

**BIG BEAR CITY COMMUNITY SERVICES
DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2021**

NIGRO & NIGRO^{PC}

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

For the Fiscal Year Ended June 30, 2021

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Big Bear City Community Services District
Big Bear City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Big Bear City Community Services District as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of Big Bear City Community Services District, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the 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 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
November 30, 2020

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

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

FINANCIAL HIGHLIGHTS

- The District's net position increased 11.0%, or \$1,991,667 from the prior year's net position of \$18,104,081 to \$20,095,748.
- Total program and general revenues increased by 1.96%, or \$297,519 from \$15,189,117 to \$15,486,636, from the prior year, primarily due to the \$161,881 increase in business-type revenues.
- Total expenses for the District's operations decreased by 12.49% or \$1,926,300 from \$15,421,269 to \$13,494,969 from the prior year, primarily due to the non-cash decrease in the District's OPEB liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

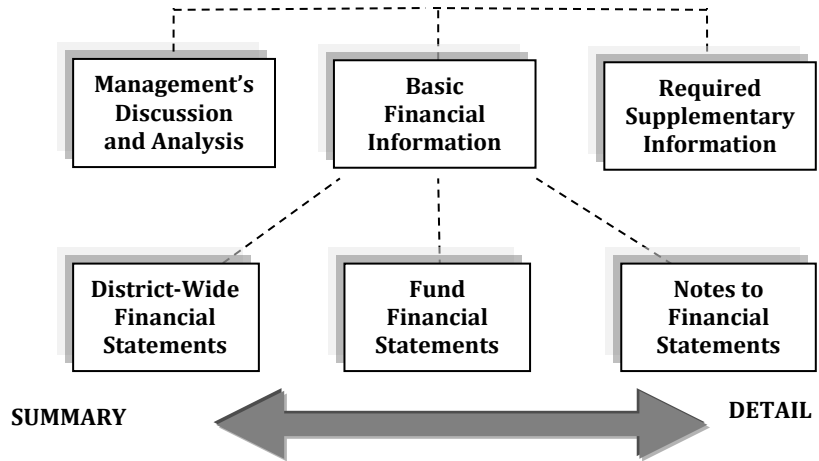
- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary fund statements*.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-1. Organization of Big Bear City Community Services District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Fund	Proprietary Funds
<i>Scope</i>	Entire District	The activities of the District that are not proprietary or fiduciary, such as fire and ambulance services	Activities of the District that operate like a business, such as self-insurance funds
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, & Changes in Net Position • Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as weed abatement, landscape maintenance, and administration. State and local programs finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by grantor requirements.

The District has two kinds of funds:

- 1) **Governmental funds** – Governmental funds generally focus on (1) how cash and other financial assets can readily be converted into cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- 2) **Proprietary funds** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers compensation claims, health and welfare benefits, and property and liability claims.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
ASSETS:						
Current assets	\$ 2,350,087	\$ 357,191	\$ 17,776,020	\$ 15,857,905	\$ 20,126,107	\$ 16,215,096
Non-current assets	-	-	299,175	400,965	299,175	400,965
Capital assets, net	980,619	1,123,875	17,317,942	17,927,598	18,298,561	19,051,473
Total assets	3,330,706	1,481,066	35,393,137	34,186,468	38,723,843	35,667,534
DEFERRED OUTFLOWS OF RESOURCES	-	-	2,074,670	2,207,931	2,074,670	2,207,931
LIABILITIES:						
Current liabilities	2,095,313	154,441	574,545	784,431	2,669,858	938,872
Non-current liabilities	46,653	40,020	16,022,042	17,966,037	16,068,695	18,006,057
Total liabilities	2,141,966	194,461	16,596,587	18,750,468	18,738,553	18,944,929
DEFERRED INFLOWS OF RESOURCES	-	-	1,964,212	826,455	1,964,212	826,455
NET POSITION						
Net investment in capital assets	980,619	1,123,875	16,398,637	16,793,598	17,379,256	17,917,473
Unrestricted (Deficit)	208,121	162,730	2,508,371	23,878	2,716,492	186,608
Total net position	\$ 1,188,740	\$ 1,286,605	\$ 18,907,008	\$ 16,817,476	\$ 20,095,748	\$ 18,104,081

At the end of fiscal year 2021, the District shows a positive balance in its unrestricted net position of \$2,716,492.

Analysis of Revenues and Expenses

Table A-2: Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
REVENUES:						
Program revenues	\$ 34,267	\$ 79,720	\$ 10,505,959	\$ 10,066,095	\$ 10,540,226	\$ 10,145,815
General revenues and transfers	4,968,043	4,786,952	(21,633)	256,350	4,946,410	5,043,302
Total revenues	5,002,310	4,866,672	10,484,326	10,322,445	15,486,636	15,189,117
EXPENSES:						
Operations	4,950,657	4,682,660	7,003,366	9,027,229	11,954,023	13,709,889
Depreciation expense	149,518	153,473	1,365,723	1,526,740	1,515,241	1,680,213
Interest expense	-	-	25,705	31,167	25,705	31,167
Total expenses	5,100,175	4,836,133	8,394,794	10,585,136	13,494,969	15,421,269
Change in net position	(97,865)	30,539	2,089,532	(262,691)	1,991,667	(232,152)
NET POSITION:						
Beginning of year	1,286,605	1,256,066	16,817,476	17,080,167	18,104,081	18,336,233
End of year	\$ 1,188,740	\$ 1,286,605	\$ 18,907,008	\$ 16,817,476	\$ 20,095,748	\$ 18,104,081

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

The statement of activities shows how the government's net position changed during the fiscal year. The District's net position increased 11.0%, or \$1,991,667 from the prior year's net position of \$18,104,081 to \$20,095,748.

Total program and general revenues increased by 1.96%, or \$297,519 from \$15,189,117 to \$15,486,636, from the prior year, primarily due to the \$161,881 increase in business-type revenues.

Total expenses for the District's operations decreased by 12.49% or \$1,926,300 from \$15,421,269 to \$13,494,969 from the prior year, primarily due to the non-cash decrease in the District's OPEB liability.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2021, the District reported a total fund balance of \$301,427 in the District's General Government fund. An amount of \$208,121 constitutes the District's *unassigned fund balance*, which is available for future expenditures in the District's General Government fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final budgeted expenditures for the District's General Government fund at year-end were \$152,428 less than actual. The variance is due to greater payments to the Big Bear Fire Authority than budgeted. Actual revenues were greater than the anticipated budget by \$149,114.

