 referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2026, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as the 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 2025 financial statements, and we expressed an unmodified opinion in our report dated October 6, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ending June 30, 2026, the Agency implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

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.

Tel. 909-889-0871 | www.ramscpa.net | 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408

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* 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 *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 the 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 GAAS, 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 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 are 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. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic 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 14, 2026 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 the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 14, 2026

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BIG BEAR AREA REGIONAL WASTEWATER AGENCY
Management's Discussion and Analysis
Year ended June 30, 2026

Overview of the Financial Statements

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, 2026 (FY 2026). These comments should be read in conjunction with and are a supplement to the financial statements identified in the accompanying table of contents.

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.

Types of information in the Financial Statements

The financial statements include the statement of net position and the statement of revenues, expenses, and changes in 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.

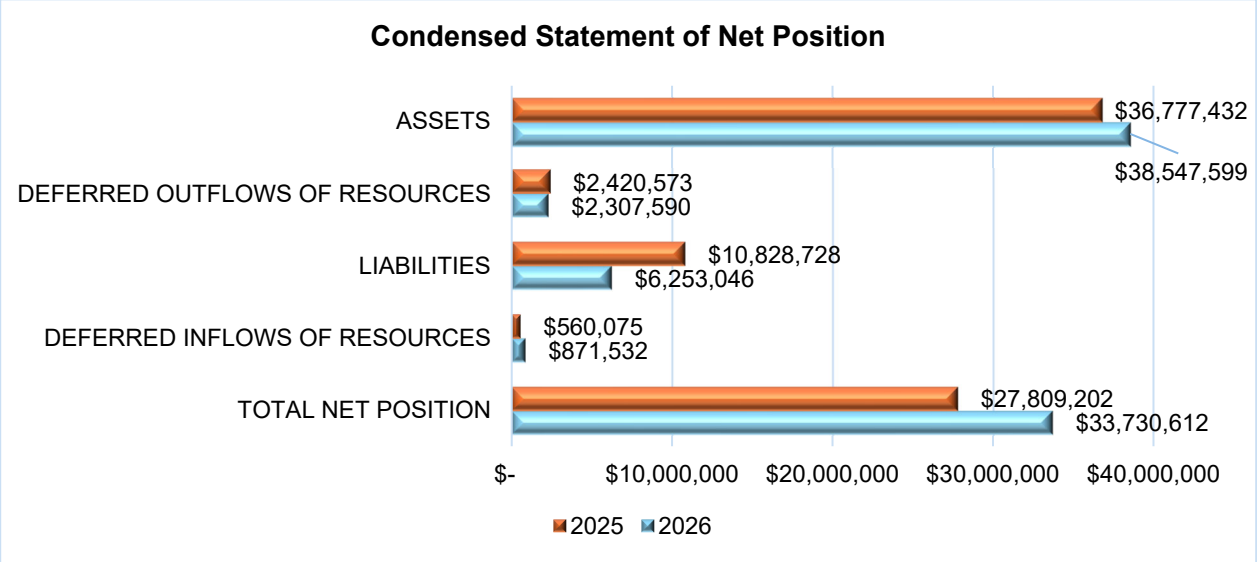
There are two components of the Agency's net position. The largest portion, net investment in capital assets, represents the Agency's investment in capital assets net of any related debt (debt used to finance the purchase of capital assets) and reflects the Agency's investment in property, plant, and 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.

The statement of revenues, expenses, and changes in net position 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, noncapital subsidies (if applicable) presented second, other nonoperating revenues and expenses presented third , and unusual infrequent items (if applicable) 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.

The Agency operates and reports as a proprietary enterprise fund with business types of activities. All of its activities are included in a single accounting and reporting entity. The Agency's business-type activities are primarily financed through Agency fees: sewer user fees, connection fees, and standby fees.

Financial Summary and Detailed Analysis

Statement of Net Position



Condensed Statement of Net Position

	As of June 30,		2026 vs 2025 Increase (Decrease)	2026 vs 2025 % Change
	2026	2025		
Assets:				
Current and other assets	$ 16,527,442	$ 16,806,854	$ (279,412)	-2%
Capital assets, net	22,020,157	19,970,578	2,049,579	10%
Total assets	**38,547,599**	**36,777,432**	**1,770,167**	**5%**
Deferred Outflows of Resources	**2,307,590**	**2,420,573**	**(112,983)**	**-5%**
Liabilities:				
Long-term liabilities	5,935,120	10,282,686	(4,347,566)	-42%
Other liabilities	317,926	546,042	(228,117)	-42%
Total liabilities	**6,253,046**	**10,828,728**	**(4,575,682)**	**-42%**
Deferred Inflows of Resources	**871,532**	**560,075**	**311,457**	**56%**
Net Position:				
Net investment in capital assets	20,784,248	14,705,240	6,079,008	41%
Unrestricted	12,946,365	13,103,962	(157,597)	-1%
Total Net Position	**$ 33,730,612**	**$ 27,809,202**	**$5,921,410**	**21%**

The table above shows that as of June 30, 2026, the Agency's total net position – assets and deferred outflows minus liabilities and deferred inflows – was approximately $33.7 million, an increase of $5.9 million or 21% when compared with the prior period. Significant variances are discussed below.

Liabilities

The decrease in total liabilities was primarily driven by a decrease in long-term liabilities. During the period, the Capital One short-term loan principal was paid in full in the amount of $3,400,000. Additionally, the net OPEB and Pension liability's also decreased by a combined $522,520 as a result of investment experience and additional contributions to these plans. The Agency made an additional contribution to the OPEB trust of $200,000 during the period.

Deferred Inflows of Resources

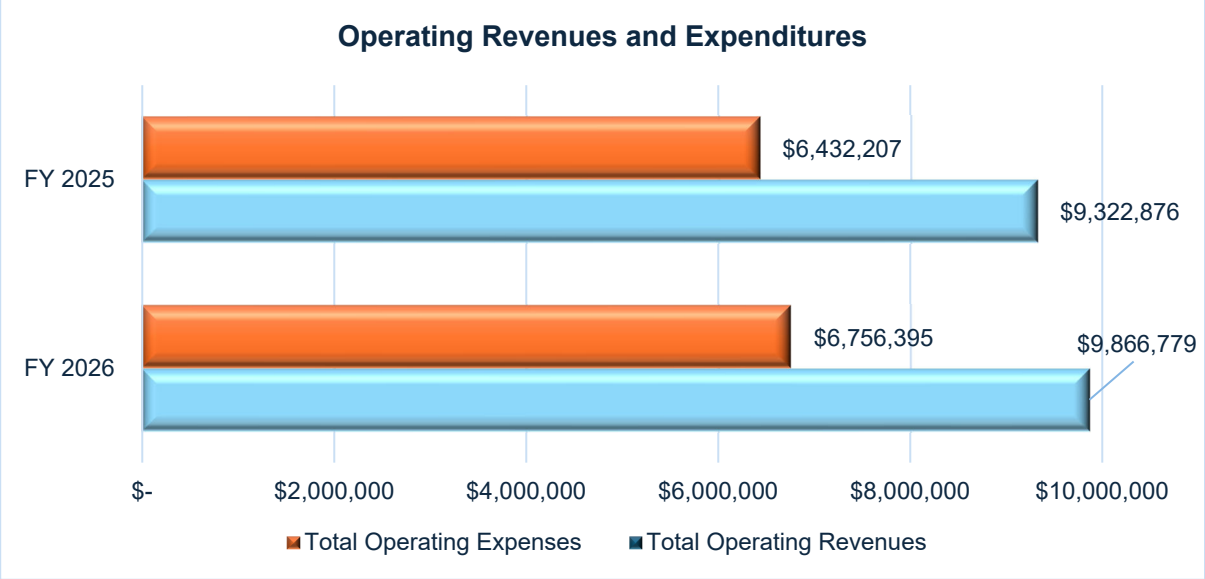
The increase in deferred inflows of resources was driven mostly by pension related GASB adjustments. Pension related adjustments resulted in an increase of $324,372 or 271% based on the most recent actuarial valuation. For additional information related to the Agency's pension plan, see note 8 in the accompanying financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance

Condensed Statement of Revenues, Expenses and Changes in Net Position

	As of June 30,		2026 vs 2025 Increase (Decrease)	2026 vs 2025 % Change
	2026	2025		
Operating revenues/expense				
Total operating revenues	$9,866,779	$9,322,876	$543,904	6%
Total operating expenses	6,756,395	6,432,207	324,188	5%
Operating income (loss)	3,110,384	2,890,669	219,715	8%
Other nonoperating revenues (expense)				
Earnings on investments	483,772	598,610	(114,838)	-19%
Interest expense	(105,324)	(216,577)	111,253	-51%
Other nonoperating income/expense	2,257,018	391,091	1,865,927	444%
Capital contributions	175,560	196,460	(20,900)	-11%
Total other nonoperating revenues (expenses)	2,811,026	969,584	1,841,442	190%
Increase (decrease) in net position	**$5,921,410**	**$3,860,253**	**$2,061,157**	**53%**
Net position, beginning of period	27,809,202	23,948,949	3,860,253	16%
Net position, end of period	$33,730,612	$27,809,202	$5,921,410	21%

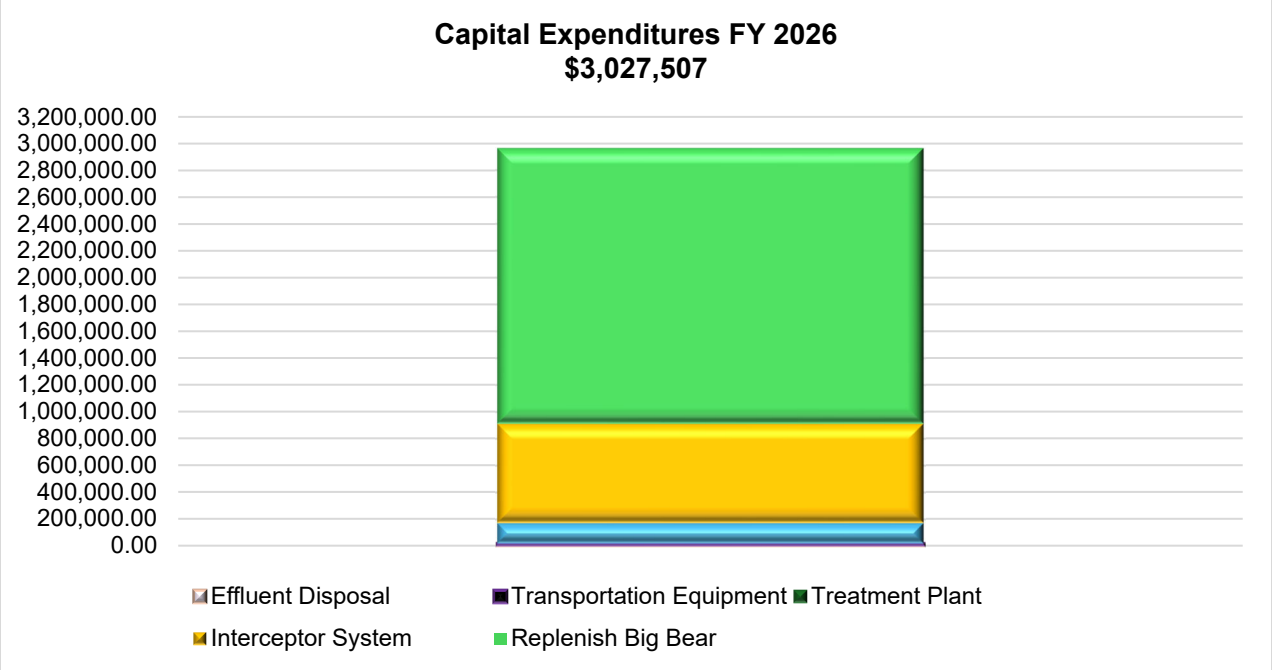
As noted in the table above, the Agency's financial performance improved compared to the prior year with operating revenues exceeding operating expenses.



Additionally, total other nonoperating revenues (expenses) increased $1.84 million or 191% over the prior period. This increase was primarily due to the restart of the design for Replenish Big Bear (RBB or BBARWA's Wastewater Treatment Upgrade Project) resulting in higher grant reimbursements. During the prior period, RBB was paused allowing the Governing Board time to review the Program Environmental Impact Report (PEIR) and consider input from the public. On February 26, 2025 the Governing Board certified the PEIR and directed the Agency to complete the preliminary design report and update cost estimates and a financing plan for RBB, which resulted in higher project costs and grant reimbursements for the current period.

Significant Capital Asset and Long-Term Financing Activity

Capital Assets



Capital expenditures during the period totaled $3,027,507, compared to annual depreciation expense of $976,457 and net asset disposals of $1,471. This resulted in an increase in net capital assets of $2,049,579 or 10% during the period. Capital assets not depreciated were $2,171,258 and included construction in progress of $1,299,719 and the purchase of land in the amount of $871,539.

The largest capital investment, just over $2 million, was for RBB. During the period, the Preliminary Design Report (PDR) for RBB was in process and near completion. The PDR refines the concepts developed during the pilot study, evaluates design alternatives, and is used as the basis for final design. The Governing Board received an informational presentation on October 22, 2025 that discussed the updated treatment process, design approach, and cost estimate. On December 17, 2025 the Governing Board considered the possible financial impact of either continuing with final design or cancelling RBB at the completion of the PDR. The Governing Board made the decision to continue toward development of final design drawings and specifications with the understanding that certain final design elements will be deferred until construction funding and key RBB assumptions are more clearly established. On April 27, 2026 the Governing Board received a presentation outlining the RBB scope of work and an alternative option, the Greenspot Recharge Project (Project). The Governing Board ultimately chose to pivot to the Project and directed staff to purchase the property identified as the groundwater recharge site. The property purchase was completed during the period and was capitalized. RBB/Project capital costs during the period included the efforts towards completion of the PDR and final design as well as the pivot to the Project and were included in construction in progress.

The Force Main Project, which consisted of replacing approximately 1,500 lineal feet of pipe to mitigate corrosion to the existing pipe caused by hydrogen sulfide gas during low flow conditions was completed in the current period. The capital investment for this project in the current period was $730,986.

For additional information related to the Agency's capital assets, see note 5 in the accompanying financial statements.

