



# **BIG BEAR MUNICIPAL WATER DISTRICT**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2023**



# BIG BEAR MUNICIPAL WATER DISTRICT

## CONTENTS


JUNE 30, 2023


	<b>PAGE</b>
Independent Auditor's Report . . . . .	1
Management's Discussion and Analysis . . . . .	4
 <b>Financial Statements</b>	
Statement of Net Position . . . . .	16
Statement of Activities . . . . .	17
Balance Sheet - Governmental Funds . . . . .	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities . . . . .	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds . . . . .	20
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities . . . . .	21
Notes to Financial Statements . . . . .	22
 <b>Required Supplementary Information</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Governmental Funds . . . . .	43
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios . . . . .	44
Schedule of Contributions . . . . .	45
Note to Required Supplementary Information . . . . .	46



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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and general fund of Big Bear Municipal Water District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Big Bear Municipal Water District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Big Bear Municipal Water District as of June 30, 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Big Bear Municipal Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

Big Bear Municipal Water District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Bear Municipal Water District's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## ***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 opinions. 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 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, 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 Big Bear Municipal Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Bear Municipal Water District's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and budgetary comparison information, schedule of proportionate share of the net pension liability and related ratios, and schedule of contributions on pages 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of Big Bear Municipal Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Big Bear Municipal Water District's internal control over financial reporting and compliance.

*Eadie and Payne, LLP*

Riverside, California  
January 22, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Big Bear Municipal Water District (District) provides this Management's Discussion and Analysis that gives an overview of the District's activities for the years ended June 30, 2023 and 2022. Please read this information in conjunction with the District's basic financial statements.

### GENERAL OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis*, the *basic financial statements*, and *required supplementary information*. The basic financial statements are comprised of three parts - (1) the government-wide financial statements, (2) the fund financial statements, and (3) the notes to the financial statements. The government-wide financial statements, the Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

### GOVERNMENT-WIDE STATEMENTS

#### **The Statement of Net Position and the Statement of Activities**

One of the most important questions asked about the District's finances is, "is the District better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the District's net position and changes thereto. Net position, the difference between assets and deferred outflows minus liabilities and deferred inflows, is one way to measure the District's financial health or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the District's property tax base or condition of the District's lake to accurately assess the overall health of the District. The Statement of Net Position and the Statement of Activities, present information about the District's governmental activities, which include all of the District's basic services, including lake use and maintenance. Property taxes, sale of lake water to local ski resorts, lake use fees, and interest on investments finance these activities.

## REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, management can establish other funds that aid in the administration of resources for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money.

All of the District's basic services are reported in a governmental fund. Governmental funds focus on how resources flow in and out with balances remaining at year-end that are available for spending. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds through a reconciliation following the fund financial statements.

## DISTRICT FINANCIAL STATEMENTS

The following schedule compares the District's Statement of Net Position for fiscal years ended June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>	<u>AMOUNT OF CHANGE</u>
<b>Assets</b>			
Cash and investments	\$ 15,169,081	\$ 15,418,076	\$ (248,995)
Receivables	760,625	788,882	(28,257)
Restricted cash and investments	534,227	534,227	-
Capital assets	<u>13,345,295</u>	<u>12,880,302</u>	<u>464,993</u>
<b>Total Assets</b>	<u>29,809,228</u>	<u>29,621,487</u>	<u>187,741</u>
<b>Deferred Outflows of Resources</b>			
Pension	<u>1,461,393</u>	<u>308,760</u>	<u>1,152,633</u>
<b>Total Deferred Outflows of Resources</b>	<u>1,461,393</u>	<u>308,760</u>	<u>1,152,633</u>
<b>Total Assets and Deferred Outflows</b>	<u>31,270,621</u>	<u>29,930,247</u>	<u>1,340,374</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	429,565	283,839	145,726
Long-term liabilities	<u>4,190,993</u>	<u>3,571,460</u>	<u>619,533</u>
<b>Total Liabilities</b>	<u>4,620,558</u>	<u>3,855,299</u>	<u>765,259</u>
<b>Deferred Inflows of Resources</b>			
Pension	88,191	683,598	(595,407)
Leases	<u>549,339</u>	<u>593,934</u>	<u>(44,595)</u>
<b>Total Deferred Inflows of Resources</b>	<u>637,530</u>	<u>1,277,532</u>	<u>(640,002)</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>5,258,088</u>	<u>5,132,831</u>	<u>125,257</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	10,732,378	10,033,507	698,871
Restricted	205,385	205,385	-
Unrestricted	<u>15,074,770</u>	<u>14,558,524</u>	<u>516,246</u>
<b>TOTAL NET POSITION</b>	<u>\$26,012,533</u>	<u>\$24,797,416</u>	<u>\$ 1,215,117</u>



The following schedule provides a summary of the District's changes in net position for the fiscal years ended June 30, 2023 and 2022.

**SUMMARY OF CHANGES IN NET POSITION**

	<u>2023</u>	<u>2022</u>	<u>AMOUNT OF CHANGE</u>
<b>REVENUES</b>			
Program Revenues			
Charges for services	\$ 1,823,333	1,525,529	\$ 297,804
Operating grants and contributions	157,365	131,240	26,125
General Revenues			
Property taxes	5,140,947	4,620,758	520,189
Investment earnings	160,761	35,806	124,955
Gain on sale of surplus assets	-	3,800	(3,800)
Other revenue	153,003	59,830	93,173
<b>Total Revenues</b>	<u>7,435,409</u>	<u>6,376,963</u>	<u>1,058,446</u>
<b>EXPENSES</b>			
General government	5,577,688	5,296,386	281,302
Lake improvement	79,799	95,359	(15,560)
Dam repair	-	130,472	(130,472)
Stanfield Marsh wildlife mitigation	500,000	27,820	472,180
Interest on long-term debt and cost of issuance	62,805	132,289	(69,484)
<b>Total Expenses</b>	<u>6,220,292</u>	<u>5,682,326</u>	<u>537,966</u>
<b>CHANGE IN NET POSITION</b>	1,215,117	694,637	520,480
<b>BEGINNING NET POSITION</b>	24,797,416	26,705,074	(1,907,658)
<b>Prior period adjustment</b>	-	(2,602,295)	2,602,295
<b>ENDING NET POSITION</b>	<u>\$26,012,533</u>	<u>\$24,797,416</u>	<u>\$ 1,215,117</u>

The increase or decrease in net position can provide an indication as to whether the financial position of the District improved or deteriorated during the year. The change in net position due to operations was \$1.215 million and \$695 thousand in fiscal years 2023 and 2022, respectively.

