



**BIG BEAR AIRPORT DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Years Ended
June 30, 2021 and 2020**

NIGRO & NIGRO^{PC}

BIG BEAR AIRPORT DISTRICT

For the Fiscal Years Ended June 30, 2021 and 2020

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Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Big Bear Airport District (District), which comprise the balance sheets as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the fiscal years then ended, 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.

Auditors' Responsibility

Our responsibility is to express opinions 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 Big Bear Airport District, as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of Pension Contributions, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions 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 a separate report dated October 31, 2021, 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.

Murrieta, California
October 31, 2021

BIG BEAR AIRPORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2021 and 2020

Management's Discussion and Analysis (MD&A) offers readers of Big Bear Airport District's financial statements a narrative overview of the District's financial activities for the fiscal years ended June 30, 2021 and 2020. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to-prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District incurred a net loss before capital contributions of (\$697,567) and (\$1,027,643) for fiscal years ended June 30, 2021 and 2020, respectively. Both losses are primarily attributable to depreciation expense and not cash flows.
- In 2021, total revenues before capital contributions decreased by (\$40,527) or 1.63% from \$2,490,277 to \$2,449,750, from 2020, primarily due to a decrease in investment earnings of (\$74,981).
- In 2020, total revenues before capital contributions increased by \$74,609 or 3.09% from \$2,415,668 to \$2,490,277, from 2020, primarily due to an increase in property and redevelopment taxes of \$61,724 and an increase in fuel sales, net of \$25,629.
- In 2021, expenses for the District's operations before depreciation expense decreased by (\$103,522) or 5.36% from \$1,929,276 to \$1,825,754, from 2020, primarily due to a decrease in the cost for the Air-Fair as it is a bi-annual expense.
- In 2020, expenses for the District's operations before depreciation expense increased by \$243,750 or 14.46% from \$1,685,526 to \$1,929,276, from 2020, primarily due to an increase in employee-benefits from the pension and OPEB annual valuation accruals and cost for the bi-annual Air-Fair.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes 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.

BIG BEAR AIRPORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2021 and 2020

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.

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, deferred outflows of resources, liabilities and deferred inflows of resources – 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.

Condensed Balance Sheets

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Assets:					
Current assets	\$ 6,876,498	\$ 5,446,008	\$ 1,430,490	\$ 3,115,646	\$ 2,330,362
Non-current assets	-	495,233	(495,233)	2,069,206	(1,573,973)
Capital assets, net	<u>19,690,059</u>	<u>20,971,142</u>	<u>(1,281,083)</u>	<u>22,416,712</u>	<u>(1,445,570)</u>
Total assets	<u>26,566,557</u>	<u>26,912,383</u>	<u>(345,826)</u>	<u>27,601,564</u>	<u>(689,181)</u>
Deferred outflows of resources	<u>735,400</u>	<u>834,635</u>	<u>(99,235)</u>	<u>318,645</u>	<u>515,990</u>
Total assets and deferred outflows of resources	<u>\$ 27,301,957</u>	<u>\$ 27,747,018</u>	<u>\$ (445,061)</u>	<u>\$ 27,920,209</u>	<u>\$ (173,191)</u>
Liabilities:					
Current liabilities	\$ 146,544	\$ 144,399	\$ 2,145	\$ 155,054	\$ (10,655)
Non-current liabilities	<u>2,332,200</u>	<u>2,195,396</u>	<u>136,804</u>	<u>1,349,350</u>	<u>846,046</u>
Total liabilities	<u>2,478,744</u>	<u>2,339,795</u>	<u>138,949</u>	<u>1,504,404</u>	<u>835,391</u>
Deferred inflows of resources	<u>205,598</u>	<u>92,041</u>	<u>113,557</u>	<u>82,700</u>	<u>9,341</u>
Net position:					
Investment in capital assets	19,690,059	20,971,142	(1,281,083)	22,416,712	(1,445,570)
Unrestricted	<u>4,927,556</u>	<u>4,344,040</u>	<u>583,516</u>	<u>3,916,393</u>	<u>427,647</u>
Total net position	<u>24,617,615</u>	<u>25,315,182</u>	<u>(697,567)</u>	<u>26,333,105</u>	<u>(1,017,923)</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 27,301,957</u>	<u>\$ 27,747,018</u>	<u>\$ (445,061)</u>	<u>\$ 27,920,209</u>	<u>\$ (173,191)</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 and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$24,617,615 and \$25,315,182 as of June 30, 2021 and 2020, respectively.

BIG BEAR AIRPORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (80% as of June 30, 2021 and 83% as of June 30, 2020) 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 its customers; consequently, these assets are not available for future spending.