Long-Term Financing

Outstanding Debt, Net

	As of June 30,		2026 vs 2025 Increase (Decrease)	2026 vs 2025 % Change
	2026	2025		
Outstanding debt, net	$ 1,151,290	$ 5,006,876	$ (3,855,586)	-77%

The Agency decreased its long-term debt during the period as a result of regularly scheduled debt amortization as well as the full amortization of the Capital One short-term loan for RBB. The Capital One short-term loan was entered into in FY 2023 to provide bridge funding for RBB while the Agency submitted for grant reimbursements for eligible costs and began collecting rates for RBB. The loan required interest only payments through November of 2025 with the principal loan amount of $3.4 million due in May of 2026. The loan was paid in full in December of 2025.

For additional information regarding long-term liabilities see note 6 of the accompanying financial statements.

Currently Known Facts, Decisions, or Conditions

There are no known facts, decisions, or conditions that are expected to have a significant effect on financial position (net position) or that are expected to produce significant differences from current-period results of operations (revenues, expenses, and other changes in net position).

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Basic Financial Statements

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Big Bear Area Regional Wastewater Agency

Statement of Net Position
June 30, 2026
(With comparative data for prior year)

	2026	2025
Assets		
Current assets:		
Cash and investments (Note 3)	$ 15,118,287	$ 16,173,777
Accounts receivable	1,151,881	305,351
Lease receivable (Note 4)	42,817	47,228
Due from member agencies	25,080	25,080
Interest receivable	138,335	158,747
Prepaid expenses	16,273	19,455
Total current assets	16,492,673	16,729,638
Noncurrent assets:		
Lease receivable (Note 4)	34,769	77,216
Capital assets, not being depreciated (Note 5)	7,581,412	5,569,088
Capital assets, net of depreciation/amortization (Note 5)	14,438,745	14,401,490
Total noncurrent assets	22,054,926	20,047,794
Total assets	38,547,599	36,777,432
Deferred Outflows of Resources		
Debt refunding	2,279	7,307
Pension related (Note 8)	916,771	1,107,210
OPEB related (Note 9)	1,388,541	1,306,056
Total deferred outflows of resources	2,307,591	2,420,573
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	212,276	432,204
Accrued salaries and benefits	100,414	88,605
Accrued interest	5,236	25,234
Long-term liabilities, due within one year (Note 6)	506,315	4,046,652
Total current liabilities	824,241	4,592,695
Noncurrent liabilities:		
Net OPEB liability (Note 9)	1,679,755	1,721,268
Net pension liability (Note 8)	2,714,938	3,195,945
Long-term liabilities, due beyond one year (Note 6)	1,034,112	1,318,820
Total noncurrent liabilities	5,428,805	6,236,033
Total liabilities	6,253,046	10,828,728
Deferred Inflows of Resources		
Lease related (Note 4)	91,508	131,672
Pension related (Note 8)	443,894	119,523
OPEB related (Note 9)	336,130	308,880
Total deferred inflows of resources	871,532	560,075
Net Position		
Net investment in capital assets	20,784,248	14,705,240
Unrestricted	12,946,364	13,103,962
Total net position	$ 33,730,612	$ 27,809,202

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

Big Bear Area Regional Wastewater Agency

Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2026
(With comparative data for prior year)

	2026	2025
Operating revenues		
Member agency fees	$ 9,710,786	$ 9,143,600
Standby charges	71,807	73,252
Rental income	6,565	4
Waste disposal fees	28,043	28,336
Other revenues	3,347	15,930
Lease revenues	46,231	61,754
Total operating revenues	9,866,779	9,322,876
Operating expenses		
Salaries and benefits	3,387,406	3,371,035
Power	428,228	403,532
Sludge removal	304,612	283,739
Chemicals	71,168	69,376
Materials and supplies	146,688	166,183
Repairs and replacements	317,349	138,206
Equipment rental	3,593	950
Utilities	22,304	25,069
Communications	181,223	67,379
Contractual services - other	203,670	156,318
Contractual services - professional	107,472	224,601
Permits and fees	272,400	262,791
Property tax	4,354	4,252
Insurance	277,194	268,664
Other operating	45,061	49,578
Other miscellaneous	7,216	6,123
Amortization	5,132	3,578
Depreciation	971,325	930,833
Total operating expenses	6,756,395	6,432,207
Operating income	3,110,384	2,890,669
Other nonoperating revenues (expenses)		
Investment income	483,772	598,610
Grant proceeds	2,258,489	389,341
Gain (loss) on capital asset disposals	(1,471)	1,750
Capital contributions - connection charges	175,560	196,460
Interest expense	(105,324)	(216,577)
Total other nonoperating revenues (expenses)	2,811,026	969,584
Change in net position	5,921,410	3,860,253
Net position, beginning of year	27,809,202	23,948,949
Net position, end of year	$ 33,730,612	$ 27,809,202

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

Big Bear Area Regional Wastewater Agency

Statement of Cash Flows
For the year ended June 30, 2026
(With comparative data for prior year)

	2026	2025
Cash flows from operating activities:		
Cash received from customers and other sources	$ 9,020,249	$ 10,180,562
Cash payments to suppliers for goods and services	(2,679,415)	(2,518,746)
Cash payments for employees and benefits	(3,403,038)	(2,989,843)
Other non-operating revenues	2,258,489	389,341
Net cash provided by operating activities	5,196,285	5,061,314
Cash flows from capital and related financing activities:		
Purchases and construction of capital assets	(2,957,369)	(1,186,209)
Proceeds from sale of capital assets	-	1,750
Proceeds from capital contributions	175,560	204,820
Principal payments on lease liability	(4,967)	(2,674)
Principal payments on long-term debt	(3,855,583)	(440,493)
Payments received from lease receivables	6,694	2,497
Interest paid on long-term debt	(120,294)	(213,418)
Net cash (used for) capital and related financing activities	(6,755,959)	(1,633,727)
Cash flows from investing activities:		
Investment income received	504,184	575,870
Net cash provided by investing activities	504,184	575,870
Net change in cash and investments	(1,055,490)	4,003,457
Cash and investments, beginning of year	16,173,777	12,170,320
Cash and investments, end of year	$ 15,118,287	$ 16,173,777

(Continued)

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

Big Bear Area Regional Wastewater Agency

Statement of Cash Flows
For the year ended June 30, 2026
(With comparative data for prior year)

	2026	2025
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 3,110,384	$ 2,890,669
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	971,325	930,833
Amortization	5,132	3,578
Other revenues	2,258,489	389,341
Construction in process in accounts payable	(70,138)	(244,046)
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(846,530)	857,686
Prepaid expenses	3,182	(1,306)
Deferred outflows of resources - OPEB related	(82,485)	(345,587)
Deferred outflows of resources - pension related	190,439	327,356
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable and accrued expenses	(219,928)	(146,629)
Accrued salaries and benefits	11,809	8,723
Compensated absences	35,505	41,562
Deferred inflows of resources - OPEB related	27,250	150,447
Deferred inflows of resources - pension related	324,371	(59,877)
Net OPEB liability	(41,513)	295,537
Net pension liability	(481,007)	(36,973)
Net cash provided by operating activities	$ 5,196,285	$ 5,061,314
Schedule of non-cash noncapital and capital related financing and investing activities		
Issuance of new lease	$ -	$ 23,332
Construction in progress in accounts payable	70,138	244,046

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 capitalizes additions, major improvements, equipment, tools, vehicles and other capital assets costing $10,000 or more with useful lives of at least one year. Additions and improvements must extend useful life by at least one year. Pipeline replacements costing $20,000 or more with useful lives of at least one year are capitalized. 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	5 - 99
Interceptor System	5 - 99
Effluent Disposal Assets	10 - 50
Power Generation Equipment	2 - 50
Flow Measuring Devices	10 - 15
Other Equipment	5 - 50
Transportation Equipment	5 - 20
Other Tangible Plant	5 - 30
Studies and Maps	2 - 40

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

(h) Employee leave benefits

Regular employees of the Agency earn from 13 to 24 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.

Upon separation, employees are entitled to receive compensation for accrued vacation and compensatory time. Employees who voluntarily separate with a minimum of five continuous years of service are entitled to receive 50% of the value of unused sick leave based on the number of hours accumulated. For purposes of estimating the compensated absences liability, the Agency uses each employee's average annual usage over the nine most recent available calendar years.

Accrued vacation, sick, and compensatory leave are presented in the current and non-current liabilities section of the statement of net position.

(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.

(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, 2024
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	July 1, 2024 to June 30, 2025

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

(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, 2025
Measurement Date (MD)	June 30, 2025
Measurement Period (MP)	June 30, 2024 to June 30, 2025

(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 provide a better opportunity for implementation of a recycled wastewater project.

(p) New Accounting Pronouncement

During the fiscal year ending June 30, 2026, the Agency implemented the following accounting Standards:

Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements:* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Governmental Accounting Standards Board (GASB) Statement No. 104, *Disclosure of Certain Capital Assets:* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

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, 2026 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 15,118,287
Cash and investments as of June 30, 2026 consist of the following:	
Cash on hand	$ 600
Deposits with financial institutions	683,640
Investments	14,434,047
Total cash and investments	$ 15,118,287

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, 2026. The Local Agency Investment Fund (LAIF) of $14,434,047 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	397	25%	10%
Negotiable Certificates of Deposit	No	2 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%	10%
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	None
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 Maturity (in months)			
Investment type	Total	12 or less	13 to 24	25 to 60	More than 60
State investment pool	$ 14,434,047	$ 14,434,047	$ -	$ -	$ -

C*redit 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.

		Minimum legal	Exempt from	Rating as of year end
Investment type	Total	rating	disclosure	Not rated
State investment pool	$ 14,434,047	N/A	$ -	$ 14,434,047

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, (concluded)

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, 2026, 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, 2026 and 2025 was 4.002% and 4.411%, respectively. The carrying value and estimated fair value of the LAIF Pool at June 30, 2026 and 2025 was $193,146,622,213 and $178,130,508,152 and $192,927,826,605 and $178,343,963,721, respectively. The Agency's share of the Pool at June 30, 2026 and 2025 was approximately 0.00747% and 0.00892%, respectively. Included in LAIF's investment portfolio at June 30, 2026 and 2025 are structured notes and asset-backed securities totaling $2,750,000 million and $3,939,419 million and $3,350,000 million and $3,437,909 million, 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, 2026, the value of the lease receivable was $77,586. 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, 2026 was $91,508, and the Agency recognized lease revenue of $46,231 during the fiscal year. Two of the leases have an extension option for 60 months.

NOTE 5: Capital assets

A summary of changes in capital assets of the Agency for the year ending June 30, 2026 is as follows:

	Beginning balance	Addition	Deletion	Ending balance
Capital assets, not being depreciated				
Land	$ 1,037,626	$ 871,539	$ -	$ 1,909,165
Construction in Progress	4,531,462	1,299,719	(158,934)	5,672,247
Total capital assets, not being depreciated	5,569,088	2,171,258	(158,934)	7,581,412
Capital assets, being depreciated/ amortized:				
Administration Building	2,158,891	-	-	2,158,891
Treatment Plant	18,890,094	56,751	-	18,946,845
Interceptor System	3,760,105	854,846	-	4,614,951
Effluent Disposal Assets	4,728,589	-	-	4,728,589
Power Generation Equipment	2,482,002	-	-	2,482,002
Flow Measuring Devices	179,955	-	-	179,955
Other Equipment	2,134,500	93,086	(20,586)	2,207,000
Transportation Equipment	618,747	10,500	-	629,247
Other Tangible Plant	921,380	-	-	921,380
Studies and Maps	100,785	-	-	100,785
Right-of-Use Leased Equipment	25,782	-	-	25,782
Total capital assets, being depreciated/amortized	36,000,830	1,015,183	(20,586)	36,995,427
Less accumulated depreciation/ amortization for:				
Administration Building	(1,191,504)	(64,905)	-	(1,256,409)
Treatment Plant	(9,616,922)	(480,984)	-	(10,097,906)
Interceptor System	(2,515,876)	(82,381)	-	(2,598,257)
Effluent Disposal Assets	(4,379,505)	(60,661)	-	(4,440,166)
Power Generation Equipment	(1,449,465)	(121,823)	-	(1,571,288)
Flow Measuring Devices	(89,347)	(11,984)	-	(101,331)
Other Equipment	(1,322,138)	(82,606)	19,115	(1,385,629)
Transportation Equipment	(410,816)	(30,074)	-	(440,890)
Other Tangible Plant	(529,623)	(34,856)	-	(564,479)
Studies and Maps	(89,233)	(1,050)	-	(90,283)
Right-of-Use Leased Equipment	(4,911)	(5,133)	-	(10,044)
Total accumulated depreciation/ amortization	(21,599,340)	(976,457)	19,115	(22,556,682)
Total capital assets being depreciated/amortized, net	14,401,490	38,726	(1,471)	14,438,745
Total capital assets, net	$ 19,970,578	$ 2,209,984	$ (160,405)	$ 22,020,157

NOTE 5: Capital assets, (concluded)

Depreciation and amortization expense for the year ending June 30, 2026, is as follows:

Depreciation	$ 971,324
Amortization	5,133
Total	$ 976,457

The Agency originally anticipated performing the construction and repair work for the Cactus Flats Pipeline Repair project; however, due to a gas pipeline that was also affected by the erosion, Southwest Gas ultimately performed the repairs. The Agency provided environmental monitoring and permitting costs that did not create a tangible asset or increase the useful life of the existing pipeline; therefore, those costs were expensed.

NOTE 6: Long-term liabilities

A summary of long-term liabilities of the Agency at June 30, 2026 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	$ 521,362	$ -	$ (344,723)	$ 176,639	$ 176,639	$ -
2018 Installment purchase agreement	1,085,514	-	(110,860)	974,654	115,000	859,654
2023 Capital One public funding	3,400,000	-	(3,400,000)	-	-	-
Total direct borrowings	5,006,876	-	(3,855,583)	1,151,293	291,639	859,654
Other long-term liability:						
Compensated absences	336,872	293,456	(257,951)	372,377	210,080	162,297
Lease liabilities:						
Equipment	21,724	-	(4,967)	16,757	4,596	12,161
Total	$ 5,365,472	$ 293,456	$ (4,118,501)	$ 1,540,427	$ 506,315	$ 1,034,112

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.

