

Big Bear City Airport District

Big Bear City, California

Annual Financial Report

For the Year Ended June 30, 2015



Big Bear City Airport District
Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the Big Bear City Airport District
Big Bear City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Big Bear City Airport District (District), which comprise the balance sheet as of June 30, 2015, and the related statements of revenues, expenses and change in net position, and cash flows and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2015, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
of the Big Bear City Airport District
Big Bear City, California

Emphasis of Matter

Implementation of GASB Statements No. 68 and 71

As discussed in Notes 1 and 6 to the basic financial statements, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The adoption of these statements requires retrospective application of previously reported net position at July 1, 2014 as described in Note 8 to the basic financial statements. In addition, the Net Pension Liability is reported in the Balance Sheet in the amount of \$443,935 as of June 30, 2014, the measurement date. This Net Pension Liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and the Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions – Pension Plans, and the Schedule of Funding Progress – Other Post-Employment Benefits Plan on pages 37 through 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015, on our consideration of the District'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
December 31, 2015



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the Board of Directors
of the Big Bear City Airport District
Big Bear City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Big Bear City Airport District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated December 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
of the Big Bear City Airport District
Big Bear City, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Santa Ana, California
December 31, 2015

Big Bear City Airport District
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Big Bear City Airport District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District incurred a net loss before capital contributions of \$(366,038) and \$(160,099) for fiscal years ended June 30, 2015 and 2014, respectively. Also, in the fiscal year ended June 30, 2015, the District received a \$2,643,000 non-cash – local capital grant of the remaining portion of the District's operations building.
- Total revenues before contributed capital increased by 3.9%, or \$72,208 from \$1,872,057 to \$1,944,265, from the prior year, primarily due to an increase in facility and hangar rentals of \$31,162 and an increase in non-operating revenue of \$37,015.
- Total expenses for the District's operations before depreciation expense increased by 11.3% or \$118,798 from \$1,053,768 to \$1,172,566, from the prior year, primarily due to an increase of \$35,673 in utilities and telephone expenses, \$12,261 in repairs and maintenance expenses, and \$57,615 in professional services. The increase in these expense items was due to the District becoming the landlord for the entire terminal building in the fall of 2014.

Required Financial Statements

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Change in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "*Is the District better off or worse off as a result of this year's activities?*" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Big Bear City Airport District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Fiscal Year Ended June 30, 2015

These two statements report the District's *net position* and changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Balance Sheet

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Assets:			
Current assets	\$ 7,018,960	\$ 6,698,650	\$ 320,310
Non-current assets	102,000	123,700	(21,700)
Capital assets, net	<u>22,602,551</u>	<u>20,314,430</u>	<u>2,288,121</u>
Total assets	<u>29,723,511</u>	<u>27,136,780</u>	<u>2,586,731</u>
Deferred outflows of resources	<u>52,152</u>	<u>-</u>	<u>52,152</u>
Total assets and deferred outflows of resources	<u>\$ 29,775,663</u>	<u>\$ 27,136,780</u>	<u>\$ 2,638,883</u>
Liabilities:			
Current liabilities	\$ 203,522	\$ 266,138	\$ (62,616)
Non-current liabilities	<u>458,619</u>	<u>21,522</u>	<u>437,097</u>
Total liabilities	<u>662,141</u>	<u>287,660</u>	<u>374,481</u>
Deferred inflows of resources	<u>169,820</u>	<u>-</u>	<u>169,820</u>
Net position:			
Net investment in capital assets	22,602,551	20,314,430	2,288,121
Unrestricted	<u>6,341,151</u>	<u>6,534,690</u>	<u>(193,539)</u>
Total net position	<u>28,943,702</u>	<u>26,849,120</u>	<u>2,094,582</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 29,775,663</u>	<u>\$ 27,136,780</u>	<u>\$ 2,638,883</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$28,943,702 and \$26,849,120 as of June 30, 2015 and 2014, respectively.

By far the largest portion of the District's net position (78% as of June 30, 2015 and 76% as of June 30, 2014) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

The District implemented GASB Statements No. 68 and 71, which the District recognized a net pension liability of \$443,935 as of June 30, 2015.

Big Bear City Airport District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Fiscal Year Ended June 30, 2015

At the end of fiscal years 2015 and 2014, the District showed a positive balance in its unrestricted net position of \$6,341,151 and \$6,534,690, respectively, which may be utilized in future years. See Note 7 for further information.

