BIG BEAR AIRPORT DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Years Ended
June 30, 2025 and 2024

BIG BEAR AIRPORT DISTRICT
For the Fiscal Years Ended June 30, 2025 and 2024
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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, 2025 and 2024, 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, 2025 and 2024, 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 6, to the financial statements, as of July 1, 2024, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to these matters.

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 | Angelika Vartikyan, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
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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 November 12, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
November 12, 2025

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, 2025 and 2024. 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 $226,335 and $1,991,328 for fiscal years ended June 30, 2025 and 2024, respectively. Both losses are primarily attributable to depreciation expense and not cash flows.

- In 2025, total revenues before capital contributions increased by $447,903 or 12.73% from $3,518,282 in 2024, to $3,966,185 in 2025, primarily due to an increase of $237,488 in property taxes – ad valorem, and a $251,140 increase in investment earnings.

- In 2024, total revenues before capital contributions increased by $624,089 or 21.56% from $2,894,193 in 2023 to $3,518,282, from 2024, primarily due to an increase of $169,070 in property taxes – ad valorem, and a $393,997 increase in investment earnings.

- In 2025, expenses for the District's operations before depreciation expense increased by $268,024 or 14.15% from $1,893,782 in 2024, to $2,161,806 in 2025, primarily due to a increase of $284,042 in salaries and benefits expenses resulting from pension and OPEB liability adjustments and the District operating at full staffing levels.

- In 2024, expenses for the District's operations before depreciation expense decreased by $117,170 or 5.83% from $2,010,952 in 2023, to $1,893,782 in 2024, primarily due to a decrease of $105,574 in salaries and benefits expenses, resulting from pension liability adjustments and position vacancies.

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, 2025	June 30, 2024	Change	June 30, 2023	Change
Assets:					
Current assets	$ 5,151,079	$ 2,281,078	$ 2,870,001	$ 1,931,710	$ 349,368
Non-current assets	11,334,003	14,177,926	(2,843,923)	13,759,023	418,903
Capital assets, net	12,991,721	12,070,577	921,144	15,077,762	(3,007,185)
Total assets	29,476,803	28,529,581	947,222	30,768,495	(2,238,914)
Deferred outflows of resources	619,333	817,176	(197,843)	920,423	(103,247)
Total assets and deferred outflows of resources	$ 30,096,136	$ 29,346,757	$ 749,379	$ 31,688,918	$ (2,342,161)
Liabilities:					
Current liabilities	$ 1,493,032	$ 479,749	$ 1,013,283	$ 500,479	$ (20,730)
Non-current liabilities	9,214,587	9,273,523	(58,936)	9,342,966	(69,443)
Total liabilities	10,707,619	9,753,272	954,347	9,843,445	(90,173)
Deferred inflows of resources	927,470	906,103	21,367	1,166,763	(260,660)
Net position:					
Net investment in capital assets	9,885,267	12,102,767	(2,217,500)	14,640,499	(2,537,732)
Unrestricted	8,575,780	6,584,615	1,991,165	6,038,211	546,404
Total net position	18,461,047	18,687,382	(226,335)	20,678,710	(1,991,328)
Total liabilities, deferred outflows of resources and net position	$ 30,096,136	$ 29,346,757	$ 749,379	$ 31,688,918	$ (2,342,161)

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 $18,461,047 and $18,687,382 as of June 30, 2025 and 2024, respectively.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)
By far the largest portion of the District's net position (54% as of June 30, 2025 and 65% as of June 30, 2024) 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 2025 and 2024, the District showed a positive balance in its unrestricted net position of $8,575,780 and $6,584,615, respectively, which may be utilized in future years.

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

	June 30, 2025	June 30, 2024	Change	June 30, 2023	Change
Operating revenues	$ 830,449	$ 734,909	$ 95,540	$ 693,166	$ 41,743
Operating expenses	(2,161,806)	(1,893,782)	(268,024)	(2,010,952)	117,170
Operating loss before depreciation	(1,331,357)	(1,158,873)	(172,484)	(1,317,786)	158,913
Depreciation expense	(1,693,544)	(3,277,967)	1,584,423	(2,412,992)	(864,975)
Operating loss	(3,024,901)	(4,436,840)	1,411,939	(3,730,778)	(706,062)
Non-operating revenues, net	2,798,566	2,445,512	353,054	2,084,249	361,263
Net loss before capital contributions	(226,335)	(1,991,328)	1,764,993	(1,646,529)	(344,799)
Capital contributions	-	-	-	1,557	(1,557)
Change in net position	(226,335)	(1,991,328)	1,764,993	(1,644,972)	(346,356)
Net Position:					
Beginning of year	18,687,382	20,678,710	(1,991,328)	22,323,682	(1,644,972)
End of year	$ 18,461,047	$ 18,687,382	$ (226,335)	$ 20,678,710	$ (1,991,328)

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 $226,335 and $1,991,328 for the years ended June 30, 2025 and 2024 respectively.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	June 30, 2025	June 30, 2024	Increase Change	June 30, 2023	Increase (Decrease)
Operating revenues:					
Facility and hangar rentals	$ 570,342	$ 574,405	$ (4,063)	$ 578,884	$ (4,479)
Fuel and oil sales, net of cost	160,262	119,642	40,620	71,705	47,937
Aircraft tiedown fees, parking and souvenirs	34,857	36,571	(1,714)	36,509	62
Other operating revenue	64,988	4,291	60,697	6,068	(1,777)
Total operating	830,449	734,909	95,540	693,166	41,743
Non-operating:					
Property taxes – ad valorem	2,255,071	2,017,583	237,488	1,848,513	169,070
Redevelopment taxes	-	136,265	(136,265)	116,986	19,279
Investment earnings	870,665	619,525	251,140	225,528	393,997
State subsidy	10,000	10,000	-	10,000	-
Total non-operating	3,135,736	2,783,373	352,363	2,201,027	582,346
Total revenues	$ 3,966,185	$ 3,518,282	$ 447,903	$ 2,894,193	$ 624,089

In 2025, total revenues before capital contributions increased by $447,903 or 12.73% from $3,518,282 in 2024, to $3,966,185 in 2025, primarily due to an increase of $237,488 in property taxes – ad valorem, and a $251,140 increase in investment earnings.

