



**BIG BEAR FIRE AUTHORITY  
BIG BEAR LAKE, CALIFORNIA**  
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL STATEMENTS

Focused  
on YOU



BIG BEAR FIRE AUTHORITY  
BIG BEAR LAKE, CALIFORNIA  
Financial Statements  
For the Year Ended June 30, 2025

PREPARED BY:  
FINANCE DEPARTMENT

BIG BEAR FIRE AUTHORITY  
 BIG BEAR LAKE, CALIFORNIA  
 Financial Statements  
 For the Year Ended June 30, 2025

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Big Bear Fire Authority  
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 each major fund of the Big Bear Fire Authority (hereafter, the Authority) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2025, and the respective changes in financial position for the year 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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.



To the Board of Directors  
Big Bear Fire Authority  
Big Bear Lake, California

### ***Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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, budgetary comparison information, and required pension and other post-employment benefits schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Directors  
Big Bear Fire Authority  
Big Bear Lake, California

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying budgetary comparison schedule for the Capital Projects Fund (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

**LSL, LLP**

Irvine, California  
March 3, 2026

**BIG BEAR FIRE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2025**

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As management of the Big Bear Fire Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our notes to the financial statements.

**Financial Highlights**

The Authority was formed in July 2012 and operates pursuant to the California Joint Exercise of Powers Act and the Fire Protection District Law of 1987. The Authority is a separate and legal entity which exercised joint authority over the participating fire agencies. The participating agencies are the Big Bear Lake Fire Protection District and the Big Bear Community Services District. The governing board is a ten-member board comprised of equal members from each of the partner agencies.

The Authority's financial highlights for the year ended June 30, 2025 are as follows:

- The Authority's primary source of revenue is from property taxes passed through from the Big Bear Lake Fire Protection District and the Big Bear City Community Services District, as well as from air operations, ambulance services, and mutual aid reimbursements. All revenues are generated from governmental activities. Total revenue was \$20,394,737, an increase of \$1,274,449 over the prior year.
- The Authority's change in net position was a decrease of \$4,056,459 due to actuarial pension value changes.
- The Authority's cost of governmental activities was \$24,451,196, a decrease of \$1,802,081 over the prior year.

**Overview of the Financial Statements**

The annual financial report consists of three primary parts:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of the financial health of the Authority.

The statement of activities presents information showing how the government's net position changed during the fiscal year. It also separates revenue by governmental program.

**Fund Financial Statements**

Fund financial statements provide detailed information about the funds of the Authority. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**BIG BEAR FIRE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2025**

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**Notes to the Financial Statements**

Notes to the financial statements are presented following the fund financial statements to provide additional information that is essential to a full understanding of the financial statements including significant accounting policies, cash and investments, inter-fund transactions, liabilities, and other disclosures.

**Financial Analysis of the Authority's General Fund Financial Statements**

Our analysis focuses on the balance sheet and changes in fund balance of the Authority's governmental activities within the General Fund. The difference between the Authority's assets and liabilities represents the Authority's General Fund fund balance. Table 1 shows the assets and liabilities resulting in the Authority's net position. Table 2 shows the revenues and expenses resulting in the change in net position.

**BIG BEAR FIRE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2025**

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**Table 1**  
**Statement of Net Position**

	<b>2025</b>	<b>2024</b>
<b>ASSETS:</b>		
Cash and investments	\$ 72,927	\$ 1,066,891
Accounts receivable	3,877,536	3,242,076
Accrued interest receivable	8,881	9,066
Due from other governments	176,399	22,217
Prepaid costs	9,567	9,231
Capital assets not being depreciated	248,916	323,673
Capital assets, net of depreciation	5,240,933	5,243,085
<b>Total Assets</b>	<b>9,635,159</b>	<b>9,916,239</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
Deferred outflows related to pensions/OPEB	11,990,987	18,292,874
	<b>11,990,987</b>	<b>18,292,874</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	218,077	315,307
Accrued liabilities	673,523	568,293
Accrued Interest	18,243	21,385
Unearned revenue	8,400	11,400
Loans, Compensated absences, due in one year	1,089,462	1,147,518
Noncurrent liabilities		
Compensated absences, loans, due in more than one year	3,462,357	4,005,258
Net OPEB liability	5,637,158	4,911,045
Net pension liability	30,964,358	32,279,051
<b>Total Liabilities</b>	<b>42,071,578</b>	<b>43,259,257</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	5,409,617	6,584,800
Deferred inflows related to OPEB	213,848	377,494
<b>Total Deferred Inflows of Resources</b>	<b>5,623,465</b>	<b>6,962,294</b>
<b>NET POSITION</b>		
Net investment in capital assets	3,401,225	3,091,589
Unrestricted	(29,470,122)	(25,104,027)
<b>Total Net Position</b>	<b>\$ (26,068,897)</b>	<b>\$ (22,012,438)</b>

**BIG BEAR FIRE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2025**

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**Table 2**  
**Change in Net Position**

	<u>2025</u>	<u>2024</u>
<b>Revenues:</b>		
Program Revenues	\$ 6,141,671	\$ 5,554,253
General Revenues		
Property Taxes	14,148,812	13,489,136
Investment Income	104,254	76,899
<b>Total Revenues</b>	<b><u>20,394,737</u></b>	<b><u>19,120,288</u></b>
<b>Expenditures:</b>		
Public safety	24,292,275	26,087,030
Interest and fiscal charges	158,921	166,247
<b>Total Expenditures</b>	<b><u>24,451,196</u></b>	<b><u>26,253,277</u></b>
 Net Change in Net Position	 (4,056,459)	 (7,132,989)
Net Position, Beginning of Year	<u>(22,012,438)</u>	<u>(14,879,449)</u>
<b>Net Position at end of Year</b>	<b><u><u>\$ (26,068,897)</u></u></b>	<b><u><u>\$ (22,012,438)</u></u></b>

**CHANGE IN NET POSITION (Table 2)**

- Total revenues were \$20,394,737 or \$1,274,449 more than the prior year, due to an increase in property tax revenues.
- Total expenses were \$24,451,196 or \$1,802,081 less than the prior year as a result of pension actuarial valuation changes.
- Net Position at end of year was \$(26,068,897), a decrease of \$4,056,460 as a result of pension actuarial valuation changes.

**Debt Administration**

At the end of the current fiscal year, the Authority had total long-term liabilities outstanding of \$4,551,819. During the fiscal year, the District's debt obligation decreased \$600,957 due to debt service payments made on the Authority's loan obligations.

