BIG BEAR AIRPORT DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Years Ended
June 30, 2022 and 2021

Nigro & Nigro PC

BIG BEAR AIRPORT DISTRICT
For the Fiscal Years Ended June 30, 2022 and 2021
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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Big Bear Airport District (District), which comprise the balance sheets as of June 30, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

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

Change in Accounting Principle

As described in Notes 1 and 4 to the financial statements, as of July 1, 2020, the District adopted new accounting guidance, GASB Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 January 11, 2023, 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.

Nigro & Nigro, PC

Murrieta, California
January 11, 2023

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, 2022 and 2021 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 $2,297,522 and $693,978 for fiscal years ended June 30, 2022 and 2021, respectively. Both losses are primarily attributable to depreciation expense and not cash flows.

- In 2022, total revenues before capital contributions increased by $108,184 or 4.41% from $2,453,339 to $2,561,523, from 2021, primarily due to an increase of $93,126 in property taxes – ad valorem.

- In 2021, total revenues before capital contributions decreased by $36,938 or 1.48% from $2,490,277 to $2,453,339, from 2021, primarily due to a decrease of $87,721 in redevelopment taxes as well as a decrease in investment earnings of $74,981.

- In 2022, expenses for the District's operations before depreciation expense increased by $189,247 or 10.37% from $2,015,001 and $1,929,276, from 2021, primarily due to an increase of $299,429 in repairs and maintenance expenses related to cancelled capital projects.

- 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 2021, primarily due to a decrease in the cost for the Air-Fair as it is a bi-annual expense.

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 creditworthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

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

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

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

	June 30, 2022	June 30, 2021	Change	June 30, 2020	Change
Assets:					
Current assets	$ 1,280,990	$ 6,918,861	$ (5,637,871)	$ 5,446,008	$ 1,472,853
Non-current assets	6,002,481	-	6,002,481	495,233	(495,233)
Capital assets, net	17,074,331	19,690,059	(2,615,728)	20,971,142	(1,281,083)
Total assets	24,357,802	26,608,920	(2,251,118)	26,912,383	(303,463)
Deferred outflows of resources	875,725	735,400	140,325	834,635	(99,235)
Total assets and deferred outflows of resources	$ 25,233,527	$ 27,344,320	$ (2,110,793)	$ 27,747,018	$ (402,698)
Liabilities:					
Current liabilities	$ 259,923	$ 146,544	$ 113,379	$ 144,399	$ 2,145
Non-current liabilities	3,073,600	2,332,200	741,400	2,195,396	136,804
Total liabilities	3,333,523	2,478,744	854,779	2,339,795	138,949
Deferred inflows of resources	560,554	382,480	178,074	92,041	290,439
Net position:					
Net investment in capital assets	16,964,611	19,690,059	(2,725,448)	20,971,142	(1,281,083)
Unrestricted	5,359,071	4,931,145	427,926	4,344,040	587,105
Total net position	22,323,682	24,621,204	(2,297,522)	25,315,182	(693,978)
Total liabilities, deferred outflows of resources and net position	$ 26,217,759	$ 27,482,428	$ (1,264,669)	$ 27,747,018	$ (264,590)

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 $22,323,682 and $24,621,204 as of June 30, 2022 and 2021, respectively.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (76% as of June 30, 2022 and 80% as of June 30, 2021) 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 2022 and 2021, the District showed a positive balance in its unrestricted net position of $6,249,351 and $4,931,145, respectively, which may be utilized in future years.

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

	June 30, 2022	June 30, 2021	Change	June 30, 2020	Change
Operating revenues	$ 784,170	$ 773,513	$ 10,657	$ 734,004	$ 39,509
Operating expenses	(2,015,001)	(1,825,754)	(189,247)	(1,929,276)	103,522
Operating loss before depreciation	(1,230,831)	(1,052,241)	(178,590)	(1,195,272)	143,031
Depreciation expense	(2,695,826)	(1,321,563)	(1,374,263)	(1,588,644)	267,081
Operating loss	(3,926,657)	(2,373,804)	(1,552,853)	(2,783,916)	410,112
Non-operating revenues, net	1,510,380	1,679,826	(169,446)	1,756,273	(76,447)
Net loss before capital contributions	(2,416,277)	(693,978)	(1,722,299)	(1,027,643)	333,665
Capital contributions	118,755	-	118,755	9,720	(9,720)
Change in net position	(2,297,522)	(693,978)	(1,603,544)	(1,017,923)	323,945
Net Position:					
Beginning of year	24,621,204	25,315,182	(693,978)	26,333,105	(1,017,923)
End of year	$ 22,323,682	$ 24,621,204	$ (2,297,522)	$ 25,315,182	$ (693,978)