In 2024, total revenues before capital contributions increased by $624,089 or 21.56% from $2,894,193 in 2023 to $3,518,282, from 2024, primarily due to an increase of $169,070 in property taxes – ad valorem, and a $393,997 increase in investment earnings.

Total Expenses

	June 30, 2025	June 30, 2024	Increase Change	June 30, 2023	Increase (Decrease)
Operating expenses:					
Salaries and wages	$ 795,195	$ 669,738	$ 125,457	$ 720,532	$ (50,794)
Employee benefits	646,769	488,184	158,585	542,964	(54,780)
Board of directors expenses	13,661	9,500	4,161	15,016	(5,516)
Materials and supplies	122,129	138,297	(16,168)	124,570	13,727
Insurance	85,801	87,635	(1,834)	94,319	(6,684)
Professional services	255,516	252,241	3,275	272,252	(20,011)
Repairs and maintenance	73,821	95,951	(22,130)	77,637	18,314
Utilities and telephone	168,914	152,236	16,678	163,662	(11,426)
Operating expenses before depreciation	2,161,806	1,893,782	268,024	2,010,952	(117,170)
Depreciation	1,693,544	3,277,967	(1,584,423)	2,412,992	864,975
Non-operating expenses:					
Interest expense	221,432	221,425	7	60,351	161,074
Cost of debt issuance	-	-	-	-	-
Temporary building for construction costs	115,738	116,436	(698)	56,427	60,009
Total non-operating expenses	337,170	337,861	(691)	116,778	221,083
Total expenses	$ 4,192,520	$ 5,509,610	$ (1,317,090)	$ 4,540,722	$ 968,888

In 2025, expenses for the District's operations before depreciation expense increased by $268,024 or 14.15% from $1,893,782 in 2024, to $2,161,806 in 2025, primarily due to a increase of $284,042 in salaries and benefits expenses resulting from pension and OPEB liability adjustments and the District operating at full staffing levels.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses (continued)

In 2024, expenses for the District's operations before depreciation expense decreased by $117,170 or 5.83% from $2,010,952 in 2023, to $1,893,782 in 2024, primarily due to a decrease of $105,574 in salaries and benefits expenses, resulting from pension liability adjustments and position vacancies.

Capital Assets

	Balance June 30, 2025	Balance June 30, 2024	Balance June 30, 2023
Capital assets:			
Non-depreciable assets	$ 6,881,912	$ 4,324,492	$ 4,108,935
Depreciable assets	28,083,131	30,717,595	30,662,370
Accumulated depreciation	(21,973,322)	(22,971,510)	(19,693,543)
Total capital assets, net	$ 12,991,721	$ 12,070,577	$ 15,077,762

At the end of fiscal year 2025 and 2024, the District's investment in capital assets amounted to $12,991,721 and $12,070,577 (net of accumulated depreciation), respectively. The investment in capital assets includes land, land improvements, structures, buildings, 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, 2025	Balance June 30, 2024	Balance June 30, 2023
Loan payable	$ 7,390,000	$ 7,610,000	$ 7,885,000

For the year ended June 30, 2025, long-term debt decreased by $220,000 from regular principal payments on the loan for the 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 razing the existing structure and building a new facility for 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, 2025 and 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024
Current assets:		
Cash and cash equivalents (Note 2)	$ 4,859,942	$ 2,038,890
Accrued interest receivable	3,185	14,177
Accounts receivable – customers	27,929	21,178
Lease receivable (Note 4)	72,986	72,831
Property taxes receivable	56,179	52,340
Materials and supplies inventory	91,311	73,941
Prepaid items	39,547	7,721
Total current assets	5,151,079	2,281,078
Non-current assets:		
Restricted – investments (Note 2 and 3)	4,283,546	7,642,190
Investments (Note 2)	6,787,637	6,454,618
Lease receivable (Note 4)	262,820	81,118
Capital assets – not being depreciated (Note 5)	6,881,912	4,324,492
Capital assets, net – being depreciated (Note 5)	6,109,809	7,746,085
Total non-current assets	24,325,724	26,248,503
Total assets	29,476,803	28,529,581
Deferred outflows of resources:		
Deferred amounts related to net OPEB liability (Note 8)	287,503	304,889
Deferred amounts related to net pension liability (Note 9)	331,830	512,287
Total deferred outflows of resources	619,333	817,176
Total assets and deferred outflows of resources	$ 30,096,136	$ 29,346,757
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,016,087	$ 54,842
Customer deposits and unearned revenue	55,976	54,890
Accrued interest payable	90,948	93,766
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	100,021	56,251
Loan payable (Note 7)	230,000	220,000
Total current liabilities	1,493,032	479,749
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	49,264	27,707
Loan payable (Note 7)	7,160,000	7,390,000
Net OPEB liability (Note 8)	1,165,299	1,000,435
Net pension liability (Note 9)	840,024	855,381
Total noncurrent liabilities	9,214,587	9,273,523
Total liabilities	10,707,619	9,753,272
Deferred inflows of resources:		
Deferred amounts related to leases (Note 4)	331,356	147,175
Deferred amounts related to net OPEB liability (Note 8)	557,048	709,885
Deferred amounts related to net pension liability (Note 9)	39,066	49,043
Total deferred inflows of resources	927,470	906,103
Net position:		
Net investment in capital assets (Note 10)	9,885,267	12,102,767
Unrestricted	8,575,780	6,584,615
Total net position	18,461,047	18,687,382
Total liabilities, deferred inflows of resources and net position	$ 30,096,136	$ 29,346,757