**Long Term Debt**  
**As of June 30, 2025**

	<u>2025</u>	<u>2024</u>
<b>Compensated Absences</b>	\$ 1,635,567	\$ 1,751,127
<b>Loans Payable</b>	2,916,252	3,401,649
	<b><u><u>\$ 4,551,819</u></u></b>	<b><u><u>\$ 5,152,776</u></u></b>

**BIG BEAR FIRE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2025**

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**Pension-Related Items and Net Pension Liability**

Deferred Outflows and Inflows:

The pension related items include deferred outflows and inflows in the amount of \$11,990,987 and \$5,623,465 respectively. The portion of deferred outflows related to contributions made by the Authority subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. The deferred outflows and inflows result from changes in proportion and differences between employer contributions and proportionate share contributions, changes in actuarial assumptions, differences in projected and actual pension plan investments, and differences between expected and actual experience in total pension liability will be amortized and recognized as pension expense in the year ended June 30, 2026 and thereafter as shown in Note 9 to the financial statements.

Net Pension Liability:

The aggregate net pension liability represents total pension liability (the present value of projected benefit payments to be provided through the plan to current active and inactive employees that is attributed to those employees' years of service) less the amount of the pension plan's fiduciary net position. The Authority's net pension liability as of June 30, 2025 is reported as \$30,964,358 for its proportionate shares of the SBCERA net pension liability and the Big Bear City Community Services District's net pension liability administered by CalPERS.

Net OPEB Liability:

The aggregate net OPEB liability represents total OPEB liability (the present value of projected health benefit payments to be provided through the plan current retirees that is attributed to those employees' years of service) less the amount of the OPEB plan's fiduciary net position. The Authority's net OPEB liability as of June 30, 2025 is reported as \$5,637,158 for its proportionate share of the Big Bear City Community Services District's net OPEB liability.

**Capital Asset Activity**

As of June 30, 2025, the Authority had \$5,489,849 capital assets as shown in the table below. This amount represents an decrease in capital assets in the amount of \$76,909 as a depreciation expense during the year.

**Capital Assets (Net of Depreciation)**  
**Governmental Activities**  
**As of June 30, 2025**

Land	\$	248,916
Buildings		180,096
Large Utility		4,677,136
Equipment		383,701
Total	\$	<u>5,489,849</u>

**Considerations, Plans and Projections for Next Fiscal Year**

The revenue projections provided for in fiscal Year 2025-2026 are based on projected property tax pass-through revenues as well as ambulance, air operations and mutual aid revenues from which the projected expenditures for the Authority will be funded.

**BIG BEAR FIRE AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2025**

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**Contacting the Authority's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, at the Big Bear Fire Authority, PO Box 2830, Big Bear Lake, California 92315, (909) 866-7566.

**BIG BEAR FIRE AUTHORITY**  
**Statement of Net Position**  
**June 30, 2025**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 72,927
Receivables (net of uncollectibles):	
Accounts	3,877,536
Accrued interest	8,881
Due from other governments	176,399
Prepaid costs	9,567
Capital assets (not being depreciated)	248,916
Capital assets (net of accumulated depreciation)	<u>5,240,933</u>
<b>Total assets</b>	<b><u>9,635,159</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension-related	11,209,611
OPEB-related	<u>781,376</u>
<b>Total deferred outflows of resources</b>	<b><u>11,990,987</u></b>
<b>LIABILITIES</b>	
Accounts payable	218,077
Accrued liabilities	673,523
Accrued interest	18,243
Unearned revenue	8,400
Noncurrent liabilities:	
Due within one year:	
Loans and compensated absences	1,089,462
Due in more than one year:	
Net pension liability	30,964,358
Net OPEB liability	5,637,158
Loans and compensated absences	<u>3,462,357</u>
<b>Total liabilities</b>	<b><u>42,071,578</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension-related	5,409,617
OPEB-related	<u>213,848</u>
<b>Total deferred inflows of resources</b>	<b><u>5,623,465</u></b>
<b>NET POSITION</b>	
Net investment in capital assets	3,401,225
Unrestricted	<u>(29,470,122)</u>
<b>Total net position</b>	<b><u>\$ (26,068,897)</u></b>

**BIG BEAR FIRE AUTHORITY**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

	<u>Program Revenues</u>			<u>Net (Expenses)</u> <u>Revenues and</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Contributions</u> <u>and Grants</u>	<u>Governmental</u> <u>Activities</u>
<b>Functions/Programs:</b>				
<b>Primary government:</b>				
<b>Governmental activities:</b>				
Public safety	\$ 24,292,275	\$ 5,138,259	\$ 1,003,412	\$ (18,150,604)
Interest on long-term debt	158,921	-	-	(158,921)
<b>Total governmental activities</b>	<b>24,451,196</b>	<b>5,138,259</b>	<b>1,003,412</b>	<b>(18,309,525)</b>
<b>Total primary government</b>	<b>\$ 24,451,196</b>	<b>\$ 5,138,259</b>	<b>\$ 1,003,412</b>	<b>(18,309,525)</b>
<b>General revenues:</b>				
General revenues:				
Property taxes				14,148,812
Use of money and property				104,254
<b>Total general revenues</b>				<b>14,253,066</b>
<b>Change in net position</b>				<b>(4,056,459)</b>
Net position-beginning				(22,012,438)
<b>Net position-ending</b>				<b>\$ (26,068,897)</b>

**BIG BEAR FIRE AUTHORITY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

		<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	
	<b>General</b>	<b>Grants Fund</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 72,927	\$ -	\$ -	\$ 72,927
Receivables (net of allowance for uncollectible):				
Accounts	3,877,536	-	-	3,877,536
Accrued interest	8,881	-	-	8,881
Due from other governments	148,942	27,457	-	176,399
Due from other funds	19,057	-	-	19,057
Prepaid costs	9,567	-	-	9,567
<b>Total assets</b>	<b>\$ 4,136,910</b>	<b>\$ 27,457</b>	<b>\$ -</b>	<b>\$ 4,164,367</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 218,077	\$ -	\$ -	\$ 218,077
Accrued liabilities	673,523	-	-	673,523
Due to other funds	-	19,057	-	19,057
Unearned revenues	-	8,400	-	8,400
<b>Total liabilities</b>	<b>891,600</b>	<b>27,457</b>	<b>-</b>	<b>919,057</b>
<b>FUND BALANCES (DEFICITS)</b>				
Nonspendable	9,567	-	-	9,567
Unassigned	3,235,743	-	-	3,235,743
<b>Total fund balances</b>	<b>3,245,310</b>	<b>-</b>	<b>-</b>	<b>3,245,310</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,136,910</b>	<b>\$ 27,457</b>	<b>\$ -</b>	<b>\$ 4,164,367</b>

See Accompanying Notes to Financial Statements.