CAPITAL ASSET ADMINISTRATION

Table A-3: Capital Assets at Year End, Net of Depreciation

	<u>Balance</u> <u>June 30, 2021</u>	<u>Balance</u> <u>June 30, 2020</u>
Non-depreciable capital assets	\$ 1,723,694	\$ 2,336,887
Depreciable capital assets	<u>52,343,780</u>	<u>51,033,329</u>
Total capital assets	54,067,474	53,370,216
Accumulated depreciation	<u>(35,768,913)</u>	<u>(34,318,743)</u>
Total capital assets, net	<u>\$ 18,298,561</u>	<u>\$ 19,051,473</u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2021

CAPITAL ASSET ADMINISTRATION

At the end of fiscal year 2021, the District's investment in capital assets amounted to \$18,298,560 (net of accumulated depreciation). This investment in capital assets includes structures, improvements and equipment. Major capital asset additions during the year include various ongoing structural improvements and equipment totaling \$762,329.

See Note 4 for further information on the District's capital assets.

DEBT ADMINISTRATION

Table A-4: Capital Lease and Note Payable

	Balance June 30, 2021	Balance June 30, 2020
Capital lease payable	<u>\$ 919,305</u>	<u>\$ 1,134,000</u>
Note payable	<u>\$ 29,512</u>	<u>\$ -</u>

At the end of fiscal year 2021, the District paid-down its capital lease by \$214,695 and started receiving reimbursements for a new note of \$29,512. See Notes 6 and 7 for further information on the District's outstanding debt.

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

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 the Big Bear City Community Services District, 139 East Big Bear Blvd, Big Bear City, California 92314 or (909) 585-2565.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Statement of Net Position

June 30, 2021

<u>ASSETS</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments (Note 2)	\$ 2,226,796	\$ 16,853,198	\$ 19,079,994
Accrued interest receivable	1,269	13,869	15,138
Accounts receivable – services	-	575,670	575,670
Accounts receivable – other	43,339	47,290	90,629
Property taxes receivable	78,683	176,702	255,385
Due from other governments (Note 3)	-	109,291	109,291
Total current assets	2,350,087	17,776,020	20,126,107
Non-current assets:			
Due from other governments (Note 3)	-	299,175	299,175
Capital assets – not being depreciated (Note 4)	296,091	1,427,603	1,723,694
Capital assets – being depreciated, net (Note 4)	684,528	15,890,339	16,574,867
Total non-current assets	980,619	17,617,117	18,597,736
Total assets	3,330,706	35,393,137	38,723,843
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
OPEB related deferred outflows of resources (Note 8)	-	36,156	36,156
Pension related deferred outflows of resources (Note 9)	-	2,038,514	2,038,514
Total deferred outflows of resources	-	2,074,670	2,074,670
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable and accrued expenses	63,362	177,801	241,163
Due to other governments	1,985,298	-	1,985,298
Customer deposits and unearned revenue	-	89,154	89,154
Accrued interest payable	-	23,114	23,114
Compensated absences (Note 5)	46,653	63,892	110,545
Capital lease payable (Note 6)	-	220,584	220,584
Total current liabilities	2,095,313	574,545	2,669,858
Non-current liabilities:			
Compensated absences (Note 5)	46,653	63,891	110,544
Capital lease payable (Note 6)	-	698,721	698,721
Note payable (Note 7)	-	29,512	29,512
Net OPEB obligation (Note 8)	-	4,871,000	4,871,000
Net pension liability (Note 9)	-	10,358,918	10,358,918
Total non-current liabilities	46,653	16,022,042	16,068,695
Total liabilities	2,141,966	16,596,587	18,738,553
<u>DEFERRED INFLOWS OF RESOURCES</u>			
OPEB related deferred inflows of resources (Note 8)	-	1,510,470	1,510,470
Pension related deferred inflows of resources (Note 9)	-	453,742	453,742
Total deferred inflows of resources	-	1,964,212	1,964,212
<u>NET POSITION</u>			
Net investment in capital assets (Note 10)	980,619	16,398,637	17,379,256
Unrestricted	208,121	2,508,371	2,716,492
Total net position	\$ 1,188,740	\$ 18,907,008	\$ 20,095,748

BIG BEAR CITY COMMUNITY SERVICES DISTRICT*Statement of Activities**For the Fiscal Year Ended June 30, 2021*

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Capital and Operating Grants
Primary government:			
Governmental activities:			
General government	\$ 5,059,000	\$ 34,267	\$ -
Street lighting	41,175	-	-
Total governmental activities	<u>5,100,175</u>	<u>34,267</u>	<u>-</u>
Business-type activities:			
Water	3,167,203	4,173,699	133,935
Sewer	2,579,286	2,523,595	100,621
Solid waste	2,648,305	3,574,109	-
Total business-type activities	<u>8,394,794</u>	<u>10,271,403</u>	<u>234,556</u>
Total primary government	<u>\$ 13,494,969</u>	<u>\$ 10,305,670</u>	<u>\$ 234,556</u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT*Statement of Activities (continued)**For the Fiscal Year Ended June 30, 2021*

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (5,024,733)	\$ -	\$ (5,024,733)
Street lighting	(41,175)	-	(41,175)
Total governmental activities	(5,065,908)	-	(5,065,908)
Business-type activities:			
Water	-	1,140,431	1,140,431
Sewer	-	44,930	44,930
Solid waste	-	925,804	925,804
Total business-type activities	-	2,111,165	2,111,165
Total primary government	(5,065,908)	2,111,165	(2,954,743)
General revenues and transfers:			
Property taxes	2,791,648	-	2,791,648
Voter approved taxes	2,124,384	-	2,124,384
Investment earnings	(10,989)	41,367	30,378
Transfers – operations (Note 12)	63,000	(63,000)	-
Total general revenues and transfers	4,968,043	(21,633)	4,946,410
Change in net position	(97,865)	2,089,532	1,991,667
Net position:			
Beginning of year	1,286,605	16,817,476	18,104,081
End of year	\$ 1,188,740	\$ 18,907,008	\$ 20,095,748

BIG BEAR CITY COMMUNITY SERVICES DISTRICT*Balance Sheet – Governmental Funds**June 30, 2021*