BIG BEAR AIRPORT DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Facility and hangar rentals	$ 570,342	$ 574,405
Fuel and oil sales, net of cost	160,262	119,642
Aircraft tiedown fees, parking and souvenirs	34,857	36,571
Other operating revenue	64,988	4,291
Total operating revenues	830,449	734,909
Operating expenses:		
Salaries and wages	795,195	669,738
Employee benefits	646,769	488,184
Board of directors expenses	13,661	9,500
Insurance	122,129	138,297
Materials and supplies	85,801	87,635
Professional services	255,516	252,241
Repairs and maintenance	73,821	95,951
Utilities and telephone	168,914	152,236
Total operating expenses	2,161,806	1,893,782
Operating (loss) before depreciation	(1,331,357)	(1,158,873)
Depreciation expense	(1,693,544)	(3,277,967)
Operating (loss)	(3,024,901)	(4,436,840)
Non-operating revenues(expenses):		
Property taxes – ad valorem	2,255,071	2,017,583
Redevelopment taxes	-	136,265
Investment earnings	870,665	619,525
State subsidy	10,000	10,000
Interest expense	(221,432)	(221,425)
Temporary building for construction costs	(115,738)	(116,436)
Total non-operating revenues, net	2,798,566	2,445,512
Change in net position	(226,335)	(1,991,328)
Net Position:		
Beginning of year	18,687,382	20,678,710
End of year	$ 18,461,047	$ 18,687,382

BIG BEAR AIRPORT DISTRICT

Statement of Cash Flows

For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash receipts from customers and others	$ 537,189	$ 709,130
Cash paid to employees for salaries and wages	(747,981)	(686,892)
Cash paid to vendors and suppliers for materials and services	(67,732)	(1,190,950)
Net cash used in operating activities	(278,524)	(1,168,712)
Cash flows from non-capital financing activities:		
Proceeds from property taxes – ad valorem	2,251,232	2,015,222
Proceeds from property taxes – redevelopment taxes	-	136,265
Net cash provided by non-capital financing activities	2,251,232	2,151,487
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,614,688)	(270,782)
Principal paid on long-term debt	(220,000)	(275,000)
Interest paid on long-term debt	(224,250)	(173,601)
Net cash provided by (used in) capital and related financing activities	(3,058,938)	(719,383)
Cash flows from investing activities:		
Proceeds from the sale of investments	3,823,089	82,884
Investment earnings	84,193	35,673
Net cash used in investing activities	3,907,282	118,557
Net increase in cash and cash equivalents	2,821,052	381,949
Cash and cash equivalents:		
Beginning of year	2,038,890	1,656,941
End of year	$ 4,859,942	$ 2,038,890

BIG BEAR AIRPORT DISTRICT
Statement of Cash Flows, Continued
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Reconciliation of operating loss to net cash used in operating activities:		
Operating (loss)	$ (3,024,901)	$ (4,436,840)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,693,544	3,277,967
State subsidy	10,000	10,000
Temporary building for construction costs	(115,738)	(116,436)
Change in assets – (increase)decrease:		
Accounts receivable – customers, net	(6,751)	4,813
Lease receivable	(181,857)	69,509
Materials and supplies inventory	(17,370)	42,377
Prepaid items	(31,826)	308
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB liability	17,386	109,554
Deferred amounts related to net pension liability	180,457	(6,307)
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	961,245	(27,815)
Customer deposits and unearned revenue	1,086	6,335
Compensated absences	65,327	11,831
Net OPEB liability	164,864	61,302
Net pension liability	(15,357)	85,350
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	184,181	(70,507)
Deferred amounts related to net OPEB liability	(152,837)	(160,795)
Deferred amounts related to net pension liability	(9,977)	(29,358)
Total adjustments	2,746,377	3,268,128
Net cash used in operating activities	$ (278,524)	$ (1,168,712)
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	$ 186,915	$ 255,308
Change in investment earnings increment	$ 599,557	$ 328,544

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 applies 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

The District's employee benefits provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Full cash payment for all unused vacation leave is available to employees upon retirement or termination. Cash payment for all unused sick leave is available up to 55% of the employee's current pay rate upon retirement or termination based on years of service at the District. The cost of vacation is recorded in the period accrued. In accordance with GASB No. 101, Compensated Absences, leave is recognized when it is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Management evaluates sick leave for other District employees to determine the amount that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This analysis includes assessing relevant factors such as historical information about the use, payment or forfeiture of compensated absences and the District's portion of medicare taxes.

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, 2023
Measurement Date June 30, 2024
Measurement Period July 1, 2023 to June 30, 2024

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, 2024
Measurement Date June 30, 2024
Measurement Period July 1, 2023 to June 30, 2024

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)

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".

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, 2025, the District has implemented new GASB pronouncements as follows:

GASB Statement No. 101 – Compensated Absences

This GASB Statement amends the definition of a compensated absence to encompass the various types of benefits offered by governmental employees and establishes a unified model for accounting and reporting. The statement also revises the related financial statement disclosure requirements, including eliminating certain disclosures previously required that GASB research found did not provide essential information to financial statement users. The GASB statement applies to all units of state and local governments. The District adopted the Statement as of July 1, 2024. See Note 6 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, 2025	June 30, 2024
Cash and cash equivalents	$ 4,859,942	$ 2,038,890
Restricted – investments	4,283,546	7,642,190
Investments	6,787,637	6,454,618
Total	$ 15,931,125	$ 16,135,698

Cash and investments consisted of the following:

Description	June 30, 2025	June 30, 2024
Cash on hand	$ 350	$ 350
Demand deposits held with financial institutions	2,511,596	182,898
Deposits in Local Agency Investment Fund (LAIF)	291,179	1,251,296
Deposits in California Cooperative Liquid Assets Securities System (CA CLASS)	2,056,817	604,346
Investments	11,071,183	14,096,808
Total	$ 15,931,125	$ 16,135,698

Demand Deposits with Financial Institutions
At June 30, 2025 and 2024, the carrying amount of the District's demand deposits were $2,511,596 and $182,898, respectively, and the financial institution's balances were $2,533,648 and $347,403, 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, 2025, and 2024, the District held $291,179 and $1,251,296 in LAIF, respectively.