### GENERAL FUND COMPARISON

The General Fund is the main operating fund of the District. At the end of the current fiscal year, the General Fund reflects a fund balance of approximately \$15.551 million, which is a decrease from the prior year of \$378 thousand.

	<u>2023</u>	<u>2022</u>	<u>CHANGE</u>
<b>ASSETS</b>			
Cash and investments	\$ 15,169,081	\$ 15,418,076	\$ (248,995)
Receivables	760,625	788,882	(28,257)
Restricted cash and investments	534,227	534,227	-
<b>Total Assets</b>	<u>16,463,933</u>	<u>16,741,185</u>	<u>(277,252)</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Accounts payable, accrued liabilities, and customer deposits	363,555	217,658	145,897
<b>Total Liabilities</b>	<u>363,555</u>	<u>217,658</u>	<u>145,897</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources - leases	549,339	593,934	(44,595)
<b>Total Deferred Inflows of Resources</b>	<u>549,339</u>	<u>593,934</u>	<u>(44,595)</u>
<b>Fund Balances</b>			
Restricted	205,385	205,385	-
Committed	2,952,086	2,952,086	-
Assigned	4,951,863	5,232,251	(280,388)
Unassigned	7,441,705	7,539,871	(98,166)
<b>Total Fund Balances</b>	<u>15,551,039</u>	<u>15,929,593</u>	<u>(378,554)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 16,463,933</u>	<u>\$ 16,741,185</u>	<u>\$ (277,252)</u>

Total revenues in the general fund increased by approximately \$1.058 million during FY 2022-2023; total expenditures increased by \$2.789 million; and other financing sources (uses) decreased by \$62 thousand, resulting in a decrease in change in fund balances of \$1.792 million.

## GENERAL FUND COMPARISON

	<u>2023</u>	<u>2022</u>	<u>CHANGE</u>
<b>REVENUES</b>			
Property taxes	\$ 5,140,947	\$ 4,620,758	\$ 520,189
Charges for services	1,819,398	1,525,529	293,869
Operating grants and contributions	157,365	131,240	26,125
Investment earnings	160,761	35,806	124,955
Other revenue	153,003	59,830	93,173
<b>Total Revenues</b>	<u>7,431,474</u>	<u>6,373,163</u>	<u>1,058,311</u>
<b>EXPENDITURES</b>			
General government	2,775,770	2,350,792	424,978
Administration	3,097,076	2,091,971	1,005,105
Lake improvement	79,799	95,359	(15,560)
Dam repair	-	130,472	(130,472)
Stanfield Marsh wildlife mitigation	500,000	27,820	472,180
Capital outlay	1,064,635	245,116	819,519
Debt Service			
Principal	230,000	-	230,000
Interest	62,748	79,670	(16,922)
<b>Total Expenditures</b>	<u>7,810,028</u>	<u>5,021,200</u>	<u>2,788,828</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>(378,554)</u>	<u>1,351,963</u>	<u>(1,730,517)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding of 2015 Lease Obligation	-	(2,740,000)	2,740,000
Issuance of 2021 Lease Obligation	-	2,839,000	(2,839,000)
Cost of issuance	-	(52,523)	52,523
Lease liability issued	-	11,634	(11,634)
Proceeds from sale of surplus assets	-	3,800	(3,800)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>61,911</u>	<u>(61,911)</u>
<b>CHANGES IN FUND BALANCES</b>	(378,554)	1,413,874	(1,792,428)
<b>BEGINNING FUND BALANCE</b>	<u>15,929,593</u>	<u>14,515,719</u>	<u>1,413,874</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 15,551,039</u>	<u>\$ 15,929,593</u>	<u>\$ (378,554)</u>

Property taxes continue to be the District's main source of revenue, with most of the remaining revenue derived from sale of lake water to the two local ski areas for making artificial snow, and lake use fees.

The reasons for significant changes in the revenues and expenses of the District noted in the previous schedules are as follows:

**Property Taxes**

Property taxes account for 69% and 73% of all District General Fund income in FY 2022-2023 and FY 2021-2022, respectively. In FY 2022-2023, the District's property tax revenue increased by 11% due to increase in property tax valuation in the area.

**Charges for Services**

The revenue from operational activities (boat permit fees, dock licenses, snowmaking etc.) increased 19% in current year.

**Investment Earnings**

Investment earnings increased by 349% compared with the prior year due to large increase in interest income from LAIF and certificates of deposit.

**Expenditures**

District expenditures increased by 53%.

Within the General Fund, the District maintains restricted funds as follows:

**Restricted Fund Balances**

*Rathbun Creek Fund* - Funding of the Rathbun Creek Fund was initiated in February 1984 to receive proceeds from a 35-year Moonridge Improvement Project pass-through agreement with the City of Big Bear Lake Improvement Agency. The District does not receive any further regular annual payments to this fund, due to the dissolution of redevelopment agencies. Funds deposited into this account were designated to be used for Rathbun Creek improvements and maintenance. At the end of the 1997-1998 fiscal year, the Board approved a one-time allocation of \$216,002 from the General Fund. At the end of the 1999-2000 fiscal year, the Board approved another transfer of \$200,000 from the General Fund. A number of Rathbun Creek projects have been completed using funds from this account, combined with grant funding. \$205,385 remains specifically restricted for Rathbun Creek from funds that were originally deposited from the pass-through agreement. The remaining balance of \$126,288 in the fund is assigned for improvements to Rathbun Creek.

Within the General Fund, the District maintains a number of funds that are committed or assigned for specific purposes as follows:

### **Committed Fund Balance**

*In-Lieu Water Fund* - This fund was originally established to meet the cost of purchasing water or facilities to meet the demands of Bear Valley Mutual Water Company, in lieu of releasing lake water. For a number of years, the District budgeted \$500,000 for these purposes and at the end of each fiscal year, all surplus General Fund amounts were transferred to the In-Lieu Water Fund. That practice was discontinued in FY 1996-1997 when an allocation of \$834,000 was included in the budget to meet the annual water purchase contract payment to San Bernardino Valley Municipal Water District. Each year, the annual payment is increased or decreased by a percentage linked to the change in the assessed valuation. The fiscal year-end balance in the In-Lieu Water Fund requires two years annual payments, plus 10% of the payment to be made on the upcoming July 1<sup>st</sup>. This provides the District with the ability to continue payments in the event of an extended revenue shortfall. An advance will be made from the fund each year to meet the July 1<sup>st</sup> contract amount. This advance will be replaced with property tax income later in the fiscal year as it becomes available.