**BIG BEAR FIRE AUTHORITY**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2025**

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Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$ 3,245,310
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,489,849
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.	
Deferred outflows-pension related	\$ 11,209,611
Deferred outflows-OPEB related	781,376
Deferred inflows-pension related	(5,409,617)
Deferred inflows-OPEB related	<u>(213,848)</u>
Total deferred outflows and inflows related to postemployment benefits	6,367,522
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Loans payable	(2,916,252)
Compensated absences	(1,635,567)
Accrued interest payable on long-term debt	(18,243)
Net pension liability	(30,964,358)
Net OPEB liability	<u>(5,637,158)</u>
Total long-term liabilities	<u>(41,171,578)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ (26,068,897)</u></u></b>

**BIG BEAR FIRE AUTHORITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

		<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	
	<b>General</b>	<b>Grants Fund</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 14,148,812	\$ -	\$ -	\$ 14,148,812
Intergovernmental	-	30,457	-	30,457
Charges for services	3,555,204	-	-	3,555,204
Use of money and property	104,254	-	-	104,254
Contributions	972,955	-	-	972,955
Miscellaneous	1,583,055	-	-	1,583,055
<b>Total revenues</b>	<b>20,364,280</b>	<b>30,457</b>	<b>-</b>	<b>20,394,737</b>
<b>EXPENDITURES</b>				
Current:				
Public safety	19,726,297	32,349	-	19,758,646
Capital outlay	-	-	197,802	197,802
Debt service:				
Principal	485,397	-	-	485,397
Interest	162,063	-	-	162,063
<b>Total expenditures</b>	<b>20,373,757</b>	<b>32,349</b>	<b>197,802</b>	<b>20,603,908</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(9,477)</b>	<b>(1,892)</b>	<b>(197,802)</b>	<b>(209,171)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,892	197,802	199,694
Transfers out	(199,694)	-	-	(199,694)
<b>Total other financing sources (uses)</b>	<b>(199,694)</b>	<b>1,892</b>	<b>197,802</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(209,171)</b>	<b>-</b>	<b>-</b>	<b>(209,171)</b>
Fund balances-beginning	3,454,481	-	-	3,454,481
<b>Fund balances-ending</b>	<b>\$ 3,245,310</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,245,310</b>

See Accompanying Notes to Financial Statements.

**BIG BEAR FIRE AUTHORITY**  
**Reconciliation of the Statement of Revenues, Expenses and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2025**

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Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds: \$ (209,171)

Governmental funds report capital outlays are expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$ 197,802	
Depreciation expense	<u>(274,711)</u>	
Total adjustment		(76,909)

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal payments	<u>485,397</u>	
Total adjustment		485,397

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	3,142	
Compensated absences	115,560	
Changes in pension liabilities and related deferred outflows and inflows of resources	(4,380,171)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>5,693</u>	
Total adjustment		<u>(4,255,776)</u>

**Change in net position of governmental activities \$ (4,056,459)**

**NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Big Bear Fire Authority (the Authority) was formed on June 21, 2012, pursuant to the California Joint Exercise of Powers Act, commencing at California Government Code section 6500 *et seq.* to merge the Big Bear Lake Fire Protection District's (FPD) and the Big Bear City Community Services District (CSD)'s fire agencies under one umbrella, and provide fire protection and prevention services in the Big Bear Valley area of San Bernardino County.

The governing board consists of ten directors, including the elected or appointed members of the boards of directors of the participating agencies. The term of office of each director shall be concurrent with that director's term or office on the participating agency's Board of Directors.

The Authority's operations are funded by contributions from the participating agencies.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Authority.

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 to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**C. 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 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Authority reports the following major funds:

- The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Grants Fund accounts for receipts and disbursements relating to grant programs received by the Authority.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- The Capital Projects Fund accounts for receipts and disbursements related to the acquisition and construction of capital assets, including property, buildings, and equipment.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**D. Assets, Liabilities and Net Position or Equity**

Cash and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Authority are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Authority accrues revenue only for those revenues which are received within 90 days after year-end.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities' column in the government-wide financial statements. The Authority defined capital assets as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

In accordance with GASB Statement No. 34, the Authority has reported its general infrastructure.

Addition of a major component (over \$3,000) to an existing fixed asset that increases its usability or value is considered to be a fixed asset addition to the original asset. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Authority are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
General plant and equipment	5 - 30

Compensated Absences

It is the Authority's policy to permit employees to accumulate general leave benefits. Under the current memorandum of understanding, the Authority's suppression employees receive 17 to 22, 24-hour shifts of general leave each year depending upon length of service. Ambulance operators receive 13 to 17, 24-hour shifts per year; flight staff receive 10 to 14, 24-hour shifts of general leave, and administrative staff receive 21 to 31, 8-hour shifts per year. Each employee's maximum accrual of general leave shall be equal to three times the employee's annual entitlement in hours. Employees may cash out up to 192 hours of general leave per fiscal year. However, employees must keep a minimum leave amount of 72 hours.

All paid time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category. The items are deferred pension related items and deferred other post-employment benefits (OPEB) related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category. The items are deferred pension related items and deferred other post-employment benefits (OPEB) related items.

**NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Pensions

For the purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the San Bernardino County Employees' Retirement Association (SBCERA) and the California Public Employees Retirement System (CalPERS) and additions to/deductions from SBCERA and CalPERS' plans fiduciary net positions have been determined on the same basis as they are reported by SBCERA and CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2024
Measurement Period (MP)	July 1, 2023, to June 30, 2024

Other Post-Employment Benefits

For the purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows and inflows of resources, and OPEB expense, information about the fiduciary net position of California Public Employees Retirement System (CalPERS) trust, and additions to/deductions from CalPERS plan's fiduciary net position have been determined on the same basis as it is reported by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value. Generally accepted accounting principles require 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	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023, to June 30, 2024

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses when incurred.

Fund Equity

In the fund financial statements, government funds report the following fund balance classifications:

Non-spendable Fund Balance – This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

**NOTE 1: REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Committed Fund Balance – This includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest authority. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a minute action or a resolution of the Authority’s Board of Directors.

Assigned Fund Balance – This includes amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance – This includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted amounts to be used first, then unrestricted. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, they are considered to be spent in the order as follows: committed, assigned and then unassigned.

Functional Classifications

Expenditures of the governmental funds are classified by function. Functional classifications are defined as follows:

- Public Safety includes activities of the Authority involved in the protection of people and property from fire, and emergency medical services.

**E. New GASB Pronouncements Effective during Fiscal Year**

The following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

**1. *GASB Statement No. 101, Compensated Absences***

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

The effects of GASB 101, Compensated Absences do not have a material effect on the financial statements.

**2. *GASB Statement No. 102, Certain Risk Disclosures***

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The City’s financial statements were not impacted by the implementation of this Statement.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Note 2 to Required Supplementary Information, *Excess of Expenditures over Appropriations*, describes budgetary excesses in the General Fund that occurred for the year ended June 30, 2025.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 3: CASH AND INVESTMENTS**

Cash and investments at June 30, 2025, consisted of the following:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 68,049
Investments	<u>4,878</u>
Total Cash and Investments	<u>\$ 72,927</u>

The Authority follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits

At June 30, 2025, the carrying amount of the Authority's deposits was \$68,049 and the bank balance was \$627,672. The \$559,623 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure a City's deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments in State Investment Pool

The Authority 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 Authority's investment in this pool is reported in the accompanying financial statements at amounts based on the Authority's pro rate 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 not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value.