California Cooperative Liquid Assets Securities System (California CLASS)
The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of power entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. 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 California CLASS for the entire California CLASS 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 California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAm (S&P Global Ratings) and AAAf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2025, the District held $2,056,817 in California CLASS. Fiscal year 2024 was the first year the District participated in California CLASS.

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments
The District's investments as of June 30, 2025 were as follows:

Type of Investments	Measurement Input	Credit Rating	June 30, 2025 Fair Value	Maturity: 12 Months or Less	Maturity: 13 to 24 Months	Maturity: 25 to 60 Months
U.S. treasury obligations	Level 1	AA+ to AAA	$ 3,143,177	$ 2,151,402	$ -	$ 991,775
U.S. government sponsored agency securities	Level 2	A to AAA	2,874,610	1,175,903	1,698,707	-
Money market mutual funds	N/A	N/A	5,053,396	5,053,396	-	-
Total investments			$ 11,071,183	$ 8,380,701	$ 1,698,707	$ 991,775

The District's investments as of June 30, 2024 were as follows:

Type of Investments	Measurement Input	Credit Rating	June 30, 2024 Fair Value	Maturity: 12 Months or Less	Maturity: 13 to 24 Months
U.S. treasury obligations	Level 1	AA+ to AAA	$ 3,645,503	$ 1,537,918	$ 2,107,585
U.S. government sponsored agency securities	Level 2	A to AAA	10,358,776	9,201,533	1,157,243
Money market mutual funds	N/A	N/A	92,529	92,529	-
Total investments			$ 14,096,808	$ 10,831,980	$ 3,264,828

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

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.

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2025	June 30, 2024
Unspent proceeds from loan issuance	$ 4,283,546	$ 7,642,190
Less: Unspent proceeds from loan issuance	(4,283,546)	(7,642,190)
Total restricted – net position	$ -	$ -

The restricted – investments balance on the balance sheet at June 30, 2025 and 2024 was invested in 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, 2025 was as follows:

Description	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Cellular antenna site rental No. 1	$ 33,495	$ 175,847	$ (33,495)	$ 175,847
Cellular antenna site rental No. 2	14,443	78,840	(14,443)	78,840
Cellular antenna site rental No. 3	106,011	-	(24,892)	81,119
Total lease receivable	$ 153,949	$ 254,687	$ (72,830)	$ 335,806

Changes in the District's lease receivable for the year ended June 30, 2024 was as follows:

Description	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Cellular antenna site rental No. 1	$ 65,351	$ -	$ (31,856)	$ 33,495
Cellular antenna site rental No. 2	28,601	-	(14,158)	14,443
Cellular antenna site rental No. 3	129,506	-	(23,495)	106,011
Total lease receivable	$ 223,458	$ -	$ (69,509)	$ 153,949

The District is reporting a total lease receivable of $335,806 and $153,949, and a total related deferred inflows of resources of $331,356 and $147,175 for the years ending June 30, 2025 and 2024, respectively. Also, the District is reporting total lease revenue of $70,506 and $70,507 and interest revenue of $2,890 and $4,432 related to lease payments received for the years ending June 30, 2025, and 2024, respectively.

The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to 2.50% for existing leases 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.

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

Cellular Antenna Site Rental No. 1
The District, on June 30, 2025, 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 $175,847. As of June 30, 2025, the value of the lease receivable was $175,847. The lease is required to make monthly fixed payments of $2,870 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 $175,847 as of June 30, 2025. The District recognized lease revenue of $30,337 and interest revenue of $366 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 June 30, 2025, 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 $78,840. As of June 30, 2025, the value of the lease receivable was $78,840. The lease is required to make monthly fixed payments of $1,399 for the duration of the current lease term, then increase 15% on July 1st upon renewal. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was $78,840 as of June 30, 2025. The District recognized lease revenue of $13,883 and interest revenue of $157 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. 3
The District, on June 1, 2024, entered into a lease agreement with AT&T for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of $131,432. As of June 30, 2025, the value of the lease receivable was $81,119. The lease is required to make monthly fixed payments of $2,200 for the first 12-month period, then increase 3% on June 1st of each year. The lease has an interest rate of 2.50%. The value of the deferred inflow of resources was $76,669 as of June 30, 2025. The District recognized lease revenue of $26,286 and interest revenue of $2,367 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.

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

Fiscal Year	Principal	Interest	Total
2026	$ 72,986	$ 6,759	$ 79,745
2027	76,578	5,055	81,633
2028	77,759	3,269	81,028
2029	53,087	1,814	54,901
2030	55,396	650	56,046
Total	335,806	$ 17,547	$ 353,353
Current	(72,986)		
Long-term	$ 262,820		

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

Changes in the District's deferred inflows of resources related to leases for June 30, 2025 is as follows:

Description	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Cellular antenna site rental No. 1	$ 30,338	$ 175,847	$ (30,338)	$ 175,847
Cellular antenna site rental No. 2	13,883	78,840	(13,883)	78,840
Cellular antenna site rental No. 3	102,954	-	(26,285)	76,669
Total deferred inflows	$ 147,175	$ 254,687	$ (70,506)	$ 331,356

Changes in the District's deferred inflows of resources related to leases for June 30, 2024 is as follows:

Description	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Cellular antenna site rental No. 1	$ 60,675	$ -	$ (30,337)	$ 30,338
Cellular antenna site rental No. 2	27,766	-	(13,883)	13,883
Cellular antenna site rental No. 3	129,241	-	(26,287)	102,954
Total deferred inflows	$ 217,682	$ -	$ (70,507)	$ 147,175