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 $2,297,522 and $693,978 for the years ended June 30, 2022 and 2021 respectively.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	June 30, 2022	June 30, 2021	Increase Change	June 30, 2020	Increase (Decrease)
Operating revenues:					
Facility and hangar rentals	$ 622,229	$ 597,561	$ 24,668	$ 580,353	$ 17,208
Fuel and oil sales, net of cost	102,571	96,406	6,165	103,006	(6,600)
Aircraft tiedown fees, parking and souvenirs	33,715	34,576	(861)	31,162	3,414
Other operating revenue	25,655	44,970	(19,315)	19,483	25,487
Total operating	784,170	773,513	10,657	734,004	39,509
Non-operating:					
Property taxes – ad valorem	1,653,273	1,560,147	93,126	1,473,892	86,255
Redevelopment taxes	111,646	99,940	11,706	187,661	(87,721)
Investment earnings	2,434	9,739	(7,305)	84,720	(74,981)
State subsidy	10,000	10,000	-	10,000	-
Total non-operating	1,777,353	1,679,826	97,527	1,756,273	(76,447)
Total revenues	$ 2,561,523	$ 2,453,339	$ 108,184	$ 2,490,277	$ (36,938)

In 2022, total revenues before capital contributions increased by $108,184 or 4.41% from $2,453,339 to $2,561,523, from 2021, primarily due to a increase of $93,126 in property taxes – ad valorem.

In 2021, total revenues before capital contributions decreased by $36,938 or 1.48% from $2,490,277 to $2,453,339, from 2021, primarily due to a decrease of $87,721 in redevelopment taxes as well as a decrease in investment earnings of $74,981.

Total Expenses

	June 30, 2022	June 30, 2021	Increase Change	June 30, 2020	Increase (Decrease)
Operating expenses:					
Salaries and wages	$ 608,110	$ 587,753	$ 20,357	$ 593,285	$ (5,532)
Employee benefits	453,547	669,072	(215,525)	622,618	46,454
Board of directors expenses	14,085	24,543	(10,458)	18,349	6,194
Materials and supplies	100,943	111,693	(10,750)	84,092	27,601
Insurance	102,450	87,613	14,837	88,625	(1,012)
Professional services	216,020	137,373	78,647	193,017	(55,644)
Repairs and maintenance	372,360	72,931	299,429	82,979	(10,048)
Utilities and telephone	147,486	134,776	12,710	132,072	2,704
Other – Air Fair	-	-	-	114,239	(114,239)
Operating expenses before depreciation	2,015,001	1,825,754	189,247	1,929,276	(103,522)
Depreciation	2,695,826	1,321,563	1,374,263	1,588,644	(267,081)
Non-operating expenses:					
Interest expense	5,980	-	5,980	-	-
Cost of debt issuance	109,980	-	109,980	-	-
Temporary building for construction costs	151,013	-	151,013	-	-
Total non-operating expenses	266,973	-	266,973	-	-
Total expenses	$ 4,977,800	$ 3,147,317	$ 1,830,483	$ 3,517,920	$ (370,603)

In 2022, expenses for the District's operations before depreciation expense increased by $189,247 or 10.37% from $1,825,754 to $2,015,001, from 2021, primarily due to an increase of $299,429 in repairs and maintenance expenses related to cancelled capital projects. Non-operating expenses increased $266,973 due to an costs associated with the issuance of debt and the one-time cost of setting up the temporary building.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses (continued)

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 2021, primarily due to a decrease in the cost for the Air-Fair as it is a bi-annual expense.

Capital Assets

	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020
Capital assets:			
Non-depreciable assets	$ 3,815,362	$ 3,852,386	$ 3,852,386
Depreciable assets	30,539,520	30,769,326	30,728,846
Accumulated depreciation	(17,280,551)	(14,931,653)	(13,610,090)
Total capital assets, net	$ 17,074,331	$ 19,690,059	$ 20,971,142

At the end of fiscal year 2022 and 2021, the District's investment in capital assets amounted to $17,074,331 and $19,690,059 (net of accumulated depreciation), respectively. The investment in capital assets includes land, land improvements, structures, building, operating equipment, and office equipment. See Note 5 for further information.