At the end of years 2021 and 2020, the District showed a positive balance in its unrestricted net position of \$4,927,556 and \$4,344,040, respectively, which may be utilized in future years.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Operating revenues	\$ 769,924	\$ 734,004	\$ 35,920	\$ 700,631	\$ 33,373
Operating expenses	(1,825,754)	(1,929,276)	103,522	(1,685,526)	(243,750)
Operating loss before depreciation	(1,055,830)	(1,195,272)	139,442	(984,895)	(210,377)
Depreciation expense	(1,321,563)	(1,588,644)	267,081	(2,103,334)	514,690
Operating loss	(2,377,393)	(2,783,916)	406,523	(3,088,229)	304,313
Non-operating revenues, net	1,679,826	1,756,273	(76,447)	1,715,037	41,236
Net loss before capital contributions	(697,567)	(1,027,643)	330,076	(1,373,192)	345,549
Capital contributions	-	9,720	(9,720)	-	9,720
Change in net position	(697,567)	(1,017,923)	320,356	(1,373,192)	355,269
Net Position:					
Beginning of year	25,315,182	26,333,105	(1,017,923)	27,706,297	(1,373,192)
Prior period adjustments	-	-	-	-	-
End of year	<u>\$ 24,617,615</u>	<u>\$ 25,315,182</u>	<u>\$ (697,567)</u>	<u>\$ 26,333,105</u>	<u>\$ (1,017,923)</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 decreased by (\$697,567) and (\$1,017,923) for the years ended June 30, 2021 and 2020 respectively.

BIG BEAR AIRPORT DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Fiscal Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase Change</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Operating revenues:					
Facility and hangar rentals	\$ 593,972	\$ 580,353	\$ 13,619	\$ 584,413	\$ (4,060)
Fuel and oil sales, net of cost	96,406	103,006	(6,600)	77,377	25,629
Aircraft tiedown fees, parking and souvenirs	34,576	31,162	3,414	32,735	(1,573)
Other operating revenue	44,970	19,483	25,487	6,106	13,377
Total operating	<u>769,924</u>	<u>734,004</u>	<u>35,920</u>	<u>700,631</u>	<u>33,373</u>
Non-operating:					
Property taxes – ad valorem	1,560,147	1,473,892	86,255	1,469,168	4,724
Redevelopment taxes	99,940	187,661	(87,721)	130,661	57,000
Investment earnings	9,739	84,720	(74,981)	105,208	(20,488)
State subsidy	10,000	10,000	-	10,000	-
Total non-operating	<u>1,679,826</u>	<u>1,756,273</u>	<u>(76,447)</u>	<u>1,715,037</u>	<u>41,236</u>
Total revenues	<u>\$ 2,449,750</u>	<u>\$ 2,490,277</u>	<u>\$ (40,527)</u>	<u>\$ 2,415,668</u>	<u>\$ 74,609</u>

In 2021, total revenues before capital contributions decreased by (\$40,527) or 1.63% from \$2,490,277 to \$2,449,750, from 2020, primarily due to a decrease in investment earnings of (\$74,981).

In 2020, total revenues before capital contributions increased by \$74,609 or 3.09% from \$2,415,668 to \$2,490,277, from 2020, primarily due to an increase in property and redevelopment taxes of \$61,724 and an increase in fuel sales, net of \$25,629.

Total Expenses

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase Change</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Operating expenses:					
Salaries and wages	\$ 587,753	\$ 593,285	\$ (5,532)	\$ 581,568	\$ 11,717
Employee benefits	669,072	622,618	46,454	451,039	171,579
Board of directors expenses	24,543	18,349	6,194	26,601	(8,252)
Materials and supplies	111,693	84,092	27,601	71,859	12,233
Insurance	87,613	88,625	(1,012)	95,528	(6,903)
Repairs and maintenance	137,373	193,017	(55,644)	208,957	(15,940)
Professional services	72,931	82,979	(10,048)	91,024	(8,045)
Utilities and telephone	134,776	132,072	2,704	158,950	(26,878)
Other – Air Fair	-	114,239	(114,239)	-	114,239
Operating expenses before depreciation	<u>1,825,754</u>	<u>1,929,276</u>	<u>(103,522)</u>	<u>1,685,526</u>	<u>243,750</u>
Depreciation	1,321,563	1,588,644	(267,081)	2,103,334	(514,690)
Total expenses	<u>\$ 3,147,317</u>	<u>\$ 3,517,920</u>	<u>\$ (370,603)</u>	<u>\$ 3,788,860</u>	<u>\$ (270,940)</u>

In 2021, expenses for the District's operations before depreciation expense decreased by (\$103,522) or 5.36% from \$1,929,276 to \$1,825,754, from 2020, primarily due to a decrease in the cost for the Air-Fair as it is a bi-annual expense.

In 2020, expenses for the District's operations before depreciation expense increased by \$243,750 or 14.46% from \$1,685,526 to \$1,929,276, from 2020, primarily due to an increase in employee-benefits from the pension and OPEB annual valuation accruals and cost for the bi-annual Air-Fair.

BIG BEAR AIRPORT DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Capital Assets

	<u>Balance</u> <u>June 30, 2021</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Balance</u> <u>June 30, 2019</u>
Capital assets:			
Non-depreciable assets	\$ 3,852,386	\$ 3,852,386	\$ 3,731,586
Depreciable assets	30,769,326	30,728,846	36,146,386
Accumulated depreciation	<u>(14,931,653)</u>	<u>(13,610,090)</u>	<u>(17,461,260)</u>
Total capital assets, net	<u>\$ 19,690,059</u>	<u>\$ 20,971,142</u>	<u>\$ 22,416,712</u>

At the end of fiscal year 2021 and 2020, the District's investment in capital assets amounted to \$19,690,059 and \$20,971,142 (net of accumulated depreciation), respectively. The investment in capital assets includes land, land improvements, structures, building, operating equipment, and office equipment. See Note 3 for further information.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is in the process of reviewing different financial arrangements to attain capital to refurbish the District's Administration and Terminal building in the coming years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's General Manager at 501 Valley Blvd., Big Bear City, California 92314 or (909) 585-3219.