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2025, will be amortized in future periods as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Inflows of Resources
2026	$ 77,224
2027	77,224
2028	75,033
2029	50,938
2030	50,937
Total	$ 331,356

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Summary changes in capital asset balances for the year ended June 30, 2025, were as follows:

Description	Balance July 1, 2024	Additions	Deletions/ Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 3,692,512	$ -	$ -	$ 3,692,512
Construction-in-process	631,980	2,614,688	(57,268)	3,189,400
Total non-depreciable assets	4,324,492	2,614,688	(57,268)	6,881,912
Depreciable assets:				
Land improvements	18,172,525	-	(48,732)	18,123,793
Structures and improvements	5,774,935	-	-	5,774,935
Building	2,643,000	-	(2,643,000)	-
Operating equipment	4,127,135	57,268	-	4,184,403
Total depreciable assets	30,717,595	57,268	(2,691,732)	28,083,131
Accumulated depreciation:				
Land improvements	(13,292,019)	(1,245,327)	48,732	(14,488,614)
Structures and improvements	(4,925,094)	(215,988)	-	(5,141,082)
Building	(2,643,000)	-	2,643,000	-
Operating equipment	(2,111,397)	(232,229)	-	(2,343,626)
Total accumulated depreciation	(22,971,510)	(1,693,544)	2,691,732	(21,973,322)
Total depreciable assets, net	7,746,085	(1,636,276)	-	6,109,809
Total capital assets, net	$ 12,070,577	$ 978,412	$ (57,268)	$ 12,991,721

Summary changes in capital asset balances for the year ended June 30, 2024, were as follows:

Description	Balance July 1, 2023	Additions	Deletions/ Transfers	Balance June 30, 2024
Non-depreciable assets:				
Land	$ 3,692,512	$ -	$ -	$ 3,692,512
Construction-in-process	416,423	215,557	-	631,980
Total non-depreciable assets	4,108,935	215,557	-	4,324,492
Depreciable assets:				
Land improvements	18,172,525	-	-	18,172,525
Structures and improvements	5,735,091	39,844	-	5,774,935
Building	2,643,000	-	-	2,643,000
Operating equipment	4,111,754	15,381	-	4,127,135
Total depreciable assets	30,662,370	55,225	-	30,717,595
Accumulated depreciation:				
Land improvements	(10,919,560)	(2,372,459)	-	(13,292,019)
Structures and improvements	(4,693,030)	(232,064)	-	(4,925,094)
Building	(2,313,183)	(329,817)	-	(2,643,000)
Operating equipment	(1,767,770)	(343,627)	-	(2,111,397)
Total accumulated depreciation	(19,693,543)	(3,277,967)	-	(22,971,510)
Total depreciable assets, net	10,968,827	(3,222,742)	-	7,746,085
Total capital assets, net	$ 15,077,762	$ (3,007,185)	$ -	$ 12,070,577

NOTE 6 – COMPENSATED ABSENCES

Changes to compensated absences balances for the years ended June 30, 2025, and 2024, were as follows:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Current Portion	Long-term Portion
$ 83,957	$ 65,328	$ 149,285	$ 100,021	$ 49,264

Balance July 1, 2023	Net Change	Balance June 30, 2024	Current Portion	Long-term Portion
$ 72,127	$ 11,830	$ 83,957	$ 56,251	$ 27,707

As of June 30, 2025, the total liability for compensated absences was $149,285, of which $100,021 is expected to be paid within one year and is reported as a current liability. The beginning balance of compensated absences as of July 1, 2024, reflected an immaterial difference upon implementation of GASB Statement No. 101; therefore, no restatement was required.

NOTE 7 – LOANS PAYABLE

Summary changes to loans payable balances for the year ended June 30, 2025, were as follows:

Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Current Portion	Long-term Portion
$ 7,610,000	$ -	$ (220,000)	$ 7,390,000	$ 230,000	$ 7,160,000

Summary changes to loans payable balances for the year ended June 30, 2024, were as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Current Portion	Long-term Portion
$ 7,885,000	$ -	$ (275,000)	$ 7,610,000	$ 220,000	$ 7,390,000

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 being 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, 2025, the outstanding balance of the 2022 – installment purchase agreement was $7,390,000.

NOTE 7 – LOANS PAYABLE (continued)

Annual debt service requirements for loans payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 230,000	$ 217,523	$ 447,523
2027	235,000	210,571	445,571
2028	240,000	203,470	443,470
2029	245,000	196,219	441,219
2030	255,000	188,744	443,744
2030-2034	1,400,000	822,549	2,222,549
2035-2039	1,630,000	596,206	2,226,206
2040-2044	1,885,000	334,207	2,219,207
2045-2048	1,270,000	57,857	1,327,857
Total	7,390,000	$ 2,827,345	$ 10,217,345
Current	(230,000)		
Long-term	$ 7,160,000		

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Description	2025	2024
OPEB related deferred outflows	$ 287,503	$ 304,889
Net other post-employment benefits liability	1,165,299	1,000,435
OPEB related deferred inflows	557,048	709,885

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, 2025 and 2024, the current contribution maximum for each employee group is shown below:

District Maximum Contribution	2025	2024
Single	$ 1,216	$ 1,216
Two-party	2,432	2,432
Family	3,162	3,162

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

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.

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, 2025, the District's contributions totaling $89,128 included $82,010 in current year premium payments and an implied subsidy of $7,118. For fiscal year ended June 30, 2024, the District's contributions totaling $83,775, included $64,474 in current year premium payments and an implied subsidy of $7,182.