Concentration of Credit Risk

The only investment held by the Authority is LAIF, which is exempt from any restrictions regarding concentration of credit risk.

Credit Risk

As of June 30, 2025, the Authority's investments in external investment pools are unrated.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2025, the Authority had no investments considered to be exposed to custodial credit risk. The Authority does not have a policy related to custodial credit risk.

Interest Rate Risk

As of June 30, 2025, the fair value of the Authority's investments was \$4,878, all invested in the Local Agency Investment Fund which has a maturity of less than one year.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority 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. LAIF, being the only investment held, is considered to be uncategorized.

**NOTE 4: CAPITAL ASSETS**

A summary of changes in capital assets for fiscal year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 248,916	\$ -	\$ -	\$ -	\$ 248,916
Construction-in-progress	74,757	-	-	(74,757)	-
Total capital assets, not being depreciated	323,673	-	-	(74,757)	248,916
Capital assets, being depreciated					
Buildings	268,769	15,700	-	-	284,469
Machinery, equipment, and vehicles	305,989	4,353	-	-	310,342
Automotive equipment	5,496,309	177,749	-	74,757	5,748,815
Total capital assets, being depreciated	6,071,067	197,802	-	74,757	6,343,626
Less accumulated depreciation					
Buildings	(86,631)	(17,742)	-	-	(104,373)
Machinery, equipment, and vehicles	(189,569)	(30,324)	-	-	(219,893)
Automotive equipment	(551,782)	(226,645)	-	-	(778,427)
Total accumulated depreciation	(827,982)	(274,711)	-	-	(1,102,693)
Total capital assets, being depreciated, net	5,243,085	(76,909)	-	74,757	5,240,933
Total governmental activities capital assets	\$ 5,566,758	\$ (76,909)	\$ -	\$ -	\$ 5,489,849

Depreciation expense was fully charged to the public safety function in the amount of \$274,711.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5: LONG TERM DEBT**

**A. Asset-related loans payable**

A summary of the changes in long-term debt of the Authority for the fiscal year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025	Amount Due Within One Year
Governmental activities					
Loans payable					
PNC fire engine	\$ 234,217	\$ -	\$ 116,106	\$ 118,111	\$ 118,111
Banc of america #1	1,294,315	-	152,919	1,141,396	155,634
Banc of america #2	946,637	-	117,520	829,117	119,803
Total loans payable	2,475,169	-	386,545	2,088,624	393,548
Compensated absences *	1,751,127	-	115,560	1,635,567	654,227
Total governmental activities	\$ 4,226,296	\$ -	\$ 502,105	\$ 3,724,191	\$ 1,047,775

\*Compensated absences is presented as a net change in accordance with GASB 101, Compensated Absences.

PNC Fire Engine

In February 2021, the Authority entered into a financed asset acquisition for the acquisition of a Pumper Engine valued at \$671,651. The ambulance has a five-year estimated useful life. This agreement qualifies as a financed asset acquisition for accounting purposes and, therefore, has been recorded at the present value of future minimum payments as of the inception date. The agreement is to be liquidated through the General Fund. The balance of the loan at June 30, 2025, is \$118,111.

Banc of America Loan #1

In December 2021, the Authority entered into a financed asset acquisition for the acquisition of a ladder truck and brush engine valued at \$1,442,429. The ambulance has a five-year estimated useful life. This agreement qualifies as a financed asset acquisition for accounting purposes and, therefore, has been recorded at the present value of future minimum payments as of the inception date. The agreement is to be liquidated through the General Fund. The balance of the loan at June 30, 2025, is \$1,141,396.

Banc of America Loan #2

In February 2022, the Authority entered into a financed asset acquisition for the acquisition of a fire engine, ambulance and Battalion Chief vehicle valued at \$821,825. The ambulance has a five-year estimated useful life. This agreement qualifies as a financed asset acquisition for accounting purposes and, therefore, has been recorded at the present value of future minimum payments as of the inception date. The agreement is to be liquidated through the General Fund. The balance of the loan at June 30, 2025, is \$829,117.

The future minimum agreement obligations and the net present value of these agreement payments as of June 30, 2025, were as follows:

June 30	Asset-related loans payable	
	Principal	Interest
2026	\$ 393,548	\$ 39,200
2027	280,527	32,584
2028	285,712	27,399
2029	290,992	22,118
2030	299,334	13,777
2031-2035	538,511	10,859
Totals	\$ 2,088,624	\$ 145,937

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 5: LONG TERM DEBT (CONTINUED)**

**B. Pension related loans**

A summary of the changes in loan obligations for the fiscal year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025	Amount Due Within One Year
Pension related loans payable:					
SBCERA Loan	\$ 865,958	\$ -	\$ 38,330	\$ 827,628	\$ 41,687
CSD Side Fund Loan	60,522	-	60,522	-	-
Total pension related loans payable	<u>\$ 926,480</u>	<u>\$ -</u>	<u>\$ 98,852</u>	<u>\$ 827,628</u>	<u>\$ 41,687</u>

SBERA Loan

As part of the merger between the FPD and the Authority, the employees of the FPD are to be included in the San Bernardino County Employees' Retirement Association (SBCERA)'s County Safety cost group and moved out of the City's Other Safety cost group. SBCERA and the FPD, on behalf of the City, have agreed that the amount to effectuate the inclusion of the FPD into the present County Safety cost group, and to avoid negatively impacting the County as a result, is \$6,508,000 calculated as of June 30, 2016, the last date for which actuarially determined unfunded actuarial liability (UAL) figures are available ("Transfer Amount"). As of June 30, 2025, the outstanding balance is \$827,628.

CSD CalPERS Side Fund Loan

In Fiscal Year 2014-15, the CSD's Sewer Department loaned \$1,020,445 to the CSD Fire Department. The CSD Fire Department paid off their Safety Group CalPERS side fund with the loaned funds. The legally binding interfund agreement requires that the Fire Department repay the loan within 10 years including 3.75 percent interest. Previously the CSD Fire Department had paid CalPERS 7.5 percent for the same loan and the Sewer Department had been earning 0.3 percent with the California Local Agency Investment Fund (LAIF). The side fund loan is secured with CSD collected property tax. As part of the merger agreement between the CSD Fire Department and the Authority, this loan is now an obligation of the Authority. As of June 30, 2025, there is no outstanding balance.