BIG BEAR AIRPORT DISTRICT
Balance Sheets
June 30, 2021 and 2020

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents (Note 2)	\$ 6,737,220	\$ 5,267,842
Accrued interest receivable	4,745	2,632
Accounts receivable – customers	21,654	10,237
Accounts receivable – other	-	58,308
Property taxes receivable	30,991	30,935
Materials and supplies inventory	76,660	66,560
Prepaid items	5,228	9,494
Total current assets	<u>6,876,498</u>	<u>5,446,008</u>
Non-current assets:		
Investments (Note 2)	-	495,233
Capital assets – not being depreciated (Note 3)	3,852,386	3,852,386
Capital assets, net – being depreciated (Note 3)	<u>15,837,673</u>	<u>17,118,756</u>
Total non-current assets	<u>19,690,059</u>	<u>21,466,375</u>
Total assets	<u>26,566,557</u>	<u>26,912,383</u>
Deferred outflows of resources:		
Deferred amounts related to net OPEB obligation (Note 5)	528,650	632,035
Deferred amounts related to net pension liability (Note 6)	<u>206,750</u>	<u>202,600</u>
Total deferred outflows of resources	<u>735,400</u>	<u>834,635</u>
Total assets and deferred outflows of resources	<u>\$ 27,301,957</u>	<u>\$ 27,747,018</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 16,315	\$ 23,082
Customer deposits and unearned revenue	47,509	48,939
Long-term liabilities – due within one year:		
Compensated absences (Note 4)	<u>82,720</u>	<u>72,378</u>
Total current liabilities	<u>146,544</u>	<u>144,399</u>
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 4)	40,743	35,649
Net OPEB obligation (Note 5)	1,692,652	1,636,969
Net pension liability (Note 6)	<u>598,805</u>	<u>522,778</u>
Total noncurrent liabilities	<u>2,332,200</u>	<u>2,195,396</u>
Total liabilities	<u>2,478,744</u>	<u>2,339,795</u>
Deferred inflows of resources:		
Deferred amounts related to net OPEB obligation (Note 5)	133,237	7,752
Deferred amounts related to net pension liability (Note 6)	<u>72,361</u>	<u>84,289</u>
Total deferred inflows of resources	<u>205,598</u>	<u>92,041</u>
Net position:		
Investment in capital assets	19,690,059	20,971,142
Unrestricted	<u>4,927,556</u>	<u>4,344,040</u>
Total net position	<u>24,617,615</u>	<u>25,315,182</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 27,301,957</u>	<u>\$ 27,747,018</u>

BIG BEAR AIRPORT DISTRICT*Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Facility and hangar rentals	\$ 593,972	\$ 580,353
Fuel and oil sales, net of cost	96,406	103,006
Aircraft tiedown fees, parking and souvenirs	34,576	31,162
Other operating revenue	44,970	19,483
Total operating revenues	<u>769,924</u>	<u>734,004</u>
Operating expenses:		
Salaries and wages	587,753	593,285
Employee benefits	669,072	622,618
Board of directors expenses	24,543	18,349
Insurance	111,693	84,092
Materials and supplies	87,613	88,625
Professional services	137,373	193,017
Repairs and maintenance	72,931	82,979
Utilities and telephone	134,776	132,072
Other - Air Fair	-	114,239
Total operating expenses	<u>1,825,754</u>	<u>1,929,276</u>
Operating (loss) before depreciation	(1,055,830)	(1,195,272)
Depreciation expense	(1,321,563)	(1,588,644)
Operating (loss)	<u>(2,377,393)</u>	<u>(2,783,916)</u>
Non-operating revenues(expenses):		
Property taxes - ad valorem	1,560,147	1,473,892
Redevelopment taxes	99,940	187,661
Investment earnings	9,739	84,720
State subsidy	10,000	10,000
Total non-operating revenues, net	<u>1,679,826</u>	<u>1,756,273</u>
Net (loss) before capital contributions	<u>(697,567)</u>	<u>(1,027,643)</u>
Capital contributions:		
Federal capital grants	-	9,720
Total capital contributions	<u>-</u>	<u>9,720</u>
Change in net position	(697,567)	(1,017,923)
Net Position:		
Beginning of year	<u>25,315,182</u>	<u>26,333,105</u>
End of year	<u>\$ 24,617,615</u>	<u>\$ 25,315,182</u>

BIG BEAR AIRPORT DISTRICT*Statement of Cash Flows**For the Fiscal Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 825,385	\$ 762,617
Cash paid to employees for salaries and wages	(638,071)	(616,602)
Cash paid to vendors and suppliers for materials and services	<u>(840,346)</u>	<u>(907,396)</u>
Net cash (used in) operating activities	<u>(653,032)</u>	<u>(761,381)</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes – ad valorem	1,560,091	1,466,935
Proceeds from property taxes – redevelopment increment	<u>99,940</u>	<u>187,661</u>
Net cash provided by non-capital financing activities	<u>1,660,031</u>	<u>1,654,596</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(40,480)	(143,074)
Proceeds from capital grants	<u>-</u>	<u>9,720</u>
Net cash (used in) capital and related financing activities	<u>(40,480)</u>	<u>(133,354)</u>
Cash flows from investing activities:		
Proceeds from the maturity of investments	495,740	1,585,198
Investment earnings	<u>7,119</u>	<u>72,286</u>
Net cash provided by investing activities	<u>502,859</u>	<u>1,657,484</u>
Net increase (decrease) in cash and cash equivalents	1,469,378	2,417,345
Cash and cash equivalents:		
Beginning of year	<u>5,267,842</u>	<u>2,850,497</u>
End of year	<u>\$ 6,737,220</u>	<u>\$ 5,267,842</u>