<u>Assets</u>	<u>General Government</u>	<u>Street Lighting</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments	\$ 2,226,796	\$ -	\$ 2,226,796
Accrued interest receivable	1,269	-	1,269
Accounts receivable – other	43,339	-	43,339
Property taxes receivable	78,683	-	78,683
Total assets	<u>\$ 2,350,087</u>	<u>\$ -</u>	<u>\$ 2,350,087</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable and accrued expenses	\$ 63,362	\$ -	\$ 63,362
Due to other governments	1,985,298	-	1,985,298
Total liabilities	<u>2,048,660</u>	<u>-</u>	<u>2,048,660</u>
Fund balance: (Note 11)			
Committed	93,306	-	93,306
Unassigned	208,121	-	208,121
Total fund balance	<u>301,427</u>	<u>-</u>	<u>301,427</u>
Total liabilities and fund balance	<u>\$ 2,350,087</u>	<u>\$ -</u>	<u>\$ 2,350,087</u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021*

Total Fund Balances - Total Governmental Funds	<u>\$ 301,427</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capitalized assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	980,619
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities' both current and long-term, are reported in the statement of net position as follows:	
Compensated absences	<u>(93,306)</u>
Total adjustments	<u>887,313</u>
Net Position of Governmental Activities	<u><u>\$ 1,188,740</u></u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021*

	<u>General Government</u>	<u>Street Lighting</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 2,750,473	\$ 41,175	\$ 2,791,648
Voter approved taxes	2,124,384	-	2,124,384
Charges for services	34,267	-	34,267
Investment earnings	(10,989)	-	(10,989)
Total revenues	<u>4,898,135</u>	<u>41,175</u>	<u>4,939,310</u>
Expenditures:			
Current:			
Contract services – Big Bear Fire Authority	4,873,992	-	4,873,992
Park maintenance and other expenses	865	41,175	42,040
Materials and services	21,360	-	21,360
Capital outlay	6,262	-	6,262
Total expenditures	<u>4,902,479</u>	<u>41,175</u>	<u>4,943,654</u>
Revenues over(under) expenditures	<u>(4,344)</u>	<u>-</u>	<u>(4,344)</u>
Other financing sources(uses):			
Transfers in(out)	63,000	-	63,000
Total other financing sources(uses)	<u>63,000</u>	<u>-</u>	<u>63,000</u>
Change in fund balance	58,656	-	58,656
Fund balance:			
Beginning of year	242,771	-	242,771
End of year	<u>\$ 301,427</u>	<u>\$ -</u>	<u>\$ 301,427</u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities*

For the Fiscal Year Ended June 30, 2021

Net Changes in Fund Balance – Total Governmental Funds	<u>\$ 58,656</u>
Amounts reported for governmental activities in the statement of activities is different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources. Therefore, those expenses are not reported as expenditures in governmental funds as follows:	
Net change in compensated absences	(13,265)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlay	6,262
Depreciation expense	<u>(149,518)</u>
Total adjustments	<u>(156,521)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (97,865)</u></u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2021

<u>ASSETS</u>	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Solid Waste Operations</u>	<u>Total</u>
Current assets:				
Cash and investments	\$ 8,105,037	\$ 4,648,742	\$ 4,099,419	\$ 16,853,198
Accrued interest receivable	6,283	4,004	3,582	13,869
Accounts receivable – services, net	558,328	733	16,609	575,670
Accounts receivable – other	42,531	107,473	73,988	223,992
Due from other governments	-	109,291	-	109,291
Total current assets	8,712,179	4,870,243	4,193,598	17,776,020
Non-current assets:				
Due from other governments	-	299,175	-	299,175
Capital assets – not being depreciated	1,023,679	251,124	127,800	1,402,603
Capital assets – being depreciated, net	9,689,693	4,807,377	1,418,269	15,915,339
Total non-current assets	10,713,372	5,357,676	1,546,069	17,617,117
Total assets	19,425,551	10,227,919	5,739,667	35,393,137
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
OPEB related deferred outflows of resources	10,124	10,124	15,908	36,156
Pension related deferred outflows of resources	611,554	591,169	835,791	2,038,514
Total deferred outflows of resources	621,678	601,293	851,699	2,074,670
Total assets and deferred outflows of resources	\$ 20,047,229	\$ 10,829,212	\$ 6,591,366	\$ 37,467,807
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 71,084	\$ 58,535	\$ 48,182	\$ 177,801
Customer deposits and unearned revenue	58,638	15,516	15,000	89,154
Accrued interest payable	-	-	23,114	23,114
Compensated absences	16,927	16,616	30,349	63,892
Capital lease payable	-	-	220,584	220,584
Total current liabilities	146,649	90,667	337,229	574,545
Non-current liabilities:				
Compensated absences	16,926	16,616	30,349	63,891
Capital lease payable	-	-	698,721	698,721
Note payable	29,512	-	-	29,512
Net OPEB obligation	1,363,880	1,363,880	2,143,240	4,871,000
Net pension liability	3,107,675	3,004,086	4,247,157	10,358,918
Total non-current liabilities	4,517,993	4,384,582	7,119,467	16,022,042
Total liabilities	4,664,642	4,475,249	7,456,696	16,596,587
<u>DEFERRED INFLOWS OF RESOURCES</u>				
OPEB related deferred inflows of resources	422,932	422,932	664,606	1,510,470
Pension related deferred inflows of resources	136,123	131,585	186,034	453,742
Total deferred inflows of resources	559,055	554,517	850,640	1,964,212
<u>NET POSITION</u>				
Net investment in capital assets	10,713,372	5,058,501	626,764	16,398,637
Unrestricted (Deficit)	4,110,160	740,945	(2,342,734)	2,508,371
Total net position	14,823,532	5,799,446	(1,715,970)	18,907,008
Total liabilities, deferred inflows of resources and net position	\$ 20,047,229	\$ 10,829,212	\$ 6,591,366	\$ 37,467,807