Statement of Revenues, Expenses and Change in Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Operating revenues	\$ 668,563	\$ 633,370	\$ 35,193
Operating expenses	<u>(1,172,566)</u>	<u>(1,053,768)</u>	<u>(118,798)</u>
Operating loss before depreciation	(504,003)	(420,398)	(83,605)
Depreciation expense	<u>(1,137,737)</u>	<u>(978,388)</u>	<u>(159,349)</u>
Operating loss	(1,641,740)	(1,398,786)	(242,954)
Non-operating revenues, net	<u>1,275,702</u>	<u>1,238,687</u>	<u>37,015</u>
Net loss before capital contributions	(366,038)	(160,099)	(205,939)
Capital contributions	<u>3,030,153</u>	<u>-</u>	<u>3,030,153</u>
Change in net position	2,664,115	(160,099)	2,824,214
Net Position:			
Beginning of year – as previously reported	26,849,120	27,009,219	(160,099)
Prior period adjustments	<u>(569,533)</u>	<u>-</u>	<u>(569,533)</u>
End of year	<u>\$ 28,943,702</u>	<u>\$ 26,849,120</u>	<u>\$ 2,094,582</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased by \$2,664,115 and decreased \$160,099 for the fiscal years ended June 30, 2015 and 2014, respectively.

A closer examination of the sources of changes in net position reveals that:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Facility and hangar rentals	\$ 537,482	\$ 506,320	\$ 31,162
Fuel and oil sales, net of cost	89,410	74,186	15,224
Aircraft tiedown fees, parking and souvenirs	36,352	32,507	3,845
Other operating revenue	<u>5,319</u>	<u>20,357</u>	<u>(15,038)</u>
Total operating	<u>668,563</u>	<u>633,370</u>	<u>35,193</u>
Non-operating:			
Property taxes – ad valorem	1,164,538	1,124,538	40,000
Property taxes – redevelopment increment	37,139	77,128	(39,989)
Investment earnings	41,273	33,088	8,185
Other revenue	<u>32,752</u>	<u>3,933</u>	<u>28,819</u>
Total non-operating	<u>1,275,702</u>	<u>1,238,687</u>	<u>37,015</u>
Total revenues	<u>\$ 1,944,265</u>	<u>\$ 1,872,057</u>	<u>\$ 72,208</u>

In 2015, total revenues before contributed capital increased by 3.9%, or \$72,208 from \$1,872,057 to 1,944,265, from the prior year, primarily due to an increase in facility and hangar rentals of \$31,162 and an increase in non-operating revenue of \$37,015.

Big Bear City Airport District
Management's Discussion and Analysis (Continued)(Unaudited)
For the Fiscal Year Ended June 30, 2015

Statement of Revenues, Expenses and Change in Net Position (Continued)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Increase (Decrease)</u>
Operating expenses:			
Salaries and wages	\$ 395,052	\$ 372,561	\$ 22,491
Employee benefits	198,561	165,544	33,017
Utilities and telephone	128,815	93,142	35,673
Materials and supplies	110,918	168,041	(57,123)
Insurance	47,084	43,955	3,129
Repairs and maintenance	81,300	69,039	12,261
Professional services	176,914	119,299	57,615
Board of directors expenses	33,922	22,187	11,735
Operating expenses before depreciation	<u>1,172,566</u>	<u>1,053,768</u>	<u>118,798</u>
Depreciation	1,137,737	978,388	159,349
Total expenses	<u>\$ 2,310,303</u>	<u>\$ 2,032,156</u>	<u>\$ 278,147</u>

In 2015, total expenses for the District's operations before depreciation expense increased by 11.3% or \$118,798 from \$1,053,768 to \$1,172,566, from the prior year, primarily due to an increase of \$35,673 in utilities and telephone expenses, \$12,261 in repairs and maintenance expenses, and \$57,615 in professional services. The increase in these expense items was due to the District becoming the landlord for the entire terminal building in the fall of 2014.

Capital Asset Administration

	<u>Balance June 30, 2015</u>	<u>Balance June 30, 2014</u>
Capital assets:		
Non-depreciable assets	\$ 2,842,573	\$ 2,837,010
Depreciable assets	32,365,925	29,073,425
Accumulated depreciation	<u>(12,605,947)</u>	<u>(11,596,005)</u>
Total capital assets, net	<u>\$ 22,602,551</u>	<u>\$ 20,314,430</u>

At the end of fiscal year 2015 and 2014, the District's investment in capital assets amounted to \$22,602,551 and \$20,314,430 (net of accumulated depreciation), respectively. This investment in capital assets includes land, land improvements, structures, building, operating equipment and office equipment. See Note 4 for further information.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the District's current financial position, net position or operating results based on past, present and future events.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at 501 Valley Blvd., Big Bear City, California 92314 – (909) 585-3219.