NOTE 6: Long-term liabilities, (continued)

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 deferred outflow of resources and is being amortized through November 15, 2026 using the straight-line method of amortization.

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, 2026 the Agency's net revenues were 945% 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.

NOTE 6: Long-term liabilities (continued)

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 May 15, 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. During the current fiscal year, the Agency paid off this loan.

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, 2026 the Agency's net revenues were 945% of the annual debt service, which exceeded the minimum requirement. The Agency also complied with all other covenants set forth in the 2023 Capital One Public funding Loan Agreement.

Debt service requirements to maturity

Fiscal year	**2011 Refunding Loan Agreement**		
	Principal	Interest	Total
2026-2027	$ 176,639	$ 2,915	$ 179,554
Total	$ 176,639	$ 2,915	$ 179,554

Fiscal year	**2018 Installment Purchase Agreement**		
	Principal	Interest	Total
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	73,641	1,359	75,000
Total	$ 974,654	$ 150,409	$ 1,125,063

NOTE 6: Long-term liabilities (concluded)

Lease liabilities

The Agency had two leases as a lessee which ranged from 60-63 months for the use of equipment. An initial lease liability was recorded in the amount of $45,782. As of June 30, 2026, the value of the lease liability is $16,757. The Agency is required to make quarterly fixed payments between $120-$1,245. The leases have an interest rate between 1.09%-2.511%. The equipment estimated useful life was 63 months as of the contract commencement. The value of the right to use asset can be seen in Note 5.

Debt service requirements to maturity

Fiscal year	Principal	Interest	Total
2026-2027	$ 4,725	$ 493	$ 5,218
2027-2028	4,722	375	5,097
2028-2029	4,842	258	5,100
2029-2030	2,468	138	2,606
Total	$ 16,757	$ 1,264	$ 18,021

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

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)

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 as of June 30, 2026, 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
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employer contribution rates	17.02%	8.27%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2026, were $538,063.

NOTE 8: Pension plan, (continued)

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, 2025, using an annual actuarial valuation as of June 30, 2024 rolled forward to June 30, 2025 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, 2025 measurement period was determined by an actuarial valuation as of June 30, 2024, with update procedures used to roll forward the total pension liability to June 30, 2025. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
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 rates incorporate Generational Mortality to capture mortality improvements using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, 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)

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]
Public Equity	37.0%	4.54%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	(5.0%)	1.40%

1 Figures are based on the 2024 Mid-Cycle Asset Liability Management Study
2 An expected annual rate of price inflation of 2.30% was used for this period.

Discount rate

The discount rate used to measure the total pension liability as of June 30, 2025, was 6.90%. This is based on the long-term expected rate of return on plan assets and is net of investment expenses but not reduced for administrative expenses. In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term.

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

Subsequent events

Subsequent to the measurement date, the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the November 2025 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions, and various other assumptions for public agencies. These new assumptions will be effective as of the June 30, 2025, valuation date and reflected in the June 30, 2026, GASB accounting valuation reports.

NOTE 8: Pension plan, (continued)

Proportionate share of net pension liability

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.

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: 6/30/2024 (VD)	$ 15,392,991	$ 12,197,046	$ 3,195,945
Balance at: 6/30/2025 (MD)	16,326,054	13,611,115	2,714,938
Net changes during 2024-25	$ 933,063	$ 1,414,069	$ (481,006)

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, 2024 and 2025 measurement dates was as follows:

Proportion share of NPL - June 30, 2024	0.06608%
Proportion share of NPL - June 30, 2025	0.06806%
Change - Increase (Decrease)	0.00198%

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	$ 4,918,102	$ 2,714,938	$ 901,758

NOTE 8: Pension plan, (continued)

Proportionate share of net pension liability, continued

Amortization of deferred outflows and deferred inflows of resources

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

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

As of the start of the measurement period (July 1, 2024), the Agency's net pension liability was $3,195,945. For the measurement period ending in June 30, 2025 (the measurement date), the Agency incurred a pension expense of $571,866.

As of June 30, 2026, the Agency has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 325,315	$ -
Differences between projected and actual investment earnings	-	367,361
Differences between employer's contributions and proportionate share of contributions	-	76,533
Change in employer's proportion	53,393	-
Pension contributions made subsequent to measurement date	538,063	-
Totals	$ 916,771	$ 443,894

NOTE 8: Pension plan, (concluded)

Pension expense and deferred outflows and deferred inflows of resources related to pensions, continued

The amounts above are net of outflows and inflows recognized in the 2024-2025 measurement period expense. Contributions subsequent to the measurement date of $538,063 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
2027	$ 325,564
2028	(87,513)
2029	(163,000)
2030	(140,237)
2031	-
Thereafter	-
Total	$ (65,186)

Payable to the pension plan

As of June 30, 2026, the Agency reported a payable of $5,645 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 (PEMHCA). 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 PEMHCA 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.

NOTE 9: Other postemployment benefits plan, (continued)

Employees covered

As of the June 30, 2025 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	13
Total	27

Contributions

The Agency makes health premium contributions for eligible retirees that enroll in a CalPERS health plan during retirement. The retiree medical benefits paid by the Agency are provided through a PEMHCA resolution and the Agency's retiree Health Premium Reimbursement Plan. The PEMHCA minimum employer contribution was $162 per month in 2026. The Agency provided amounts are detailed in the Summary of Retiree Benefit Provisions. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2026, the Agency's cash contributions were $199,720 made for health reimbursement premiums to retirees, $256,794 of contributions made to the Trust, and the estimated implied subsidy was $41,075 resulting in total payments of $497,589. 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.

Net OPEB liability

The Agency's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2025, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Discount Rate	6.55%
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	6.55%
Mortality Rate	MacLeod Watts Scale 2022
Pre-Retirement Turnover Healthcare Trend Rate	Medical plan premiums and claims are assumed to increase once each year

NOTE 9: Other postemployment benefits plan, (continued)

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%	1.70%
Fixed income	23%	2.70%
Global equity	49%	3.90%
Global Real Estate (REIT's)	20%	3.70%
Commodities	3%	2.90%

Change of assumptions

For the current measurement period, the base healthcare trend scale was updated from the Getzen Model 2023 to the Getzen Model 2025, as published by the Society of Actuaries.

Discount rate

The discount rate used to measure the total OPEB liability was 6.55% as of the June 30, 2026 measurement date, 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.

NOTE 9: Other postemployment benefits plan, (continued)

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 (c) = (a) - (b)
Balance at June 30, 2025 (Measurement Date June 30, 2024)	$ 4,797,433	$ 3,076,165	$ 1,721,268
Changes recognized for the measurement period:			
Service Cost	162,083	-	162,083
Interest on the total OPEB liability	317,498	-	317,498
Changes of assumptions	79,635	-	79,635
Plan experience differences	66,555	-	66,555
Investment experience differences	-	175,758	(175,758)
Contributions - employer	-	288,920	(288,920)
Expected investment income	-	203,569	(203,569)
Benefit payments	(224,432)	(224,432)	-
Administrative expenses	-	(963)	963
Net Changes	401,339	442,852	(41,513)
Balance at June 30, 2026 (Measurement Date June 30, 2025)	$ 5,198,772	$ 3,519,017	$ 1,679,755

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, 2025:

	1% Decrease 5.55%	Discount rate 6.55%	1% Increase 7.55%
Net OPEB Liability	$ 2,434,348	$ 1,679,755	$ 1,061,988

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, 2025:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 996,934	$ 1,679,755	$ 2,535,381

NOTE 9: Other postemployment benefits plan, (continued)

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 year straight-line recognition
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 6.32 remaining service years.

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

For the fiscal year ended June 30, 2026, the Agency recognized OPEB expense of $400,841. A complete breakdown of OPEB expense is as follows:

Description	**Amount**
Service cost	$ 162,083
Interest cost	317,498
Expected earnings on assets	(203,569)
Administrative expenses	963
Recognized assumption changes	37,144
Recognized differences in plan experience	122,942
Recognized differences in projected and actual investments earnings	(36,220)
Total OPEB expense	$ 400,841

NOTE 9: Other postemployment benefits plan, (concluded)

As of June 30, 2026, 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	$ 497,589	$ -
Changes of assumptions	252,623	185,698
Differences between expected and actual experience	638,329	50,833
Net difference between projected and actual earnings on OPEB plan investments	-	99,599
Total	$ 1,388,541	$ 336,130

The $497,589 reported as deferred outflows of resources related to contributions will be recognized as a reduction of the net OPEB 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
2027	$ 215,923
2028	99,400
2029	109,214
2030	69,871
2031	53,010
Thereafter	7,404
Total	$ 554,822

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 an employer-sponsored defined contribution plan. As of June 30, 2026, 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 $56,857.

NOTE 11: Net position

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

	2026	2025
Net investment in capital assets:		
Capital assets, not being depreciated	$ 7,581,412	$ 5,569,088
Capital assets, net of depreciation	14,438,745	14,401,490
Less: Debt related to capital assets		
2011 Refunding agreement	(176,639)	(521,361)
2018 Installment purchase agreement	(974,654)	(1,085,514)
2023 Capital One public funding loan agreement	-	(3,400,000)
Lease liabilities	(16,757)	(21,724)
Capital asset purchases in accounts payable	(70,138)	(244,046)
Add: Deferred charges on refunding	2,279	7,307
Net investment in capital assets	20,784,248	14,705,240
Unrestricted	12,946,364	13,103,962
Total net position	$ 33,730,612	$ 27,809,202

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:

Gener*al 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 $100,000 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. This has a deductible of $2,500.

Property Loss: purchased from Lexington Insurance Company – coverage of $1,200,000,000 per occurrence with $1,000 deductible per occurrence.

Boiler and Machinery: purchased from Lexington Insurance Company – coverage of $200,000,000 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 $500 per claim;

NOTE 12: Risk management, (concluded)

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

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.

NOTE 13: Change in Accounting Principle

During the year ended June 30, 2026, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*. GASB 103 modifies the presentation of the statement of revenues, expenses, and changes in net position, including revised classifications of certain revenues and expenses as operating or nonoperating activities. As a result, the lease revenues of $60,539 were reclassified from nonoperating revenues to operating revenues.

The 2025 comparative amounts have been presented on the same basis as 2026. The reclassification increased operating revenues and operating income by $60,539 for the year ended June 30, 2025. As a result of the reclassification, cash received from customers and other sources increased by $60,539 to $10,180,562, and operating income increased by $60,539 to $2,896,792. The reclassification had no effect on total revenues, total expenses, net position, or the change in net position.

NOTE 14: Restatement of Previously Reported Amounts

Certain amounts previously reported in the Agency's statement of net position have been restated to correct an error related to the calculation of net investment in capital assets and unrestricted net position and had no effect on total net position.

The effects of the restatement are as follows:

	As Previously Reported	Restatement	As Restated
Net investment in capital assets	$ 14,949,285	$ (244,045)	$ 14,705,240
Unrestricted	12,859,917	244,045	13,103,962
Total net position	$ 27,809,202	$ -	$ 27,809,202

Required Supplementary Information

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Required Supplementary Information
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
6/30/2016	0.04580%	$ 1,590,864	$ 1,100,884	144.51%	78.40%
6/30/2017	0.01942%	1,925,676	1,097,657	175.44%	74.06%
6/30/2018	0.01953%	1,881,571	1,099,489	171.13%	73.31%
6/30/2019	0.02071%	2,122,006	1,159,628	182.99%	75.26%
6/30/2020	0.02181%	2,372,448	1,279,546	185.41%	75.26%
6/30/2021	0.02029%	1,097,546	1,300,655	84.38%	75.10%
6/30/2022	0.02547%	2,942,455	1,392,498	211.31%	88.29%
6/30/2023	0.02591%	3,232,918	1,557,221	207.61%	76.68%
6/30/2024	0.02635%	3,195,945	1,575,803	202.81%	76.21%
6/30/2025	0.02654%	2,714,938	1,695,810	160.10%	78.08%

[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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Required Supplementary Information
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, 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%
June 30, 2025	473,579	(473,579)	-	1,695,810	27.93%
June 30, 2026	538,063	(538,063)	-	1,810,345	29.72%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors. Additionally, the figures above do not include any liability impact that occurred after the June 30, 2024, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Change in Assumptions: There were no assumption changes in 2024 or 2025. 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, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

Big Bear Area Regional Wastewater Agency

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

Measurement Date	2025	2024	2023	2022
Total OPEB Liability				
Service Cost	$ 162,083	$ 147,403	$ 148,568	$ 119,346
Interest on the Total OPEB Liability	317,498	259,334	237,941	230,514
Actual and expected experience difference	66,559	689,907	201,873	-
Changes in assumptions	79,631	(222,796)	(60,939)	437,365
Benefit payments	(224,432)	(223,629)	(201,246)	(233,129)
Net change in Total OPEB Liability	401,339	650,219	326,197	554,096
Total OPEB Liability - beginning	4,797,433	4,147,214	3,821,017	3,266,921
Total OPEB Liability - ending (a)	5,198,772	4,797,433	4,147,214	3,821,017
Plan Fiduciary Net Position				
Contribution - employer	288,920	280,506	201,246	233,129
Net investment income	379,327	298,692	164,256	(395,399)
Benefit payments	(224,432)	(223,629)	(201,246)	(233,129)
Administrative expense	(963)	(887)	(743)	(748)
Net change in Plan Fiduciary Net Position	442,852	354,682	163,513	(396,147)
Plan Fiduciary Net Position - beginning	3,076,165	2,721,483	2,557,970	2,954,117
Plan Fiduciary Net Position - ending (b)	3,519,017	3,076,165	2,721,483	2,557,970
Net OPEB Liability - ending (a) - (b)	$ 1,679,755	$ 1,721,268	$ 1,425,731	$ 1,263,047
Plan fiduciary net position as a percentage of the total OPEB liability	67.69%	64.12%	65.62%	66.94%
Covered-employee payroll	$ 1,768,310	$ 1,768,310	$ 1,635,041	$ 1,443,194
Net OPEB liability as a percentage of covered-employee payroll	94.99%	97.34%	87.20%	87.52%

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 assumption was changed from the prior valuation:

Healthcare cost trend rates: The base healthcare trend scale was updated from the Getzen Model 2023 to the Getzen Model 2025, as published by the Society of Actuaries.