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

*Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2021*

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Solid Waste Operations</u>	<u>Total</u>
Operating revenues:				
Water consumption sales	\$ 4,056,570	\$ -	\$ -	\$ 4,056,570
Sewer service charges	-	2,472,210	-	2,472,210
Water and sewer standby charges	57,170	47,193	-	104,363
Solid waste collection charges	-	-	3,573,933	3,573,933
Other charges for services	59,959	4,192	176	64,327
Total operating revenues	<u>4,173,699</u>	<u>2,523,595</u>	<u>3,574,109</u>	<u>10,271,403</u>
Operating expenses:				
Operations	2,564,153	2,071,402	2,367,811	7,003,366
Total operating expenses	<u>2,564,153</u>	<u>2,071,402</u>	<u>2,367,811</u>	<u>7,003,366</u>
Operating income before depreciation	1,609,546	452,193	1,206,298	3,268,037
Depreciation expense	(603,050)	(507,884)	(254,789)	(1,365,723)
Operating income(loss)	<u>1,006,496</u>	<u>(55,691)</u>	<u>951,509</u>	<u>1,902,314</u>
Non-operating revenue(expense) and transfers:				
Investment earnings	14,937	23,226	3,204	41,367
Interest expense	-	-	(25,705)	(25,705)
Transfers – operations	(21,000)	(21,000)	(21,000)	(63,000)
Total non-operating, net and transfers	<u>(6,063)</u>	<u>2,226</u>	<u>(43,501)</u>	<u>(47,338)</u>
Capital contributions:				
Connection fees	133,935	100,621	-	234,556
Total capital contributions	<u>133,935</u>	<u>100,621</u>	<u>-</u>	<u>234,556</u>
Change in net position	<u>1,134,368</u>	<u>47,156</u>	<u>908,008</u>	<u>2,089,532</u>
Net position:				
Beginning of year	13,689,164	5,752,290	(2,623,978)	16,817,476
End of year	<u>\$ 14,823,532</u>	<u>\$ 5,799,446</u>	<u>\$ (1,715,970)</u>	<u>\$ 18,907,008</u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Statement of Cash Flows – Proprietary Fund For the Fiscal Year Ended June 30, 2021

	Water Operations	Sewer Operations	Solid Waste Operations	Total
Cash flows from operating activities:				
Cash receipts from customers and others	\$ 4,010,597	\$ 2,528,724	\$ 3,583,722	\$ 10,123,043
Cash paid to employees for salaries and wages	(1,270,742)	(1,134,905)	(1,294,924)	(3,700,571)
Cash paid to vendors and suppliers	(1,641,248)	(1,064,922)	(1,326,962)	(4,033,132)
Net cash provided by operating activities	1,098,607	328,897	961,836	2,389,340
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(307,105)	(312,226)	(136,736)	(756,067)
Proceeds from capital contributions	133,935	100,621	-	234,556
Transfer (to)from other funds	(21,000)	(21,000)	(21,000)	(63,000)
Issuance of note payable	29,512	-	-	29,512
Principal payments on capital lease payable	-	-	(214,695)	(214,695)
Interest payments on capital lease payable	-	-	(31,104)	(31,104)
Net cash (used in) capital/financing activities	(164,658)	(232,605)	(403,535)	(800,798)
Cash flows from investing activities:				
Due from other governments	-	97,805	-	97,805
Investment earnings	30,390	37,137	14,050	81,577
Net cash provided by investing activities	30,390	134,942	14,050	179,382
Net increase in cash	964,339	231,234	572,351	1,767,924
Cash and cash equivalents:				
Beginning of year	7,140,698	4,417,508	3,527,068	15,085,274
End of year	<u>\$ 8,105,037</u>	<u>\$ 4,648,742</u>	<u>\$ 4,099,419</u>	<u>\$ 16,853,198</u>
Reconciliation of operating income(loss) to net cash provided by operating activities:				
Operating income(loss)	\$ 1,006,496	\$ (55,691)	\$ 951,509	\$ 1,902,314
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:				
Depreciation expense	603,050	507,884	254,789	1,365,723
Changes in account balances:				
(Increase)decrease in assets:				
Accounts receivable – services, net	(136,981)	140	8,091	(128,750)
Accounts receivable – other	(35,410)	(8,777)	(13,478)	(57,665)
(Increase)decrease in deferred outflows of res.	39,642	38,477	55,142	133,261
Increase(decrease) in liabilities:				
Accounts payable and accrued expenses	(213,555)	3,027	(38,849)	(249,377)
Customer deposits and unearned revenue	9,289	13,766	15,000	38,055
Compensated absences	(8,033)	(727)	10,651	1,891
Net OPEB obligation	(686,503)	(686,503)	(1,078,789)	(2,451,795)
Net pension liability	209,377	202,398	286,151	697,926
Increase(decrease) in deferred inflows of res.	311,235	314,903	511,619	1,137,757
Total adjustments	92,111	384,588	10,327	487,026
Net cash provided by operating activities	\$ 1,098,607	\$ 328,897	\$ 961,836	\$ 2,389,340

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Big Bear City Community Services District (District) serves as the local government for Big Bear City area. The District is similar to a city government, supplying such services as fire protection, street lighting, potable water service, sewer system and solid waste disposal. The District exists under California State law governing special districts (Government Code, Sec 61000 et. seq.). The District was formed on August 23, 1966, by voter approval. Initially, the District was the result of consolidation of three separate agencies including the Big Bear City Sanitation District, the Big Bear Fire Protection District, and the Big Bear City Street Lighting District. In 1967, the shareholders of the former Big Bear City Mutual Service Company voted to relinquish ownership operation of the water system to the District. Today, the District consists of overlapping fire, water, sewer, solid waste, and street lighting service areas that encompass 21.13 square miles. The District is governed by a five-member Board of Directors who serve four-year terms and are elected at large. The directors entrust the responsibility for the efficient execution of District policies to their designated representative, the General Manager.

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

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the 'current financial resources' measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year and other revenues when collected within one year of the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. The primary revenue sources susceptible to accrual are property taxes, charges for services, and interest associated with the current fiscal period and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary fund 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.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is used to account for all financial resources of the District, except those required to be accounted for in another fund when necessary.

Public Safety – Fire Services Fund: This fund is used to account for all public safety (fire protection) within the District's service area.

Public Safety – Ambulance Services Fund: This fund is used to account for the revenues received and expenditures incurred to maintain and operate the ambulance services within the District's service area.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

Water Operations: This fund accounts for the water transmission and distribution operations of the District.

Sewer Operations: This fund accounts for the sewer system operations of the District.

Solid Waste Operations: This fund accounts for the solid waste collection and disposal operations of the District.

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

D. 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 – Services

The District extends credit to customers in the normal course of operations. Management views all accounts receivable as collectible; however, certain accounts are delinquent and an allowance for doubtful accounts has not been recorded.

4. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

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

5. Capital Assets

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20-30 years
Buildings	40 years
Vehicles and equipment	3-10 years
Software	5 years
Transmission and distribution systems	10-40 years
Collection systems	10-50 years

6. 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 position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has no items that qualify for reporting in this category.

7. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

8. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan. Program and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

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

8. Postemployment Benefits Other Than Pensions (OPEB) (continued)

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2020

Measurement Date June 30, 2021

Measurement Period July 1, 2020 to June 30, 2021

9. 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) plan and addition to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2019

Measurement Date June 30, 2020

Measurement Period July 1, 2019 to June 30, 2020

10. Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

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

11. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

E. 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.

F. 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 Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2021, consist of the following:

<u>Description</u>	<u>Balance</u>
Cash on hand	\$ 750
Demand deposits held with financial institutions	812,003
Local Agency Investment Fund (LAIF)	18,001,581
Investments	265,660
Total	<u>\$ 19,079,994</u>

Demand Deposits

At June 30, 2021, the carrying amount of the District's demand deposits was \$812,003 and the financial institution balance was \$1,042,052. The \$230,050 net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC.

The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment policy requires that all security transactions are conducted on a delivery-versus-payment (DVP) method and that all securities are held by a qualified, third-party custodian, as evidenced by safekeeping receipts. The trust department of the District's bank may act as third-party custodian, provided that the custodian agreement is separate from the banking agreement. 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 (such as LAIF).

As of June 30, 2021, \$792,052 of the District's bank balance was exposed to custodial credit risk.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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, 2021 the District held \$18,001,581 in LAIF.

Investments

Investments as of June 30, 2021 consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity	
				12 Months or Less	13 to 24 Months
Non-negotiable certificates-of-deposit	Level 2	N/A	\$ 265,660	\$ 133,606	\$ 132,054
Total investments			<u>\$ 265,660</u>	<u>\$ 133,606</u>	<u>\$ 132,054</u>

Authorized Investments and Investment Policy

The District is legally empowered by statute and resolution to invest in non-negotiable certificates-of-deposit. The District's investment policy identifies other investment types that are authorized for the District to invest in under the California Government Code.

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 table above.

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.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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 table above.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments except for those in LAIF.

NOTE 3 – DUE FROM OTHER GOVERNMENTS

The District transferred the operations and liabilities of the public safety and ambulance services funds to the Big Bear Fire Authority (BBFA). The transfer included the prior interfund-payable from the public safety fund to the sewer fund for the payoff of the CalPERS Safety Employees side-fund liability. The BBFA has assumed the payable with the following repayment terms per year as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	109,291	14,023	123,314
2023	113,429	9,885	123,314
2024	117,723	5,591	123,314
2025	68,023	1,135	69,158
Total	408,466	<u>\$ 30,634</u>	<u>\$ 439,100</u>
Less: Current	<u>(109,291)</u>		
Long-term	<u>\$ 299,175</u>		

BIG BEAR CITY COMMUNITY SERVICES DISTRICT*Notes to Financial Statements**June 30, 2021*

NOTE 4 - CAPITAL ASSETS

At June 30, 2021, fund balances of the District's governmental funds were classified as follows:

	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 183,653	\$ -	\$ -	\$ 183,653
Construction-in-progress	115,113	1,954	(4,629)	112,438
Total non-depreciable assets	<u>298,766</u>	<u>1,954</u>	<u>(4,629)</u>	<u>296,091</u>
Depreciable assets:				
Land improvements	19,323	-	-	19,323
Buildings	1,569,855	8,937	-	1,578,792
Equipment	2,350,681	-	-	2,350,681
Total depreciable assets	<u>3,939,859</u>	<u>8,937</u>	<u>-</u>	<u>3,948,796</u>
Accumulated depreciation:				
Land improvements	(19,323)	-	-	(19,323)
Buildings	(1,085,084)	(36,048)	-	(1,121,132)
Equipment	(2,010,342)	(113,471)	-	(2,123,813)
Total accumulated depreciation	<u>(3,114,749)</u>	<u>(149,519)</u>	<u>-</u>	<u>(3,264,268)</u>
Total depreciable assets, net	<u>825,110</u>	<u>(140,582)</u>	<u>-</u>	<u>684,528</u>
Total capital assets, net	<u>\$ 1,123,876</u>	<u>\$ (138,628)</u>	<u>\$ (4,629)</u>	<u>\$ 980,619</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 17,463
Public safety	<u>132,056</u>
Total	<u>\$ 149,519</u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 4 – CAPITAL ASSETS (continued)

At June 30, 2021, fund balances of the District’s enterprise funds were classified as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 1,389,990	\$ -	\$ (17,068)	\$ 1,372,922
Water rights	25,000	-	-	25,000
Construction-in-progress	623,131	29,682	(623,132)	29,681
Total non-depreciable assets	<u>2,038,121</u>	<u>29,682</u>	<u>(640,200)</u>	<u>1,427,603</u>
Depreciable assets:				
Water transmission and distribution	19,696,897	756,055	-	20,452,952
Sewer system	14,422,083	-	-	14,422,083
Solid waste collection	88,448	-	-	88,448
Buildings	2,554,376	-	-	2,554,376
Vehicles and equipment	10,331,668	610,530	(65,073)	10,877,125
Total depreciable assets	<u>47,093,472</u>	<u>1,366,585</u>	<u>(65,073)</u>	<u>48,394,984</u>
Accumulated depreciation:				
Water transmission and distribution	(14,663,769)	(603,050)	65,073	(15,201,746)
Sewer system	(14,178,812)	(507,883)	-	(14,686,695)
Solid waste collection	(2,361,415)	(254,789)	-	(2,616,204)
Total accumulated depreciation	<u>(31,203,996)</u>	<u>(1,365,722)</u>	<u>65,073</u>	<u>(32,504,645)</u>
Total depreciable assets, net	<u>15,889,476</u>	<u>863</u>	<u>-</u>	<u>15,890,339</u>
Total capital assets, net	<u>\$ 17,927,597</u>	<u>\$ 30,545</u>	<u>\$ (640,200)</u>	<u>\$ 17,317,942</u>

NOTE 5 – COMPENSATED ABSENCES

Compensated absences comprise unpaid vacation leave, sick leave and compensating time off which is accrued as earned. The District's liability for compensated absences is determined annually. The changes to the compensated absences balance at June 30, 2021 were as follows:

<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 205,932	\$ 378,690	\$ (363,533)	\$ 221,089	\$ 110,545	\$ 110,544

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 6 – CAPITAL LEASE PAYABLE

Changes in capital lease payable amounts for the fiscal year ended June 30, 2021 were as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ 1,134,000	\$ -	\$ (214,695)	\$ 919,305	\$ 220,584	\$ 698,721

In 2015, the District entered into a \$535,000 capital lease payable agreement to finance the purchase of two new solid waste curbside trash-hauling trucks. The capital lease payable is scheduled to mature in fiscal year 2020 and bears interest at a rate of 2.998% with quarterly scheduled principal and interest payments of \$28,516 on the 18th day of the months of September, December, March, and June. Final payment of \$112,205 was made in fiscal year 2020.