### **Assigned Fund Balances**

*Invasive Species Control Fund* - All aquatic plant control fees paid by private dock owners are deposited into this fund. All costs for plant control are deducted from this fund and any funds remaining at the end of each fiscal year are carried over to the following year.

*Capital Improvement Fund* - This fund receives an annual transfer from the General Fund equal to 18% of prior-year depreciation, plus 100% of the budgeted annual "Capital Replacement Schedule" so long as revenues support the transfer. The District's equipment and vehicle replacement program fund is used to ensure that District capital needs will continue to be met.

*Lake Improvement Fund* - This fund is designated to be used for future lake-related rehabilitation and/or enhancement projects, Total Maximum Daily Load (TMDL) efforts, and studies and work completed by the U.S. Army Corps of Engineers. The fund originated in 1995-1996 with a transfer of \$500,000 from unappropriated general funds. The Board of Directors authorized an annual transfer to the Lake Improvement Fund depending on the amount of unappropriated General Fund money remaining at the end of the fiscal year.

*Dam Repair Fund* - This fund was established to set aside the necessary funds for future dam-related repair and/or enhancement projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund operating budget revenue for FY 2022-2023 was approximately \$5.813 million; whereas, actual operating revenue was \$7.431 million creating a favorable variance of \$1.618 million. The actual expenditures for the General Fund were \$6.417 million less than budgeted. There were no variations in budget amounts vs. actual results that are expected to have a significant effect on future services or liquidity.

**GENERAL FUND BUDGET TO ACTUAL COMPARISON - FY 22**

	<u>APPROVED BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL RESULTS</u>	<u>VARIANCE</u>
<b>REVENUES</b>				
Property taxes	\$ 4,200,653	\$ 4,200,653	\$ 5,140,947	\$ 940,294
Charges for services	1,331,892	1,331,892	1,819,398	487,506
Operating grants and contributions	263,426	263,426	157,365	(106,061)
Investment earnings	17,235	17,235	160,761	143,526
Other revenues	-	-	153,003	153,003
<b>Total Revenues</b>	<u>5,813,206</u>	<u>5,813,206</u>	<u>7,431,474</u>	<u>1,618,268</u>
<b>EXPENDITURES</b>				
General government	4,038,264	4,038,264	4,087,004	(48,740)
In-lieu water purchases	1,812,935	1,812,935	1,785,842	27,093
Lake improvement	425,000	425,000	79,799	345,201
Dam repair	3,750,000	3,750,000	-	3,750,000
Contamination clean-up	15,000	15,000	-	15,000
Aquatic plant management	135,000	135,000	-	135,000
Rathbun Creek	150,000	150,000	-	150,000
Stanfield Marsh wildlife mitigation	500,000	500,000	500,000	-
Capital outlay	549,749	549,749	1,064,635	(514,886)
Debt service	-	-	-	-
Principal	2,747,412	2,747,412	230,000	2,517,412
Interest	103,845	103,845	62,748	41,097
<b>Total Expenditures</b>	<u>14,227,205</u>	<u>14,227,205</u>	<u>7,810,028</u>	<u>6,417,177</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(8,413,999)</u>	<u>(8,413,999)</u>	<u>(378,554)</u>	<u>8,035,445</u>
<b>NET CHANGES IN FUND BALANCES</b>				
	<u>\$ (8,413,999)</u>	<u>\$ (8,413,999)</u>	<u>\$ (378,554)</u>	<u>\$ 8,035,445</u>

## CAPITAL ASSETS AND DEBT MANAGEMENT

Capital improvements, along with equipment and vehicle replacement needs, are usually met on a pay-as-you-go basis, versus long-term financing. This is contingent upon current revenues and adequate fund balances being available or the ability to complete projects in phases. If this is not the case, the availability of revenues to service the debt is examined, along with the market conditions present at the time, the need or mandate for the project, and life of the project or asset.

### A. CAPITAL ASSETS

Net capital assets for governmental activities as of June 30 is summarized as follows:

#### **NET CAPITAL ASSETS AT YEAR-END**

	<u>2023</u>	<u>2022</u>	<u>CHANGE</u>
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>			
Land	\$ 6,124,294	\$ 6,124,294	\$ -
Construction in progress	315,000	-	315,000
<b>CAPITAL ASSETS BEING DEPRECIATED</b>			
Dam improvements	10,303,262	9,809,271	493,991
General plant	10,702,156	10,702,156	-
Boats	511,061	511,061	-
Communication equipment	126,492	118,577	7,915
Office furniture and equipment	128,690	128,690	-
Structures and equipment	4,065,152	4,065,152	-
Vehicles	515,277	418,982	96,295
Weed abatement equipment	103,900	103,900	-
Leased equipment	11,634	11,634	-
<b>Capital Assets, Gross</b>	<u>32,906,918</u>	<u>31,993,717</u>	913,201
Less: Accumulated depreciation	<u>19,561,623</u>	<u>19,113,415</u>	448,208
<b>CAPITAL ASSETS, NET</b>	<u>\$13,345,295</u>	<u>\$12,880,302</u>	<u>\$ 464,993</u>

As of June 30, 2023, the District had approximately \$13.345 million invested in capital assets including land, dam improvements, general plant, boats, vehicles, and various other equipment items, net of accumulated depreciation. This amount represents a net increase of \$465 thousand year over year. Accumulated depreciation increased by \$448 thousand.



## B. LONG-TERM DEBT

The District had one debt obligation, which was originally entered into in June 2003. The 2003 Certificates of Participation (COP) were issued in the amount of \$6.1 million with a 30-year maturity and interest of 5%. This debt issue refinanced existing indebtedness of \$2.5 million from a 1991 COP issue and included additional debt for lake-dredge projects.