Debt service requirements on long-term debt at June 30, 2025, are as follows:

June 30	<u>Pension related loans payable</u>	
	Principal	Interest
2026	\$ 41,687	\$ 63,297
2027	45,339	59,645
2028	49,310	55,674
2029	53,629	51,355
2030	58,327	46,657
2031-2035	377,824	147,096
2036-2040	201,512	8,455
Totals	<u>\$ 827,628</u>	<u>\$ 432,179</u>

**NOTE 6: DEFINED CONTRIBUTION PENSION PLAN**

The Authority's two 457(b) deferred compensation plans are defined contribution pension plans administered by the Board of Directors and management of the Authority. The deferred compensation plans cover all employees who were previously covered under the Authority's previous 401(a) Money Purchase Plan, which closed at the end of the previous fiscal year and did not opt for a distribution of assets from that plan.

Employees may make voluntary contributions to the plan up to the maximum annual amounts permitted by the Internal Revenue Service. One of the 457(b) plans is administered by Nationwide Trust Company (Nationwide Plan) and the other is administered by Lincoln Financial Group (Lincoln Plan). Voluntary employee contributions to the plans were \$242,813 to the Nationwide Plan and \$62,974 to the Lincoln Plan.

Federal law requires that Plan assets be held in trust for the exclusive benefit of the participants. Accordingly, the Authority is in compliance with the legislation. Therefore, these assets are not the legal property of the Authority and are not subject to claims of the Authority's general creditors. Market value of the plan assets held in trust at June 30, 2025, for the Nationwide Plan were \$1,967,790 for 22 participants; plan assets for the Lincoln Plan for the same period was \$856,662 for 14 participants.

The Authority's Board of Directors establishes and amends all deferred compensation plan provisions, including benefit terms and contribution requirements. Amendment or termination of the plans is subject to the meet and confer requirement of the Myers-Milias-Brown Act and other applicable law.

**NOTE 7: DEFINED BENEFIT PENSION PLANS**

**A. SBCERA Cost-Sharing Plan**

Plan Description

SBCERA was established by the County of San Bernardino in 1945. SBCERA is governed by the County Employees' Retirement Law of 1937 (California Government Code Section 31450 et. seq), the California Public Employees' Pension Reform Act of 2013 (CalPEPRA), and the regulations, procedures, and policies adopted by SBCERA's Board of Retirement. SBCERA is a cost-sharing, multiple employer, defined benefit public employee Retirement Association whose main function is to provide service retirement, disability, death, and survivor benefits to the General and Safety members employed by the County of San Bernardino. SBCERA also provides retirement benefits to the employee members for 17 other employers which are members of SBCERA.

The Plan operates under the provisions of the California County Employees' Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by SBCERA's Board of Retirement (Board). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA is a tax qualified plan under Section 401 (a) of the Internal Revenue Code.

SBCERA is a legally separate entity from the Authority, not a component unit, and there is no financial interdependency with the County of San Bernardino. For these reasons, the Authority's basic financial statements exclude the SBCERA pension plan as of June 30, 2025. SBCERA publishes its own comprehensive annual financial report that includes its financial statements and required supplementary information, that can be obtained by writing SBCERA at, 348 W. Hospitality Lane, Third Floor, San Bernardino, California 92415-0014 or visiting the website at: [www.SBCERA.org](http://www.SBCERA.org).

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Benefits Provided

SBCERA provides retirement, disability, death, and survivor benefits. The CERL and PEPRA establish benefit terms. Retirement benefits are calculated on the basis of age, average final compensation and service credit as follows:

	Safety - Tier 1	Safety - Tier 2
Final Average Compensation	Highest 12 months	Highest 36 months
Normal Retirement Age	Age 50	Age 52
Early Retirement: Years of service required and/or age eligible for	Age 70 any years	Age 70 any years
	10 years age 50	5 years age 50
	20 years any age	N/A
Benefit percent per year of service for normal retirement age	3% per year of final average compensation for every year of service credit	Final average compensation multiplied by years of accrued retirement credit multiplied by the age factor.
Benefit adjustments	Reduce before age 50	Reduce before age 57
Final Average Compensation Limitation	Government Code 31664.1	Government Code 7522.25(d)

An automatic cost of living adjustment is provided to benefit recipients based on changes in the local region Consumer Price Index (CPI) up to a maximum of 2% per year. Any increase greater than 2% is banked and may be used in years where the CPI is less than 2%. There is a one-time 7% increase at retirement for members hired before August 19, 1975. The Plan also provides disability and death benefits to eligible members and their beneficiaries, respectively. For retired members, the death benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to benefits based on the members years of service or if the death was caused by employment. General members are also eligible for survivor benefits which are payable upon a member's death.

Contributions

Participating employers and active members are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members.

The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2025, ranged between 9.51% and 15.78% for Tier 1 General members and 9.12% for Tier 2 General members and 12.70% and 18.50% for Tier 1 Safety member and 15.84% for Tier 2 Safety member.

Employer contribution rates for the year ended June 30, 2025, are as follows:

	<u>Employer Contribution Rates</u>	
	<u>Tier 1 Members <sup>1</sup></u>	<u>Tier 2 Members <sup>1</sup></u>
General	24.21%	21.57%
Safety	61.41%	52.82%

(1) Rates are in accordance with the June 30, 2023 valuation.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The required employer contributions and the amount paid to SBCERA by the Authority for the year ended June 30, 2025, were \$2,946,246. The employer contributions were equal to the required employer contributions for the year ended June 30, 2025.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources

At June 30, 2025, the Authority reported a net pension liability of \$13,324,252 for its proportionate share of the SBCERA's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. The SBCERA's publicly available financial report provides details on the change in the net pension liability.

The Authority's proportion of the net pension liability were based on the contributions received by SBCERA during the measurement period for employer payroll paid dates from July 1, 2023, through June 30, 2024, relative to the total employer contributions received from all of SBCERA's participating employers. At the June 30, 2024, measurement date, the Authority's proportion was 0.628%, which is a 0.019% increase over the prior year proportion of 0.609%.

For the year ended June 30, 2025, the Authority recognized \$3,108,641 for its proportionate share of SBCERA's pension expense.

At June 30, 2025, the Authority reported their proportionate shares of 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>
Contributions subsequent to the measurement date	\$ 2,946,246	\$ -
Changes of assumptions	280,146	468,156
Net difference between projected and actual earnings on pension plan investments	-	340,203
Differences between expected and actual experience	1,690,853	174,747
Difference between actual contributions and the proportionate share of contributions	<u>761,863</u>	<u>2,743,709</u>
Total	<u>\$ 5,679,108</u>	<u>\$ 3,726,815</u>

The \$2,946,246 reported as deferred outflows of resources related to pensions contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SBCERA pensions will be recognized in pension expense as follows:

Fiscal Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (2,036,309)
2027	1,267,578
2028	(137,515)
2029	<u>(87,707)</u>
Total	<u>\$ (993,953)</u>

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Actuarial Assumptions and Methods

The significant actuarial assumptions and methods used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Investment rate of return	7.25%
Inflation	2.50%
Projected salary increases	4.75% to 10.00%
Administrative expenses	0.90% of payroll

Mortality is based on the Pub-2010 Amount-Weighted Above-Median Mortality Table projected generationally with the two-dimensional MP-2021 projection scale.