In August 2019, the District entered into a \$1,134,000 capital lease payable agreement to finance the purchase of two new solid waste collection trucks and 12,000 curbside pick-up containers. The capital lease payable is scheduled to mature in fiscal year 2025 and bears interest at a rate of 2.74287% with annual scheduled principal and interest payments of \$245,799 on August 7th. Future principal and interest payments are to be made as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 214,695	\$ 31,104	\$ 245,799
2022	220,584	25,215	245,799
2023	226,634	19,165	245,799
2024	232,850	12,949	245,799
2025	239,237	6,562	245,799
Total	1,134,000	\$ 94,995	\$ 1,228,995
Less: Current	(214,695)		
Long-term	\$ 919,305		

NOTE 7 – NOTE PAYABLE

Changes in note payable amounts for the fiscal year ended June 30, 2021 were as follows:

<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Current</u> <u>Portion</u>	<u>Long-term</u> <u>Portion</u>
\$ -	\$ 29,512	\$ -	\$ 29,512	\$ -	\$ 29,512

In fiscal year 2021, the District entered into a \$2,500,000 Construction Installment Sale Agreement Note Payable with the California State Water Resources Control Board for the Well 8 replacement project. The note payable is scheduled to mature in fiscal year 2044 and bears interest at a rate of 1.40% with annual scheduled principal and interest payments of \$144,183 on January 1st each year if the \$2.5 million is fully utilized. Future principal and interest payments will be scheduled once final reimbursements for the construction project are made. As of June 30, 2021, the District has requested construction reimbursements of \$29,512.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Summary

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

<u>Description</u>	<u>2021</u>
OPEB related deferred outflows	\$ 36,156
Net other post-employment benefits obligation	4,871,000
OPEB related deferred inflows	1,510,470

Plan Description - Eligibility

The District administers its post-employment benefits plan, a single-employer defined benefit plan (the Plan). The following requirements must be satisfied in order to be eligible for post-employment medical benefits: (1) Attainment of age 50, and 10 years for full-time service, and (2) retirement from the District (the District must be the last employer prior to retirement).

Plan Description - Benefits

The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Retirees may enroll in any plan available through the CalPERS medical program. The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The following is a description of the current retiree benefit plan:

<u>Description</u>	<u>Participants</u>
Benefit types provided	Medical only
Duration of benefits	Lifetime
Required service	CalPERS Retirement and 10 years service
Minimum age	50 years and CalPERS Retirement from District
Dependent coverage	Surviving spouse may participate subject to PEMHCA
District contribution	50% at 10-years of service, plus 5% for each additional year to 100% at 20 or more years of service
District cap on coverage	Highest single-rate

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

Employees covered by benefit terms

At June 30, 2021, the following employees were covered by the benefit terms:

	<u>2021</u>
Inactive plan members or beneficiaries currently receiving benefit payments	36
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>39</u>
Total	<u><u>75</u></u>

A. Total Net OPEB Liability

The District's total net OPEB liability of \$4,871,000 as of June 30, 2021 was measured as of June 30, 2021 (Measurement Date), and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and other inputs

The total net OPEB liability in the June 30, 2021 (Measurement Date) actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	CalPERS 2015
Inflation	2.50%
Salary increases	2.75%
Investment rate of return	6.75%
Healthcare cost trend rates	6.50%

Mortality, Retirement & Turnover Assumptions

The mortality assumptions are based on the 2015 Active Mortality for Miscellaneous Employees table created by CalPERS.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

B. Changes in the Total OPEB Liability

The following table is based on the roll-forward of the June 30, 2020 (Measurement Date) actuarial valuation:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2020 (Measurement date July 1, 2020)	\$ 9,451,523	\$ 2,128,728	\$ 7,322,795
Changes for the year:			
Service cost	227,046	-	227,046
Interest	620,620	-	620,620
Changes in experience	(1,498,645)	-	(1,498,645)
Changes in assumptions	(608,430)	-	(608,430)
Employer contributions	-	611,104	(611,104)
Actual investment income	-	583,533	(583,533)
Administrative expense	-	(2,251)	2,251
Benefit payments	(496,158)	(496,158)	-
Net changes	(1,755,567)	696,228	(2,451,795)
Balance at June 30, 2021 (Measurement date June 30, 2021)	<u>\$ 7,695,956</u>	<u>\$ 2,824,956</u>	<u>\$ 4,871,000</u>

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 one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
District Plan	<u>\$ 5,825,641</u>	<u>\$ 4,871,100</u>	<u>\$ 4,104,020</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost 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 healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 5.5%	Healthcare Cost Trend Rates 6.5%	1% Increase 7.5%
District Plan	<u>\$ 3,985,176</u>	<u>\$ 4,871,100</u>	<u>\$ 5,985,487</u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense/(credit) of (\$930,345)

At June 30, 2021, the District reported (\$1,474,314) of deferred outflows/(inflows) of resources for related to the net OPEB obligation as follows:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on OPEB plan investments	\$ 36,156	\$ (1,510,470)
Total Deferred Outflows/(Inflows) of Resources	\$ 36,156	\$ (1,510,470)

Amortization of the (\$1,474,314) of remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (359,816)
2023	(357,136)
2024	(358,784)
2025	(369,733)
2026	(28,845)
Total	\$ (1,474,314)

D. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Expected Real Rate of Return</u>
Global Equity	59.0%	4.56%
Fixed Income	25.0%	0.78%
TIPS	5.0%	-0.08%
REITs	8.0%	4.06%
Commodities	3.0%	1.22%

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN

Summary

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

<u>Description</u>	<u>2021</u>
Pension related deferred outflows	\$ 2,038,514
Net pension liability	10,358,918
Pension related deferred inflows	453,742

The net pension liability balances have a Measurement Date of June 30, 2020 which is rolled-forward for the District's fiscal year ended June 30, 2021.