BASIC FINANCIAL STATEMENTS

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Big Bear City Airport District
Balance Sheet
June 30, 2015

**ASSETS AND
DEFERRED OUTFLOWS OF RESOURCES**

Current assets:	
Cash and cash equivalents (note 2)	\$ 2,390,286
Investments (note 2)	3,843,881
Accrued interest receivable	1,573
Accounts receivable – customers and others	49,176
Property taxes receivable	29,159
Grants receivable	347,553
Materials and supplies inventory	36,466
Prepaid items	320,866
Total current assets	<u>7,018,960</u>
Non-current assets:	
Net other post-employment benefits asset (note 3)	102,000
Capital assets – not being depreciated (note 4)	2,842,573
Capital assets, net – being depreciated (note 4)	19,759,978
Total non-current assets	<u>22,704,551</u>
Total assets	<u>29,723,511</u>
Deferred outflows of resources:	
Employer contributions to pension plan made after the measurement date (note 6)	43,547
Changes in employer contributions and differences between proportionate share of pension expenses (note 6)	2,155
Recognized portion of adjustment due to differences in proportions (note 6)	6,450
Total deferred outflows of resources	<u>52,152</u>
Total assets and deferred outflows of resources	<u>\$ 29,775,663</u>

**LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND NET POSITION**

Current liabilities:	
Accounts payable and accrued expenses	\$ 70,520
Customer deposits and unearned revenue	98,738
Long-term liabilities – due within one year:	
Compensated absences (note 5)	34,264
Total current liabilities	<u>203,522</u>
Long-term liabilities:	
Long-term liabilities – due in more than one year:	
Compensated absences (note 5)	14,684
Aggregate net pension liability (note 6)	443,935
Total long-term liabilities	<u>458,619</u>
Total liabilities	<u>662,141</u>
Deferred inflows of resources:	
Recognized net differences between projected and actual earnings on pension plan investments (note 6)	149,183
Changes in employer contributions and differences between proportionate share of pension expense (note 6)	18,136
Recognized portion of adjustment due to differences in proportions (note 6)	2,501
Total deferred inflows of resources	<u>169,820</u>
Net position:	
Net investment in capital assets	22,602,551
Unrestricted (note 7)	6,341,151
Total net position	<u>28,943,702</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 29,775,663</u>

Big Bear City Airport District
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended June 30, 2015

Operating revenues:	
Facility and hangar rentals	\$ 537,482
Fuel and oil sales, net of cost	89,410
Aircraft tiedown fees, parking and souvenirs	36,352
Other operating revenue	5,319
	<hr/>
Total operating revenues	668,563
	<hr/>
Salaries and wages	395,052
Employee benefits	198,561
Utilities and telephone	128,815
Materials and supplies	110,918
Insurance	47,084
Repairs and maintenance	81,300
Professional services	176,914
Board of directors expenses	33,922
	<hr/>
Total operating expenses	1,172,566
	<hr/>
Operating (loss) before depreciation	(504,003)
Depreciation expense	(1,137,737)
	<hr/>
Operating (loss)	(1,641,740)
	<hr/>
Non-operating revenues (expenses):	
Property taxes - ad valorem	1,164,538
Property taxes - redevelopment increment	37,139
Investment earnings	41,273
Other revenue	32,752
	<hr/>
Total non-operating revenues, net	1,275,702
	<hr/>
Net (loss) before capital contributions	(366,038)
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Capital contributions:	
Federal capital grants	387,153
Local capital grants – non-cash	2,643,000
	<hr/>
Total capital contributions	3,030,153
	<hr/>
Change in net position	2,664,115
	<hr/>
Net Position:	
Beginning of year – as previously reported	26,849,120
Prior period adjustment (note 8)	(569,533)
	<hr/>
End of year	\$ 28,943,702
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Big Bear City Airport District
Statement of Cash Flows
For the Year Ended June 30, 2015