*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.

2021	2020	2019	2018	2017
$ 118,066	$ 114,627	$ 101,392	$ 92,607	$ 70,271
234,811	226,464	213,507	204,015	197,835
(191,253)	-	9,864	-	(139,764)
17,881	-	14,085	100,635	70,862
(250,348)	(201,920)	(177,938)	(138,739)	(134,557)
(70,843)	139,171	160,910	258,518	64,647
3,337,764	3,198,593	3,037,683	2,779,165	2,714,518
3,266,921	3,337,764	3,198,593	3,037,683	2,779,165
250,348	410,141	241,291	425,765	419,453
637,162	74,474	117,953	113,645	114,707
(250,348)	(201,920)	(177,938)	(138,739)	(134,557)
(877)	(997)	(403)	(2,726)	(581)
636,285	281,698	180,903	397,945	399,022
2,317,832	2,036,134	1,855,231	1,457,286	1,058,264
2,954,117	2,317,832	2,036,134	1,855,231	1,457,286
$ 312,804	$ 1,019,932	$ 1,162,459	$ 1,182,452	$ 1,321,879
90.43%	69.44%	63.66%	61.07%	52.44%
$ 1,346,813	$ 1,317,806	$ 1,135,222	$ 1,099,489	$ 1,135,222
23.23%	77.40%	102.40%	107.55%	116.44%

Big Bear Area Regional Wastewater Agency

Required Supplementary Information
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)	1,635,041	12.31%
2024	280,506	(280,506)	-	1,768,310	15.86%
2025	288,920	(288,920)	-	1,768,310	16.34%
2026	297,589	(497,589)	(200,000)	1,896,959	26.23%

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 2026 were from the June 30, 2025 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Level % of Pay
Amortization Period	13 years remaining
Asset Valuation Method	Fair value of assets
Discount Rate	6.55%
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	6.55%
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.

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Supplementary Information

Big Bear Area Regional Wastewater Agency

Schedule of Revenues, Expenses and Changes in Net Position – Budget vs. Actual
For the year ended June 30, 2026

	2026 Actual	2026 Final budget (unaudited)	Variance with budget	2025 Actual
Operating revenues				
Member agency fees	$ 9,710,786	$ 9,710,786	$ -	$ 9,143,600
Standby charges	71,807	71,807	-	73,252
Rental income	6,565	4	6,561	4
Waste disposal fees	28,043	26,593	1,450	28,336
Other revenues	3,347	-	3,347	15,930
Lease revenues	46,231	68,400	(22,169)	61,754
Total operating revenues	9,866,779	9,877,590	(10,811)	9,322,876
Operating expenses				
Salaries and benefits	3,387,406	3,478,500	91,094	3,371,035
Power	428,228	529,090	100,862	403,532
Sludge removal	304,612	342,583	37,971	283,739
Chemicals	71,168	100,939	29,771	69,376
Materials and supplies	146,688	153,095	6,407	166,183
Repairs and replacements	317,349	263,155	(54,194)	138,206
Equipment rental	3,593	2,054	(1,539)	950
Utilities	22,304	41,003	18,699	25,069
Communications	181,223	181,057	(166)	67,379
Contractual services - other	203,670	228,510	24,840	156,318
Contractual services - professional	107,472	150,247	42,775	224,601
Permits and fees	272,400	304,861	32,461	262,791
Property tax	4,354	4,309	(45)	4,252
Insurance	277,194	317,839	40,645	268,664
Other operating	45,061	73,208	28,147	49,578
Other miscellaneous	7,216	-	(7,216)	6,123
Amortization	5,132	399.00	(4,733)	3,578
Depreciation	971,325	935,607	(35,718)	930,833
Total operating expenses	6,756,395	7,106,456	350,061	6,432,207
Operating income	3,110,384	2,771,134	339,250	2,890,669
Other nonoperating revenues and expenses				
Investment income (loss)	483,772	318,586	165,186	598,610
Other miscellaneous revenue	2,258,489	3,788,852	(1,530,363)	389,341
Net gain on capital asset disposals	(1,471)	-	(1,471)	1,750
Capital contributions - connection charges	175,560	188,100	(12,540)	196,460
Interest	(105,324)	(130,817)	25,493	(216,577)
Total other nonoperating revenues and expenses	2,811,026	4,164,721	(1,353,695)	969,584
Change in net position	5,921,410	6,935,855	(1,014,445)	3,860,253
Net position, beginning of year	27,809,202	27,809,202	-	23,948,949
Net position, end of year	$ 33,730,612	$ 34,745,057	$ (1,014,445)	$ 27,809,202

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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, 2026, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the entity's internal control over financial reporting (internal control) as a basis for designing 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the entity'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Tel. 909-889-0871 | www.ramscpa.net | 735 E. Carnegie Dr. Suite 100, San Bernardino, CA 92408

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
October 14, 2026

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

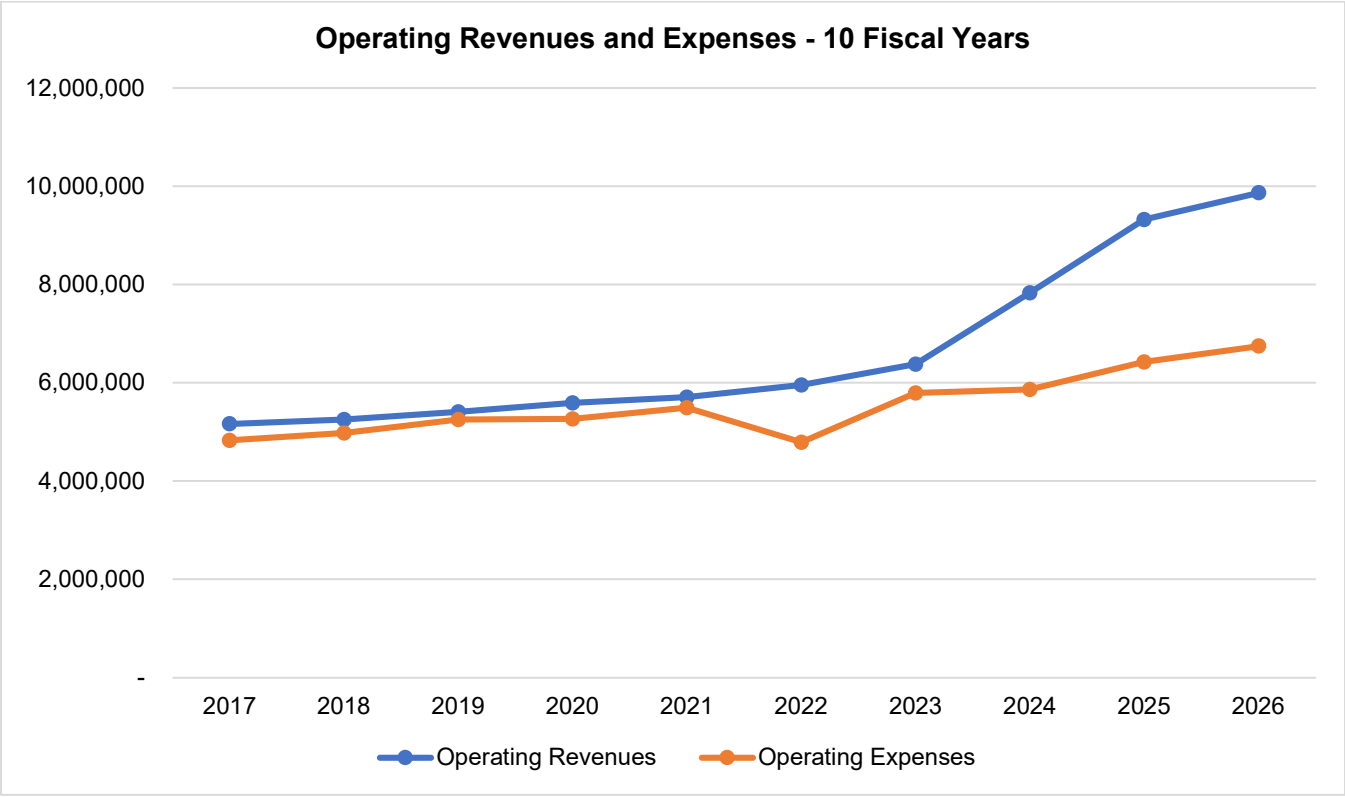
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
NET POSITION:										
Net Investment in capital assets	$12,864,383	$12,092,923	$10,947,850	$12,541,345	$12,722,328	$12,648,441	$10,249,423	$13,994,395	$14,705,240	$20,784,248
Unrestricted net position	5,800,317	3,814,051	5,144,711	3,974,927	3,774,827	5,238,781	9,152,498	9,954,554	13,103,962	12,946,364
Total	$18,664,700	$15,906,974	$16,092,561	$16,516,272	$16,497,155	$17,887,222	$19,401,921	$23,948,949	$27,809,202	$33,730,612

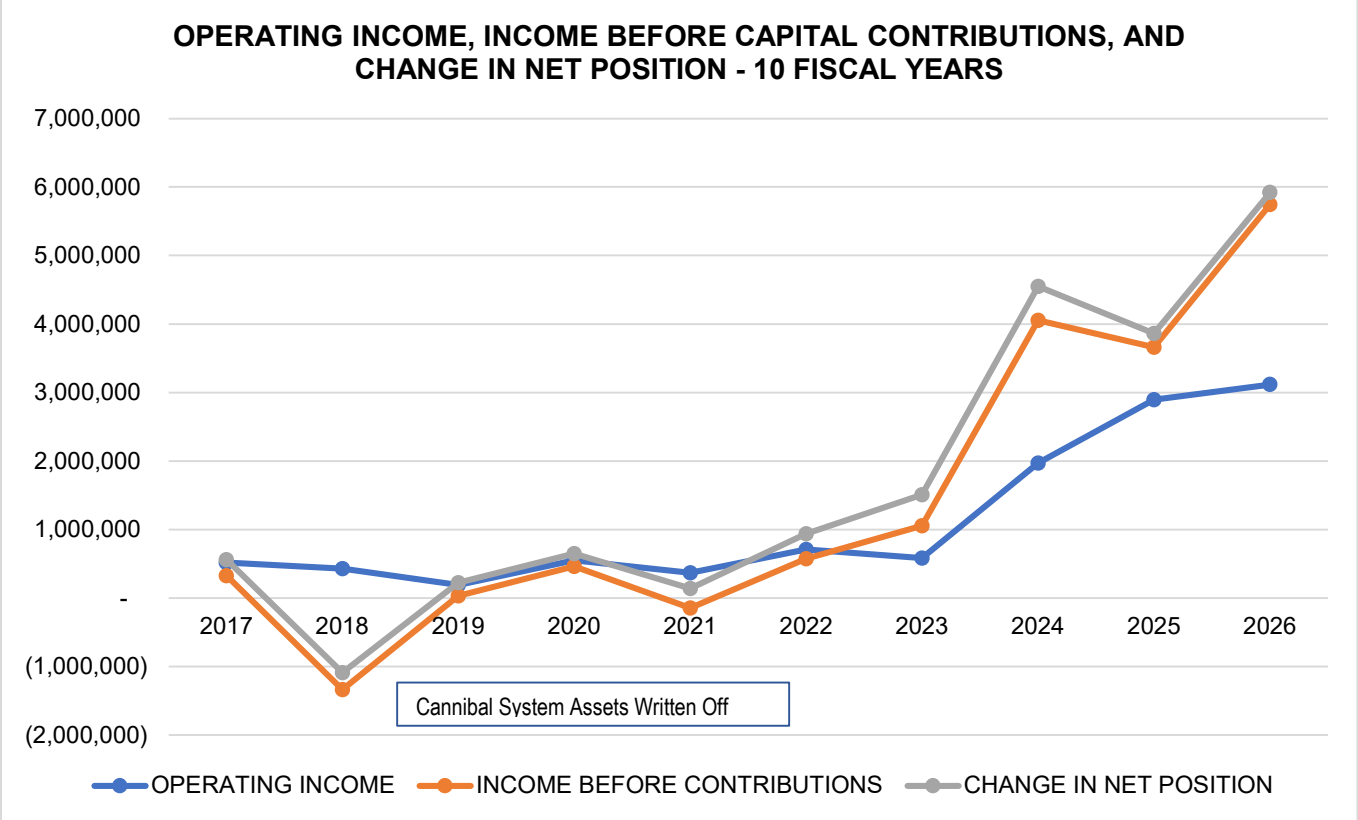
Notes: The above data was extracted from the Agency's financial statements. Net position was restated in fiscal years 2015, 2018, 2021, and 2023 to reflect the implementation of GASB 68, the implementation of GASB 75, and the implementation of GASB 87, respectively.