During fiscal year ended June 30, 2016, the District refunded and defeased all outstanding 2003 Certificates of Participation, in the aggregate principal amount of \$4.575 million using the proceeds from the issuance of the 2015 COPF Obligation in the amount of \$3.6 million.

During fiscal year ended June 30, 2022, the District refunded the outstanding 2015 COPF Obligation with a principal amount of \$2.740 million using proceeds from the issuance of the 2021 COPF Obligation in the amount of \$2.839 million. The outstanding balance as of June 30, 2023 was \$2,609,000.

## CONDITIONS THAT MAY IMPACT FUTURE FINANCIAL POSITION

On June 30, 2023, there were no known conditions that may impact the District's future financial position.

## CONTACTING THE DISTRICT

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

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**  
For the Year Ended June 30, 2023

**ASSETS**

Cash	\$ 6,504,701
Investments	8,664,380
Receivables	
Accounts receivable	65,607
Property taxes	130,271
Restricted cash and investments	534,227
Lease receivable - current	40,320
Lease receivable - non-current	524,427
Capital assets not being depreciated	6,439,294
Capital assets being depreciated, net of accumulated depreciation	<u>6,906,001</u>

**TOTAL ASSETS**

29,809,228

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - pension	<u>1,461,393</u>
--	------------------

**Total Deferred Outflows of Resources**

1,461,393

**TOTAL ASSETS AND DEFERRED OUTFLOWS**

31,270,621

**LIABILITIES**

Accounts payable	207,431
Accrued liabilities	222,134
Net pension liability	1,578,076
Long-term debt - due within one year	242,917
Long-term debt - due in more than one year	<u>2,370,000</u>

**TOTAL LIABILITIES**

4,620,558

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - pension	88,191
Deferred inflows of resources - leases	<u>549,339</u>

**Total Deferred Inflows of Resources**

637,530

**TOTAL LIABILITIES AND DEFERRED INFLOWS**

5,258,088

**NET POSITION**

Net investment in capital assets	10,732,378
Restricted	205,385
Unrestricted	<u>15,074,770</u>

**TOTAL NET POSITION**

\$ 26,012,533

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

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**

For the Year Ended June 30, 2023

	EXPENSES	PROGRAM REVENUES		NET (EXPENSE)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET ASSETS GOVERNMENTAL ACTIVITIES
<b>FUNCTIONS/PROGRAMS</b>				
General government	\$ 5,577,688	\$ 1,639,950	\$ 157,365	\$ (3,780,373)
Lake improvement	79,799	183,383	-	103,584
Stanfield Marsh wildlife mitigation	500,000	-	-	(500,000)
Interest on long-term debt and cost of issuance	62,805	-	-	(62,805)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 6,220,292</u>	<u>\$ 1,823,333</u>	<u>\$ 157,365</u>	<u>(4,239,594)</u>
<b>GENERAL REVENUES</b>				
Property taxes, levied for general purposes				5,140,947
Investment earnings				160,761
Other revenue				153,003
<b>Total General Revenues</b>				<u>5,454,711</u>
<b>CHANGE IN NET POSITION</b>				1,215,117
<b>NET POSITION, BEGINNING OF YEAR</b>				<u>24,797,416</u>
<b>NET POSITION, END OF YEAR</b>				<u>\$26,012,533</u>

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

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2023

**ASSETS**

Cash	\$ 6,504,701
Investments	8,664,380
Receivables	
Accounts receivable	65,607
Property taxes	130,271
Restricted cash and investments	534,227
Lease receivable	564,747
<b>TOTAL ASSETS</b>	<b><u>\$ 16,463,933</u></b>

**LIABILITIES**

Accounts payable	207,431
Accrued liabilities	156,124
<b>Total Liabilities</b>	<b><u>363,555</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - leases	549,339
<b>Total Deferred Inflows of Resources</b>	<b><u>549,339</u></b>

**FUND BALANCES**

Restricted	
Rathbun Creek improvements	205,385
Committed	
In-lieu water	2,952,086
Assigned	
Invasive species control	407,939
Capital improvements	3,346,311
Lake improvement	629,849
Dam repair	441,476
Rathbun Creek improvements	126,288
Unassigned	7,441,705
<b>Total Fund Balances</b>	<b><u>15,551,039</u></b>

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES**

**\$ 16,463,933**

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

**BIG BEAR MUNICIPAL WATER DISTRICT  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES**

For the Year Ended June 30, 2023

<b>TOTAL GOVERNMENTAL FUND BALANCES</b>	<b>\$ 15,551,039</b>
Amounts reported in governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities and assets held for sale are not financial resources and, therefore, are not reported in the funds.	13,345,295
Compensated absences are not accounted for under modified accrual and, therefore, are not reported in the funds.	(66,010)
Deferred outflows of resources, deferred inflows of resources, and long-term liability related to the pension plan are not financial resources or due and payable in the current period and, therefore, are not reported in the funds.	(204,874)
Long-term liabilities, including certificates of participation, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,612,917)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 26,012,533</u></u></b>

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

**BIG BEAR MUNICIPAL WATER DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

<b>REVENUES</b>	
Property taxes	\$ 5,140,947
Charges for services	1,819,398
Operating grants and contributions	157,365
Investment earnings	160,761
Other revenues	153,003
<b>Total Revenues</b>	<u>7,431,474</u>
<b>EXPENDITURES</b>	
General government	4,087,004
In-lieu water purchases	1,785,842
Lake improvement	79,799
Stanfield Marsh wildlife mitigation	500,000
Capital outlay	1,064,635
Debt Service	
Principal	230,000
Interest	62,748
<b>Total Expenditures</b>	<u>7,810,028</u>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<u>(378,554)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(378,554)
<b>FUND BALANCES, JULY 1, 2022</b>	<u>15,929,593</u>
<b>FUND BALANCES, JUNE 30, 2023</b>	<u>\$ 15,551,039</u>

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

**BIG BEAR MUNICIPAL WATER DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2023

**NET CHANGES IN FUND BALANCES - TOTAL  
GOVERNMENTAL FUNDS**

\$ (378,554)

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Proceeds from the sale of capital assets is reported as revenue in governmental funds; whereas, only the gain on the sale is reported in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.