BIG BEAR AIRPORT DISTRICT
Statement of Cash Flows, Continued
For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:		
Operating (loss)	\$ (2,377,393)	\$ (2,783,916)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	1,321,563	1,588,644
State subsidy	10,000	10,000
Change in assets - (increase)decrease:		
Accounts receivable - customers, net	(11,417)	14,610
Accounts receivable - others	58,308	(2,253)
Materials and supplies inventory	(10,100)	(7,695)
Prepaid items	4,266	90,487
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net OPEB obligation	103,385	(520,322)
Deferred amounts related to net pension liability	(4,150)	4,332
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	(6,767)	(29,876)
Customer deposits and unearned revenue	(1,430)	6,256
Compensated absences	15,436	18,952
Net OPEB obligation	55,683	769,884
Net pension liability	76,027	70,175
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net OPEB obligation	125,485	(2,677)
Deferred amounts related to net pension liability	(11,928)	12,018
Total adjustments	<u>1,724,361</u>	<u>2,022,535</u>
Net cash (used in) operating activities	<u>\$ (653,032)</u>	<u>\$ (761,381)</u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	<u>\$ 507</u>	<u>\$ 11,225</u>

BIG BEAR AIRPORT DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Big Bear 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. The District at large is an independent special district with enabling legislation 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 Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). 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.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

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.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. 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. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

4. Materials and Supplies Inventory

Inventories consisted of fuel, oil and souvenir merchandise, which are valued at the lower of cost or market using the first-in first-out basis method.

5. Prepaids

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District’s policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District’s classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-40 years
Structures and Improvements	10-40 years
Building	10 years
Operating Equipment	10-35 years
Office Equipment	15 years

7. Compensated Absences

District policy permits its employees to accumulate earned vacation (up to 300 hours) and sick pay (up to 55%) for subsequent use or for payment upon termination or retirement.

8. Pensions

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

The following timeframes are used for pension reporting:

Valuation Date June 30, 2019
 Measurement Date June 30, 2020
 Measurement Period July 1, 2019 to June 30, 2020

9. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s Retiree Benefit Plan (OPEB Plan) and additions to/deductions from the OPEB Plans’ fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2020
 Measurement Date June 30, 2020
 Measurement Period July 1, 2019 to June 30, 2020

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

- **Investment in capital assets** - This component of net position consists of capital assets net of accumulated depreciation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "investment in capital assets".

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The San Bernardino County Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The San Bernardino County Auditor-Controller's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 6,737,220	\$ 5,267,842
Investments	-	495,233
Total	<u>\$ 6,737,220</u>	<u>\$ 5,763,075</u>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash on hand	\$ 350	\$ 350
Demand deposits held with financial institutions	629,227	1,161,856
Deposits in money-market funds	-	3,380,633
Deposits in Local Agency Investment Fund (LAIF)	6,107,643	725,003
Investments	-	495,233
Total	<u>\$ 6,737,220</u>	<u>\$ 5,763,075</u>

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 2 - CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2021 and 2020, the carrying amount of the District's demand deposits were \$629,227 and \$1,161,856, respectively, and the financial institution's balances were \$637,031 and \$1,161,857, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

Money-Market Funds

Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal - preservation of principal). A money-market fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money market funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of June 30, 2021 and 2020, the District held \$0 and \$3,380,633, respectively, in money market funds.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount 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 the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2021, and 2020, the District held \$6,107,643 and \$725,003 in LAIF, respectively.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments

The District's investments as of June 30, 2020 were as follows:

<u>Type of Investments</u>	<u>Measurement Input</u>	<u>Credit Rating</u>	<u>Maturity</u>	
			<u>June 30, 2020 Fair Value</u>	<u>12 Months or Less</u>
Non-negotiable certificates-of-deposit	Level 2	N/A	\$ 495,233	\$ 495,233
Total investments			\$ 495,233	\$ 495,233

Authorized Investments and Investment Policy

The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchase financial investments in accordance with California Government Code 53600-53610.

Fair Value Measurement Input

The District categorizes its fair value measurement inputs within the fair value hierarchy established by generally accepted accounting principles. The District has presented its measurement inputs as noted in the previous table.

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.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have greater 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. The District has elected to use the segmented time distribution method of disclosure for the maturities of its investments as related to interest rate risk as noted in the previous table.

