



# BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

FOR THE YEAR ENDED JUNE 30, 2025

BASIC FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

Focused  
on YOU



BEAR VALLEY BASIN  
GROUNDWATER SUSTAINABILITY AGENCY

Basic Financial Statements and  
Independent Auditors' Report

For the Year Ended June 30, 2025

BEAR VALLEY BASIN  
GROUNDWATER SUSTAINABILITY AGENCY

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Independent Auditors' Report

For the Year Ended June 30, 2025

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Bear Valley Basin Groundwater Sustainability Agency  
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 the fund information of the Bear Valley Basin Groundwater Sustainability Agency (hereafter, the Agency) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of the Agency 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, standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special Districts. 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 Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



To the Board of Directors  
Bear Valley Basin Groundwater Sustainability Agency  
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, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts 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, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary schedule 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  
Bear Valley Basin Groundwater Sustainability Agency  
Big Bear Lake, California

***Summarized Comparative Information***

We have previously audited the financial statements of the Agency for the year ended June 30, 2024, and expressed an unmodified audit opinion on those financial statements in our report dated November 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting and compliance.

***LSL, LLP***

Irvine, California  
December 16, 2025

# Bear Valley Basin Groundwater Sustainability Agency

## Management Discussion and Analysis

Fiscal Year Ended June 30, 2025

### **Overview**

In 2017, the Bear Valley Basin Groundwater Sustainability Agency (BVBGSA) was formed through the adoption of a Joint Powers Agreement (JPA) between Big Bear Municipal Water District (BBMWD), Big Bear Regional Wastewater Agency (BBARWA), Big Bear City Community Services District (BCCSD), and the City of Big Bear Lake, Department of Water and Power (DWP), (collectively, the Member Agencies). BVBGSA was formed primarily to satisfy the requirements of California's Sustainable Groundwater Management Act of 2014 (SGMA) that applies to the Bear Valley Basin, which is the unadjudicated water basin for the Member Agencies.

In 2014, the Bear Valley Basin was ranked as a medium priority basin and therefore in accordance with SGMA, a Groundwater Sustainability Agency (GSA) was required for the purpose of implementing sustainable groundwater management practices. Based upon its prioritization, BVBGSA was required to develop and adopt a Groundwater Sustainability Plan (GSP), which was completed and adopted June 27, 2022. BVBGSA continues to monitor ground water levels in the Bear Valley in accordance with the GSP.

### **Fiscal Year Ended June 30, 2025 Budgetary Analysis – See Schedule A**

For the year ended June 30, 2025, total revenues, all from member contributions, were \$22,208, coming in under budget projections by \$26,192 (54%). Member contributions are based on BVBGSA actual spending which was less than projected resulting in significantly lower member contributions.

For the year ended June 30, 2025, total expenditures were \$22,208, under budget by \$26,192 (54%). Professional services totaled \$15,389, under budget by \$24,911 (62%). Other expenses totaled \$3,943, under budget by \$257 (6%). Administrative expenses totaled \$2,876, under budget by \$1,024 (26%).

### **Fiscal Year Ended June 30, 2024 Prior Year Comparison – See Schedule A**

Compared with the year ended June 30, 2024, total revenues consisting entirely of member contributions decreased \$2,272 (9%).

Compared with the year ended June 30, 2024, total expenditures decreased \$2,162 (7%). Professional services decreased \$3,117 (17%) primarily from increased time spent on the annual hydrology report. other expenses of \$3,943 and Administrative expenses of \$2,876 were incurred primarily to secure directors & officers' insurance, for advertising public hearings and for banking charges.

**Schedule A**

	<b>6/30/2025 Actual</b>	<b>Final Budget</b>	<b>Budget to Actual Variance</b>	<b>Budget to Actual % Variance</b>	<b>6/30/2024 Actual</b>	<b>Year To Year Change</b>	<b>% Year To Year Change</b>
<b>Revenues:</b>							
Operating contributions	\$ 22,208	\$48,400	\$(26,192)	-54%	\$ 24,480	\$ (2,272)	-9%
<b>Total Revenues</b>	<b>\$ 22,208</b>	<b>\$48,400</b>	<b>\$(26,192)</b>	<b>-54%</b>	<b>\$ 24,480</b>	<b>\$ (2,272)</b>	<b>-9%</b>
<b>Expenditures:</b>							
Professional services	\$ 15,389	\$40,300	\$(24,911)	-62%	\$ 18,506	(3,117)	-17%
Other expenses	3,943	4,200	(257)	-6%	3,364	579	17%
Administrative expenses	2,876	3,900	(1,024)	-26%	2,500	376	15%
<b>Total Expenditures</b>	<b>\$ 22,208</b>	<b>\$48,400</b>	<b>\$(26,192)</b>	<b>-54%</b>	<b>\$ 24,370</b>	<b>\$ (2,162)</b>	<b>-9%</b>

**BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**

**Statement of Net Position**

**June 30, 2025**

**(With comparative totals for June 30, 2024)**

	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets:</b>		
Cash	\$ 4,001	\$ 3,856
Due from member agencies	561	2,875
<b>Total Assets</b>	<b>4,562</b>	<b>6,731</b>
<b>Liabilities:</b>		
Due to member agencies	\$ 4,312	4,001
Accounts payable	250	2,730
<b>Total Liabilities</b>	<b>4,562</b>	<b>6,731</b>
<b>Net Position:</b>		
Unrestricted	-	-
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to financial statements are an integral part of this statement.

**BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**  
**(With comparative totals for the Year Ended June 30, 2024)**

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	<b>Governmental Activities</b>	
	<b>2025</b>	<b>2024</b>
<b>Expenses:</b>		
Professional services	\$ 15,389	\$ 18,506
Other expenses	3,943	3,364
Administrative expenses	2,876	2,500
<b>Total Program Expenses</b>	<b>22,208</b>	<b>24,370</b>
<b>Program Revenues:</b>		
Operating contributions	22,208	24,480
<b>Total Program Revenues</b>	<b>22,208</b>	<b>24,480</b>
Change in Net Position	-	110
Net Position at the Beginning of the Year	-	(110)
<b>Net Position at the End of the Year</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to financial statements are an integral part of this statement.

BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY  
 Balance Sheet  
 Governmental Fund  
 June 30, 2025  
 (With comparative totals for June 30, 2024)

	<u>2025</u>	<u>2024</u>
<b>Assets:</b>		
Cash	\$ 4,001	\$ 3,856
Due from member agencies	561	2,875
<b>Total Assets</b>	<b>\$ 4,562</b>	<b>\$ 6,731</b>
<b>Liabilities and Fund Balance:</b>		
Liabilities:		
Due to member agencies	\$ 4,312	\$4,000
Accounts payable	250	2,731
Total Liabilities	4,562	6,731
Fund Balance:		
Unrestricted	-	-
Total Fund Balance	-	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,562</b>	<b>\$ 6,731</b>

The notes to financial statements are an integral part of this statement.

**BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**  
**Statement of Revenues, Expenditures, and Changes In Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2025**  
**(With comparative totals for the Year Ended June 30, 2024)**

	<b>2025</b>	<b>2024</b>
<b>Revenues:</b>		
Operating contributions	\$ 22,208	\$ 24,480
<b>Total Revenues</b>	<b>22,208</b>	<b>24,480</b>
<b>Expenditures:</b>		
Current:		
Professional services	15,389	18,506
Other expenses	3,943	3,364
Administrative expenses	2,876	2,500
<b>Total Expenditures</b>	<b>22,208</b>	<b>24,370</b>
Net Change in Fund Balance	-	110
Fund Balance at the Beginning of the Year	-	(110)
<b>Fund Balance at the End of the Year</b>	<b>\$ -</b>	<b>\$ -</b>

The notes to financial statements are an integral part of this statement.

**BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

In September 2017, the Big Bear City Community Services District (BCCSD), Big Bear Municipal Water District (BBMWD), the Big Bear Regional Wastewater Agency (BBARWA) and the City of Big Bear Lake – Department of Water and Power (DWP) entered into a joint powers agreement to form the Bear Valley Basin Groundwater Sustainability Agency (the Agency). The Agency was created primarily to satisfy the requirements of the Sustainable Groundwater Management Act. The Agency is governed by one representative from BCCSD, one representative from BBARWA, one elected representative from BBMWD and one appointed commissioner from DWP.

**B. Measurement Focus and Basis of Accounting**

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures 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.

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.

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

**C. Cash and Cash Equivalents**

The Agency considers cash on hand, demand deposits at financial institutions to be cash and cash equivalents. At June 30, 2025, the Agency had \$4,001 in cash or cash equivalents.

**BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2025**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**E. Due from Member Agencies**

The Agency invoices member organizations for apportioned costs incurred by the Agency in the normal course of operations. The Agency considers accounts receivable from its members to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**NOTE 2: RELATED PARTY TRANSACTIONS**

The member agencies, BBCCSD, BBMWD, BBARWA, and DWP are required by a memorandum of understanding to contribute certain amounts to the Agency to support operating expenses. The amounts contributed to the Agency during fiscal year 2024-25 were:

<u>Member</u>	<u>Amount Contributed</u>
BBCCSD	\$ 5,552
BBMWD	5,552
BBARWA	5,552
DWP	5,552
Total	<u>\$ 22,208</u>

**BEAR VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY**  
**Budgetary Comparison Schedule**  
**Governmental Fund**  
**For the Year Ended June 30, 2025**  
**(With comparative totals for June 30, 2024)**

	2025			Variance with Final Budget Positive (Negative)	2024
	Original	Final	Actual Amounts		Actual Amounts
<b>Revenues:</b>					
Operating contributions	\$ 48,400	\$ 48,400	\$ 22,208	\$ (26,192)	\$ 24,480
<b>Total Revenues</b>	<b>48,400</b>	<b>48,400</b>	<b>22,208</b>	<b>(26,192)</b>	<b>24,480</b>
<b>Expenditures:</b>					
Current:					
Professional services	40,300	40,300	15,389	24,911	18,506
Other expenses	4,200	4,200	3,943	257	3,364
Administrative expenses	3,900	3,900	2,876	1,024	2,500
<b>Total Expenditures</b>	<b>48,400</b>	<b>48,400</b>	<b>22,208</b>	<b>26,192</b>	<b>24,370</b>
Net Change in Fund Balance	-	-	-	-	110
Fund Balance at the Beginning of the Year	-	-	-	-	(110)
<b>Fund Balance at the End of the Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>