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the three-year period of July 1, 2019 through June 30, 2022.

The long-term expected rate of return on pension plan investments is 7.25%. SBCERA's actuary prepares an analysis of the long-term expected rate of return on a triennial basis using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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 by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocations (approved by the SBCERA Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long term expected investment rate of return assumptions are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Estate of Return <sup>1</sup>
Large Cap U.S. Equity	14.50%	6.00%
Small Cap U.S. Equity	2.50%	6.65%
Developed International Equity	7.00%	7.01%
Emerging Market Equity	6.00%	8.80%
U.S. Core Fixed Income	2.00%	1.97%
Emerging Market Debt	6.00%	4.76%
Real Estate - Core	2.50%	3.86%
Cash and Equivalents	2.00%	0.63%
Private Equity	18.00%	9.84%
High Yield/Credit Strategies	13.00%	6.48%
Absolute Return	7.00%	7.10%
Real Estate - Non-Core	2.50%	5.40%
Real Assets	6.00%	10.10%
International Credit	11.00%	7.10%
<b>Total</b>	<b>100.00%</b>	

<sup>1</sup> Arithmetic real rates of return are net of inflation.

**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made based on the actuarially determined rates based on the SBCERA Board's funding policy, which establishes the contractually required rate based on statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the actuarial valuation date of June 30, 2024, the discount rate used to measure the total pension liability as of the year ended June 30, 2025, was 7.25%.

Sensitivity of Net Pension Liability to Changes in Discount Rate

The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Discount Rate -1 Percent -6.25%	Current Discount Rate 7.25%	Discount Rate +1 Percent 8.25%
Proportionate share of net pension liability/(asset)	<u>\$ 23,490,757</u>	<u>\$ 13,324,252</u>	<u>\$ 5,016,183</u>

Pension Plan Fiduciary Net Position

Detailed information about the SBCERA's fiduciary net position is available in a separately issued SBCERA comprehensive annual financial report. That report may be obtained on the Internet at [www.SBCERA.org](http://www.SBCERA.org); by writing to SBCERA at 348 W. Hospitality Lane, Third Floor, San Bernardino, California 92415; or by calling (909) 885-7980 or (877) 722-3721.

**B. CalPERS Cost-Sharing Plan**

The Authority funds a portion of the CSD's CalPERS pension plan for safety retirees. No current employees are eligible to participate in this plan and all active employees transitioned over to the SBCERA cost-sharing plan at June 30, 2024. The CalPERS plan is a cost-sharing, multiple employer, defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is 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.

Actuarial Methods and Assumptions

The total pension liability for the June 30, 2024 measurement period was determined by an actuarial valuation as of June 30, 2023, with updated procedures used to roll forward the total pension liability to June 30, 2024. The total pension liability was based on the following assumptions:

Entry Age Normal in accordance with the requirements of GASB 68

Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies

<sup>1</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the December 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C (pension fund administered by CalPERS) was 6.90 percent. 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.

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 as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 pension fund. The expected rate of return was set by calculated the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

Asset Class	Assumed Asset Allocation	Real Return <sup>1, 2</sup>
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real 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 2022 Asset Liability Management study

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

Changes in Net Pension Liability

At June 30, 2025, the Authority reported its proportionate share of the CSD's net pension liability of \$17,640,106, a decrease of \$179,377 from the prior year amount of \$17,819,483.

The Authority's proportionate share of the net pension liability for the plan as of June 30, 2023 and 2024, was as follows:

Proportion - June 30, 2023	0.1707%
Proportion - June 30, 2024	<u>0.1742%</u>
Change	<u><u>0.0035%</u></u>

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

The following presents 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 Percent -5.90%	Current Discount Rate 6.90%	Discount Rate +1 Percent 7.90%
Proportionate share of net pension liability/(asset)	\$ 25,076,275	\$ 17,640,106	\$ 11,558,365

Recognition of Gains and Losses

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

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

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

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for PERF C for the measurement period ending June 30, 2024, is 3.8 years.

Pension Expense, Deferred Outflows, and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2025, the Authority recognized a pension expense of \$5,278,506.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 7: DEFINED BENEFIT PENSION PLANS (CONTINUED)**

As of June 30, 2025, the Department reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 809,997	\$ -
Differences between Expected and Actual Experience	1,439,590	46,807
Changes of Assumptions	434,616	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	852,642	-
Change in employer's proportion	1,993,658	314,860
Differences between the employer's contribution and the employer's proportionate share of contributions	-	1,321,135
Total	<u>\$ 5,530,503</u>	<u>\$ 1,682,802</u>

The \$809,997 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. That and other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2026	\$ 2,143,974
2027	1,450,313
2028	(264,847)
2029	(291,736)
Total	<u>\$ 3,037,704</u>

**C. Summary of Pension Liabilities, Deferred Outflows and Deferred Inflows of Resources, and Pension Expense – All Plans**

	SBCERA	CalPERS	Total
Net Pension Liability	\$ 13,324,252	\$ 17,640,106	\$ 30,964,358
Deferred Outflows of Resources	5,679,108	5,530,503	11,209,611
Deferred Inflows of Resources	3,726,815	1,682,802	5,409,617
Pension Expense	3,108,641	5,278,506	8,387,147

**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Plan Description

The Authority funds health benefits for its share of all qualifying fire safety retirees from the CSD in accordance with Memorandums of Understanding under various labor agreements. The CSD's plan is an agent, multiple-employer plan administered by the CSD.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Contributions

As required by GASB Statement No. 75, an actuary will determine the CSD’s annual required contribution (ARC) at least once every three fiscal years. The ARC is calculated in accordance with certain parameters and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years. The Authority provides funding to the CSD for the former CSD fire safety retirees enrolled in the plan. The Authority did not make any contributions to the plan for the year ended June 30, 2025.

Significant Actuarial Assumptions Used for Total OPEB Liability

Actuarial Assumption	June 30, 2025 Measurement Date
Actuarial Valuation Date	June 30, 2024
Contribution Policy	Authority contributes portion of full CSD ADC
Discount Rate	6.25 percent
General Inflation	2.50 percent
Mortality, Retirement	Mortality projected fully generational with Scale MP-2021
Disability, Termination	CalPERS 2000-2019 Experience Study
Salary Increases	2.75 percent
Medical Trends	Non-Medicare - 7.90% in 2026, decreasing to 3.45% in 2076 Medicare (Non-Kaiser) - 6.90% for 2026, decreasing to 3.45% in 2076 Medicare (Kaiser) - 5.65% for 2026, decreasing to 3.45% in 2076

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 weighing 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	Expected Real Rate of Return <sup>1</sup>
Global Equity	49.00%	4.56%
Fixed Income	23.00%	1.56%
TIPS	5.00%	-0.08%
Commodities	3.00%	1.22%
REITs	20.00%	4.06%
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return, Rounded		6.25%

<sup>1</sup> The long-term expected real rates of return are presented as geometric means.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Changes in Net OPEB Liability

At June 30, 2025, the measurement date, the Authority reported its proportionate share of the CSD's net OPEB liability of \$5,637,158; an increase of \$726,113 from the prior year amount of \$4,911,045.