Custodial Credit Risk – Investments

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 AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

Summary changes in capital asset balances for the year ended June 30, 2021, were as follows:

<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 3,692,512	\$ -	\$ -	\$ 3,692,512
Construction-in-process	159,874	-	-	159,874
Total non-depreciable assets	3,852,386	-	-	3,852,386
Depreciable assets:				
Land improvements	18,063,846	-	-	18,063,846
Structures and improvements	5,849,775	7,286	-	5,857,061
Building	2,643,000	-	-	2,643,000
Operating equipment	4,125,735	33,194	-	4,158,929
Office equipment	46,490	-	-	46,490
Total depreciable assets	30,728,846	40,480	-	30,769,326
Accumulated depreciation:				
Land improvements	(6,972,335)	(655,909)	-	(7,628,244)
Structures and improvements	(4,032,420)	(217,420)	-	(4,249,840)
Building	(1,519,725)	(264,300)	-	(1,784,025)
Operating equipment	(1,058,674)	(180,202)	-	(1,238,876)
Office equipment	(26,936)	(3,732)	-	(30,668)
Total accumulated depreciation	(13,610,090)	(1,321,563)	-	(14,931,653)
Total depreciable assets, net	17,118,756	(1,281,083)	-	15,837,673
Total capital assets, net	\$ 20,971,142	\$ (1,281,083)	\$ -	\$ 19,690,059

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION (continued)

Summary changes in capital asset balances for the year ended June 30, 2020, were as follows:

Description	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land	\$ 3,692,512	\$ -	\$ -	\$ 3,692,512
Construction-in-process	39,074	120,800	-	159,874
Total non-depreciable assets	3,731,586	120,800	-	3,852,386
Depreciable assets:				
Land improvements	23,464,293	-	(5,400,447)	18,063,846
Structures and improvements	5,874,971	-	(25,196)	5,849,775
Building	2,643,000	-	-	2,643,000
Operating equipment	4,117,632	22,274	(14,171)	4,125,735
Office equipment	46,490	-	-	46,490
Total depreciable assets	36,146,386	22,274	(5,439,814)	30,728,846
Accumulated depreciation:				
Land improvements	(11,479,452)	(893,330)	5,400,447	(6,972,335)
Structures and improvements	(3,818,999)	(238,617)	25,196	(4,032,420)
Building	(1,255,425)	(264,300)	-	(1,519,725)
Operating equipment	(885,012)	(187,833)	14,171	(1,058,674)
Office equipment	(22,372)	(4,564)	-	(26,936)
Total accumulated depreciation	(17,461,260)	(1,588,644)	5,439,814	(13,610,090)
Total depreciable assets, net	18,685,126	(1,566,370)	-	17,118,756
Total capital assets, net	\$ 22,416,712	\$ (1,445,570)	\$ -	\$ 20,971,142

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 4 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2021, were as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 108,027	\$ 52,967	\$ (37,531)	\$ 123,463	\$ 82,720	\$ 40,743

Summary changes to compensated absences balances for the year ended June 30, 2020, were as follows:

<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 89,075	\$ 43,425	\$ (24,473)	\$ 108,027	\$ 72,378	\$ 35,649

NOTE 5 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2021</u>	<u>2020</u>
OPEB related deferred outflows	\$ 528,650	\$ 632,035
Net other post-employment benefits obligation	1,692,652	1,636,969
OPEB related deferred inflows	133,237	7,752

A. General Information about the OPEB Plan

Plan Description

The District provides lifetime retiree health benefits to eligible retirees and dependents. The District's contribution toward the cost of retiree health insurance shall not exceed the maximum contribution paid by the District for the categories of employee only (Single), employee plus one (Two-Party), and employee plus two or more dependents (Family). Eligibility for retiree health benefits requires retirement on or after age 50 with at least 5 consecutive years of District eligible service. As of June 30, 2021 and 2020, the current contribution maximum for each employee group is shown below:

<u>District Maximum Contribution</u>		
Single	\$	1,078
Two-party		1,395
Family		2,060

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has pre-funded contributions to the CERBT OPEB Trust and the District has been requesting reimbursement from that OPEB Trust on an annual basis.

BIG BEAR AIRPORT DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 5 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

A. General Information about the OPEB Plan (continued)

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2021, the District's contributions totaling \$71,459 included \$61,485 in current year premium payments reimbursed by the CERBT OPEB Trust and an implied subsidy of \$9,974. For fiscal year ended June 30, 2020, the District's contributions totaling \$68,693 included \$58,308 in current year premium payments reimbursed by the CERBT OPEB Trust and an implied subsidy of \$10,385.

B. Net OPEB Liability

For the fiscal year ended June 30, 2021, the District's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. For the fiscal year ended June 30, 2020, the District's total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018. A summary of the principal assumptions and methods used to determine the total OPEB liability are noted below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020	June 30, 2018
Discount rate	2.66%	3.16%
Inflation	2.75%	2.75%
Salary increases	3.00%	3.00%
Investment rate of return	2.66%	3.16%
Healthcare cost trend rates	8.0 percent	6.0 percent

The long-term expected rate of return in the CERBT OPEB Trust investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Rate of Return
Global Equities	59%	5.50%
Global Debt Securities	25%	2.35%
Inflation Assets	5%	1.50%
REITs	8%	3.65%
Commodities	3%	1.75%

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 5 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

B. Net OPEB Liability (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.66% and 3.16% as of June 30, 2020 and 2019 Measurement Dates, respectively. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability for fiscal year June 30, 2021 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2020 (Measurement date July 1, 2019)	\$ 1,739,050	\$ 102,081	\$ 1,636,969
Changes for the year:			
Service cost	115,793	-	115,793
Interest	57,565	-	57,565
Changes in assumptions	50,560	-	50,560
Changes in experience	(155,966)	-	(155,966)
Contributions by employer	-	8,519	(8,519)
Net investment income	-	3,800	(3,800)
Administrative expenses	-	(50)	50
Benefit payments	(66,827)	(66,827)	-
Net changes	1,125	(54,558)	55,683
Balance at June 30, 2021 (Measurement date June 30, 2020)	\$ 1,740,175	\$ 47,523	\$ 1,692,652