Debt Administration
The long-term debt of the District is summarized below:

Long-term debt:	Balance June 30, 2022	Balance June 30, 2021	Balance June 30, 2020
Loan payable	$ 1,000,000	$ -	$ -

For the year ended June 30, 2022, long-term debt increased by $1,000,000 as the District took out a loan for construction of a new terminal and administration building. See Note 7 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, 2022 and 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021
Current assets:		**Restated**
Cash and cash equivalents (Note 2)	$ 1,034,411	$ 6,737,220
Accrued interest receivable	8,690	4,745
Accounts receivable – customers	20,268	21,654
Lease receivable (Note 4)	44,156	42,363
Property taxes receivable	49,404	30,991
Materials and supplies inventory	117,397	76,660
Prepaid items	6,664	5,228
Total current assets	1,280,990	6,918,861
Non-current assets:		
Restricted – investments (Note 2 and 3)	890,280	-
Investments (Note 2)	6,002,481	-
Lease receivable (Note 4)	93,952	138,108
Capital assets – not being depreciated (Note 5)	3,815,362	3,852,386
Capital assets, net – being depreciated (Note 5)	13,258,969	15,837,673
Total non-current assets	24,061,044	19,828,167
Total assets	25,342,034	26,747,028
Deferred outflows of resources:		
Deferred amounts related to net OPEB liability (Note 8)	680,639	528,650
Deferred amounts related to net pension liability (Note 9)	195,086	206,750
Total deferred outflows of resources	875,725	735,400
Total assets and deferred outflows of resources	$ 26,217,759	$ 27,482,428
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 31,066	$ 16,315
Customer deposits and unearned revenue	104,620	47,509
Accrued interest payable	5,980	-
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	83,257	82,720
Loan payable (Note 7)	35,000	-
Total current liabilities	259,923	146,544
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	41,008	40,743
Loan payable (Note 7)	965,000	-
Net OPEB liability (Note 8)	1,871,381	1,692,652
Net pension liability (Note 8)	196,211	598,805
Total noncurrent liabilities	3,073,600	2,332,200
Total liabilities	3,333,523	2,478,744
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	132,661	176,882
Deferred amounts related to net OPEB liability (Note 8)	192,906	133,237
Deferred amounts related to net pension liability (Note 9)	234,987	72,361
Total deferred inflows of resources	560,554	382,480
Net position:		
Net investment in capital assets (Note 10)	16,964,611	19,690,059
Unrestricted	5,359,071	4,931,145
Total net position	22,323,682	24,621,204
Total liabilities, deferred inflows of resources and net position	$ 26,217,759	$ 27,482,428

BIG BEAR AIRPORT DISTRICT

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021 Restated
Operating revenues:		
Facility and hangar rentals	$ 622,229	$ 597,561
Fuel and oil sales, net of cost	102,571	96,406
Aircraft tiedown fees, parking and souvenirs	33,715	34,576
Other operating revenue	25,655	44,970
Total operating revenues	784,170	773,513
Operating expenses:		
Salaries and wages	608,110	587,753
Employee benefits	453,547	669,072
Board of directors expenses	14,085	24,543
Insurance	100,943	111,693
Materials and supplies	102,450	87,613
Professional services	216,020	137,373
Repairs and maintenance	372,360	72,931
Utilities and telephone	147,486	134,776
Total operating expenses	2,015,001	1,825,754
Operating (loss) before depreciation	(1,230,831)	(1,052,241)
Depreciation expense	(2,695,826)	(1,321,563)
Operating (loss)	(3,926,657)	(2,373,804)
Non-operating revenues(expenses):		
Property taxes – ad valorem	1,653,273	1,560,147
Redevelopment taxes	111,646	99,940
Investment earnings	2,434	9,739
State subsidy	10,000	10,000
Interest expense	(5,980)	-
Cost of debt issuance	(109,980)	-
Temporary building for construction costs	(151,013)	-
Total non-operating revenues, net	1,510,380	1,679,826
Net (loss) before capital contributions	(2,416,277)	(693,978)
Capital contributions:		
Federal capital grants	118,755	-
Total capital contributions	118,755	-
Change in net position	(2,297,522)	(693,978)
Net Position:		
Beginning of year, as restated (Note 11)	24,621,204	25,315,182
End of year	$ 22,323,682	$ 24,621,204

BIG BEAR AIRPORT DISTRICT
Statement of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		Restated
Cash receipts from customers and others	$ 744,017	$ 648,503
Cash paid to employees for salaries and wages	(652,999)	(638,071)
Cash paid to vendors and suppliers for materials and services	(1,574,738)	(663,464)
Net cash used in operating activities	(1,483,720)	(653,032)
Cash flows from non-capital financing activities:		
Proceeds from property taxes – ad valorem	1,634,860	1,560,091
Proceeds from property taxes – redevelopment increment	111,646	99,940
Net cash provided by non-capital financing activities	1,746,506	1,660,031
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(80,098)	(40,480)
Proceeds from capital grants	118,755	-
Proceeds from loan payable	1,000,000	-
Cost of debt issuance	(109,980)	-
Net cash provided by (used in) capital and related financing activities	928,677	(40,480)
Cash flows from investing activities:		
Purchases of investments	(6,911,160)	-
Proceeds from the maturity of investments	-	495,740
Investment earnings	16,888	7,119
Net cash provided by (used in) investing activities	(6,894,272)	502,859
Net increase (decrease) in cash and cash equivalents	(5,702,809)	1,469,378
Cash and cash equivalents:		
Beginning of year	6,737,220	5,267,842
End of year	$ 1,034,411	$ 6,737,220