Cash flows from operating activities:	
Cash receipts from customers and others	\$ 651,711
Cash paid to employees for salaries and wages	(367,574)
Cash paid to vendors and suppliers for materials and services	(1,070,277)
	(786,140)
Net cash (used in) operating activities	
Property taxes – ad valorem	1,169,942
Property taxes – redevelopment increment	37,139
Other revenue	32,752
	1,239,833
Net cash provided by non-capital financing activities	
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(782,858)
Fundings from federal capital grants	39,600
	(743,258)
Net cash (used in) capital and related financing activities	
Cash flows from investing activities:	
Purchases of investments	(1,840,000)
Proceeds from the maturity of investments	415,426
Investment earnings	42,237
	(1,382,337)
Net cash (used in) investing activities	
Net (decrease) in cash and cash equivalents	(1,671,902)
Cash and Cash Equivalents:	
Beginning of year	4,062,188
End of year	\$ 2,390,286

Big Bear City Airport District
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2015

Reconciliation of operating (loss) to net cash (used in) operating activities:	
Operating (loss)	<u>\$ (1,641,740)</u>
Adjustments to reconcile operating (loss) to net cash (used in) operating activities	
Depreciation	1,137,737
Change in assets - (increase)decrease	
Accounts receivable – customers and others	18,997
Materials and supplies inventory	28,988
Prepaid items	(274,438)
Net other post-employment benefits asset	21,700
Change in deferred outflows of resources - (increase)decrease	
Employer contributions to pension plan made after the measurement date	15,184
Changes in employer contributions and differences between proportionate share of pension expense	769
Recognized portion of adjustment due to differences in proportions	(6,450)
Change in liabilities – increase(decrease):	
Accounts payable and accrued expenses	(39,509)
Customer deposits and unearned revenue	(35,849)
Compensated absences	5,904
Aggregate net pension liability	(162,640)
Change in deferred inflows of resources - (increase)decrease	
Recognized net differences between projected and actual earnings on pension plan investments	149,183
Changes in employer contributions and differences between proportionate share of pension expense	(6,477)
Recognized portion of adjustment due to differences in proportions	<u>2,501</u>
Total adjustments	<u>855,600</u>
Net cash (used in) operating activities	<u><u>\$ (786,140)</u></u>
 Non-cash investing, capital and financing transactions:	
Local capital grants – non-cash	<u>\$ 2,643,000</u>
Change in fair-value of investments	<u><u>\$ (439)</u></u>

Big Bear City Airport District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The Big Bear City Airport District (District) began operations before the 1940's. In 1972, the District became part of a San Bernardino County (County) Service Area (CSA-53) and was operated by the County. In 1979, the Big Bear Valley voted to form a duly constituted and existing airport district under the constitution and laws of the State of California. As a public corporation, the District at large is an independent, special distinct from, and not an agent of the State or any other of the State's political subdivisions, including the County. The enabling legislation is found at Public Utilities Code 22000.

The governing body consists of a five-member board elected from the Big Bear Valley. The Board members serve terms of four years. A variety of federal, state and local laws, agreements and regulations govern operations at the District. The Federal Aviation Administration (FAA) has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. Federal law governs the District's noise limits, and imposes certain other restrictions on District operations.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no component units as of year-end.

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (GASB) commonly referred to as accounting principles generally accepted in the United States of America (U.S. GAAP). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Financial Statements (i.e., the balance sheet, the statement of revenues, expenses and change in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The 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 all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June, 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as *operating income* in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This statement became effective for periods beginning after June 15, 2014. See Note 8 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the District's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014. See Note 8 for prior period adjustment as a result of implementation.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Cash and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are reported at fair value. Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts. As of June 30, 2015, no allowance for doubtful accounts has been recorded as the District deems all accounts receivable balances collectable.

Property Taxes

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Bernardino, California (County) bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy properties at 1% of full market value (at time of purchase) and can increase the property tax rate at no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976-1978. Property taxes are recognized in the fiscal year for which the taxes have been levied.

Materials and Supplies Inventory

Inventories consist of fuel, oil and souvenirs, which are valued at cost using first-in first-out basis.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid expenses.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Land improvements	10-40 years
Structures and improvements	10-40 years
Building	10 years
Operating equipment	10-35 years
Office equipment	15 years

Major outlays for capital assets are capitalized as construction in progress until fully constructed. Once the construction is completed the capital asset is transferred and depreciated based on its useful life.