The changes in the total OPEB liability for fiscal year June 30, 2020 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2019 (Measurement date July 1, 2018)	\$ 1,013,437	\$ 146,352	\$ 867,085
Changes for the year:			
Service cost	43,940	-	43,940
Interest	72,149	-	72,149
Changes in assumptions	662,879	-	662,879
Changes in experience	-	-	-
Changes in benefit terms	-	-	-
Net investment income	-	9,116	(9,116)
Administrative expenses	-	(32)	32
Benefit payments	(53,355)	(53,355)	-
Net changes	725,613	(44,271)	769,884
Balance at June 30, 2020 (Measurement date June 30, 2019)	\$ 1,739,050	\$ 102,081	\$ 1,636,969

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 5 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

C. Changes in the Net OPEB Liability

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current discount rate:

For the fiscal year ended June 30, 2021:

1% Decrease	Discount Rate	1% Increase
<u>1.66%</u>	<u>2.66%</u>	<u>3.66%</u>
<u>\$ 1,976,524</u>	<u>\$ 1,692,652</u>	<u>\$ 1,466,065</u>

For the fiscal year ended June 30, 2020:

1% Decrease	Discount Rate	1% Increase
<u>2.16%</u>	<u>3.16%</u>	<u>4.16%</u>
<u>\$ 1,920,531</u>	<u>\$ 1,636,969</u>	<u>\$ 1,410,633</u>

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

For the fiscal year ended June 30, 2021:

1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>7.00%</u>	<u>8.00%</u>	<u>9.00%</u>
<u>\$ 1,456,098</u>	<u>\$ 1,692,652</u>	<u>\$ 1,933,455</u>

For the fiscal year ended June 30, 2020:

1% Decrease	Healthcare Cost Trend Rates	1% Increase
<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
<u>\$ 1,383,950</u>	<u>\$ 1,636,969</u>	<u>\$ 1,962,225</u>

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 5 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$292,660. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions made after the measurement date	\$ 9,974	\$ -
Changes in assumptions	484,052	(2,648)
Differences between expected and actual experience	34,624	(129,972)
Differences between projected and actual earnings on OPEB plan investments	-	(617)
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 528,650</u>	<u>\$ (133,237)</u>

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$9,974 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 124,387
2023	92,412
2024	93,033
2025	93,178
2026	(17,571)
Total	<u>\$ 385,439</u>

At June 30, 2021, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 5 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

For the year ended June 30, 2020, the District recognized OPEB expense of \$294,434. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions made after the measurement date	\$ 10,385	\$ -
Changes in assumptions	552,399	(5,295)
Differences between expected and actual experience	69,251	-
Differences between projected and actual earnings on OPEB plan investments	-	(2,457)
Total Deferred Outflows/(Inflows) of Resources	\$ 632,035	\$ (7,752)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$10,385 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 141,689
2022	141,686
2023	109,711
2024	110,332
2025	110,479
Total	\$ 613,897

At June 30, 2020, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 - NET PENSION LIABILITY AND PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2021	2020
Pension related deferred outflows	\$ 206,750	\$ 202,600
Net pension liability	598,805	522,778
Pension related deferred inflows	72,361	84,289

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan

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

	Miscellaneous Plans	
	Classic	PEPRA
	Tier 1	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 of service	5-years of 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 2.0%
Required member contribution rates	7.000%	7.000%
Required employer contribution rates - FY 2020	12.745%	7.598%
Required employer contribution rates - FY 2019	12.105%	7.557%

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, 2020 and 2019 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

At June 30, 2020 (Measurement Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	2	4	6
Transferred and terminated members	3	6	9
Retired members and beneficiaries	8	-	8
Total plan members	13	10	23

At June 30, 2019 (Measurement Date), the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	2	7	9
Transferred and terminated members	3	2	5
Retired members and beneficiaries	8	-	8
Total plan members	13	9	22

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

BIG BEAR AIRPORT DISTRICT*Notes to Financial Statements**June 30, 2021 and 2020*

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)**A. General Information about the Pension Plan (continued)****Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the fiscal year ended June 30, 2021, were as follows:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Contributions – employer	\$ 68,040	\$ 22,563	\$ 90,603

Contributions for the fiscal year ended June 30, 2020, were as follows:

<u>Contribution Type</u>	<u>Miscellaneous Plans</u>		<u>Total</u>
	<u>Classic</u>	<u>PEPRA</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	
Contributions – employer	\$ 54,549	\$ 22,158	\$ 76,707

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions**Proportionate Share of Net Pension Liability and Pension Expense**

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020 and 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018, rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 - NET PENSION LIABILITY AND PENSION PLAN (continued)

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

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2020 (Measurement Date):

<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 Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 3,377,431	\$ 2,854,653	\$ 522,778
Balance as of June 30, 2020 (Measurement Date)	\$ 3,424,599	\$ 2,825,794	\$ 598,805
Change in Plan Net Pension Liability	\$ 47,168	\$ (28,859)	\$ 76,027

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2019 (Measurement Date):