B. Net OPEB Liability

For the fiscal year ended June 30, 2025, the District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023. For the fiscal year ended June 30, 2024, the District's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023. 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, 2024 and 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024	June 30, 2022
Discount rate	5.51%	5.66%
Inflation	2.50%	2.50%
Salary increases	3.00%	3.00%
Investment rate of return	6.25%	6.25%
Healthcare cost trend rates	6.0 percent	6.0 percent

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

Asset Class	Target Allocation	Long-term Rate of Return
Global Equities	59%	4.80%
U.S. Fixed	25%	1.80%
Inflation Assets	5%	1.60%
REITs	8%	3.70%
Commodities	3%	1.90%

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 5.51% and 5.66% as of June 30, 2024 and 2023 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, 2025 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2024 (Measurement date July 1, 2023)	$ 1,215,196	$ 214,761	$ 1,000,435
Changes for the year:			
Service cost	64,671	-	64,671
Interest	70,102	-	70,102
Changes in assumptions	72,950	-	72,950
Changes in experience	64,470	-	64,470
Contributions by employer	-	83,775	(83,775)
Net investment income	-	23,624	(23,624)
Administrative expenses	-	(70)	70
Benefit payments	(83,775)	(83,775)	-
Net changes	188,418	23,554	164,864
Balance at June 30, 2025 (Measurement date June 30, 2024)	$ 1,403,614	$ 238,315	$ 1,165,299

The changes in the total OPEB liability for fiscal year June 30, 2024 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2023 (Measurement date July 1, 2021)	$ 1,140,989	$ 201,856	$ 939,133
Changes for the year:			
Service cost	62,634	-	62,634
Interest	67,645	-	67,645
Changes in assumptions	15,584	-	15,584
Changes in experience	-	-	-
Contributions by employer	-	71,656	(71,656)
Net investment income	-	12,964	(12,964)
Administrative expenses	-	(59)	59
Benefit payments	(71,656)	(71,656)	-
Net changes	74,207	12,905	61,302
Balance at June 30, 2024 (Measurement date June 30, 2022)	$ 1,215,196	$ 214,761	$ 1,000,435

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, 2025:

1% Decrease 4.51%	Discount Rate 5.51%	1% Increase 6.51%
$ 1,320,429	$ 1,165,299	$ 1,033,868

For the fiscal year ended June 30, 2024:

1% Decrease 4.66%	Discount Rate 5.66%	1% Increase 6.66%
$ 1,132,321	$ 1,000,435	$ 888,589

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, 2025:

1% Decrease 5.00%	Healthcare Cost Trend Rates 6.00%	1% Increase 7.00%
$ 1,020,858	$ 1,165,299	$ 1,339,454

For the fiscal year ended June 30, 2024:

1% Decrease 5.00%	Healthcare Cost Trend Rates 6.00%	1% Increase 7.00%
$ 865,272	$ 1,165,299	$ 1,165,531

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, 2025, the District recognized OPEB expense of $118,541. At June 30, 2025, 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	$ 89,128	$ -
Changes in assumptions	144,650	(349,594)
Differences between expected and actual experience	53,725	(198,603)
Differences between projected and actual earnings on OPEB plan investments	-	(8,851)
Total Deferred Outflows/(Inflows) of Resources	$ 287,503	$ (557,048)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $89,128 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, 2025. 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
2026	$ (113,632)
2027	(93,358)
2028	(94,470)
2029	(82,148)
2030	24,935
Thereafter	-
Total	$ (358,673)

At June 30, 2025, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

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, 2024, the District recognized OPEB expense of $93,836. At June 30, 2024, 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	$ 83,775	$ -
Changes in assumptions	221,114	(439,233)
Differences between expected and actual experience	-	(268,570)
Differences between projected and actual earnings on OPEB plan investments	-	(2,082)
Total Deferred Outflows/(Inflows) of Resources	$ 304,889	$ (709,885)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $83,775 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, 2025. 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
2025	$ (23,743)
2026	(134,494)
2027	(114,220)
2028	(115,332)
2029	(103,012)
Thereafter	2,030
Total	$ (488,771)

At June 30, 2024, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

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	2025	2024
Pension related deferred outflows	$ 331,830	$ 512,287
Net pension liability	840,024	855,381
Pension related deferred inflows	39,066	49,043

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%	8.250%
Required employer contribution rates – FY 2024	14.990%	8.630%
Required employer contribution rates – FY 2023	14.930%	8.190%

Plan Description
The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2023 and June 30, 2022 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

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

A. General Information about the Pension Plan (continued)

At June 30, 2024 (Measurement Date), the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	1	7	8
Transferred and terminated members	2	11	13
Retired members and beneficiaries	10	-	10
Total plan members	13	18	31

At June 30, 2023 (Measurement Date), the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	1	7	8
Transferred and terminated members	3	8	11
Retired members and beneficiaries	9	-	9
Total plan members	13	15	28

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 (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Contributions for the fiscal year ended June 30, 2025, were as follows:

	Miscellaneous Plans		
Contribution Type	Classic Tier 1	PEPRA Tier 2	Total
Contributions – employer	$ 91,795	$ 103,258	$ 195,053

Contributions for the fiscal year ended June 30, 2024, were as follows:

	Miscellaneous Plans		
Contribution Type	Classic Tier 1	PEPRA Tier 2	Total
Contributions – employer	$ 77,371	$ 101,795	$ 179,166

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, 2024 and 2023, 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, 2023 and 2022, rolled forward to June 30, 2024 and 2023, 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, 2024 (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, 2023 (Measurement Date)	$ 4,066,642	$ 3,211,261	$ 855,381
Balance as of June 30, 2024 (Measurement Date)	$ 4,536,273	$ 3,696,249	$ 840,024
Change in Plan Net Pension Liability	$ 469,631	$ 484,988	$ (15,357)

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, 2023 (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, 2022 (Measurement Date)	$ 3,837,387	$ 3,067,356	$ 770,031
Balance as of June 30, 2023 (Measurement Date)	$ 4,066,642	$ 3,211,261	$ 855,381
Change in Plan Net Pension Liability	$ 229,255	$ 143,905	$ 85,350