468,871

Governmental funds report retirement plan contributions as expenditures. However, in the statement of activities, pension expense is reported as the change in net pension liability and amortization of deferred outflows and inflows of resources. This is the amount by which plan contributions exceeded pension expense or vice versa.

894,800

Repayment/refunding of debt principal is an expenditure/other financing use in the governmental funds, but the repayment/refunding reduces long-term liabilities in the statement of net position. The issuance of long term debt is an other financing source in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.

230,000

**CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$ 1,215,117

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

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Introduction**

The Big Bear Municipal Water District (District) is a special district formed under Section 71000 of the Municipal Water District Law of 1911. The District was established by the people of Big Bear Valley for the purpose of stabilizing the water level of Big Bear Lake for recreation and wildlife.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**B. Financial Reporting Entity**

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit within the reporting entity was made by applying the criteria set forth in GAAP. Based on the application of these criteria, one component unit has been included in the District's reporting entity.

**Big Bear Municipal Water District Public Facilities Corporation**

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

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

The government-wide financial statements (statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for lake use, sale of water for snowmaking, and aquatic plant control fees; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

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



**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting except for unmatured principal and interest on long-term debt, which is recognized when due.

Grants, entitlements, and interest associated with the current fiscal period are all susceptible to accrual and have been recognized as revenues of the fiscal period when available. All other revenue items are considered measurable and available only when the District receives cash.

*Fund Accounting*

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports one governmental fund:

**General Fund** - The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**F. Cash and Investments**

Cash received by the District is deposited in financial institutions in demand deposit accounts and money market accounts, which are entirely insured or collateralized. Investments are limited to certificates of deposit, Treasury bills and notes, securities of the U.S. Government or its agencies, bonds and notes from the State of California or any local agency of the State, or the Local Agency Investment Fund (State pool), a special fund of the California State Treasury through which local governments may pool investments. Audited financial statements for Local Agency Investment Fund can be obtained online at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

Cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition are considered to be cash and cash equivalents.

Investments are generally reported at fair value. Investments in LAIF are reported at amortized cost, which approximates fair value.

**G. Receivables**

Receivables are due for lake usage and dock fees, property taxes, and interest. The District's management believes these amounts are fully collectible; therefore, no allowance for doubtful accounts is included in the financial statements.

**H. Lease Receivable**

The District recorded lease receivable as a result of implementing Governmental Accounting Standards Board Statement 87, Leases (GASB 87). Lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported as assets in the government-wide statement of net position. Capital assets are recorded at cost. The District capitalizes assets with a useful life of more than three years and a cost of \$5,000 or more.

Land and construction in progress are not depreciated. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures, and improvements	5 to 99 years
General plant and infrastructure	10 to 50 years
Machinery and equipment	5 to 50 years

**J. Right-to-use/Leased Assets**

The District has recorded right-to-use assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets, which are included in capital assets in the statement of net position, are amortized on a straight line basis over the life of the related lease.

**K. Compensated Absences**

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District as compensated absences in the statements of net position.

The District allows employees to accrue up to a maximum of 320 hours of vacation, which are paid 100% upon termination of employment for any reason. Sick leave is accumulating but nonvesting; therefore, no accrual has been made for unused sick leave.

**L. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as a revenue until that time.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Net Pension Liability**

In government-wide financial statements, pension plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the District recognizes a net pension liability, which represents the District's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension plan reflected in the actuarial report provided by California Public Employees' Retirement System (CalPERS). The net pension liability as of June 30, 2023 is measured as of June 30, 2021.

Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's CalPERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**N. Property Taxes**

Property taxes are assessed to finance General Fund operations. The valuation of property is determined as of March 1st of each year, and equal installments of taxes levied upon secured property become delinquent on the following 10th of December and April. Taxes on unsecured property are due when billed and become delinquent after August 31st. If taxes are not paid on or before the date and time they become delinquent, a penalty of 10% is added. Unsecured property accrues an additional penalty of 1% per month beginning the first day of the third month following the delinquency date.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Program Revenues**

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by the District; and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of the District. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**P. Net Position**

The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

*Net Investment in Capital Assets* - Investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* - Restricted consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.

*Unrestricted* - Unrestricted consists of any remaining balance of the District's net position that do not meet the definition of "restricted" or "net investment in capital assets."

The District's policy is to first apply disbursements to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Q. Fund Balance**

The fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact.

*Restricted* - Amounts that are restricted for specific purposes by external resource providers, or by law through constitutional or enabling legislation, are reported as restricted fund balance.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Fund Balance (Continued)**

*Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority are reported as committed fund balance. The District's Board of Directors is the highest level of decision-making authority authorized to establish commitments through a formal action. Once adopted, the limitation imposed by the action remains in place until a similar action is taken to remove or revise the limitation.

*Assigned* - The assigned fund balance consists of amounts that the government intends to use for specific purposes, but are neither restricted nor committed. Unlike commitments, an additional action does not normally have to be taken for the removal of an assignment. Amounts the Board of Directors intend to use for a specific purpose are considered assigned.

*Unassigned* - Unassigned consists of any remaining balance of the District's fund balance that do not meet the definition of nonspendable, restricted, committed, or assigned.

For the classification of fund balances, the District considers restricted amounts to have been spent before unrestricted if the expenditure meets the criteria for use of restricted funds. Unrestricted funds are used in the following order: committed, assigned, and unassigned funds.

**R. Recent Governmental Accounting Standards Board Statements**

During the year-ended June 30, 2023, the District implemented GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District implemented this statement as of July 1, 2022. There are no contracts in place as of June 30, 2023 that qualify for treatment under this standard.

**S. Subsequent Events**

Management has evaluated subsequent events through January 22, 2024, which is the date the financial statements were available to be issued.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**2. CASH AND INVESTMENTS**

Cash and investments at June 30, 2023 consisted of the following:

	<u>2023</u>
<b>Unrestricted Cash and Investments</b>	
Cash	6,504,701
California Local Agency Investment Fund	2,752,319
Certificates of deposit	<u>5,912,061</u>
<b>Total Unrestricted Cash and Investments</b>	<u>15,169,081</u>
<b>Restricted Cash and Investments</b>	
California Local Agency Investment Fund	<u>534,227</u>
<b>Total Restricted Cash and Investments</b>	<u>534,227</u>
<b>TOTALS</b>	<u><u>\$ 15,703,308</u></u>

As of June 30, 2023, restricted cash and investments are for invasive species control and Rathbun Creek improvements and maintenance.