<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 Plan:			
Balance as of June 30, 2018 (Measurement Date)	\$ 3,151,889	\$ 2,699,286	\$ 452,603
Balance as of June 30, 2019 (Measurement Date)	\$ 3,377,431	\$ 2,854,653	\$ 522,778
Change in Plan Net Pension Liability	\$ 225,542	\$ 155,367	\$ 70,175

The District's proportionate share percentage of the net pension liability for the June 30, 2020 (Measurement Date) was as follows:

	<u>Percentage Share of Risk Pool</u>		
	<u>Fiscal Year Ending</u>	<u>Fiscal Year Ending</u>	<u>Change Increase/ (Decrease)</u>
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Measurement Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Percentage of Risk Pool Net Pension Liability	0.014196%	0.013055%	0.001141%
Percentage of Plan (PERF C) Net Pension Liability	0.005504%	0.005102%	0.000402%

The District's proportionate share percentage of the net pension liability for the June 30, 2019 (Measurement Date) was as follows:

	<u>Percentage Share of Risk Pool</u>		
	<u>Fiscal Year Ending</u>	<u>Fiscal Year Ending</u>	<u>Change Increase/ (Decrease)</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Measurement Date	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
Percentage of Risk Pool Net Pension Liability	0.013055%	0.012009%	0.001046%
Percentage of Plan (PERF C) Net Pension Liability	0.005102%	0.004697%	0.000405%

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

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

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$153,552. At June 30, 2021, 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>
Pension contributions made after the measurement date	\$ 93,603	\$ -
Difference between actual and proportionate share of employer contributions	-	(68,091)
Adjustment due to differences in proportions	64,500	-
Differences between expected and actual experience	30,858	-
Differences between projected and actual earnings on pension plan investments	17,788	-
Changes in assumptions	-	(4,271)
Total Deferred Outflows/(Inflows) of Resources	\$ 206,749	\$ (72,362)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

An amount of \$93,603 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 10,235
2023	10,771
2024	11,248
2025	8,530
Total	\$ 40,784

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 – NET PENSION LIABILITY AND PENSION PLAN (continued)

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

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$163,232. At June 30, 2020, 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>
Pension contributions made after the measurement date	\$ 76,707	\$ -
Difference between actual and proportionate share of employer contributions	-	(63,499)
Adjustment due to differences in proportions	64,655	-
Differences between expected and actual experience	36,309	(2,813)
Differences between projected and actual earnings on pension plan investments	-	(9,140)
Changes in assumptions	24,929	(8,837)
Total Deferred Outflows/(Inflows) of Resources	\$ 202,600	\$ (84,289)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$76,707 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 37,598
2022	1,184
2023	975
2024	1,847
Total	\$ 41,604

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 - NET PENSION LIABILITY AND PENSION PLAN (continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 and 2019 (Measurement dates), the total pension liability was determined by rolling forward the June 30, 2019 and 2018, total pension liability. The June 30, 2020 and 2019, total pension liability 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	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class.

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ An expected inflation of 2.0% is used for years 1-10.

² An expected inflation of 2.9% is used for years 11+.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 - NET PENSION LIABILITY AND PENSION PLAN (continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

At June 30, 2020 (Measurement Date):

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate
	1% 6.15%	Discount Rate 7.15%	+ 1% 8.15%
CalPERS - Miscellaneous Plan	\$ 1,054,536	\$ 598,805	\$ 222,250

At June 30, 2019 (Measurement Date):

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate
	1% 6.15%	Discount Rate 7.15%	+ 1% 8.15%
CalPERS - Miscellaneous Plan	\$ 977,053	\$ 522,778	\$ 147,807

Pension Plan Fiduciary Net Position

Detailed information about the pension 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.

C. Payable to the Pension Plans

At June 30, 2021 and 2020, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021 and 2020, respectively.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 7 – 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. Further information about the SDRMA is as follows:

A. Entity	SDRMA	
B. Purpose	To provide risk financing and risk management services to California public agencies	
C. Participants	As of June 30, 2020 – 505 member agencies	
D. Governing board	Seven representatives employed by members	
E. District payments for FY 2020:		
Property/Liability policy	\$97,302	
Workers' compensation policy	\$14,391	
F. Condensed financial information	June 30, 2020	
Statement of net position:		<u>June 30, 2020</u>
Total assets		<u>\$ 130,676,871</u>
Deferred outflows		<u>595,599</u>
Total liabilities		<u>70,083,643</u>
Deferred inflows		<u>246,193</u>
Net position		<u>\$ 60,942,634</u>
Statement of revenues, expenses and changes in net position:		
Total revenues		\$ 82,459,850
Total expenses		<u>(77,881,779)</u>
Change in net position		4,578,071
Beginning – net position		<u>56,364,563</u>
Ending – net position		<u>\$ 60,942,634</u>
G. Member agencies share of year-end financial position		Not Calculated

At June 30, 2021, 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.

BIG BEAR AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 7 – RISK MANAGEMENT (continued)

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 coverages.
- 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 2021, 2020 and 2019. 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, 2021, 2020 and 2019.

NOTE 8 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in an Internal Revenue Code (IRS) Section 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 AIRPORT DISTRICT
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 9 – 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

NOTE 10 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 31, 2021, the date which the financial statements were available to be issued.