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".

The Plan

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

	<u>Miscellaneous Plans</u>		
	<u>Classic Tier 1</u>	<u>Classic Tier 2</u>	<u>PEPRA Tier 3</u>
Hire date	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67 & up	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required member contribution rates	8.000%	8.000%	7.250%
Required employer contribution rates	13.945%	12.142%	7.072%

A. General Information about the Pension Plan

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2019 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description

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

Plan Members	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Active members	18	6	12	36
Transferred and terminated members	11	-	4	15
Retired members and beneficiaries	53	2	-	55
Total plan members	82	8	16	106

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.

Contributions

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

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contributions (continued)

Contributions for the year ended June 30, 2021, (Measurement Date June 30, 2020) were as follows:

Contribution Type	Miscellaneous Plans			Total
	Classic Tier 1	Classic Tier 2	PEPRA Tier 3	
Contributions – employer	\$ 906,837	\$ 51,226	\$ 56,691	\$ 1,014,754
Contributions – members	129,503	27,349	49,034	205,886
Total contributions	\$ 1,036,340	\$ 78,575	\$ 105,725	\$ 1,220,640

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

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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.

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2021:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS - Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 34,905,511	\$ 25,244,519	\$ 9,660,992
Balance as of June 30, 2020 (Measurement Date)	\$ 36,368,865	\$ 26,009,947	\$ 10,358,918
Change in Plan Net Pension Liability	\$ 1,463,354	\$ 765,428	\$ 697,926

The District's proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	
Measurement Date	June 30, 2020	June 30, 2019	
Percentage of Risk Pool Net Pension Liability	0.245584%	0.241253%	0.004331%
Percentage of Plan (PERF C) Net Pension Liability	0.095207%	0.094281%	0.000926%

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

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

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$1,462,249. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 1,014,754	\$ -
Difference between actual and proportionate share of employer contributions	-	(340,451)
Adjustment due to differences in proportions	182,206	(39,406)
Differences between expected and actual experience	533,826	-
Differences between projected and actual earnings on pension plan investments	307,728	-
Changes in assumptions	-	(73,884)
Total Deferred Outflows/(Inflows) of Resources	\$ 2,038,514	\$ (453,741)

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 \$1,014,754 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (19,318)
2023	234,493
2024	207,249
2025	147,595
Total	\$ 570,019

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2021, total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Long-term Expected Rate of Return

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

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

<u>Investment Type¹</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Years 11+³</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	0.92%
	<u>100.0%</u>		

¹ In the CalPERS's ACFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation rate-of-return of 2.5% is used for years 1-10.

³ An expected inflation rate-of-return of 2.9% is used for years 11+.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

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

Discount Rate

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

Subsequent Events

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

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

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

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1% 6.15%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate + 1% 8.15%</u>
CalPERS – Miscellaneous Plan	<u>\$ 15,198,726</u>	<u>\$ 10,358,918</u>	<u>\$ 6,359,936</u>

Pension Plan Fiduciary Net Position

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

C. Payable to the Pension Plans

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

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

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

<u>Description</u>	<u>Amount</u>
Net investment in capital assets:	
Capital assets – not being depreciated	\$ 1,723,694
Capital assets – being depreciated, net	16,574,867
Capital lease payable – current portion	(220,584)
Capital lease payable – long-term portion	<u>(698,721)</u>
Total net investment in capital assets	<u><u>\$ 17,379,256</u></u>

NOTE 11 – FUND BALANCE

A detailed schedule of fund balances and their funding composition at June 30, 2021 is as follows:

<u>Description</u>	<u>General Government</u>
Committed:	
Compensated absences	\$ 93,306
Unassigned	<u>208,121</u>
Total fund balance	<u><u>\$ 301,427</u></u>

NOTE 12 – INTERFUND TRANSACTIONS

Transfers To/From Other Funds

The Water, Sewer, and Solid Waste Funds transferred to the General Fund to pay for ADA compliance expense \$21,000 per fund as follows:

<u>Fund</u>	<u>Transfer In(Out)</u>
General	\$ 63,000
Water	(21,000)
Sewer	(21,000)
Solid Waste	<u>(21,000)</u>
Total	<u><u>\$ -</u></u>

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 13 – DEFERRED COMPENSATION SAVINGS PLAN

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

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

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

NOTE 14 – RISK MANAGEMENT

A. Self-Insurance Pool Pursuant to Joint Powers Agreement

The District is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial methods and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 14 – RISK MANAGEMENT (continued)

C. Liability

In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to reinsurance attachment point of \$50 million are distributed based on the outcome of cost allocation within the first and second loss layers.

Costs of covered claim for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance.

D. Workers' Compensation

The District also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety.

E. Property Insurance

The District participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The District property is currently insured according to a schedule of covered property submitted by the District to the Authority. The District property currently has all-risk property insurance protection in the amount of \$16,112,813. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

F. Earthquake and Flood Insurance

The District purchases earthquake and flood insurance on portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The District property currently has earthquake protection in the amount of \$0. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

G. Adequacy of Protection

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2021, 2020, and 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2019. Complete financial statements may be obtained from the California Joint Powers Insurance Authority, 8081 Moody Street, La Palma, California 90623.

BIG BEAR CITY COMMUNITY SERVICES DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 30, 2021, the date which the financial statements were available to be issued.