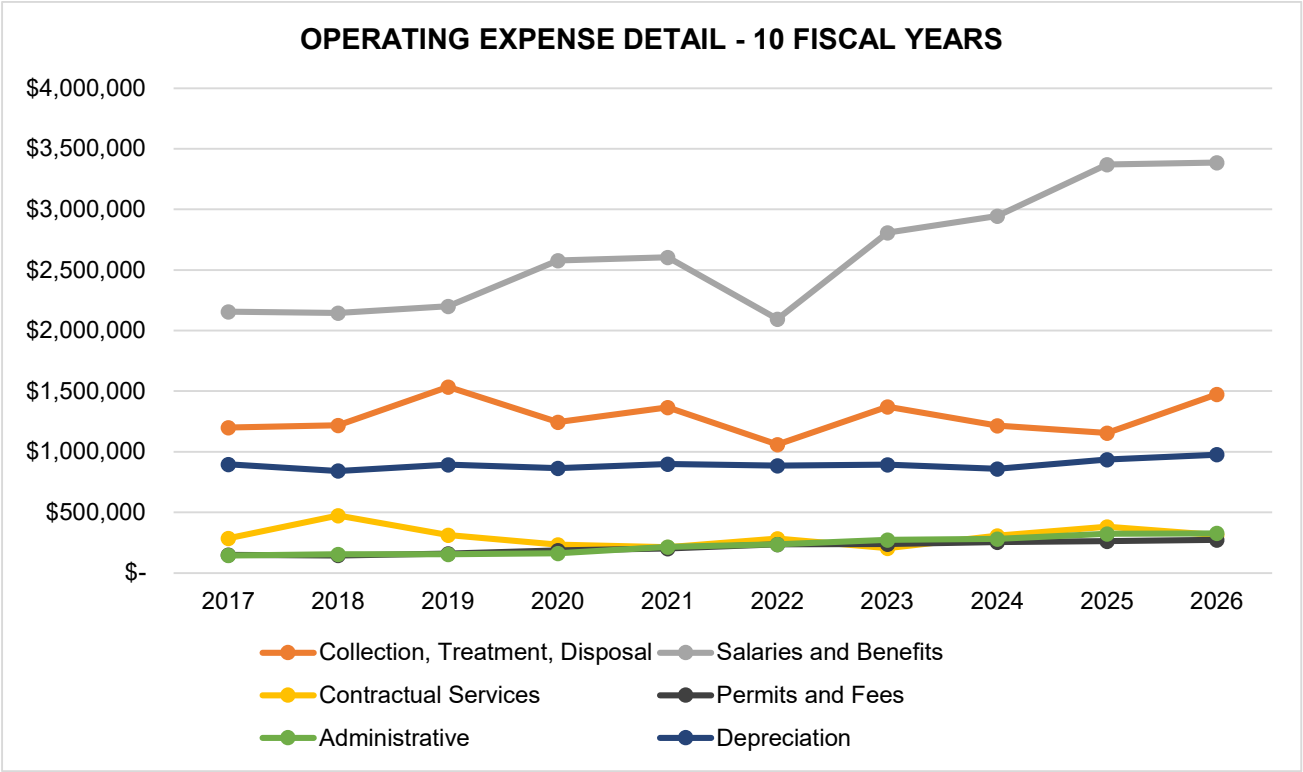
CHANGE IN NET POSITION - 10 FISCAL YEARS

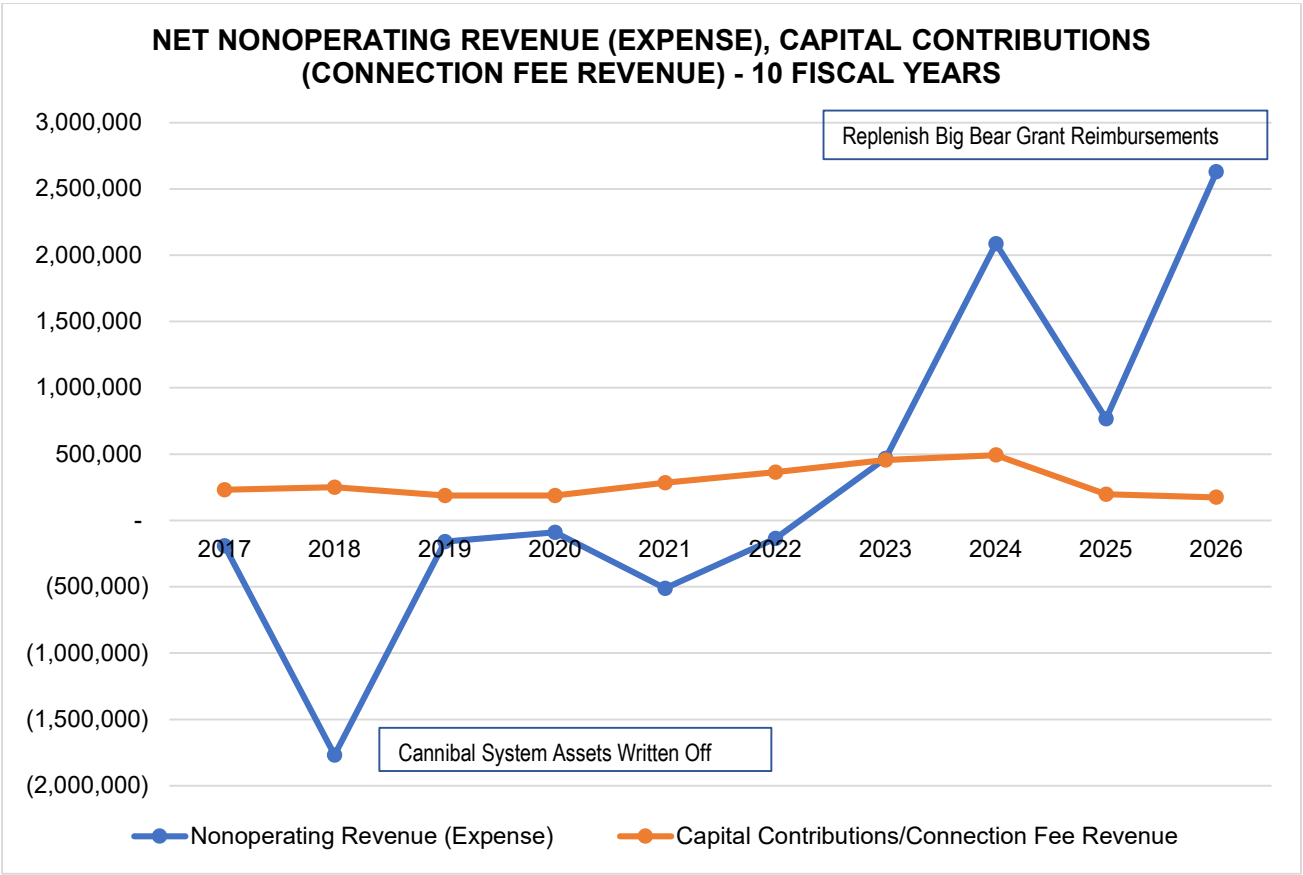
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Operating Revenues:										
Annual Charges	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036	$9,143,600	$9,710,786
Standby Fees	86,930	85,180	83,200	81,660	80,300	79,220	77,590	75,297	73,252	71,807
Rental Income	49,918	50,449	51,071	51,855	52,592	70	11,096	7	4	6,565
Waste Disposal	22,033	23,113	20,608	18,755	23,859	22,000	25,263	30,003	28,336	28,043
Lease Revenue	-	-	-	-	-	-	-	-	61,754	46,231
Other	488	1,916	765	-	793	7,709	19,819	53,396	15,930	3,347
Total Operating Revenues	5,166,439	5,252,234	5,407,186	5,589,346	5,707,065	5,954,162	6,375,651	7,829,739	9,322,876	9,866,779
Operating Expenses:										
Salaries and Benefits	2,155,804	2,144,299	2,199,428	2,578,433	2,603,634	2,095,989	2,807,640	2,944,982	3,371,035	3,387,407
Power	522,181	386,367	520,234	453,306	459,483	388,721	434,357	442,662	403,532	428,228
Sludge Removal	281,096	397,813	298,241	276,292	319,660	271,361	258,216	291,833	283,739	304,612
Materials and Supplies	209,323	176,687	215,782	206,648	216,427	172,426	228,562	238,205	235,559	217,349
Repairs and Replacements	128,645	155,447	445,040	253,789	262,795	156,609	339,659	148,728	138,206	317,349
Equipment rental	2,242	37,215	1,363	351	835	111	3,097	950	950	3,593
Utilities expense	13,023	26,737	22,207	14,180	61,996	22,427	48,982	28,578	25,069	22,304
Communications expense	44,062	37,064	32,160	39,043	44,988	48,093	58,941	65,148	67,379	181,223
Contractual services - other	94,181	74,947	97,296	78,879	90,873	86,212	80,920	153,562	156,318	203,670
Contractual services, prof	191,457	399,514	214,413	153,470	120,390	196,672	123,963	154,403	224,601	107,472
Permits and fees	148,687	145,515	158,528	185,051	201,452	234,270	239,056	254,556	262,791	272,400
Property tax	3,523	3,599	3,665	3,917	3,963	4,017	4,096	4,196	4,252	4,354
Insurance	85,386	99,428	100,952	112,262	171,881	188,844	226,698	229,000	268,664	277,194
Other operating expense	56,328	50,470	48,142	45,018	37,216	42,987	42,370	46,038	49,578	45,061
Other miscellaneous	-	19,777	181,529	172,597	98,876	103,172	71,119	6,514	6,123	7,216
Depreciation and Amort	896,429	842,154	893,196	863,233	898,422	883,955	893,690	858,504	934,411	976,457
Total Operating Expenses	4,832,367	4,997,033	5,432,176	5,436,469	5,592,891	4,895,866	5,861,367	5,867,858	6,432,207	6,756,395
Operating Income	334,072	255,201	(24,990)	152,877	114,174	1,058,296	514,284	1,961,881	2,890,669	3,110,384
Nonoperating Revenues:										
Net gain on asset disposal	-	-	-	-	-	-	-	-	1,750	-
Interest income	29,101	73,866	164,531	130,952	(1,670)	(70,341)	127,719	553,315	598,610	483,772
Lease Revenue	-	-	-	-	52,592	52,741	60,552	64,047	-	-
Grant proceeds	-	-	180	101,297	24,158	133,473	516,044	1,705,263	389,341	2,258,489
Total nonoperating rev.	29,101	73,866	164,711	232,249	75,080	115,873	704,315	2,322,624	987,701	2,742,261
Nonoperating Expenses:										
Net Loss on asset disposal	91,973	1,709,527	-	9,178	360,999	33,519	6,029	-	-	1,471
Interest expense	115,849	100,536	134,569	135,308	122,823	109,214	154,490	225,688	211,549	100,295
Amortization debt costs	11,700	11,700	7,665	5,029	5,029	5,028	5,031	5,029	5,029	5,029
Total nonoperating exp	219,522	1,821,763	142,334	149,515	488,851	147,761	165,549	230,717	216,577	106,795
Income before capital contributions	143,651	(1,492,696)	(2,513)	235,611	(299,597)	1,026,407	1,053,050	4,053,788	3,663,793	5,745,850
Capital contributions	231,210	249,560	188,100	188,100	284,240	363,660	246,620	493,240	196,460	175,560
RBB Capital Contributions	-	-	-	-	-	-	209,726	-	-	-
Change in net position	374,861	(1,243,136)	185,587	423,711	(15,357)	1,390,067	1,509,396	4,547,028	3,860,253	5,921,410
Net Position										
Beginning of year, as restated	18,289,839	17,150,110	15,906,974	16,092,561	16,512,512	16,497,155	17,892,525	19,401,921	23,948,949	27,809,202
End of year	$18,664,700	$15,906,974	$16,092,561	$16,516,272	$16,497,155	$17,887,222	$19,401,921	$23,948,949	$27,809,202	$33,730,612

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, implementation of GASB 75, 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.


Operating Revenues and Expenses - 10 Fiscal Years
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Operating Revenues
Operating Expenses


OPERATING INCOME, INCOME BEFORE CAPITAL CONTRIBUTIONS, AND CHANGE IN NET POSITION - 10 FISCAL YEARS
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
(1,000,000)
(2,000,000)
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Cannibal System Assets Written Off
OPERATING INCOME
INCOME BEFORE CONTRIBUTIONS
CHANGE IN NET POSITION

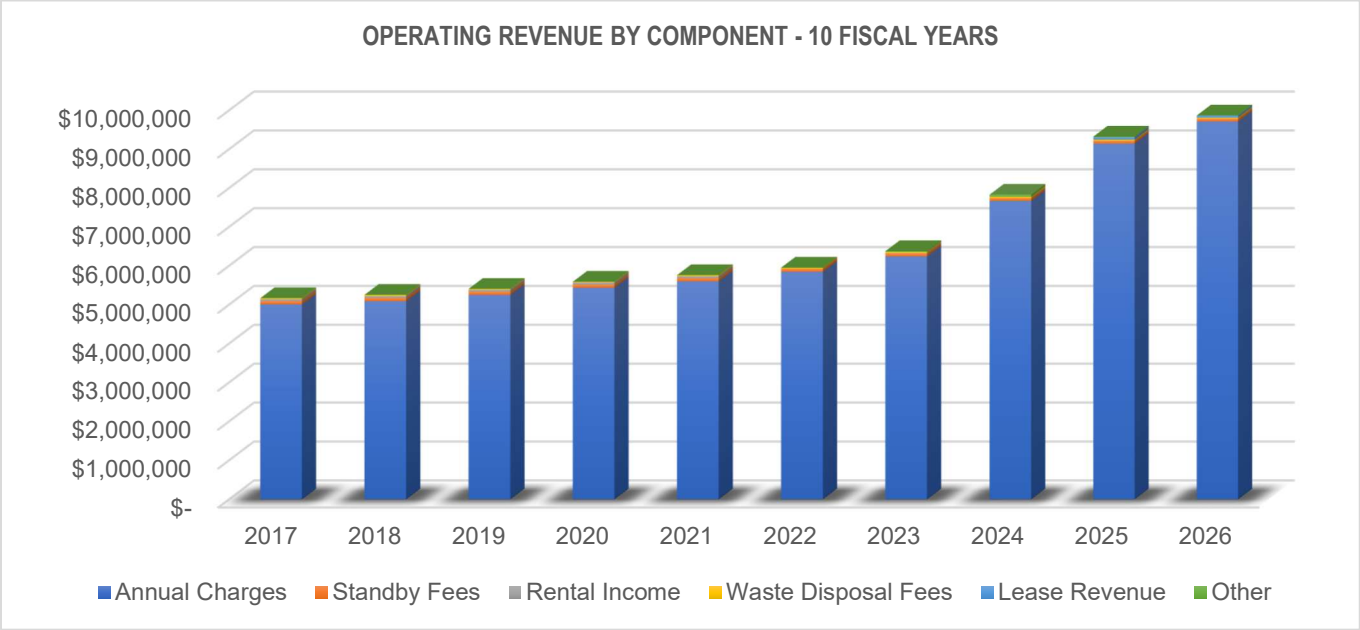

OPERATING EXPENSE DETAIL - 10 FISCAL YEARS
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Collection, Treatment, Disposal
Salaries and Benefits
Contractual Services
Permits and Fees
Administrative
Depreciation


NET NONOPERATING REVENUE (EXPENSE), CAPITAL CONTRIBUTIONS (CONNECTION FEE REVENUE) - 10 FISCAL YEARS
3,000,000
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)
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Replenish Big Bear Grant Reimbursements
Cannibal System Assets Written Off
Nonoperating Revenue (Expense)
Capital Contributions/Connection Fee Revenue