The District's proportionate share percentage of the net pension liability for the June 30, 2024 (Measurement Date) was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2025	**Fiscal Year Ending June 30, 2024**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2024	June 30, 2023	
Percentage of Risk Pool Net Pension Liability	0.017368%	0.017106%	0.000262%
Percentage of Plan (PERF C) Net Pension Liability	0.017368%	0.006857%	0.010511%

The District's proportionate share percentage of the net pension liability for the June 30, 2023 (Measurement Date) was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2024	**Fiscal Year Ending June 30, 2023**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2023	June 30, 2022	
Percentage of Risk Pool Net Pension Liability	0.017106%	0.016456%	0.000650%
Percentage of Plan (PERF C) Net Pension Liability	0.006857%	0.006666%	0.000191%

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, 2025, the District recognized a pension expense of $226,368. At June 30, 2025, 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	$ 135,999	$ -
Difference between actual and proportionate share of employer contributions	-	(36,232)
Adjustment due to differences in proportions	53,254	-
Differences between expected and actual experience	72,628	(2,834)
Differences between projected and actual earnings on pension plan investments	48,359	-
Changes in assumptions	21,590	-
Total Deferred Outflows/(Inflows) of Resources	$ 331,830	$ (39,066)

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 $135,999 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, 2025. 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
2026	$ 68,284
2027	105,845
2028	(792)
2029	(16,572)
Total	$ 156,765

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, 2024, the District recognized a pension expense of $228,852. At June 30, 2024, 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	$ 179,166	$ -
Difference between actual and proportionate share of employer contributions	-	(42,264)
Adjustment due to differences in proportions	99,286	-
Differences between expected and actual experience	43,697	(6,779)
Differences between projected and actual earnings on pension plan investments	138,494	-
Changes in assumptions	51,644	-
Total Deferred Outflows/(Inflows) of Resources	$ 512,287	$ (49,043)

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 $179,166 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, 2025. 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
2025	$ 104,520
2026	69,449
2027	106,135
2028	3,974
Total	$ 284,078

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, 2024 and 2023 (Measurement dates), the total pension liability was determined by rolling forward the June 30, 2023 and 2022, total pension liability. The June 30, 2024 and 2023, 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	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

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

Asset Class	Assumed Asset Allocation	Real Return [1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

[1] An expected inflation of 2.3% is used for this period.
[2] Figures are based on the 2021 Asset Liability Management study.

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 6.90%. 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
On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2024, measurement date.

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

At June 30, 2024 (Measurement Date):

	Plan's Net Pension Liability/(Asset)		
Plan Type	**Discount Rate - 1% 5.90%**	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
CalPERS – Miscellaneous Plan	$ 1,452,150	$ 840,024	$ 336,154

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)

At June 30, 2023 (Measurement Date):

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
CalPERS – Miscellaneous Plan	$ 1,405,377	$ 855,381	$ 402,687

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, 2025 and 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2025 and 2024, respectively.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

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

Description	June 30, 2025	June 30, 2024
Net investment in capital assets:		
Capital assets – not being depreciated	$ 6,881,912	$ 4,324,492
Capital assets – being depreciated, net	6,109,809	7,746,085
Loan payable – current portion	(230,000)	(220,000)
Loan payable – non-current portion	(7,160,000)	(7,390,000)
Unspent proceeds from loan issuance (Note 3)	4,283,546	7,642,190
Total net investment in capital assets	$ 9,885,267	$ 12,102,767

NOTE 11 – 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, 2025 – 512 member agencies	
D.	**Governing board**	Seven representatives employed by members	
E.	**District payments for FY 2025:**		
	Property/Liability policy	$105,936	
	Workers' compensation policy	$16,192	
F.	**Condensed financial information**	June 30, 2025	
	Statement of net position:		**June 30, 2025**
	Total assets		$ 185,602,180
	Deferred outflows		1,361,901
	Total liabilities		78,502,352
	Deferred inflows		332,457
	Net position		$ 108,129,272
	Statement of revenues, expenses and changes in net position:		
	Total revenues		$ 136,035,247
	Total expenses		(113,092,341)
	Change in net position		22,942,906
	Beginning – net position		85,186,366
	Ending – net position		$ 108,129,272
G.	**Member agencies share of year-end financial position**		Not Calculated

NOTE 11 – RISK MANAGEMENT (continued)

At June 30, 2025, the District participated in the liability and property programs of the SDRMA as follows:

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

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

- Employee dishonesty coverage up to $400,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction 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 2025, 2024 and 2022. 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, 2025, 2024 and 2022.

NOTE 12 – 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.

NOTE 12 – DEFERRED COMPENSATION SAVINGS PLAN (continued)

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 13 – COMMITMENTS AND CONTINGENCIES

Construction Contracts
The District has a variety of agreements with private parties relating to the design and construction of the new Terminal Building. The financing of the construction contracts is being provided by a combination of debt and the District's replacement reserves. The cost of the project to date is $3,017,360, with the total estimated cost of construction being $14,300,000.

As of June 30, 2025, The District has committed approximately $12,200,000 to complete open construction contracts related to the project.

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 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 12, 2025, the date which the financial statements were available to be issued.

Required Supplementary Information

BIG BEAR AIRPORT DISTRICT

Schedule of Proportionate Share of the Net Pension Liability

For the Fiscal Years Ended June 30, 2025 and 2024

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, 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%
June 30, 2022	0.016456%	770,031	565,750	136.11%	79.93%
June 30, 2023	0.017106%	855,381	633,956	134.93%	78.97%
June 30, 2024	0.017368%	840,024	601,015	139.77%	81.48%

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, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90%.

From fiscal year June 30, 2023 to June 30, 2025:
There were no significant changes in assumptions.

BIG BEAR AIRPORT DISTRICT

Schedule of Pension Contributions

For the Fiscal Years Ended June 30, 2025 and 2024

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, 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%
June 30, 2023	119,889	(119,889)	-	633,956	18.91%
June 30, 2024	179,166	(179,166)	-	601,015	29.81%
June 30, 2025	195,053	(195,053)	-	681,500	28.62%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation	Inflation	Investment Rate of Return
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%
June 30, 2025	June 30, 2024	Entry Age	Fair Value	2.30%	6.90%

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.