Required Supplementary Information

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Property taxes	\$ 2,584,631	\$ 2,750,473	\$ 165,842
Voter approved taxes	2,098,140	2,124,384	26,244
Charges for services	61,250	34,267	(26,983)
Interest earnings	5,000	(10,989)	(15,989)
Total revenues	<u>4,749,021</u>	<u>4,898,135</u>	<u>149,114</u>
Expenditures:			
Current:			
Contract services – Big Bear Fire Authority	4,643,194	4,873,992	(230,798)
Park maintenance and other expenses	1,857	865	992
Materials and services	25,000	21,360	3,640
Capital outlay	80,000	6,262	73,738
Total expenditures	<u>4,750,051</u>	<u>4,902,479</u>	<u>(152,428)</u>
Revenues over(under) expenditures	(1,030)	(4,344)	(3,314)
Other financing sources(uses):			
Transfers in(out)	63,000	63,000	-
Total other financing sources(uses)	<u>63,000</u>	<u>63,000</u>	<u>-</u>
Change in fund balance	<u>\$ 61,970</u>	58,656	<u>\$ (3,314)</u>
FUND BALANCES:			
Beginning of year		<u>242,771</u>	
End of year		<u>\$ 301,427</u>	

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2021

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	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.073789%	\$ 4,608,201	\$ 2,072,671	222.33%	83.03%
June 30, 2015	0.090327%	6,199,941	2,425,518	255.61%	77.77%
June 30, 2016	0.091338%	7,903,524	2,437,342	324.27%	72.82%
June 30, 2017	0.091613%	9,085,483	2,569,644	353.57%	71.64%
June 30, 2018	0.092766%	8,939,158	2,415,338	370.10%	73.07%
June 30, 2019	0.094281%	9,660,992	2,596,852	372.03%	72.32%
June 30, 2020	0.095207%	10,358,918	2,725,762	380.04%	71.52%

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 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

There were no significant changes in assumptions.

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

There were no significant changes in assumptions.

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

BIG BEAR CITY COMMUNITY SERVICES DISTRICT*Schedule of Pension Contributions**For the Fiscal Year Ended June 30, 2021***Last Ten Fiscal Years*****California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 376,056	\$ (376,056)	\$ -	2,425,518	15.50%
June 30, 2016	571,288	(571,288)	-	2,437,342	23.44%
June 30, 2017	633,784	(633,784)	-	2,569,644	24.66%
June 30, 2018	697,343	(697,343)	-	2,415,338	28.87%
June 30, 2019	793,528	(793,528)	-	2,596,852	30.56%
June 30, 2020	927,077	(927,077)	-	2,725,762	34.01%
June 30, 2021	1,014,754	(1,014,754)	-	2,637,098	38.48%

Notes to Schedule:

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

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment exper

Retirement Age

50 years (2.7%@55), (2.5%@55), and 52 years (2.0%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:				
Service cost	\$ 227,046	\$ 285,189	\$ 137,332	\$ 207,780
Interest	620,620	614,403	589,990	895,534
Changes in assumptions	(608,430)	-	-	-
Differences between expected and actual experience	(1,498,645)	-	-	-
Benefit payments	(496,158)	(530,315)	(496,676)	(737,469)
Net change in total OPEB liability	(1,755,567)	369,277	230,646	365,845
Total OPEB liability - beginning	9,451,523	9,082,246	13,793,984	13,428,139
Removal of fire and ambulance safety employees	-	-	(4,942,384)	-
Total OPEB liability - ending	7,695,956	9,451,523	9,082,246	13,793,984
Plan fiduciary net position:				
Contributions - employer	611,104	797,144	649,218	856,763
Net investment income	583,533	63,880	96,038	170,345
Administrative expense	(2,251)	(2,135)	(2,362)	(2,453)
Benefit payments	(496,158)	(530,315)	(496,676)	(737,469)
Net change in plan fiduciary net position	696,228	328,574	246,218	287,186
Plan fiduciary net position - beginning	2,128,728	1,800,154	2,421,593	2,134,407
Removal of fire and ambulance safety employees	-	-	(867,657)	-
Plan fiduciary net position - ending	2,824,956	2,128,728	1,800,154	2,421,593
District's net OPEB liability	\$ 4,871,000	\$ 7,322,795	\$ 7,282,092	\$ 11,372,391
Plan fiduciary net position as a percentage of the total OPEB liability	36.71%	22.52%	19.82%	17.56%
Covered-employee payroll	\$ 2,891,093	\$ 2,725,762	\$ 2,415,338	\$ 3,902,690
District's net OPEB liability as a percentage of covered-employee payroll	168.48%	268.65%	301.49%	291.40%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2018 – There were no changes of benefits terms
Measurement Date June 30, 2019 – There were no changes of benefits terms
Measurement Date June 30, 2020 – There were no changes of benefits terms
Measurement Date June 30, 2021 – There were no changes of benefits terms

Changes in Assumptions:

Measurement Date June 30, 2018 – There were no changes in assumptions
Measurement Date June 30, 2019 – There were no changes in assumptions
Measurement Date June 30, 2020 – There were no changes in assumptions
Measurement Date June 30, 2021 – Discount rate, medical trend, and future salary increases decreased due to updating long-term expected rate of return on assets and general inflation rate.

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

BIG BEAR CITY COMMUNITY SERVICES DISTRICT
Schedule of OPEB Contributions
For the Fiscal Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 560,237	\$ 476,312	\$ 509,102	\$ 476,809
Contributions in relation to the actuarially determined contributions	(583,581)	(496,158)	(530,315)	(496,676)
Contribution deficiency (excess)	\$ (23,344)	\$ (19,846)	\$ (21,213)	\$ (19,867)
Covered payroll	\$ 2,891,093	\$ 2,725,762	\$ 2,415,338	\$ 3,902,690
Contributions as a percentage of covered payroll	20.19%	18.20%	21.96%	12.73%

Notes to Schedule:

Valuation Date	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2018
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)
Amortization period	30-years	30-years	30-years	30-years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Investment rate of return	6.75%	6.75%	6.75%	6.75%
Inflation	2.50%	2.75%	2.75%	2.75%
Payroll increases	2.75%	3.00%	3.00%	3.00%
Mortality	(2)	(2)	(2)	(2)
Morbidity	Not Valued	Not Valued	Not Valued	Not Valued
Disability	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(3)	(3)	(3)	(3)
Percent Married - Spouse Support	80%	80%	80%	80%
Healthcare trend rates	4.75% to 3.75%	7.5% to 4.0%	7.5% to 4.0%	7.5% to 4.0%

(1) Closed period, level percent of pay

(2) CalPERS 2015 Experience Study

(3) CalPERS Public Agency Miscellaneous 2.7% @55, 2.5% @55, and 2.0% @62

* Fiscal year 2018 was the first year of implementation; therefore, only four 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 City Community Services 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 City Community Services District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Big Bear City Community Services District's basic financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Big Bear City Community Services District's internal control over financial reporting (internal control) as a basis for designing 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 City Community Services District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Big Bear City Community Services District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Big Bear City Community Services 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 financial statements. 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 30, 2021