Revenue Capacity

OPERATING REVENUES BY COMPONENT - 10 FISCAL YEARS

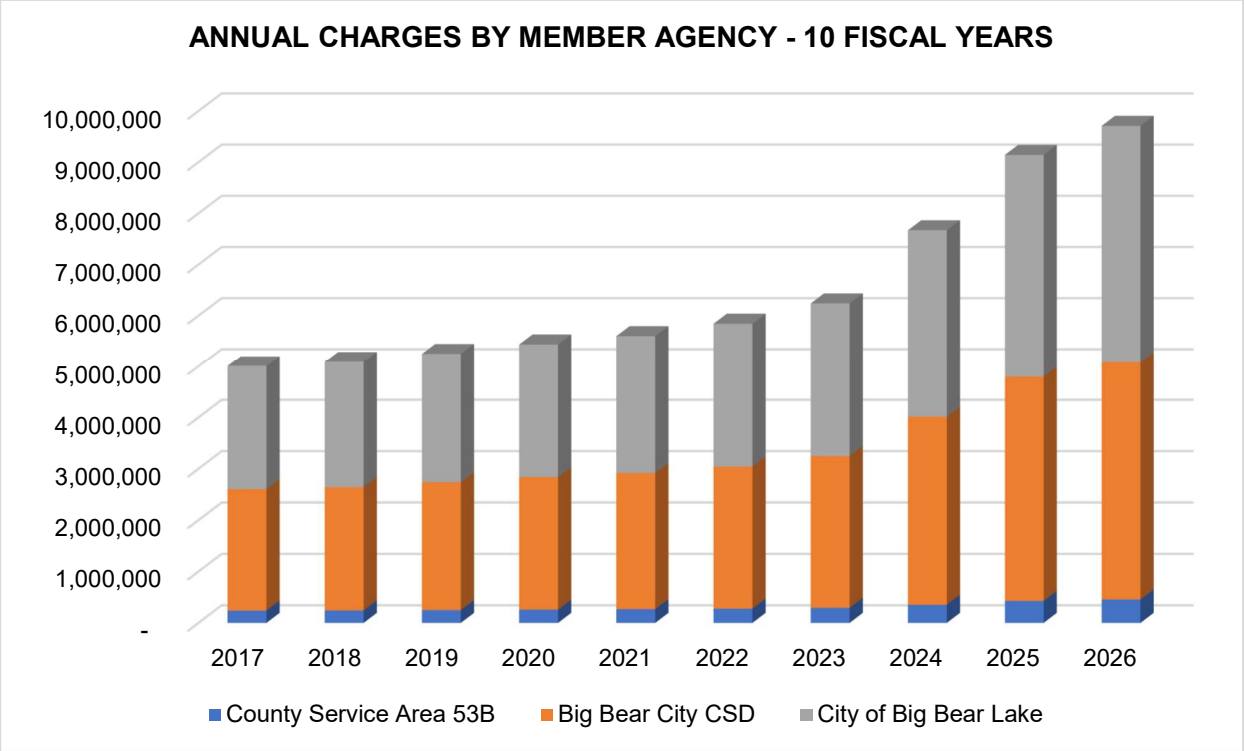
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
OPERATING REVENUES:										
Annual Charges	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036	$9,143,600	$9,710,786
Standby Fees	86,930	85,180	83,200	81,660	80,300	79,220	77,590	75,297	73,252	71,807
Rental Income	49,918	50,449	51,071	51,855	52,592	70	11,096	7	4	6,565
Waste Disposal Fees	22,033	23,113	20,608	18,755	23,859	22,000	25,263	30,003	28,336	28,043
Lease Revenue	-	-	-	-	-	-	-	-	61,754	46,231
Other	488	1,916	765	-	793	7,709	19,819	53,396	15,930	3,347
Total operating revenues	$5,166,439	$5,252,234	$5,407,186	$5,589,346	$5,707,065	$5,954,162	$6,375,651	$7,829,739	$9,322,875	$9,866,779



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.

ANNUAL CHARGES BY MEMBER AGENCY - 10 FISCAL YEARS

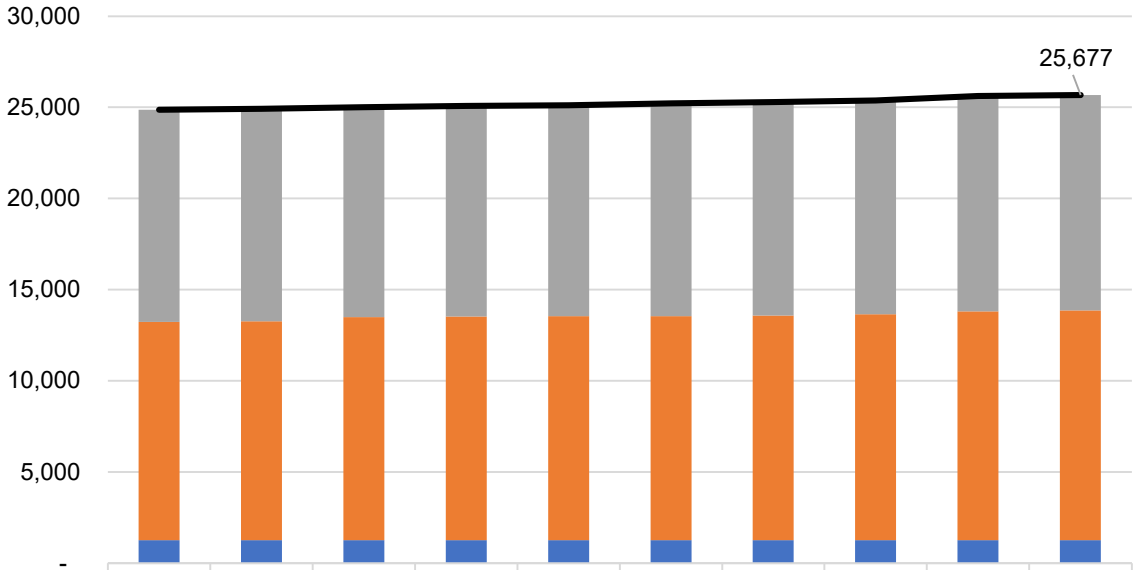
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
County Service Area 53B	$242,135	$244,697	$250,523	$258,429	$268,256	$278,853	$294,727	$354,559	$430,033	$456,933
Big Bear City CSD	2,363,616	2,398,457	2,488,269	2,579,204	2,652,478	2,763,777	2,955,515	3,660,648	4,369,986	4,624,811
City of Big Bear Lake	2,401,319	2,448,422	2,512,750	2,599,443	2,681,379	2,802,534	2,991,642	3,655,830	4,343,581	4,629,041
Total Annual Charges	$5,007,070	$5,091,576	$5,251,542	$5,437,076	$5,602,113	$5,845,163	$6,241,883	$7,671,036	$9,143,600	$9,710,786



ANNUAL CHARGES BY MEMBER AGENCY - % OF TOTAL

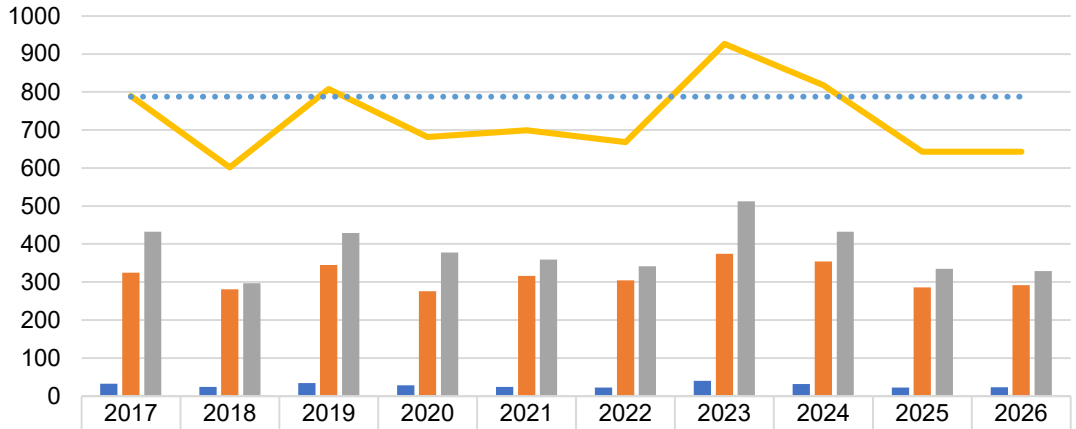
	2017	2026
County Service Area 53B	5%	5%
Big Bear City CSD	47%	47%
City of Big Bear Lake	48%	48%
	100%	100%

EQUIVALENT DWELLING UNITS BY MEMBER AGENCY - 10 FISCAL YEARS

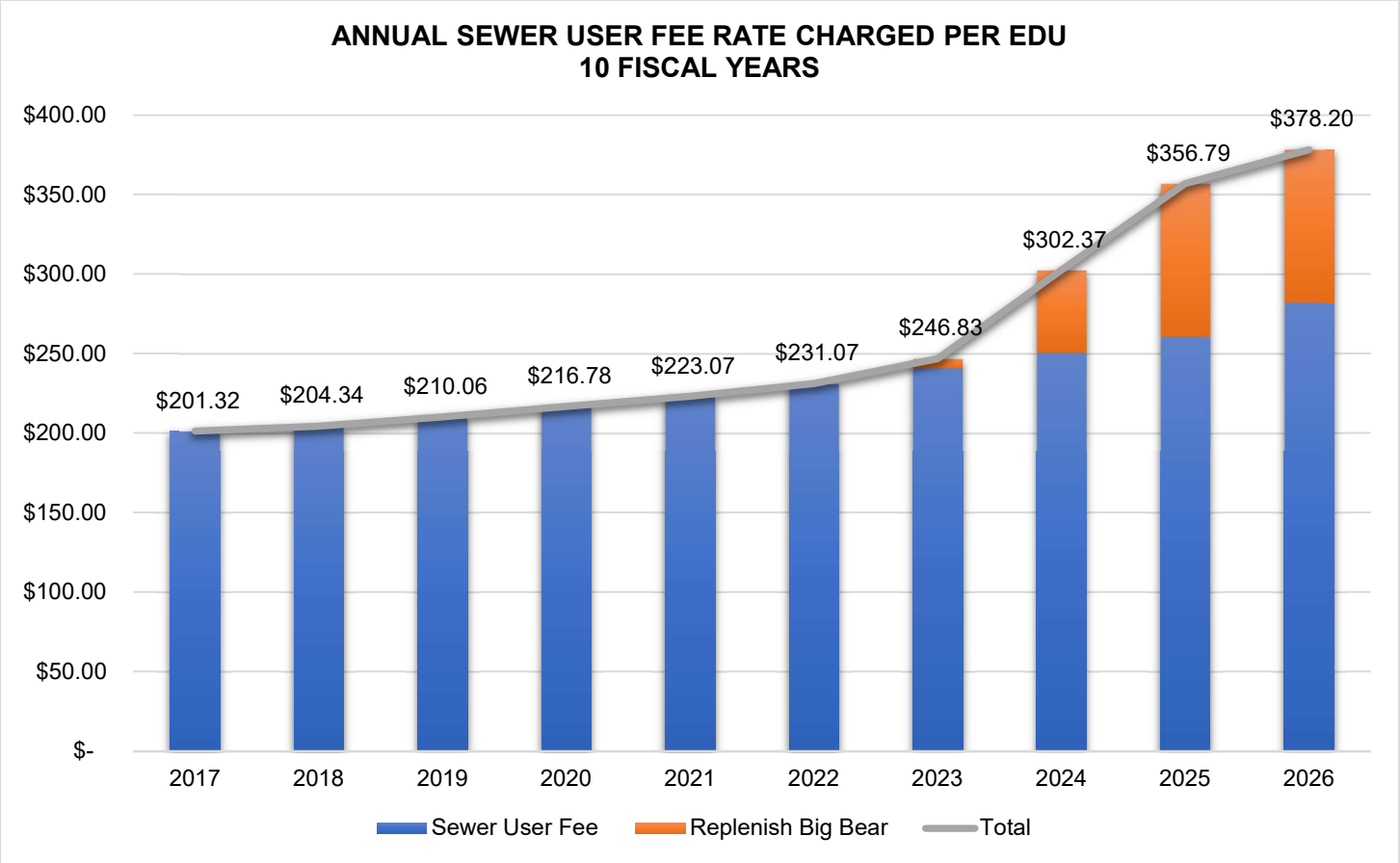


	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
City of Big Bear Lake	11,636	11,654	11,506	11,559	11,573	11,666	11,698	11,724	11,814	11,815
Big Bear City CSD	11,977	12,004	12,234	12,260	12,279	12,290	12,326	12,381	12,546	12,593
County Service Area 53B	1,258	1,259	1,261	1,262	1,262	1,264	1,264	1,265	1,268	1,269
Total EDUs	24,871	24,917	25,001	25,081	25,114	25,220	25,288	25,370	25,627	25,677

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



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
County Service Area 53B	32.277	23.686	34.111	27.756	23.942	22.315	40.248	31.532	22.637	22.957
Big Bear City CSD	324.605	281.152	344.309	275.529	316.385	304.217	374.248	354.100	285.556	291.348
City of Big Bear Lake	432.546	296.724	429.294	377.903	359.227	341.177	512.109	432.213	334.642	328.675
Total Influent Flow	789.428	601.562	807.714	681.188	699.554	667.709	926.605	817.845	642.835	642.980
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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Principal Outstanding	$3,223,168	$2,749,574	$4,040,433	$3,668,205	$3,283,230	$2,885,070	$5,873,273	$5,477,369	$5,006,876	$1,151,293
Leases Outstanding	-	-	-	-	-	1,991	1,531	1,066	21,724	16,757
Total Outstanding Debt	$3,223,168	$2,749,574	$4,040,433	$3,668,205	$3,283,230	$2,887,061	$5,874,804	$5,448,435	$5,028,600	$1,168,045
EDUs	24,871	24,917	25,001	25,081	25,114	25,220	25,288	25,370	25,627	25,677
Debt Per EDU	$130	$110	$162	$146	$131	$114	$232	$215	$196	$45
Debt per Residential EDU	$156	$132	$194	$176	$157	$137	$279	$258	$236	$55
Debt as % of Household Income	0.4%	0.3%	0.4%	0.3%	0.3%	0.3%	0.5%	0.4%	0.3%	0.1%
Rate of Debt to Gross Revenue	0.58	0.48	0.70	0.62	0.54	0.46	0.86	0.61	0.50	0.11

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

Fiscal Year	Loan	Leases	Total Outstanding Debt	Gross Revenues	Net Revenues	Debt Service	Debt Service Coverage
2017	$3,223,168	-	$3,223,168	$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	3,668,205	-	3,668,205	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	1,991	2,885,070	6,300,304	2,391,563	511,944	4.67
2023	5,873,273	1,531	5,873,273	7,012,538	2,115,981	614,230	3.44
2024	5,447,370	1,066	5,447,370	8,946,743	3,943,435	635,234	6.21
2025	5,006,876	21,734	5,006,876	10,119,695	4,624,449	657,248	7.04
2026	1,151,290	16,755	1,168,045	10,526,109	4,812,896	511,944	9.40

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.