BIG BEAR AIRPORT DISTRICT
Statement of Cash Flows, Continued
For the Fiscal Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of operating loss to net cash used in)operating activities:		**Restated**
Operating (loss)	$ (3,926,657)	$ (2,373,804)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,695,826	1,321,563
State subsidy	10,000	10,000
Temporary building for construction costs	(151,013)	-
Change in assets – (increase)decrease:		
Accounts receivable – customers, net	1,386	(11,417)
Lease receivable	42,363	(180,471)
Accounts receivable – others	-	58,308
Materials and supplies inventory	(40,737)	(10,100)
Prepaid items	(1,436)	4,266
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB liability	(151,989)	103,385
Deferred amounts related to net pension liability	11,664	(4,150)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	14,751	(6,767)
Customer deposits and unearned revenue	57,111	(1,430)
Compensated absences	802	15,436
Net OPEB liability	178,729	55,683
Net pension liability	(402,594)	76,027
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	(44,221)	176,882
Deferred amounts related to net OPEB liability	59,669	125,485
Deferred amounts related to net pension liability	162,626	(11,928)
Total adjustments	2,442,937	1,720,772
Net cash (used in) operating activities	$ (1,483,720)	$ (653,032)
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	$ (18,399)	$ 507

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.

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.

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)

4. Lease Receivable and Deferred Inflows of resources
The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. 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.

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

7. 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:

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

8. Deferred Outflows/Inflows of resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that ap lies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

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)

9. 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.

10. 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, 2020
Measurement Date June 30, 2021
Measurement Period July 1, 2020 to June 30, 2021

11. 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, 2021
Measurement Date June 30, 2021
Measurement Period July 1, 2020 to June 30, 2021

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

- **Net investment in capital assets -** This component of net position consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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.

F. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2022, the District has implemented a new pronouncement as follows:

GASB Statement No. 87 – Leases
The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed its effective date by 18 months due to the COVID-19 pandemic and its effect on the audit/accounting industry. The District adopted the Statement as of July 1, 2020. See Note 4 for the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

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

Description	June 30, 2022	June 30, 2021
Cash and cash equivalents	$ 1,034,411	$ 6,737,220
Restricted – investments	890,280	-
Investments	6,002,481	-
Total	$ 7,927,172	$ 6,737,220

Cash and investments consisted of the following:

Description	June 30, 2022	June 30, 2021
Cash on hand	$ 350	$ 350
Demand deposits held with financial institutions	430,670	629,227
Deposits in Local Agency Investment Fund (LAIF)	603,391	6,107,643
Investments	6,892,761	-
Total	$ 7,927,172	$ 6,737,220

Demand Deposits with Financial Institutions
At June 30, 2022 and 2021, the carrying amount of the District's demand deposits were $430,670 and $629,227, respectively, and the financial institution's balances were $600,648 and $637,031, 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.

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2022, and 2021, the District held $603,391 and $6,107,643 in LAIF, respectively.

Investments
The District's investments as of June 30, 2022 were as follows:

Type of Investments	Measurement Input	Credit Rating	June 30, 2022 Fair Value	Maturity 12 Months or Less
U.S. government sponsored agency securities	Level 2	A to AAA	$ 6,836,965	$ 6,836,965
Money market mutual funds	N/A	N/A	55,796	55,796
Total investments			$ 6,892,761	$ 6,892,761

Authorized Investments and Investment Policy
The District has adopted an investment policy directing the Fiscal Officer to deposit funds in financial institutions to purchases financial investments in accordance with California Government Code 53600-53610 as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. government sponsored agency securities	5-years	None	None
Non-negotiable certificates of deposit	10-years	None	None
Money market mutual funds	5-years	20%	20%
Collateralized bank deposits	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

NOTE 2 – CASH AND INVESTMENTS (continued)

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.