BIG BEAR AIRPORT DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Years Ended June 30, 2025 and 2024

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**
Measurement Date	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**
Total OPEB liability:					
Service cost	$ 64,671	$ 62,634	$ 129,806	$ 115,407	$ 115,793
Interest	70,102	67,645	43,198	48,414	57,565
Changes in assumptions	72,950	15,584	(618,511)	128,731	50,560
Differences between expected and actual experience	64,470	-	(226,519)	(89,151)	(155,966)
Changes of benefit terms	-	-	-	-	-
Benefit payments	(83,775)	(71,656)	(59,102)	(71,459)	(66,827)
Net change in total OPEB liability	188,418	74,207	(731,128)	131,942	1,125
Total OPEB liability - beginning	1,215,196	1,140,989	1,872,117	1,740,175	1,739,050
Total OPEB liability - ending	1,403,614	1,215,196	1,140,989	1,872,117	1,740,175
Plan fiduciary net position:					
Contributions - employer	83,775	71,656	259,102	9,974	8,519
Net investment income	23,624	12,964	1,122	14,717	3,800
Administrative expense	(70)	(59)	(2)	(19)	(50)
Benefit payments	(83,775)	(71,656)	(59,102)	(71,459)	(66,827)
Net change in plan fiduciary net position	23,554	12,905	201,120	(46,787)	(54,558)
Plan fiduciary net position - beginning	214,761	201,856	736	47,523	102,081
Plan fiduciary net position - ending	238,315	214,761	201,856	736	47,523
District's net OPEB liability	$ 1,165,299	$ 1,000,435	$ 939,133	$ 1,871,381	$ 1,692,652
Plan fiduciary net position as a percentage of the total OPEB liability	16.98%	17.67%	17.69%	0.04%	2.73%
Covered payroll	$ 642,345	$ 619,192	$ 549,033	$ 520,680	$ 520,680
District's net OPEB liability as a percentage of covered payroll	181.41%	161.57%	171.05%	359.41%	325.08%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2020 – There were no changes of benefits terms
Measurement Date June 30, 2021 – There were no changes of benefits terms
Measurement Date June 30, 2022 – There were no changes of benefits terms
Measurement Date June 30, 2023 – There were no changes of benefits terms
Measurement Date June 30, 2024 – There were no changes of benefits terms

Changes in Assumptions:

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
Measurement Date June 30, 2022 – There was a change in discount rate and inflation rate
Measurement Date June 30, 2023 – There was a change in discount rate
Measurement Date June 30, 2024 – There was a change in discount rate

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

Last Ten Fiscal Years*

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

Changes in Assumptions:
Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There was a change in discount rate
Measurement Date June 30, 2019 – There were no changes in assumptions except change in discount rate

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

BIG BEAR AIRPORT DISTRICT

Schedule of OPEB Contributions

For the Fiscal Years Ended June 30, 2025 and 2024

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2025**	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**
Actuarially determined contribution*	$ 156,385	$ 138,676	$ 134,637	$ 63,261	$ 72,370
Contributions in relation to the actuarially determined contributions	(83,775)	(71,656)	(259,102)	(63,261)	(71,459)
Contribution deficiency (excess)	$ 72,610	$ 67,020	$ (124,465)	$ -	$ 911
Covered payroll	$ 642,345	$ 619,192	$ 549,033	$ 520,680	$ 520,680
Contributions as a percentage of covered payroll	13.04%	11.57%	47.19%	12.15%	13.72%

Notes to Schedule:

Valuation Date	June 30, 2024	June 30, 2022	June 30, 2022	June 30, 2021	June 30, 2021
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	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	5.66%	5.66%	5.79%	2.66%	2.66%
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%
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) CalPERS 2021 Study

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

(4) Pre-65 - 6.00% trending down 0.25% annually to 6.00% in 2030 and later
Post-65 - 4.50% trending down 0.25% annually to 4.00% in 2030 and later

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

BIG BEAR AIRPORT DISTRICT

Schedule of OPEB Contributions (continued)

For the Fiscal Years Ended June 30, 2025 and 2024

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution*	$ 68,693	$ 65,323	$ 41,882
Contributions in relation to the actuarially determined contributions	(66,827)	(61,054)	(41,086)
Contribution deficiency (excess)	$ 1,866	$ 4,269	$ 796
Covered payroll	$ 595,464	$ 619,192	$ 549,033
Contributions as a percentage of covered payroll	11.22%	9.86%	7.48%

Notes to Schedule:

Valuation Date	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
Amortization method Closed period, level percent of pay	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value
Discount rate	3.16%	7.00%	6.00%
Inflation	2.75%	2.75%	3.00%
Payroll increases	3.00%	3.00%	3.00%
Mortality	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)
Percent Married - Spouse Support	70%	70%	70%
Healthcare trend rates	(4)	(4)	(4)

(1) Closed period, level percent of pay

(2) CalPERS 2021 Study

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

(4) Pre-65 - 6.00% trending down 0.25% annually to 6.00% in 2030 and later
Post-65 - 4.50% trending down 0.25% annually to 4.00% in 2030 and later

* Fiscal year 2018 was the first year of implementation; therefore, only eight 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, 2025 and 2024, 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 November 12, 2025.

Report on 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 or significant deficiencies 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 | Angelika Vartikyan, CPA

MURRIETA OFFICE 25220 Hancock Avenue, Suite 400, Murrieta, CA 92562 • P: (951) 698-8783 • F: (951) 699-1064
WALNUT CREEK OFFICE 2121 N. California Blvd. Suite 290, Walnut Creek, CA 94596 • P: (844) 557-3111 • F: (844) 557-3444
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Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Big Bear Airport District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Murrieta, California
November 12, 2025