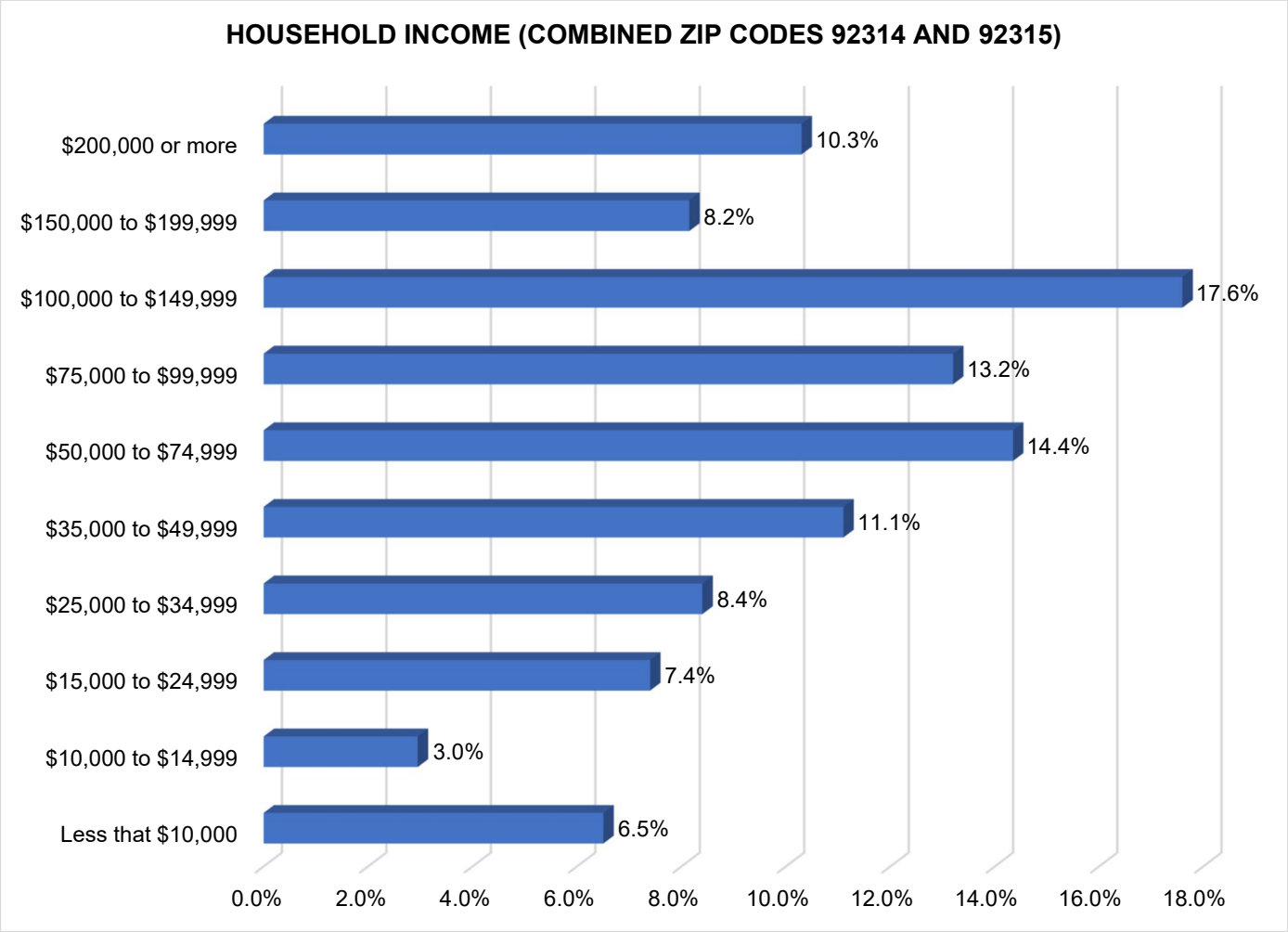
The statistics presented on the following pages have been obtained from information estimated by the U.S. Census Bureau in the 2024 American Community Survey. **It is important to note that the information presented covers the zip code areas of 92315, which is represented in the following demographic information as the City of Big Bear Lake and 92314, which is represented in the following demographic information as Big Bear City.**

POPULATION ESTIMATES

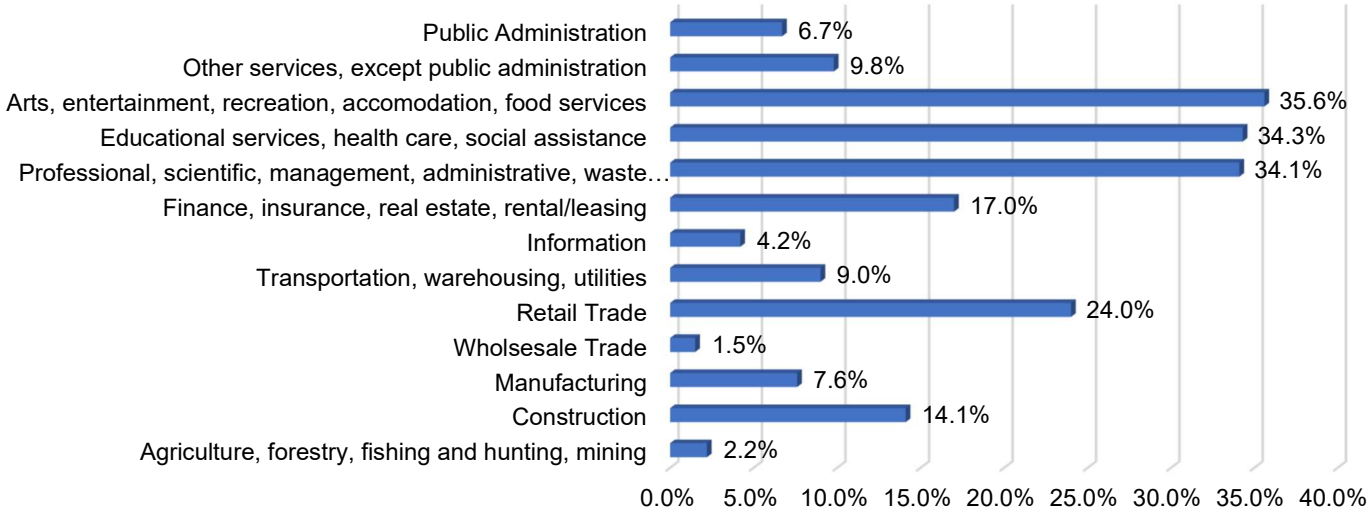
Year	City of Big Bear Lake	Big Bear City	Total
2024	5,041	11,431	16,472

UNEMPLOYMENT ESTIMATES

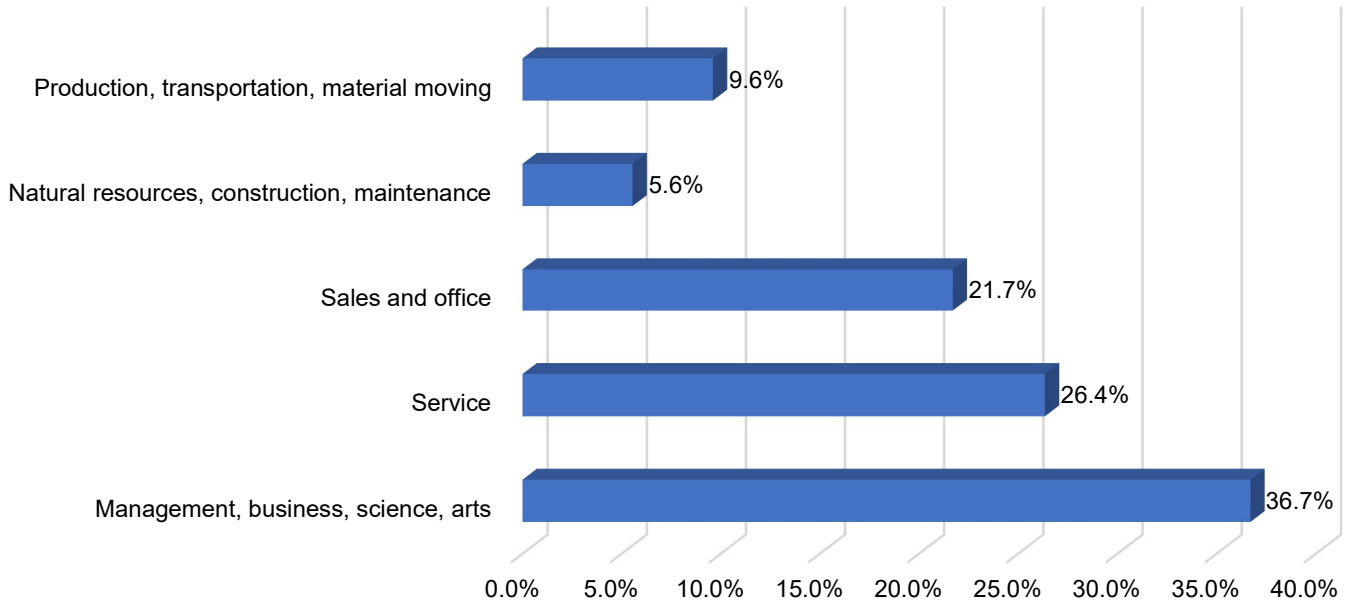
Year	City of Big Bear Lake	Big Bear City
2024	3.3%	5.4%


HOUSEHOLD INCOME (COMBINED ZIP CODES 92314 AND 92315)
$200,000 or more
10.3%
$150,000 to $199,999
8.2%
$100,000 to $149,999
17.6%
$75,000 to $99,999
13.2%
$50,000 to $74,999
14.4%
$35,000 to $49,999
11.1%
$25,000 to $34,999
8.4%
$15,000 to $24,999
7.4%
$10,000 to $14,999
3.0%
Less that $10,000
6.5%
0.0%
2.0%
4.0%
6.0%
8.0%
10.0%
12.0%
14.0%
16.0%
18.0%

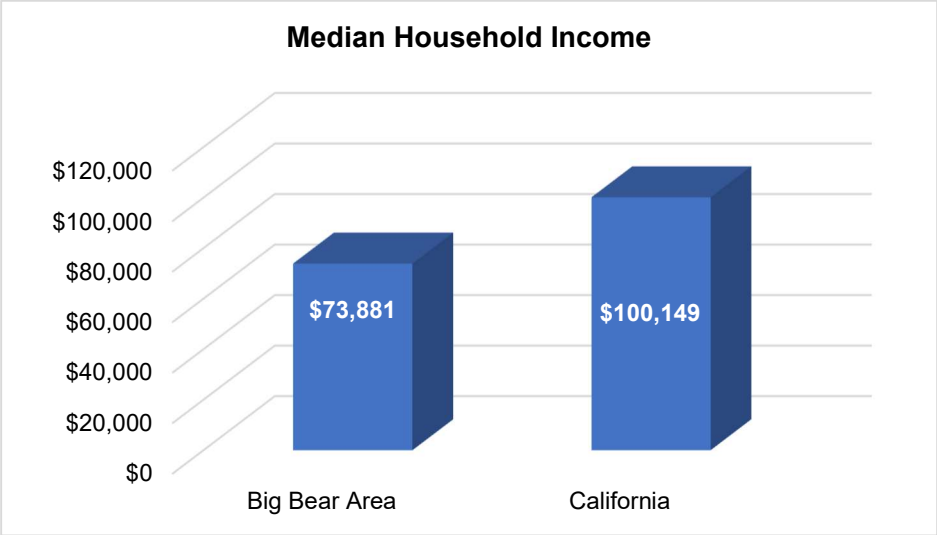
% OF EMPLOYED POPULATION BY INDUSTRY (COMBINED ZIP CODES OF 92314 AND 92315)