NOTE 3 – RESTRICTED – INVESTMENTS

Restricted – cash and cash equivalents as of June 30, consisted of the following:

Description	June 30, 2022	June 30, 2021
Unspent proceeds from loan issuance	$ 890,280	$ -
Less: Unspent proceeds from loan issuance	(890,280)	-
Total restricted – net position	$ -	$ -

The restricted – investments balance on the balance sheet at June 30, 2022 was investment holdings by the District from the remaining unused proceeds from the loan payable – 2022. This amount is then used in the calculation of net investment in capital assets. (See Note 10)

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable for the year ended June 30, 2022 was as follows:

Description	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Cellular antenna site rental No. 1	$ 124,389	$ -	$ (28,760)	$ 95,629
Cellular antenna site rental No. 2	56,082	-	(13,603)	42,479
Total lease receivable	$ 180,471	$ -	$ (42,363)	$ 138,108

Changes in the District's lease receivable for the year ended June 30, 2021 was as follows:

Description	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Cellular antenna site rental No. 1	$ -	$ 151,687	$ (27,298)	$ 124,389
Cellular antenna site rental No. 2	-	69,416	(13,334)	56,082
Total lease receivable	$ -	$ 221,103	$ (40,632)	$ 180,471

The District is reporting a total lease receivable of $138,108 and $180,471 and a total related deferred inflows of resources of $132,662 and $176,882 for the years ending June 30, 2022 and 2021, respectively. Also, the District is reporting total lease revenue of $44,221 and $44,221 and interest revenue of $3,225 and $4,053 related to lease payments received for the years ending June 30, 2022, and 2021, respectively.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

Cellular Antenna Site Rental No. 1
The District, on July 1, 2020, renewed a continuous lease with American Tower for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of $151,687. As of June 30, 2022, the value of the lease receivable was $95,629. The lease is required to make monthly fixed payments of $2,476 for the first 12-month period, then increase 3.0% on February 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $91,012 as of June 30, 2022. The District recognized lease revenue of $30,337 and interest revenue of $2,227 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental No. 2
The District, on July 1, 2020, renewed a continuous lease with Sprint for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of $69,416. As of June 30, 2022, the value of the lease receivable was $42,479. The lease is required to make monthly fixed payments of $1,217 for the duration of the current lease term, then increase 15% on February 1st upon renewal. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $41,649 as of June 30, 2022. The District recognized lease revenue of $13,883 and interest revenue of $997 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Minimum future lease receipts for the next four fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2023	$ 44,156	$ 2,361	$ 46,517
2024	46,014	1,461	47,475
2025	47,938	523	48,461
Total	138,108	$ 4,346	$ 142,453
Current	(44,156)		
Long-term	$ 93,952		

Changes in the District's deferred inflows of resources related to leases for June 30, 2022 is as follows:

Description	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Cellular antenna site rental No. 1	$ 121,350	$ -	$ (30,337)	$ 91,012
Cellular antenna site rental No. 2	55,532	-	(13,883)	41,649
Total deferred inflows	$ 176,882	$ -	$ (44,221)	$ 132,662

Changes in the District's deferred inflows of resources related to leases for June 30, 2021 is as follows:

Description	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Cellular antenna site rental No. 1	$ -	$ 151,687	$ (30,337)	$ 121,350
Cellular antenna site rental No. 2	-	69,416	(13,883)	55,532
Total deferred inflows	$ -	$ 221,103	$ (44,221)	$ 176,882

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2022, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2023	$ 44,221
2024	44,221
2025	44,221
Total	$ 132,662

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Summary changes in capital asset balances for the year ended June 30, 2022, were as follows:

Description	Balance July 1, 2021	Additions	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets:				
Land	$ 3,692,512	$ -	$ -	$ 3,692,512
Construction-in-process	159,874	324,475	(361,499)	122,850
Total non-depreciable assets	3,852,386	324,475	(361,499)	3,815,362
Depreciable assets:				
Land improvements	18,063,846	53,286	(67,457)	18,049,675
Structures and improvements	5,857,061	-	(121,970)	5,735,091
Building	2,643,000	-	-	2,643,000
Operating equipment	4,158,929	63,836	(111,011)	4,111,754
Office equipment	46,490	-	(46,490)	-
Total depreciable assets	30,769,326	117,122	(346,928)	30,539,520
Accumulated depreciation:				
Land improvements	(7,628,244)	(1,691,545)	67,457	(9,252,332)
Structures and improvements	(4,249,840)	(353,182)	121,970	(4,481,052)
Building	(1,784,025)	(264,579)	-	(2,048,604)
Operating equipment	(1,238,876)	(370,698)	111,011	(1,498,563)
Office equipment	(30,668)	(15,822)	46,490	-
Total accumulated depreciation	(14,931,653)	(2,695,826)	346,928	(17,280,551)
Total depreciable assets, net	15,837,673	(2,578,704)	-	13,258,969
Total capital assets, net	$ 19,690,059	$ (2,254,229)	$ (361,499)	$ 17,074,331