The net OPEB liability of the plan is measured as of June 30, 2025, and the total OPEB liability for the plan used to calculate the net OPEB liability was determined by an actuarial valuation of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. The proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net OPEB liability for the plan as of June 30, 2024, and 2025 was as follows:

	OPEB Plan
Proportion – June 30, 2024	37%
Proportion – June 30, 2025	36%
Change – Increase (Decrease)	1%

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

The following presents the net OPEB liability of the Plan as of the Measurement Date, calculated using the discount rate of 6.25 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.25 percent) or 1 percentage-point higher (7.25 percent) than the current rate:

	Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
Plan's Net OPEB Liability -Authority Allocation (35%)	\$4,345,277	\$5,637,158	\$3,067,268

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability of the Plan as of the Measurement Date, calculated using current healthcare trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
Plan's Net OPEB Liability -Authority Allocation (35%)	\$2,980,038	\$5,637,158	\$4,462,863

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.

**BIG BEAR FIRE AUTHORITY**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments are amortized over 5 years, while all other deferred outflows and inflows are amortized over the average expected remaining service life of plan participants. For the June 30, 2024 beginning measurement date, the average expected remaining service life is 5.5 years.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the Authority recognized OPEB income of \$5,692. As of fiscal year-ended June 30, 2025, the Department reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 642,443	\$ 138,552
Changes in assumptions	138,933	5,749
Net difference between projected and actual earnings on plan investments	-	69,547
Total	<u>\$ 781,376</u>	<u>\$ 213,848</u>

The amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 154,611
2027	110,929
2028	109,146
2029	121,459
2030	71,383
Total	<u>\$ 567,528</u>

**NOTE 9: INSURANCE**

**A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The Authority is a member of the California Joint Powers Insurance Authority (CJPIA). CJPIA is composed of 126 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. CJPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**NOTE 9: INSURANCE (CONTINUED)**

**B. Self-Insurance Programs of the CJPIA**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on CJPIA's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Primary Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2024-25, CJPIA's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**C. Purchased Insurance**

Pollution Legal Liability Insurance

The Authority participates in the pollution legal liability insurance program which is available through CJPIA. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the Authority. Coverage is on a claims-made basis. There is a \$250,000 deductible. CJPIA has an aggregate limit of \$20 million.

Property Insurance

The Authority participates in the all-risk property protection program of CJPIA. This insurance protection is underwritten by several insurance companies. The Authority's property is currently insured according to a schedule of covered property submitted by the Authority to the CJPIA. The Authority's property currently has all-risk property insurance protection in the amount of \$11,678,494. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

**NOTE 9: INSURANCE (CONTINUED)**

Crime Insurance

The Authority purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through CJPIA.

**D. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2024-25.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

The Authority is subject to litigation arising in the normal course of business. In the opinion of legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

**NOTE 11: SUBSEQUENT EVENTS**

The Authority evaluated subsequent events for recognition and disclosure through March 3, 2026, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BIG BEAR FIRE AUTHORITY**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**General Fund**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 13,845,655	\$ 13,845,655	\$ 14,148,812	\$ 303,157
Charges for services	11,984,137	11,984,137	3,555,204	(8,428,933)
Use of money and property	73,329	73,329	104,254	30,925
Contributions	997,100	997,100	972,955	(24,145)
Miscellaneous	822,780	822,780	1,583,055	760,275
<b>Total revenues</b>	<b><u>27,723,001</u></b>	<b><u>27,723,001</u></b>	<b><u>20,364,280</u></b>	<b><u>(7,358,721)</u></b>
<b>EXPENDITURES</b>				
Current:				
Public safety	18,932,432	18,932,432	19,726,297	(793,865)
Debt service:				
Principal	485,397	485,397	485,397	-
Interest	163,991	163,991	162,063	1,928
<b>Total expenditures</b>	<b><u>19,581,820</u></b>	<b><u>19,581,820</u></b>	<b><u>20,373,757</u></b>	<b><u>(791,937)</u></b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b><u>8,141,181</u></b>	<b><u>8,141,181</u></b>	<b><u>(9,477)</u></b>	<b><u>(8,150,658)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(378,975)	(378,975)	(199,694)	179,281
<b>Total other financing sources (uses)</b>	<b><u>(378,975)</u></b>	<b><u>(378,975)</u></b>	<b><u>(199,694)</u></b>	<b><u>179,281</u></b>
<b>Net change in fund balances</b>	<b><u>\$ 7,762,206</u></b>	<b><u>\$ 7,762,206</u></b>	<b><u>(209,171)</u></b>	<b><u>\$ (7,971,377)</u></b>
Fund balances-beginning			3,454,481	
<b>Fund balances-ending</b>			<b><u>\$ 3,245,310</u></b>	

The notes to required supplementary information are an integral part of this schedule.

**BIG BEAR FIRE AUTHORITY**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Grants Fund**  
**For the Year Ended June 30, 2025**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 35,066	\$ 35,066	\$ 30,457	\$ (4,609)
<b>Total revenues</b>	<u>35,066</u>	<u>35,066</u>	<u>30,457</u>	<u>(4,609)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	35,066	35,066	32,349	2,717
<b>Total expenditures</b>	<u>35,066</u>	<u>35,066</u>	<u>32,349</u>	<u>2,717</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>(1,892)</u>	<u>(1,892)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,892	1,892
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>1,892</u>	<u>1,892</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances-beginning			-	
<b>Fund balances-ending</b>			<u>\$ -</u>	

The notes to required supplementary information are an integral part of this schedule.

**BIG BEAR FIRE AUTHORITY**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**As of June 30 for the last Ten Fiscal Years <sup>1</sup>**

<u>Measurement Date</u>	<u>2025</u> <u>6/30/2024</u>	<u>2024</u> <u>6/30/2023</u>	<u>2023</u> <u>6/30/2022</u>
<u>SBCERA Plan:</u>			
Proportion of the Net Pension Liability	0.628%	0.609%	0.620%
Proportionate Share of the Net Pension Liability	\$ 13,324,252	\$ 14,459,568	\$ 14,410,735
Covered Payroll	\$ 5,772,366	\$ 5,254,888	\$ 5,790,479
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	230.83%	275.16%	248.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.54%	79.68%	79.58%
<u>CalPERS Plan:</u>			
Proportion of the Net Pension Liability	0.174%	0.171%	0.095%
Proportionate Share of the Net Pension Liability	\$ 17,640,106	\$ 17,819,483	\$ 16,929,089
Covered Payroll	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.08%	63.93%	78.85%

**Notes to Schedule:**

Benefit Changes: None

Changes of Assumptions: There were no assumption changes in 2023 or 2024. 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.