The District's investment policy permits investments in the Local Agency Investment Fund of the State of California, time certificates of deposits issued by a nationally or state chartered bank, U.S. Treasury notes, bonds, bills or certificates of indebtedness, and savings accounts secured by federal insurance or collateralized. The Board may authorize additional types of investments including bonds issued by the District, the State of California or any local agency within the State, and obligations issued by federal agencies.

**A. Custodial Credit Risk - Deposits**

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 California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, 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 market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

At June 30, 2023, a total of \$6,298,708 in deposit is uninsured and uncollateralized.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**2. CASH AND INVESTMENTS (Continued)**

**B. Custodial Credit Risk - Investments**

Custodial credit risk is the risk that, in the event of a failure by the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. It is required that the depository secure active or inactive deposits with eligible securities that have a fair market value of at least 10% in excess of the total amount of all deposits. As of June 30, 2023, the financial institutions that hold collateral for the District had satisfied this requirement.

**C. 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. The District does not have a formal policy to manage interest rate risk. For 2023, the weighted average maturity date in months for the Local Agency Investment Fund (LAIF) is 11 months. For 2023, the weighted average maturity in days of certificates of deposit is 18 months.

**D. Credit Risk**

Credit risk is generally 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 organization. The District's investments in LAIF and certificates of deposit are not rated.

**E. Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2023, there are no investments in any one issuer (other than external investment pools) that represent 5% or more of the total investments of the District.



**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**2. CASH AND INVESTMENTS (Continued)**

**F. Investments in State Investment Pool**

The pooled investments are with the State of California State Treasurer's LAIF. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The District is a voluntary participant in the investment pool.

The District relied on information provided by the State Treasurer in estimating the District's fair value position of its holdings in LAIF. The District had a contractual withdrawal value of \$3,286,546 whose pro-rata share of fair value was estimated by the State Treasurer to be \$3,236,684 as of June 30, 2023. LAIF is not subject to a credit-quality rating.

**3. FAIR VALUE MEASUREMENTS**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

Level 1: Investments reflect prices quoted in active markets;

Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and

Level 3: Investments reflect prices based upon unobservable sources.

Certificates of a deposit of \$5,912,061 are valued using quoted market prices (Level 1 inputs).

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**4. LEASE RECEIVABLE**

In August 2018, the District entered into a real property lease agreement with Big Bear Lake Marina, Inc. with a 15-year term with two additional ten-year terms. The initial lease payment was \$3,825 per month plus an annual payment of \$2,550. The lease expires if not extended on December 31, 2034.

In July 1997, the District entered into a real property lease agreement with New Jersey Institute of Technology with a 50-year term. The initial lease payment was \$1,000 per year, increasing to \$7,017 per year through July 1, 2047.

The future minimum lease payments receivable are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 28,166
2025	51,116
2026	51,116
2027	51,116
2028	51,693
2029-2033	259,168
2034-2038	117,485
Thereafter	<u>55,426</u>
	665,286
Less Interest	<u>(100,539)</u>
	<u>\$ 564,747</u>

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**5. CAPITAL ASSETS**

Capital assets consisted of the following as of June 30, 2023:

	BALANCE 7-1-2022	ADDITIONS	RETIREMENTS/ TRANSFERS	BALANCE 6-30-2023
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 6,124,294	\$ -	\$ -	\$ 6,124,294
Construction in progress	-	315,000	-	315,000
<b>Total Capital Assets, Not Being Depreciated</b>	<u>6,124,294</u>	<u>315,000</u>	<u>-</u>	<u>6,439,294</u>
<b>Capital Assets, Being Depreciated</b>				
Dam improvements	9,809,271	493,991	-	10,303,262
General plant	10,702,156	-	-	10,702,156
Boats	511,061	-	-	511,061
Communications equipment	118,577	7,915	-	126,492
Office furniture and equipment	128,690	-	-	128,690
Structures and equipment	4,065,152	-	-	4,065,152
Vehicles	418,982	96,295	-	515,277
Weed abatement equipment	103,900	-	-	103,900
Leased equipment	11,634	-	-	11,634
<b>Total Capital Assets, Being Depreciated</b>	<u>25,869,423</u>	<u>598,201</u>	<u>-</u>	<u>26,467,624</u>
<b>Less: Accumulated Depreciation</b>				
Dam improvements	8,581,553	46,971	-	8,628,524
General plant	5,970,491	202,933	-	6,173,424
Boats	330,292	36,060	-	366,352
Communications equipment	89,622	8,924	-	98,546
Office furniture and equipment	78,705	8,002	-	86,707
Structures and equipment	3,601,679	117,648	-	3,719,327
Vehicles	353,295	23,792	-	377,087
Weed abatement equipment	103,900	-	-	103,900
Leased equipment	3,878	3,878	-	7,756
<b>Total Accumulated Depreciation</b>	<u>19,113,415</u>	<u>448,208</u>	<u>-</u>	<u>19,561,623</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u>\$ 12,880,302</u>			<u>\$ 13,345,295</u>

Depreciation expense of \$448,208 was charged to the general government in the statement of activities for the year ended June 30, 2023.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**6. LONG-TERM DEBT**

The following is a summary of changes in long-term debt as of June 30, 2023:

	BALANCE			BALANCE	DUE IN
	JULY 1, 2022	ADDITIONS	REDUCTIONS	JUNE 30, 2023	ONE YEAR
2021 COPF Obligation	\$ 2,839,000	\$ -	\$ 230,000	\$ 2,609,000	\$ 239,000
Lease liability	7,795	-	3,878	3,917	3,917
	<u>\$ 2,846,795</u>	<u>\$ -</u>	<u>\$ 233,878</u>	<u>\$ 2,612,917</u>	<u>\$ 242,917</u>

**COPF Obligation**

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

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

A summary of minimum payments on the 2021 COPF Obligation is presented below:

YEARS ENDING	PRINCIPAL	INTEREST	TOTAL
<u>JUNE 30,</u>			
2024	\$ 239,000	\$ 57,259	\$ 296,259
2025	237,000	51,785	288,785
2026	246,000	46,231	292,231
2027	254,000	40,480	294,480
2028	257,000	34,604	291,604
2029-2033	1,376,000	80,385	1,456,385
<b>TOTALS</b>	<u>\$ 2,609,000</u>	<u>\$ 310,744</u>	<u>\$ 2,919,744</u>

The total amount of interest charged to expense for the year ended June 30, 2023 was \$62,748.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**7. DEFINED-BENEFIT PENSION PLAN**

**A. Plan Description**

The Big Bear Municipal Water District contributes to the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined-benefit pension plan. Benefit provisions and all other requirements are established by State statutes within the Public Employees' Retirement Law. The Big Bear Municipal Water District selects optimal benefit provisions and adopts those benefits through local ordinance. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, California 95814. It is also available at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**B. 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 their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment.