Compensated Absences

District policy permits its employees to accumulate earned vacation (up to 300 hours) and sick pay (unlimited) for subsequent use or for payment upon termination or retirement.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 6). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

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. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. There was no restricted net position as of June 30, 2015.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Cash and Investments

Cash and investments as June 30, 2015 are classified in the accompanying financial statements as follows:

<u>Description</u>	<u>Balance</u>
Cash and cash equivalents	\$ 2,390,286
Investments	3,843,881
Total	<u>\$ 6,234,167</u>

Cash and investments as of June 30, 2015 consist of the following:

<u>Description</u>	<u>Balance</u>
Cash on hand	\$ 350
Deposits held with financial institutions	722,967
Investments	5,510,850
Total	<u>\$ 6,234,167</u>

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

Authorized Deposits and Investments

The District is legally empowered by statute and resolution to invest in certificates-of-deposit and the California State Investment Pool – Local Agency Investment Fund (LAIF). The District's investment policy identifies other investment types that are authorized for the District to invest in under the California Government Code.

Investment in State Investment Pool

The District is a voluntary participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The District's investments with LAIF at June 30, 2015, included a portion of the pool funds invested in structured notes and asset-backed securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2015, the District had \$1,666,968 invested in LAIF, which had invested 2.08% of the pool investment funds in structured notes and medium-term asset-backed securities. The LAIF fair value factor of 1.000375979 was used to calculate the fair value of the investments in LAIF.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balance, up to \$250,000 is federally insured.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the District's investment policy contain legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

Type of Investments	Credit Rating	Fair Value	Maturity		
			12 Months or Less	13 to 24 Months	25 to 60 Months
Money market funds	Exempt	\$ 132,242	\$ 132,242	\$ -	\$ -
Local Agency Investment Fund (LAIF)	Not Rated	1,666,968	1,666,968	-	-
Certificates-of-deposit	Not Rated	3,711,640	824,826	674,620	2,212,194
Total investments		\$ 5,510,850	\$ 2,624,036	\$ 674,620	\$ 2,212,194

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Note 3 – Net Other Post-Employment Benefits Asset

Plan Description

The District provides Other Post-Employment Benefits (OPEB) to employees who retire from the District and meet certain eligibility requirements. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Funding Policy

As required by GASB Statement No. 45, an actuary will determine the District's Annual Required Contributions (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.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Net Other Post-Employment Benefits Asset (Continued)

Annual OPEB Cost and Net OPEB Asset

The following table shows the components of the District's Annual OPEB cost for the past three fiscal years ended June 30th, the amount actually contributed to the plan and the changes in the District's net OPEB asset:

Summary changes in net other post-employment benefits balances as of June 30, 2015 were as follows:

Description	2015
Annual OPEB cost:	
Annual required contribution (ARC)	\$ 21,700
Interest on beginning net OPEB obligation	-
Adjustment to annual required contribution	-
Total annual OPEB cost	21,700
Contributions made:	
Contributions made	-
Total change in net OPEB obligation	21,700
Net OPEB (asset):	
Beginning of year	(123,700)
End of year	\$ (102,000)

The District's annual OPEB cost, the amounts contributed to the irrevocable trust, retiree benefit payments, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation payable/asset for the fiscal year ended June 30, 2015 and the two preceding years are shown in the following table.

<i>Three-Year History of Net OPEB Obligation</i>				
Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2015	\$ 21,700	\$ -	0.00%	\$ (102,000)
June 30, 2014	26,920	234,044	869.41%	(123,700)
June 30, 2013	64,216	80,042	124.64%	83,424

The most recent valuation (dated June 30, 2013) includes an Actuarial Accrued Liability of \$475,378. Plan assets amounted to \$50,000. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2013 was \$357,288. The ratio of the funded actuarial accrued liability to annual covered payroll was 119.06%.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Net Other Post-Employment Benefits Asset (Continued)

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2013
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent, closed 30 years
Remaining amortization period	26 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increase	3.00%
Inflation - discount rate	3.00%
Health care trend rate	4.00% per year

Note 4 – Capital Assets

Summary changes in capital asset balances for the year ended June 30, 2015 were as follows:

Description	Balance July 1, 2014	Additions	Deletions/ Transfers	Balance June 30, 2015
Non-depreciable assets:				
Land	\$ 2,675,000	\$ -	\$ -	\$ 2,675,000
Construction-in-process	162,010	425,506	(419,943)	167,573
Total non-depreciable assets	2,837,010	425,506	(419,943)	2,842,573
Depreciable assets:				
Land improvements	21,865,876	117,973	-	21,983,849
Structures and improvements	5,743,078	75,360	(16,649)	5,801,789
Building	-	2,643,000	-	2,643,000
Operating equipment	1,453,353	577,906	(111,146)	1,920,113
Office equipment	11,118	6,056	-	17,174
Total depreciable assets	29,073,425	3,420,295	(127,795)	32,365,925
Accumulated depreciation:				
Land improvements	(8,358,034)	(646,947)	-	(9,004,981)
Structures and improvements	(2,616,739)	(210,712)	16,649	(2,810,802)
Building	-	(198,225)	-	(198,225)
Operating equipment	(619,213)	(80,777)	111,146	(588,844)
Office equipment	(2,019)	(1,076)	-	(3,095)
Total accumulated depreciation	(11,596,005)	(1,137,737)	127,795	(12,605,947)
Total depreciable assets, net	17,477,420	2,282,558	-	19,759,978
Total capital assets, net	\$ 20,314,430	\$ 2,708,064	\$ (419,943)	\$ 22,602,551

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Compensated Absences

Summary changes to compensated absences balances for the year ended June 30, 2015 were as follows:

Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Current Portion	Long-term Portion
\$ 43,043	\$ 30,642	\$ (24,737)	\$ 48,948	\$ 34,264	\$ 14,684

Note 6 – Aggregate Net Pension Liability

Type of Account	Balance as of July 1, 2014 (As Restated)	Additions	Deletions	Balance as of June 30, 2015
Deferred Outflows of Resources:				
Employer contributions to pension plan made after the measurement date:				
CalPERS – Miscellaneous Classic Plan	\$ 58,622	\$ 40,367	\$ (58,622)	\$ 40,367
CalPERS – Miscellaneous PEPRA Plan	109	3,180	(109)	3,180
Sub-total	58,731	43,547	(58,731)	43,547
Changes in employer contributions and differences between proportionate share of pension expense:				
CalPERS – Miscellaneous PEPRA Plan	2,924	-	(769)	2,155
Recognized portion of adjustment due to differences in proportions:				
CalPERS – Miscellaneous Classic Plan	-	8,753	(2,303)	6,450
Total deferred outflows of resources	\$ 61,655	\$ 52,300	\$ (61,803)	\$ 52,152
Aggregate Net Pension Liability:				
CalPERS – Miscellaneous Classic Plan	\$ 605,450	\$ -	\$ (162,338)	\$ 443,112
CalPERS – Miscellaneous PEPRA Plan	1,125	-	(302)	823
Total aggregate net pension liability	\$ 606,575	\$ -	\$ (162,640)	\$ 443,935
Deferred Inflows of Resources:				
Recognized net differences between projected and actual earnings on pension plan investments:				
CalPERS – Miscellaneous Classic Plan	\$ -	\$ 186,132	\$ (37,226)	\$ 148,906
CalPERS – Miscellaneous PEPRA Plan	-	346	(69)	277
Sub-total	-	186,478	(37,295)	149,183
Changes in employer contributions and differences between proportionate share of pension expense:				
CalPERS – Miscellaneous Classic Plan	24,613	-	(6,477)	18,136
Recognized portion of adjustment due to differences in proportions:				
CalPERS – Miscellaneous PEPRA Plan	-	3,394	(893)	2,501
Total deferred inflows of resources	\$ 24,613	\$ 189,872	\$ (44,665)	\$ 169,820

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

General Information about the Pension Plans

The Plans

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0 @ 62
Benefit vesting schedule	5-years or service	5-years or service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required member contribution rates	6.891%	6.308%
Required employer contribution rates	13.489%	6.900%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Members Covered by Benefit Terms

At June 30, 2013, the following members were covered by the benefit terms:

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

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.50%	Current Discount Rate 7.50%	Discount Rate + 1% 8.50%
CalPERS – Miscellaneous Classic Plan	\$ 789,488	\$ 443,112	\$ 155,652
CalPERS – Miscellaneous PEPRA Plan	\$ 1,467	\$ 823	\$ 289

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A Classic CalPERS Miscellaneous member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. Public Employees' Pension Reform Act (PEPRA) Miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay. Retirement benefits for Classic Miscellaneous members are calculated as 1.426% to 2.418% of the average final 36 months compensation. Retirement benefits for PEPRA Miscellaneous members are calculated as 1% to 2.5% of the average final 36 months compensation.