<sup>1</sup> Fiscal year 2019 was the first year the Authority reported a defined benefit pension plan, therefore only seven years are shown.

<sup>2</sup> This plan is closed to new entrants, and has no active participants. As such, there is no covered payroll.

The notes to required supplementary information are an integral part of this schedule.

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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>6/30/2021</b>	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2018</b>
	0.744%	0.606%	0.787%	0.393%
\$	9,801,142	\$ 24,295,795	\$ 21,353,585	\$ 9,948,458
\$	4,944,594	\$ 6,049,654	\$ 4,484,497	\$ 2,343,852
	198.22%	401.61%	476.16%	424.45%
	84.92%	66.36%	72.87%	72.87%
	0.053%	0.047%	0.051%	0.066%
\$	2,882,904	\$ 5,474,917	\$ 5,291,112	\$ 6,397,198
	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
	88.29%	75.10%	75.26%	72.82%

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The notes to required supplementary information are an integral part of this schedule.

**BIG BEAR FIRE AUTHORITY**  
**Schedule of Plan Contributions**  
**As of June 30 for the last Ten Fiscal Years <sup>1</sup>**

<u>SBCERA Plan:</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Actuarially Determined Contribution <sup>3</sup>	\$ 2,946,246	\$ 2,917,364	\$ 2,777,063
Actual Contributions	<u>(2,946,246)</u>	<u>(2,917,364)</u>	<u>(2,777,063)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 6,066,510	\$ 5,772,366	\$ 5,254,888
Contributions as a Percentage of Covered Payroll	48.57%	50.54%	52.85%

<u>CalPERS Plan:</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Actuarially Determined Contribution <sup>3</sup>	\$ 809,997	\$ 459,296	\$ 684,766
Actual Contributions	<u>(809,997)</u>	<u>(459,296)</u>	<u>(684,766)</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

**Note to Schedule:**

<sup>1</sup> Fiscal year 2019 is the first year the Authority is reporting a defined benefit pension plan, therefore only seven years are shown.

<sup>2</sup> This plan is closed to new entrants, and has no active participants. As such, there is no covered payroll.

<sup>3</sup> For information on the actuarial assumptions underlying the actuarially determined contribution, refer to the SBCERA Funding Valuation dated June 30, 2024, and the CalPERS Funding Valuation dated June 30, 2023, available on the retirement plans' respective websites: [www.sbcera.org](http://www.sbcera.org) and [www.calpers.ca.gov](http://www.calpers.ca.gov).

The notes to required supplementary information are an integral part of this schedule.

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<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
\$ 2,803,745	\$ 2,490,371	\$ 2,708,917	\$ 2,618,764
(2,803,745)	(2,490,371)	(2,708,917)	(2,618,764)
\$ -	\$ -	\$ -	\$ -
\$ 5,790,479	\$ 4,944,594	\$ 6,049,654	\$ 4,484,497
48.42%	50.37%	44.78%	58.40%

<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
\$ 616,998	\$ 575,708	\$ 509,619	\$ 506,410
(616,998)	(575,708)	(509,619)	(506,410)
\$ -	\$ -	\$ -	\$ -
N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

The notes to required supplementary information are an integral part of this schedule.

**BIG BEAR FIRE AUTHORITY**  
**Schedule of Proportionate Share of the Net OPEB Liability**  
**As of June 30 FOR THE LAST TEN FISCAL YEARS <sup>1</sup>**

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	<u>2025</u>	<u>2024</u>	<u>2023</u>
Proportion of the Net OPEB Liability <sup>2</sup>	36%	37%	33%
Proportionate Share of the Net OPEB Liability	\$ 5,637,158	\$ 4,911,045	\$ 3,320,307
Covered Payroll	N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	35.8%	36.7%	33.1%

**Notes to Schedule:**

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<sup>1</sup> Fiscal year 2019 is the first year the Authority is reporting a defined benefit OPEB plan, therefore only seven years are shown.

<sup>2</sup> This amount represents the Authority's share of the CSD's net OPEB liability. For more information on the CSD's proportionate share of the net pension liability in relation to CalPER's pool as a whole, refer to the CSD's financial statements available at [www.bbcsd.org](http://www.bbcsd.org).

<sup>3</sup> This plan is closed to new entrants, and has no active participants. As such, there is no covered payroll.

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<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
37%	40%	35%	36%
\$ 3,271,833	\$ 3,219,758	\$ 3,913,298	\$ 4,085,325
N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>	N/A <sup>3</sup>
30.8%	34.8%	22.5%	19.8%

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The notes to required supplementary information are an integral part of this schedule.

**BIG BEAR FIRE AUTHORITY**  
**Notes To Required Supplementary Information**  
**For the Year Ended June 30, 2025**

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**NOTE 1: GENERAL BUDGET POLICIES**

1. The annual budget adopted by the Authority Board of Directors provides for the general operation of the Authority. It includes proposed expenditures and the means of financing them.
2. The Authority Board of Directors approves total budgeted appropriations and any amendments to appropriations throughout the year. This appropriated budget covers the Authority expenditures. Actual expenditures may not exceed budgeted appropriations at the function level. Budget figures used in the financial statements are the final adjusted amounts, including any amendments to the budget during the year.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services such as purchase orders and contracts are recorded during the year as encumbrances to assist in controlling expenditures. Appropriations which are encumbered at year-end lapse, and then are added to the following year's budgeted appropriations.
4. The budget is adopted on a basis substantially consistent with Generally Accepted Accounting Principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

**NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2025, the following functions of the General Fund reflected expenditures in excess of budgeted amounts.

Major Fund	Appropriations	Expenditures	Amount of Excess
General Fund			
Public safety	\$ 18,932,432	\$ 19,726,297	\$ (793,865)

**SUPPLEMENTARY INFORMATION**

**BIG BEAR FIRE AUTHORITY**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2025**

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	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>EXPENDITURES</b>				
Capital outlay	\$ 378,975	\$ 378,975	\$ 197,802	\$ 181,173
<b>Total expenditures</b>	<u>378,975</u>	<u>378,975</u>	<u>197,802</u>	<u>181,173</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(378,975)</u>	<u>(378,975)</u>	<u>(197,802)</u>	<u>181,173</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	197,802	197,802
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>197,802</u>	<u>197,802</u>
<b>Net change in fund balances</b>	<u>\$ (378,975)</u>	<u>\$ (378,975)</u>	<u>-</u>	<u>\$ 378,975</u>
Fund balances-beginning			<u>-</u>	
<b>Fund balances-ending</b>			<u>\$ -</u>	

The notes to required supplementary information are an integral part of this schedule.