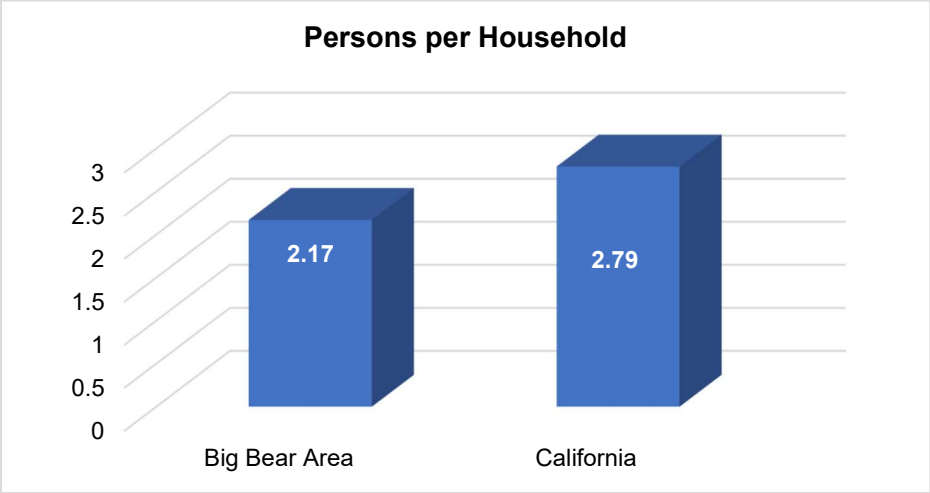


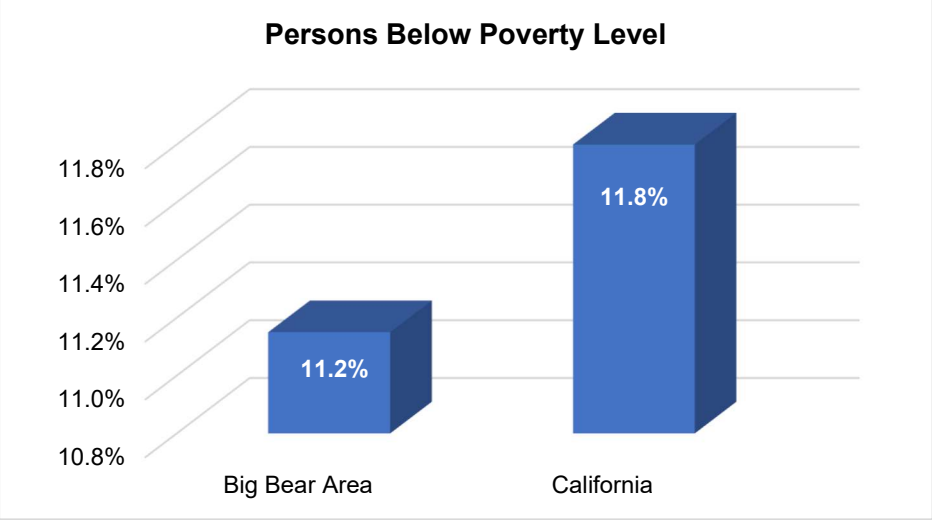
% OF EMPLOYED POPULATION BY OCCUPATION (COMBINED ZIP CODES OF 92314 AND 92315)



BIG BEAR AREA[1] COMPARISON TO STATE OF CALIFORNIA





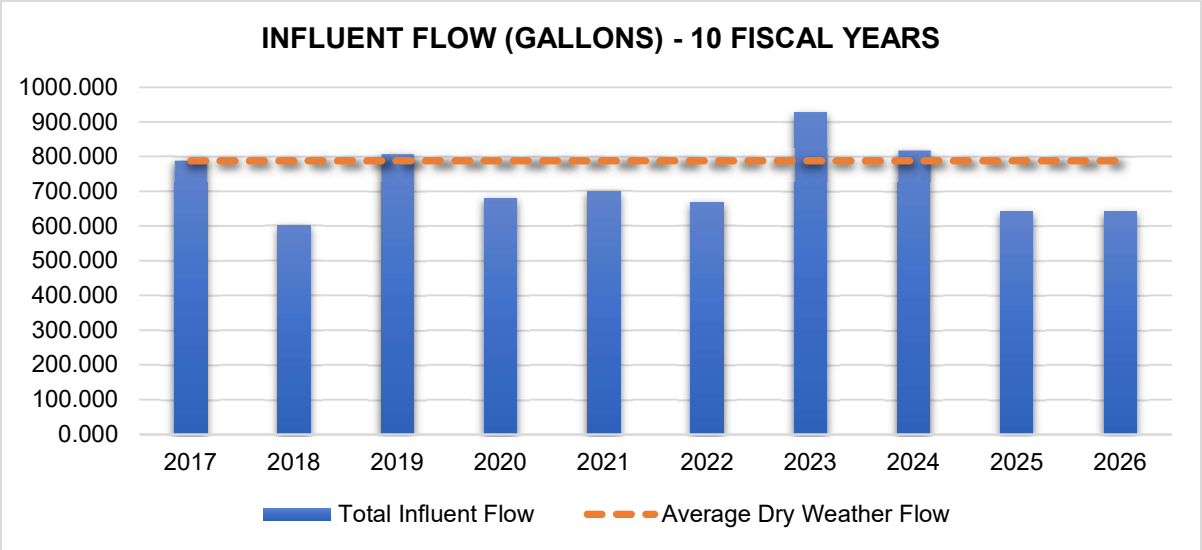


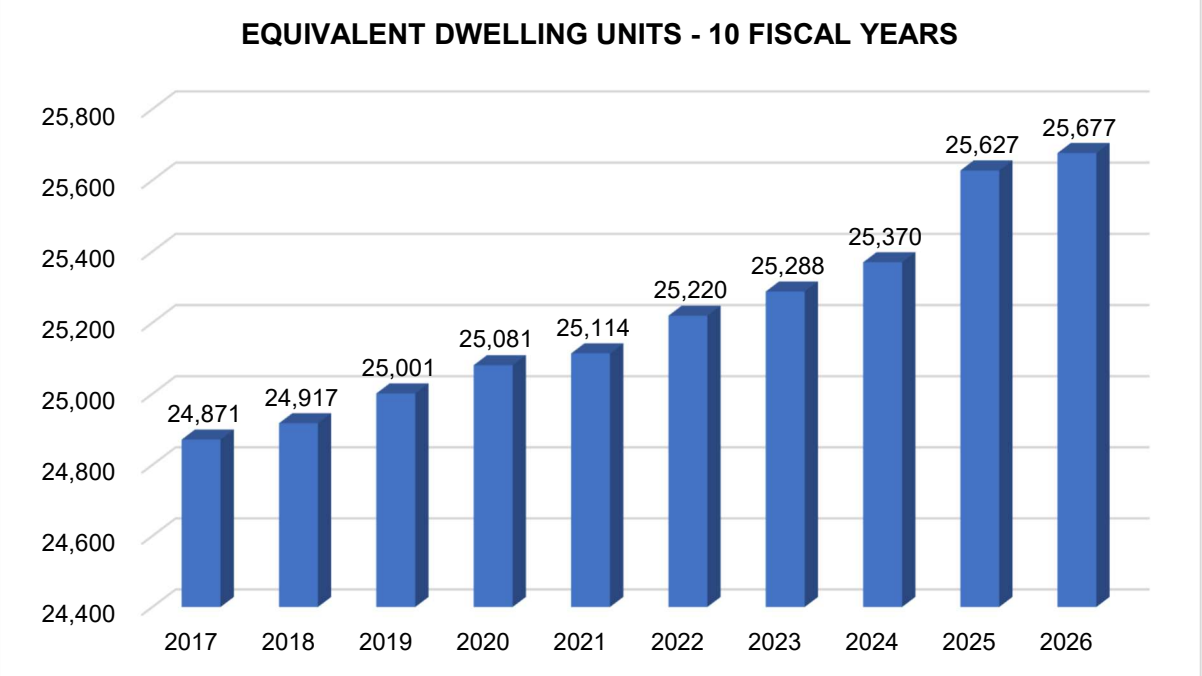
[1] Includes the zip code areas of 92314 and 92315.

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 six 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.

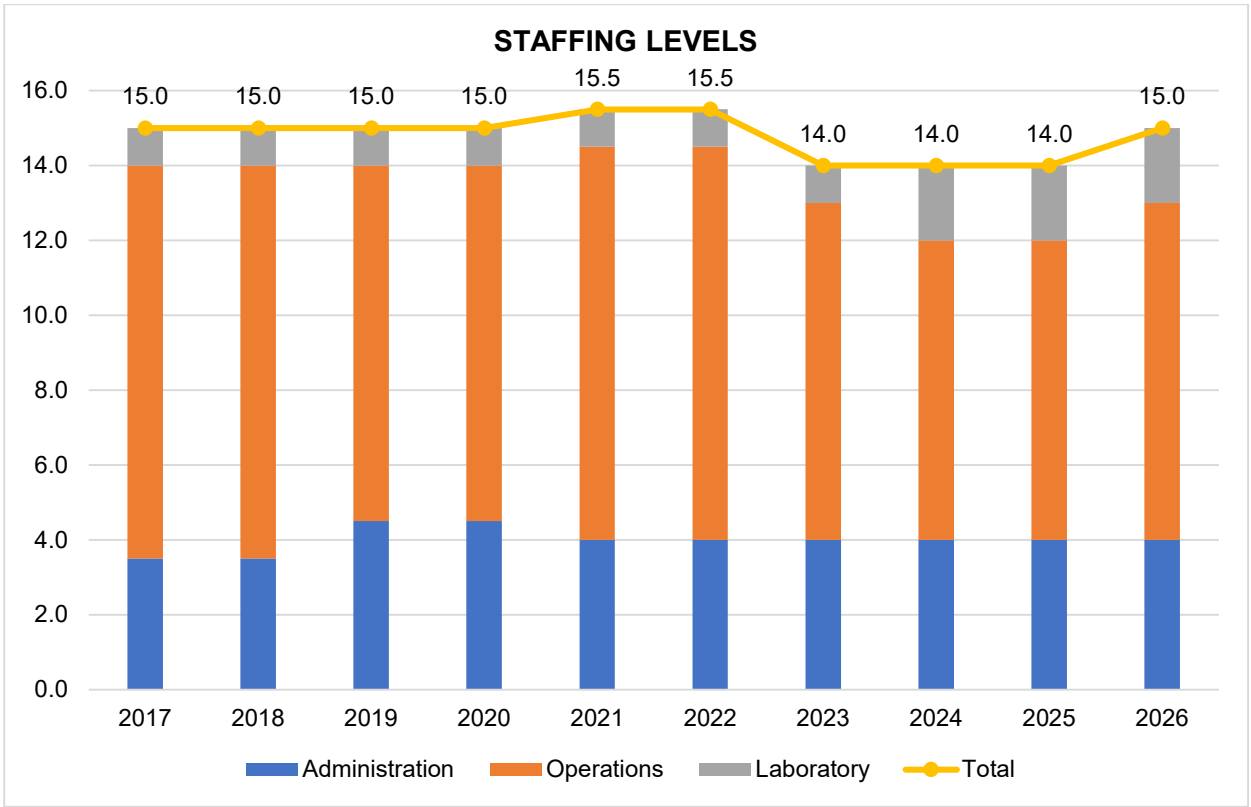




AGENCY STAFFING BY DEPARTMENT[1]

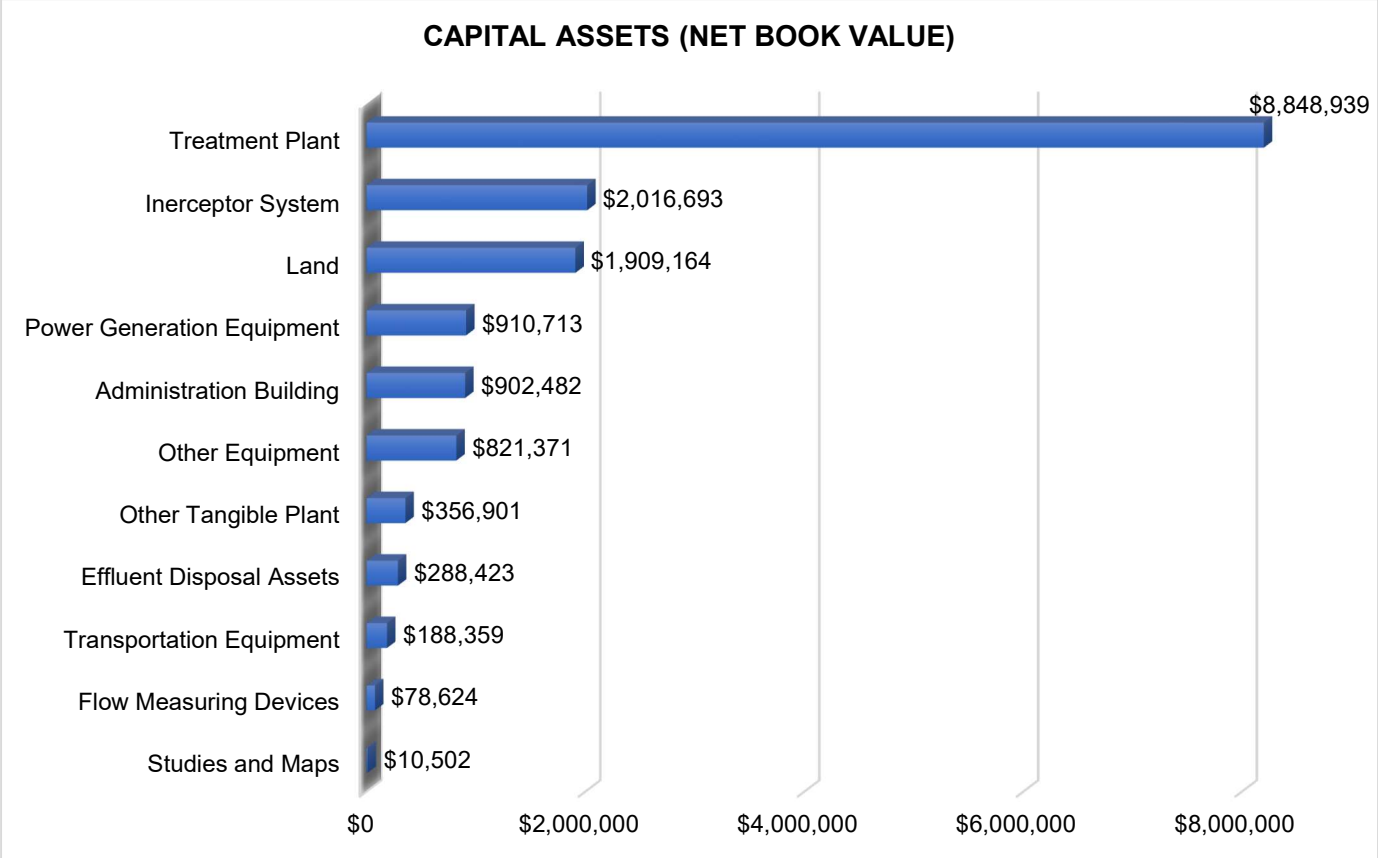
Year	Administration	Operations	Laboratory	Total
2017	3.5	10.5	1.0	15.0
2018	3.5	10.5	1.0	15.0
2019	4.5	9.5	1.0	15.0
2020	4.5	9.5	1.0	15.0
2021	4.0	10.5	1.0	15.5
2022	4.0	10.5	1.0	15.5
2023	4.0	9.0	1.0	14.0
2024	4.0	8.0	2.0	14.0
2025	4.0	8.0	2.0	14.0
2026	4.0	9.0	2.0	15.0

[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 (54%).



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%