Required Supplementary Information

BIG BEAR AIRPORT DISTRICT*Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Years Ended June 30, 2021 and 2020***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.360930%	\$ 388,145	\$ 314,527	123.41%	85.04%
June 30, 2015	0.346784%	277,448	320,717	86.51%	90.01%
June 30, 2016	0.368036%	392,940	334,550	117.45%	86.35%
June 30, 2017	0.367505%	476,201	398,206	119.59%	84.65%
June 30, 2018	0.013818%	452,603	455,055	99.46%	85.64%
June 30, 2019	0.013963%	522,778	571,780	91.43%	84.52%
June 30, 2020	0.013875%	598,805	408,364	146.64%	82.51%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

Changes in Assumptions:**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.65% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

BIG BEAR AIRPORT DISTRICT
Schedule of Pension Contributions
For the Fiscal Years Ended June 30, 2021 and 2020

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 45,547	\$ (45,547)	\$ -	\$ 320,717	14.20%
June 30, 2016	54,117	(54,117)	-	334,550	16.18%
June 30, 2017	55,115	(55,115)	-	398,206	13.84%
June 30, 2018	68,232	(68,232)	-	455,055	14.99%
June 30, 2019	66,986	(66,986)	-	571,780	11.72%
June 30, 2020	76,707	(76,707)	-	408,364	18.78%
June 30, 2021	93,603	(93,603)	-	524,058	17.86%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Market Value	2.50%	7.15%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (3%@60), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first implementation year; therefore, only seven years are shown.

BIG BEAR AIRPORT DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Years Ended June 30, 2021 and 2020

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:				
Service cost	\$ 115,793	\$ 43,940	\$ 18,426	\$ 17,933
Interest	57,565	72,149	46,109	51,075
Changes in assumptions	50,560	662,879	(10,589)	-
Differences between expected and actual experience	(155,966)	-	138,502	-
Changes of benefit terms	-	-	91,476	-
Benefit payments	(66,827)	(53,355)	(41,086)	(38,662)
Net change in total OPEB liability	1,125	725,613	242,838	30,346
Total OPEB liability - beginning	1,739,050	1,013,437	770,599	740,253
Total OPEB liability - ending	1,740,175	1,739,050	1,013,437	770,599
Plan fiduciary net position:				
Contributions - employer	8,519	-	-	-
Net investment income	3,800	9,116	14,002	20,153
Administrative expense	(50)	(32)	(323)	-
Benefit payments	(66,827)	(53,355)	(41,086)	(38,662)
Net change in plan fiduciary net position	(54,558)	(44,271)	(27,407)	(18,509)
Plan fiduciary net position - beginning	102,081	146,352	173,759	192,268
Plan fiduciary net position - ending	47,523	102,081	146,352	173,759
District's net OPEB liability	\$ 1,692,652	\$ 1,636,969	\$ 867,085	\$ 596,840
Plan fiduciary net position as a percentage of the total OPEB liability	2.73%	5.87%	14.44%	22.55%
Covered-employee payroll	\$ 520,680	\$ 595,464	\$ 578,120	\$ 487,305
District's net OPEB liability as a percentage of covered-employee payroll	325.08%	274.91%	149.98%	122.48%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes of benefits terms
 Measurement Date June 30, 2018 – There were no changes of benefits terms
 Measurement Date June 30, 2019 – There were no changes of benefits terms
 Measurement Date June 30, 2020 – There were no changes of benefits terms

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
 Measurement Date June 30, 2018 – There were no changes in assumptions except change in discount rate
 Measurement Date June 30, 2019 – There were no changes in assumptions except change in discount rate
 Measurement Date June 30, 2020 – There were no changes in assumptions except change in discount rate

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

BIG BEAR AIRPORT DISTRICT
Schedule of OPEB Contributions
For the Fiscal Years Ended June 30, 2021 and 2020

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution*	\$ 72,370	\$ 68,693	\$ 65,323	\$ 41,882
Contributions in relation to the actuarially determined contributions	(71,459)	(68,693)	(61,054)	(41,086)
Contribution deficiency (excess)	\$ 911	\$ -	\$ 4,269	\$ 796
Covered payroll	\$ 520,680	\$ 595,464	\$ 578,120	\$ 487,305
Contributions as a percentage of covered payroll	13.72%	11.54%	10.56%	8.43%

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Discount rate	2.66%	3.16%	7.00%	6.00%
Inflation	2.75%	2.75%	2.75%	3.00%
Payroll Increases	3.00%	3.00%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	70%	70%	70%	70%
Healthcare trend rates	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay

(2) SOA Pub-2010 using Scale MP-2019 or MP-2017

(3) CalPERS Public Agency Miscellaneous 2.0% @55 and 2% @62

(4) Pre-65 - 8.00% trending down 0.25% annually to 6.00% in 2029 and later
 Post-65 - 6.50% trending down 0.25% annually to 4.50% in 2029 and later

* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

Other Independent Auditors' Report



NIGRO & NIGRO^{PC}

A Professional Accountancy Corporation

**INDEPENDENT AUDITORS' 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***

Board of Directors
Big Bear 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 Big Bear Airport District as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Big Bear Airport District's basic financial statements, and have issued our report thereon dated October 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Bear Airport 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Big Bear Airport District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Big Bear Airport 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 District'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 Big Bear Airport District's financial statements are free of 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*.

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

Murrieta, California
October 31, 2021