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION (continued)

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

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
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

NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2022, were as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Current Portion	Long-term Portion
$ 123,463	$ 54,519	$ (53,717)	$ 124,265	$ 83,257	$ 41,008

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

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

NOTE 7 – LOANS PAYABLE

Summary changes to compensated absences balances for the year ended June 30, 2022, were as follows:

Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Current Portion	Long-term Portion
$ -	$ 1,000,000	$ -	$ 1,000,000	$ 35,000	$ 965,000

2022 – Installment Purchase Agreement

On May 19, 2022, the District entered into an installment purchase agreement for $7,920,00 with First Foundation Public Finance to provide funds for the design and construction of a new terminal building. The initial advance of $1,000,000, less issuance costs, was issued at the time of closing, with the remaining draw of $6,920,000 to be issued on May 19, 2023. The terms of the agreement provide for interest payable semi-annually on February 1st and October 1st at a rate of 2.990% per annum. The note matures on October 1st, 2047. At June 30, 2022, the outstanding balance of the 2022 – installment purchase agreement was $1,000,000, with a $35,000 principal payment due on October 1st. 2022.

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Summary

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

Description	2022	2021
OPEB related deferred outflows	$ 680,639	$ 528,650
Net other post-employment benefits obligation	1,871,381	1,692,652
OPEB related deferred inflows	192,906	133,237

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, 2022 and 2021, the current contribution maximum for each employee group is shown below:

District Maximum Contribution	
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.

NOTE 8 – 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, 2022, the District's contributions totaling $63,261 included $60,407 in current year premium payments reimbursed by the CERBT OPEB Trust and an implied subsidy of $2,854. 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.

B. Net OPEB Liability

For the fiscal year ended June 30, 2022, the District's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. 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. 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, 2021 and 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	**June 30, 2021**	**June 30, 2020**
Discount rate	2.19%	2.66%
Inflation	2.75%	2.75%
Salary increases	3.00%	3.00%
Investment rate of return	2.19%	2.66%
Healthcare cost trend rates	8.0 percent	8.0 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%

NOTE 8 – 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 2.19% and 2.66% as of June 30, 2021 and 2020 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, 2022 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2021 (Measurement date July 1, 2020)	$ 1,740,175	$ 47,523	$ 1,692,652
Changes for the year:			
Service cost	115,407	-	115,407
Interest	48,414	-	48,414
Changes in assumptions	128,731	-	128,731
Changes in experience	(89,151)	-	(89,151)
Contributions by employer	-	9,974	(9,974)
Net investment income	-	14,717	(14,717)
Administrative expenses	-	(19)	19
Benefit payments	(71,459)	(71,459)	-
Net changes	131,942	(46,787)	178,729
Balance at June 30, 2022 (Measurement date June 30, 2021)	$ 1,872,117	$ 736	$ 1,871,381

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

NOTE 8 – 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, 2022:

1% Decrease 1.19%	Discount Rate 2.19%	1% Increase 3.19%
$ 2,198,256	$ 1,871,381	$ 1,613,195

For the fiscal year ended June 30, 2021:

1% Decrease 1.66%	Discount Rate 2.66%	1% Increase 3.66%
$ 1,976,524	$ 1,692,652	$ 1,466,065

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, 2022:

1% Decrease 7.00%	Healthcare Cost Trend Rates 8.00%	1% Increase 9.00%
$ 1,591,660	$ 1,871,381	$ 2,237,554

For the fiscal year ended June 30, 2021:

1% Decrease 7.00%	Healthcare Cost Trend Rates 8.00%	1% Increase 9.00%
$ 1,456,098	$ 1,692,652	$ 1,933,455

NOTE 8 – 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, 2022, the District recognized OPEB expense of $289,263. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 2,854	$ -
Changes in assumptions	477,785	-
Differences between expected and actual experience	-	(181,985)
Differences between projected and actual earnings on OPEB plan investments	-	(10,921)
Total Deferred Outflows/(Inflows) of Resources	$ 480,639	$ (192,906)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $2,854 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows] of Resources
2023	$ 94,658
2024	95,279
2025	95,424
2026	(15,327)
2027	4,947
Thereafter	9,898
Total	$ 284,879

At June 30, 2022, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE 8 – 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, 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:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
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	$ 528,650	$ (133,237)

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

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

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

NOTE 9 – NET PENSION LIABILITY AND PENSION PLAN

Summary

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

Description	2022	2021
Pension related deferred outflows	$ 195,086	$ 206,750
Net pension liability	196,211	598,805
Pension related deferred inflows	234,987	72,361

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 Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years 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 2021	13.573%	8.239%
Required employer contribution rates – FY 2020	12.745%	7.598%

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, 2021 and 2020 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.