Classic Members are eligible to retire at age 50 with at least 5 years of service. New members hired after January 1, 2013 become eligible for service retirement upon attainment of age 52 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The benefit factor depends on the benefit formula specified in the employer's contract. The years of service is the amount credited by CalPERS to a member while he or she is employed in this group. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay.

The Plan's provisions and benefits, in effect at June 30, 2023, are summarized as follows:

	<u>PRIOR TO</u> <u>JANUARY 1, 2013</u>	<u>ON OR AFTER</u> <u>JANUARY 1, 2013</u>
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	10.870%	7.470%

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**7. DEFINED-BENEFIT PENSION PLAN (Continued)**

**C. Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability.

Participants are required to contribute 7% of their annual covered salary. The District makes a portion of the contributions required of District employees on their behalf and for their account. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

For the year ended June 30, 2023, the District's contributions were \$958,783. The District's contributions recognized as part of the pension expense for the year ended June 30, 2023 were \$180,496.

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

As of June 30, 2023, the District reported the following net pension liability:

	<u>AMOUNT</u>	<u>PROPORTION</u>
Total pension liability	\$ 6,226,906	0.02903%
Fiduciary net position	<u>4,648,830</u>	0.02772%
<b>NET PENSION LIABILITY</b>	<b><u>\$ 1,578,076</u></b>	<b>0.01366%</b>

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportion of the collective net pension liability increased by .0003% to 0.01366% since the last measurement date.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2023

**7. DEFINED-BENEFIT PENSION PLAN (Continued)**

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

The District's net pension liability is measured as the proportionate share of the collective net pension liability of the Plan. The net pension liability of the Plan as of June 30, 2023 is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures.

For the year ended June 30, 2023, the District recognized pension expense of \$64,154. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>DEFERRED INFLOWS OF RESOURCES</u>
Pension contributions subsequent to the measurement date	\$ 958,783	\$ -
Difference between expected and actual experience	31,691	21,225
Change in assumptions	161,707	-
Net difference between projected and actual earnings on pension plan investments	289,062	-
Changes in proportion	20,150	664
Differences between employer contributions and proportionate share of contributions	-	66,302
<b>TOTALS</b>	<u>\$1,461,393</u>	<u>\$ 88,191</u>

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**7. DEFINED-BENEFIT PENSION PLAN (Continued)**

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

The District reported \$958,783 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

YEARS ENDING JUNE 30,	<u>AMOUNT</u>
2024	\$ 103,363
2025	87,161
2026	47,095
2027	<u>176,800</u>
<b>TOTAL</b>	<b><u>\$ 414,419</u></b>

**E. Actuarial Assumptions**

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS membership data
Post-retirement benefit increase	Contract COLA up to 2.30%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period 1997 to 2015. Further details of the experience study can found on the CalPERS website.

For measurement date June 30, 2022, there were no changes in assumptions or benefits that affected measurement of the total pension liability since the prior measurement date.



**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**7. DEFINED-BENEFIT PENSION PLAN (Continued)**

**F. Discount Rate**

The discount rate used to measure the total pension liability for the Plan was 6.90% which is equal to the 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 best-estimate ranges of 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 market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short term (first 10 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

ASSET CLASS	CURRENT TARGET	RATE OF RETURN <sup>(1)(2)</sup>
	ALLOCATION	YEARS 1-10
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

<sup>(1)</sup> An expected inflation of 2.30% used for this period

<sup>(2)</sup> Figures are based on the 2021-22 Asset Liability Management study.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2023

**7. DEFINED-BENEFIT PENSION PLAN (Continued)**

**F. Discount Rate (continued)**

To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS conducted cash flow projections to determine if assets would run out under the assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The cross-over testing results are presented in a detailed report that can be obtained from the CalPERS website.

The 6.90% discount rate is gross of administrative expenses.

**G. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the collective net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	1.00% DECREASE (5.90%)	CURRENT DISCOUNT RATE (6.90%)	1.00% INCREASE (7.90%)
2022 (MD)	\$ 2,426,915	\$ 1,578,076	\$ 879,691

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**8. RISK MANAGEMENT**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). JPIA is a public entity risk pool currently operating as a risk management and insurance program for over 200-member water agencies. The District pays an annual premium to JPIA for health insurance.

JPIA's summary financial information as of and for the period ended September 30, 2022 was as follows:

Total assets	\$ 246,615,214
Deferred outflows of resources	6,108,562
Total liabilities	137,126,606
Deferred inflows of resources	2,813,249
Net assets	112,783,921
Total operating revenues	209,690,228
Total operating expenses	212,646,028
Total investment income	(34,070,811)
Change in net position	(37,026,611)

The District continues to carry commercial insurance for other risks of loss including workers' compensation insurance.

**9. DEFERRED-COMPENSATION PLAN**

The District offers its employees a deferred-compensation plan in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Participation in the Plan is optional and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Investments are managed and administered by Lincoln National or PEBSCO. Investments are held in the names of employees and, therefore, are not reported on the District's financial statements.

**BIG BEAR MUNICIPAL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**10. COMMITMENTS**

The District is obligated to Bear Valley Mutual Water Company (Mutual) to release water, or cause water to be released, at such a rate as may be reasonably necessary to meet the requirements of Mutual's stockholders, not exceeding 65,000 acre-feet in any ten-year period, as determined by the Board of Directors of Mutual at its sole discretion.