Participant members are eligible for non-industrial disability retirement if they become disabled and have at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

A member's beneficiary may receive the basic death benefit if the member dies while actively employed. The member must be actively employed with the District to be eligible for this benefit. A member's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the members' accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers will 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 public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of members. For the measurement period ended June 30, 2014 (the measurement date), the active member contribution rate for the Miscellaneous Plan and PEPRA Miscellaneous Plan is 6.891% and 6.308% of annual pay, respectively, and the average employer's contribution rate is 13.489% and 6.900% of annual payroll, respectively.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans

Actuarial Methods and Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent, which is net of administrative expenses. An investment return excluding administrative expenses would have been 7.65 percent. CalPERS' Management has determined that using the lower discount rate has resulted in a slightly higher total pension liability and net pension liability and the difference was deemed immaterial to the financial statements. The long-term expected rate of return on the pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major *asset class*.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Discount Rate (Continued)

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

Investment Type	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100.00%</u>		

¹ An expected inflation rate-of-return of 2.5% is used for years 1 – 10.

² An expected inflation rate-of-return of 3.0% is used for years 11+.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.50%	Current Discount Rate 7.50%	Discount Rate + 1% 8.50%
CalPERS – Miscellaneous Classic Plan	\$ 789,488	\$ 443,112	\$ 155,652
CalPERS – Miscellaneous PEPR Plan	\$ 1,467	\$ 823	\$ 289
Total – All Plans	<u>\$ 790,955</u>	<u>\$ 443,935</u>	<u>\$ 155,941</u>

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Classic Plan:			
Balance as of June 30, 2013 (Valuation Date)	\$ 2,464,305	\$ 1,858,855	\$ 605,450
Balance as of June 30, 2014 (Measurement Date)	\$ 2,610,955	\$ 2,167,843	\$ 443,112
Change in Plan Net Pension Liability	<u>\$ 146,650</u>	<u>\$ 308,988</u>	<u>\$ (162,338)</u>
CalPERS – Miscellaneous PEPRA Plan:			
Balance as of June 30, 2013 (Valuation Date)	\$ 4,579	\$ 3,454	\$ 1,125
Balance as of June 30, 2014 (Measurement Date)	\$ 4,851	\$ 4,028	\$ 823
Change in Plan Net Pension Liability	<u>\$ 272</u>	<u>\$ 574</u>	<u>\$ (302)</u>

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.
- (4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.
- (5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The District's proportionate share of the net pension liability was as follows:

<u>Calculation Dates</u>	<u>Miscellaneous Plans</u>	
	<u>Classic</u>	<u>PEPRA</u>
	<u>Tier 1</u>	<u>Tier 2</u>
	<u>Percentage</u>	<u>Percentage</u>
Balance as of June 30, 2013 (Valuation Date)	0.01848%	0.00004%
Balance as of June 30, 2014 (Measurement Date)	0.01793%	0.00003%
Change in Plan Net Pension Liability Percentage	-0.00055%	-0.00001%

For the year ended June 30, 2015, the District recognized pension expense in the amounts of \$32,263 and \$3,354 for Classic and PEPRA plans, respectively.

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average 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) in the risk pool. The EARSL for risk pool for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions to pension plan made after the measurement date	\$ 43,547	\$ -
Changes in employer contributions and differences between proportionate share of pension expense	2,155	-
Recognized portion of adjustment due to differences in proportions	6,450	-
Recognized net differences between projected and actual earnings on pension plan investments	-	(149,183)
Changes in employer contributions and differences between proportionate share of pension expense	-	(18,136)
Recognized portion of adjustment due to differences in proportions	-	(2,501)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 52,152</u>	<u>\$ (169,820)</u>
Less:		
Deferred Outflows/(Inflows) of Resources that will be recognized in the following fiscal year:		
Employer contributions to pension plan made after the measurement date	\$ (43,547)	\$ -
Total Deferred Outflows/(Inflows) of Resources amounts to be amortized in future periods	<u>\$ 8,605</u>	<u>\$ (169,820)</u>

The District will recognize \$43,547 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date as a reduction of the net pension liability in the fiscal year ended June 30, 2016, as noted above.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Pension Plans (Continued)

Net Pension Liability, Pension Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension Plans (Continued)

Amortization of Deferred Outflows of Resources and Deferred Inflows of Resources

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized to pension expense in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 3,072	\$ (44,665)
2017	3,072	(44,665)
2018	2,461	(43,192)
2019	-	(37,298)
2020	-	-
Thereafter	-	-
Total	\$ 8,605	\$ (169,820)

Note 7 – Unrestricted Net Position

The District has the following board-designated reserves of the unrestricted net position as of June 30, 2015:

Description	Balance
Operating reserve	\$ 2,536,460
Construction and facilities reserve	2,219,403
Capital improvement reserve	1,585,288
Total unrestricted net position	\$ 6,341,151

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Prior Period Adjustment

Description	Balance
Beginning net position as of July 1, 2014 – as previously reported	<u>\$ 26,849,120</u>
Aggregate net pension liability – GASB Nos. 68/71 implementation	(606,575)
Deferred outflows of resources:	
Employer contributions to pension plan made after the measurement date	58731
Changes in employer contributions and differences between proportionate share of pension expense	2,924
Deferred inflows of resources:	
Changes in employer contributions and differences between proportionate share of pension expense	<u>(24,613)</u>
Total prior period adjustments	<u>(569,533)</u>
Beginning net position as of July 1, 2014 – as restated	<u><u>\$ 26,279,587</u></u>

With the implementation of GASB Statements No. 68 and 71 in fiscal year 2015, the District was required to record a prior period adjustment of \$(569,533) to establish the net pension liability as of June 30, 2014 of \$(606,575) net of the deferred outflows of resources of \$61,655 and the deferred inflows of resources of \$(24,613) as prescribed by GASB Statements No. 68 and 71 accounting standards. (See Note 6 for further information on the net pension liability.)

Note 9 – Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

Big Bear City Airport District
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2013, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$2,500,000, combined single limit at \$2,500,000 per occurrence. The District purchased additional excess coverage layers: \$10,000,000 for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to \$400,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverage's.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$2,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence.
- Public officials personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, with a deductible of \$500 per claim.
- Workers' compensation insurance per statutory requirements and Employer's Liability Coverage up to \$5 million.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2015, 2014 and 2013. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2015, 2014 and 2013.

Note 11 – Commitments and Contingencies

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

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Big Bear City Airport District
Required Supplementary Information (Unaudited)
Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Classic Plan

	June 30, 2014¹
Plan's Proportion of the Net Pension Liability/(Asset) for the Public Agency Cost-Sharing Multiple-Employer Miscellaneous Plans	0.00712%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 443,112
Plan's Covered-Employee Payroll	\$ 250,162
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	177.13%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%

California Public Employees' Retirement System (CalPERS) Miscellaneous PEPRA Plan

	June 30, 2014¹
Plan's Proportion of the Net Pension Liability/(Asset) for the Public Agency Cost-Sharing Multiple-Employer Miscellaneous Plans	0.00001%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 823
Plan's Covered-Employee Payroll	\$ 43,919
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	1.87%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

Big Bear City Airport District
Required Supplementary Information (Unaudited)
Schedule of Contributions – Pension Plans
For the Year Ended June 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System (CalPERS) Miscellaneous Classic Plan

	<u>2014-15¹</u>	<u>2013-14¹</u>
Actuarially Determined Contribution ²	\$ 40,367	\$ 34,009
Contribution in Relation to the Actuarially Determined Contribution ²	(40,367)	(34,009)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{3,4}	\$ 257,667	\$ 250,162
Contributions as a Percentage of Covered-Employee Payroll	15.67%	13.59%

California Public Employees' Retirement System (CalPERS) Miscellaneous PEPRA Plan

	<u>2014-15¹</u>	<u>2013-14¹</u>
Actuarially Determined Contribution ²	\$ 3,180	\$ 3,033
Contribution in Relation to the Actuarially Determined Contribution ²	(3,180)	(3,033)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered-Employee Payroll ^{3,4}	\$ 45,237	\$ 43,919
Contributions as a Percentage of Covered-Employee Payroll	7.03%	6.91%

¹ Historical information is required only for measurement periods for which GASB No. 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side-fund or their unfunded liability. Employer contributions for such plan exceed the actuarial determined contributions. CalPERS has determined that employer obligations referred to as *side-funds* are not considered separately financed specific liabilities.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB No. 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year (\$242,876 for Classic Plan and \$42,640 for PEPRA Plan) was assumed to increase by the 3.00 percent payroll growth assumption

Notes to the Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

Changes of Assumptions: There were no changes in assumptions.

Big Bear City Airport District
Required Supplementary Information (Unaudited)
Schedule of Funding Status – Other Post-Employment Benefits Plan
For the Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2013	\$ 50,000	\$ 475,378	\$ 425,378	10.52%	\$ 357,288	119.06%
July 1, 2011	\$ -	\$ 956,801	\$ 956,801	0.00%	\$ 312,105	306.56%

Notes to the Schedule:

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually, if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2016, based on the year ending June 30, 2015.