NOTE 9 – NET PENSION LIABILITY AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

At June 30, 2021 (Measurement Date), the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	Classic Tier 1	PEPRA Tier 2	Total
Active members	2	6	8
Transferred and terminated members	3	5	8
Retired members and beneficiaries	8	-	8
Total plan members	13	11	24

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

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

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.

NOTE 9 – 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, 2022, were as follows:

	Miscellaneous Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – employer	$ 78,996	$ 26,557	$ 105,553

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

	Miscellaneous Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – employer	$ 68,040	$ 25,563	$ 93,603

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, 2021 and 2020, 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, 2020 and 2019, rolled forward to June 30, 2021 and 2020, 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.

NOTE 9 – 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, 2021 (Measurement Date):

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2020 (Measurement Date)	$ 3,424,599	$ 2,825,794	$ 598,805
Balance as of June 30, 2021 (Measurement Date)	$ 3,601,613	$ 3,405,402	$ 196,211
Change in Plan Net Pension Liability	$ 177,014	$ 579,608	$ (402,594)

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):

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
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 District's proportionate share percentage of the net pension liability for the June 30, 2021 (Measurement Date) was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2022	**Fiscal Year Ending June 30, 2021**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2021	June 30, 2020	
Percentage of Risk Pool Net Pension Liability	0.010333%	0.014196%	-0.003863%
Percentage of Plan (PERF C) Net Pension Liability	0.003628%	0.005504%	-0.001876%

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

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	**Fiscal Year Ending June 30, 2020**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2020	June 30, 2019	
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%

NOTE 9 – 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, 2022, the District recognized a pension credit of $122,752. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 105,553	$ -
Difference between actual and proportionate share of employer contributions	-	(63,705)
Adjustment due to differences in proportions	67,530	-
Differences between expected and actual experience	22,003	-
Differences between projected and actual earnings on pension plan investments	-	(171,282)
Total Deferred Outflows/(Inflows) of Resources	$ 195,086	$ (234,987)

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 $105,553 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, 2023. 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:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	$ (32,234)
2024	(30,865)
2025	(35,021)
2026	(47,334)
Total	$ (145,454)

NOTE 9 – 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:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
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 (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 $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:

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

NOTE 9 – 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, 2021 and 2020 (Measurement dates), the total pension liability was determined by rolling forward the June 30, 2020 and 2019, total pension liability. The June 30, 2021 and 2020, 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.

Investment Type	New Strategic Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
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%
	100.0%		

[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+.

NOTE 9 – 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, 2021 (Measurement Date):

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	$ 671,735	$ 196,211	$ (196,898)

At June 30, 2020 (Measurement Date):

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

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, 2022 and 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2022 and 2021, respectively.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of the following as of June 30:

Description	June 30, 2022	June 30, 2021
Net investment in capital assets:		
Capital assets – not being depreciated	$ 3,815,362	$ 3,852,386
Capital assets – being depreciated, net	13,258,969	15,837,673
Loan payable – current portion	(35,000)	-
Loan payable – non-current portion	(965,000)	-
Unspent proceeds from loan issuance (Note 3)	890,280	-
Total net investment in capital assets	$ 16,964,611	$ 19,690,059

NOTE 11 – PRIOR PERIOD ADJUSTMENT

Beginning net position as of July 1, 2020 was restated by $0, for the District's retroactive restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease started on July 1, 2020:

Description	Balance
Net position:	
Beginning of year, as previosly stated	$ 25,315,182
Lease receivable	221,103
Deferred amounts related to leases	(221,103)
Net adjustment	-
Beginning of year, as restated	$ 25,315,182

Beginning net position as of July 1, 2021 was restated by $3,589, for the District's restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease continued through July 1, 2021:

Description	Balance
Net position:	
Beginning of year, as previosly stated	$ 24,617,615
Lease receivable	180,471
Deferred amounts related to leases	(176,882)
Net adjustment	3,589
Beginning of year, as restated	$ 24,621,204

NOTE 12 – 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, 2021 – 499 member agencies
D.	**Governing board**	Seven representatives employed by members
E.	**District payments for FY 2021:**	
	Property/Liability policy	$86,930
	Workers' compensation policy	$14,012
F.	**Condensed financial information**	June 30, 2021

	June 30, 2021
Statement of net position:	
Total assets	$ 139,860,914
Deferred outflows	606,052
Total liabilities	73,886,665
Deferred inflows	237,014
Net position	$ 66,343,287
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 84,001,505
Total expenses	(78,600,852)
Change in net position	5,400,653
Beginning – net position	60,942,634
Ending – net position	$ 66,343,287

G. Member agencies share of year-end financial position Not Calculated

At June 30, 2022, 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.