The District has adopted a policy to provide water to Mutual by a combination of lake releases and purchases of in-lieu water. The District signed an agreement with San Bernardino Valley Municipal Water District (SBVMWD), which states that whenever lake releases under the District's lake release policy are not sufficient to meet Mutual's lake release demands, SBVMWD shall deliver in-lieu water to satisfy the remainder of the demand. Pursuant to this agreement, the District is required to make annual payments to SBVMWD. The required payments are the larger of \$834,000 or \$834,000 times an inflation factor. This inflation factor is based on the assessed values of the District's property tax base. For the year ended June 30, 2023, the payments were \$1,785,842.

**BIG BEAR MUNICIPAL WATER DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Property taxes	\$ 4,200,653	\$ 4,200,653	\$ 5,140,947	\$ 940,294
Charges for services	1,331,892	1,331,892	1,819,398	487,506
Operating grants and contributions	263,426	263,426	157,365	(106,061)
Investment earnings	17,235	17,235	160,761	143,526
Other revenues	-	-	153,003	153,003
<b>Total Revenues</b>	<u>5,813,206</u>	<u>5,813,206</u>	<u>7,431,474</u>	<u>1,618,268</u>
<b>EXPENDITURES</b>				
General government	4,038,264	4,038,264	4,087,004	(48,740)
In-lieu water purchases	1,812,935	1,812,935	1,785,842	27,093
Lake improvement	425,000	425,000	79,799	345,201
Dam repair	3,750,000	3,750,000	-	3,750,000
Contamination clean-up	15,000	15,000	-	15,000
Invasive species	135,000	135,000	-	135,000
Rathbun Creek	150,000	150,000	-	150,000
Stanfield Marsh wildlife mitigation	500,000	500,000	500,000	-
Capital outlay	549,749	549,749	1,064,635	(514,886)
Debt service				
Principal	2,747,412	2,747,412	230,000	2,517,412
Interest	103,845	103,845	62,748	41,097
<b>Total Expenditures</b>	<u>14,227,205</u>	<u>14,227,205</u>	<u>7,810,028</u>	<u>6,417,177</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(8,413,999)</u>	<u>(8,413,999)</u>	<u>(378,554)</u>	<u>8,035,445</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(8,413,999)</u>	<u>(8,413,999)</u>	<u>(378,554)</u>	<u>8,035,445</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>15,929,593</u>	<u>15,929,593</u>	<u>15,929,593</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,515,594</u>	<u>\$ 7,515,594</u>	<u>\$ 15,551,039</u>	<u>\$ 8,035,445</u>

**BIG BEAR MUNICIPAL WATER DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND RELATED RATIOS**

Last 10 Fiscal Years(1)

June 30, 2023

Measurement Date	FISCAL YEARS ENDED								
	<u>JUNE 30, 2023</u> JUNE 30, 2022	<u>JUNE 30, 2022</u> JUNE 30, 2021	<u>JUNE 30, 2021</u> JUNE 30, 2020	<u>JUNE 30, 2020</u> JUNE 30, 2019	<u>JUNE 30, 2019</u> JUNE 30, 2018	<u>JUNE 30, 2018</u> JUNE 30, 2017	<u>JUNE 30, 2017</u> JUNE 30, 2016	<u>JUNE 30, 2016</u> JUNE 30, 2015	<u>JUNE 30, 2015</u> JUNE 30, 2014
Proportion of the collective net pension liability	0.01366%	0.01340%	0.01205%	0.02984%	0.02868%	0.03480%	0.02620%	0.02418%	0.01025%
Proportionate share of the collective net pension liability	\$ 1,578,076	\$ 724,665	\$ 1,311,227	\$ 1,195,000	\$ 1,078,101	\$ 1,092,669	\$ 915,555	\$ 663,304	\$ 638,063
Covered payroll	\$ 1,137,466	\$ 932,684	\$ 920,479	\$ 808,543	\$ 567,092	\$ 578,940	\$ 625,393	\$ 598,219	\$ 672,068
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	138.74%	77.70%	142.45%	147.80%	190.11%	188.74%	146.40%	110.88%	94.94%
Proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	76.68%	88.29%	75.10%	77.70%	77.70%	75.40%	74.06%	79.89%	83.03%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal year ended June 30, 2015 was the first year of implementation. Additional years will be added as they become available in the future.

# BIG BEAR MUNICIPAL WATER DISTRICT

## SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years (1)

June 30, 2023

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>	<u>JUNE 30, 2016</u>	<u>JUNE 30, 2015</u>
Actuarially determined contribution	\$ 958,783	\$ 180,496	\$ 165,819	\$ 162,177	\$ 73,104	\$ 62,837	\$ 80,411	\$ 92,044	\$ 89,787
Contributions in relation to the actuarially determined contributions	<u>(958,783)</u>	<u>(180,496)</u>	<u>(165,819)</u>	<u>(162,177)</u>	<u>(73,104)</u>	<u>(62,837)</u>	<u>(80,411)</u>	<u>(92,044)</u>	<u>(89,787)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,137,466	\$ 951,492	\$ 932,684	\$ 895,716	\$ 808,543	\$ 567,092	\$ 578,940	\$ 625,393	\$ 598,219
Contributions as a percentage of covered payroll	84.29%	18.97%	17.78%	18.11%	9.04%	11.08%	13.89%	14.72%	15.01%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal year ended June 30, 2015 was the first year of implementation. Additional years will be added as they become available in the future.

**BIG BEAR MUNICIPAL WATER DISTRICT**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2023

**BUDGET AND BUDGETARY ACCOUNTING**

The District prepares and legally adopts a final budget on or before June 30 of each fiscal year, under the modified accrual basis of accounting. The District's operation, commencing July 1, is governed by the proposed budget, which is adopted by the District's Board of Directors before June of the prior year. After the budget is approved, the appropriations can be added to, subtracted from, or changed only by resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the District.

For the current year and for those areas where it is possible, a forecast budget is also prepared for the following years. Through implementation of a two-year forecasting plan, the District can realize the following benefits:

- Reinforcement of long-range planning;
- Establishment of realistic funding to meet major objectives;
- Promotion of more orderly spending patterns; and
- Savings in time and resources allocated to preparing the annual budget.

The General Fund portion of the District's budget contains program budgets with line-item expense categories. The District's General Fund operates under four programs: Administration, Water Resources, Maintenance, and Operations. Salaries and benefits are allocated to each program, along with related expenses. In addition to the program budgets, the District has also established the General Fund budgets for revenue projections, capital improvement expenditures, debt service, and projects.