NOTE 12 – 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 2022, 2021 and 2020. 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, 2022, 2021 and 2020.

NOTE 13 – 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.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 – months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

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 15 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 11, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

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	0.007134%	$ 388,145	$ 314,527	123.41%	85.04%
June 30, 2015	0.003035%	277,448	320,717	86.51%	90.01%
June 30, 2016	0.011311%	392,940	334,550	117.45%	86.35%
June 30, 2017	0.012080%	476,201	398,206	119.59%	84.65%
June 30, 2018	0.012009%	452,603	455,055	99.46%	85.64%
June 30, 2019	0.013055%	522,778	571,780	91.43%	84.52%
June 30, 2020	0.014196%	598,805	408,364	146.64%	82.51%
June 30, 2021	0.010333%	196,211	524,058	37.44%	94.55%

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.

From fiscal year June 30, 2021 to June 30, 2022:
There were no significant changes in assumptions.

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

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%
June 30, 2022	105,553	(105,553)	-	565,750	18.66%

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%
June 30, 2022	June 30, 2020	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 eight 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, 2022 and 2021

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:					
Service cost	$ 115,407	$ 115,793	$ 43,940	$ 18,426	$ 17,933
Interest	48,414	57,565	72,149	46,109	51,075
Changes in assumptions	128,731	50,560	662,879	(10,589)	-
Differences between expected and actual experience	(89,151)	(155,966)	-	138,502	-
Changes of benefit terms	-	-	-	91,476	-
Benefit payments	(71,459)	(66,827)	(53,355)	(41,086)	(38,662)
Net change in total OPEB liability	131,942	1,125	725,613	242,838	30,346
Total OPEB liability - beginning	1,740,175	1,739,050	1,013,437	770,599	740,253
Total OPEB liability - ending	1,872,117	1,740,175	1,739,050	1,013,437	770,599
Plan fiduciary net position:					
Contributions - employer	9,974	8,519	-	-	-
Net investment income	14,717	3,800	9,116	14,002	20,153
Administrative expense	(19)	(50)	(32)	(323)	-
Benefit payments	(71,459)	(66,827)	(53,355)	(41,086)	(38,662)
Net change in plan fiduciary net position	(46,787)	(54,558)	(44,271)	(27,407)	(18,509)
Plan fiduciary net position - beginning	47,523	102,081	146,352	173,759	192,268
Plan fiduciary net position - ending	736	47,523	102,081	146,352	173,759
District's net OPEB liability	$ 1,871,381	$ 1,692,652	$ 1,636,969	$ 867,085	$ 596,840
Plan fiduciary net position as a percentage of the total OPEB liability	0.04%	2.73%	5.87%	14.44%	22.55%
Covered-employee payroll	$ 520,680	$ 520,680	$ 595,464	$ 578,120	$ 487,305
District's net OPEB liability as a percentage of covered-employee payroll	359.41%	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
Measurement Date June 30, 2021 – 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
Measurement Date June 30, 2021 – There were no changes in assumptions except change in discount rate

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

BIG BEAR AIRPORT DISTRICT

Schedule of OPEB Contributions

For the Fiscal Years Ended June 30, 2022 and 2021

Last Ten Fiscal Years*

Fiscal Year Ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution*	$ 63,261	$ 72,370	$ 68,693	$ 65,323	$ 41,882
Contributions in relation to the actuarially determined contributions	(63,261)	(71,459)	(66,827)	(61,054)	(41,086)
Contribution deficiency (excess)	$ -	$ 911	$ 1,866	$ 4,269	$ 796
Covered payroll	$ 520,680	$ 520,680	$ 595,464	$ 578,120	$ 487,305
Contributions as a percentage of covered payroll	12.15%	13.72%	11.22%	10.56%	8.43%

Notes to Schedule:

Valuation Date	June 30, 2021	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 normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value
Discount rate	2.66%	2.66%	3.16%	7.00%	6.00%
Inflation	2.75%	2.75%	2.75%	2.75%	3.00%
Payroll increases	3.00%	3.00%	3.00%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	70%	70%	70%	70%	70%
Healthcare trend rates	(4)	(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 five years are shown.

Other Independent Auditors' Report

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, 2022 and 2021, 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 January 11, 2023.

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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA

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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.

Nigro & Nigro, PC

Murrieta, California
January 11, 2023