

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
FINANCIAL STATEMENTS  
JUNE 30, 2021**

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
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JUNE 30, 2021**

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Board of Supervisors  
San Bernardino County  
Department of Airports  
County Service Area  
No. 60 Apple Valley Airport

## Independent Auditor's Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the San Bernardino County-Department of Airports County Service Area No. 60 Apple Valley Airport (CSA), a component unit of the San Bernardino County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the CSA's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the San Bernardino County-Department of Airports County Service Area No. 60 Apple Valley Airport as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## **Other Matters**

### *Prior-Year Comparative Information*

We have previously audited the CSA's 2020 financial statements, and we expressed an unmodified opinion on the financial statements in our report dated December 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2020, from which such summarized information was derived.

### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the CSA'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 solely 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 CSA'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 CSA's internal control over financial reporting and compliance.

*Eadie and Payne HP*

November 24, 2021  
Riverside, California

SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT  
Statement of Net Position  
Proprietary Funds  
June 30, 2021

	2021	For Comparative Purposes Only 2020
	<u>Enterprise Funds</u>	<u>Enterprise Funds</u>
<b>Assets</b>		
Current:		
Cash and investments	\$ 22,652,489	\$ 19,847,602
Interest Receivable	49,793	83,927
Due from other government	2,306	30,000
Total Current Assets	<u>22,704,588</u>	<u>19,961,529</u>
Non-current assets:		
Loan receivable	102,468	108,982
Capital assets:		
Land	3,291,381	3,291,381
Development in progress	1,016,197	352,197
Improvements to land	9,079,170	9,079,170
Structures	8,773,540	8,773,540
Vehicles	615,881	615,881
Equipment	158,739	158,739
Less: accumulated depreciation	<u>(11,726,525)</u>	<u>(11,293,264)</u>
Total capital assets, net	<u>11,208,383</u>	<u>10,977,644</u>
Total noncurrent assets	<u>11,310,851</u>	<u>11,086,626</u>
Total assets	<u>34,015,439</u>	<u>31,048,155</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	34,163	136,638
Due to other governments	35,959	53,349
Deferred revenue	27,887	10,450
Total liabilities	<u>98,009</u>	<u>200,437</u>
<b>Net position</b>		
Net investment in capital assets	11,208,383	10,977,644
Unrestricted	22,709,047	19,870,074
Total net position	<u>\$ 33,917,430</u>	<u>\$ 30,847,718</u>

The accompanying notes are an integral part of the financial statements.

SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2021

	2021	For Comparative Purposes Only 2020
	<u>Enterprise Funds</u>	<u>Enterprise Funds</u>
<b>Operating revenue</b>		
Charges for services	\$ 542,715	\$ 602,805
Total operating revenue	<u>542,715</u>	<u>602,805</u>
<b>Operating expenses</b>		
Salaries and benefits	476,566	538,107
Services and supplies	565,986	799,076
Depreciation	433,260	443,992
Total program expenses	<u>1,475,812</u>	<u>1,781,175</u>
Operating income (loss)	<u>(933,097)</u>	<u>(1,178,370)</u>
<b>Nonoperating revenues (expenses)</b>		
Property taxes	3,423,308	3,487,040
Other taxes	555,482	215,135
Penalties	10	960
Investment earnings	37,140	597,626
State assistance	16,555	17,371
Federal assistance	(17,694)	30,000
Other revenues	121	108,640
Other services	8,374	2,467
Total Nonoperating Revenues (Expenses)	<u>4,023,296</u>	<u>4,459,239</u>
<b>Transfers</b>		
Transfers in	658	-
Transfers out	(21,145)	(5,545)
Total transfers	<u>(20,487)</u>	<u>(5,545)</u>
Change in net position	3,069,712	3,275,324
Net position at beginning of year	30,847,718	27,572,394
<b>Net position at end of year</b>	<u>\$ 33,917,430</u>	<u>\$ 30,847,718</u>

The accompanying notes are an integral part of the financial statements.

SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	2021	For Comparative Purposes Only 2020
	Enterprise Funds	Enterprise Funds
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 587,846	\$ 520,498
Payments to suppliers	(685,851)	(657,805)
Payments to employees	(476,566)	(538,107)
Net cash provided by operating activities	(574,571)	(675,414)
 <b>Cash flows from noncapital financing activities</b>		
Property taxes	3,423,308	3,536,970
Other taxes	555,482	215,135
Other revenues	(13,120)	153,891
Net cash provided by noncapital financing activities	3,965,670	3,905,996
 <b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(664,000)	(56,859)
Net cash used for capital and related financing activities	(664,000)	(56,859)
 <b>Cash flows from investing activities</b>		
Payments received from loan	6,514	-
Investment earnings	71,274	601,356
Net cash provided by investment activities	77,788	601,356
 Net increase (decrease) in cash and cash equivalents	2,804,887	3,775,079
 Cash and investments - beginning of the year	19,847,602	16,072,523
<b>Cash and investments - end of the year</b>	\$ 22,652,489	\$ 19,847,602

The accompanying notes are an integral part of the financial statements.

SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 - APPLE VALLEY AIRPORT  
Statement of Cash Flows (continued)  
Proprietary Funds  
For the Year Ended June 30, 2021

	2021	For Comparative Purposes Only 2020
<b>Reconciliation of operating loss to net cash used for operating activities</b>		
Operating income (loss)	\$ (933,097)	\$ (1,178,370)
Adjustments to reconcile operating loss net cash used for operating activities:		
Depreciation expense	433,260	443,992
Change in assets and liabilities:		
(Increase) decrease in due from other governments	27,694	(30,000)
Increase (decrease) in accounts payable	(102,475)	122,059
Increase (decrease) in due to other governments	(17,390)	19,212
Increase (decrease) in deferred revenue	17,437	(52,307)
Net cash used for operating activities	\$ (574,571)	\$ (675,414)

The accompanying notes are an integral part of the financial statements.



**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of County Service Area No. 60 – Apple Valley Airport conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

The County Service Area No. 60 – Apple Valley Airport (CSA) was established on December 19, 1966 by an act of the Board of Supervisors of the San Bernardino County (the County) to provide and maintain public airports and landing places for aerial traffic and related activities. Currently, the CSA funds the operations and maintenance of Apple Valley Airport, which is administered and staffed by the San Bernardino County Department of Airports.

The CSA is a component unit of San Bernardino County and is governed by the actions of the County Board of Supervisors. The Board of Supervisors has established and appoints a seven (7) member Airport Commission which advises the Department of Airports on matters related to the operation of County owned airports and the Apple Valley Airport.

The accompanying financial statements reflect only the accounts of the County Service Area No. 60 of San Bernardino County, and are not intended to present the financial position of the County taken as a whole.

Because the CSA meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the CSA’s financial statements have also been included in the Annual Comprehensive Financial Report of the County as a “component unit” for the fiscal year ended June 30, 2021.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The CSA’s financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The County has established a materiality level for recording year-end accruals. For CSAs with appropriations of less than \$500,000, individual items of less than \$1,000 are not accrued at year end. For CSAs with appropriations over \$500,000, individual items of less than \$5,000 are not accrued at year end.

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Cash and Investments**

Cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (e.g., the current portion of interfund loans) or "advances to/from other funds" (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Currently, the CSA has no governmental activities. All accounts receivable are shown net of an allowance for uncollectibles when applicable.

**Property Taxes**

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

**Accounts Receivable**

No allowance for uncollectibles has been recorded as of June 30, 2021 based on management's expectation that all accounts receivable will be collected through the regular tax roll.

**Inventories and Prepaid Items**

Inventories, if any, are valued at cost using the first-in/first-out method.

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

**Deferred Revenue**

Amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are recorded on the basic financial statements as deferred revenue.

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Capital Assets**

Capital assets, which include property, plant, and equipment are reported in the financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of two years. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation in accordance with GASB Statement No. 72.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvement are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Structure and improvements	5-40
Equipment and vehicles	4-15

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Stewardship, Compliance and Accountability**

Although the CSA prepares and adopts an annual budget, budgetary information is not presented because the CSA is not legally required to adopt a budget.

**Deferred Outflows/ Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report 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(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then.

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

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the Government-wide and Proprietary Fund Financial Statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Statement of Net Position, net position is classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. Restricted net position is restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted net position is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

NOTE 2: CASH AND INVESTMENTS

Cash and investments includes balances of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the CSA’s account based upon the CSA’s average daily deposit balance during the allocation period. Cash and investments are shown at the fair value as of June 30, 2021. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The County’s practice is to hold investments until maturity.

See the San Bernardino County’s Annual Comprehensive Financial Report (ACFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40, and fair value hierarchy disclosures required by GASB Statement No. 72. The San Bernardino County’s ACFR may be obtained from their website <https://www.sbcounty.gov/ATC/Services/Documents>.

NOTE 3: LOAN RECEIVABLE

The CSA entered into four separate agreements with Apple Valley Ranchos Water Company (Utility) to construct distribution facilities for the purpose of furnishing public utility water service to Apple Valley Airport. The CSA advanced the amount of \$260,585 to cover cost of these facilities. The CSA is reimbursed by the Utility 2 ½ percent of the cost per year for 40 years. The amount outstanding at June 30, 2021 is \$102,468.

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,291,381	\$ -	\$ -	\$ 3,291,381
Development in progress	352,197	664,000	-	1,016,197
Total capital assets, not being depreciated	<u>3,643,578</u>	<u>664,000</u>	<u>-</u>	<u>4,307,578</u>
Capital assets, being depreciated:				
Improvements to land	9,079,170	-	-	9,079,170
Structures and improvements	8,773,540	-	-	8,773,540
Vehicles	615,881	-	-	615,881
Equipment	158,739	-	-	158,739
Total capital assets, being depreciated	<u>18,627,330</u>	<u>-</u>	<u>-</u>	<u>18,627,330</u>
Less accumulated depreciation for:				
Improvements to land	(6,615,562)	(228,435)	-	(6,843,997)
Structures and improvements	(3,935,286)	(196,583)	-	(4,131,869)
Vehicles	(602,849)	(3,637)	-	(606,486)
Equipment	(139,568)	(4,605)	-	(144,173)
Total accumulated depreciation	<u>(11,293,265)</u>	<u>(433,260)</u>	<u>-</u>	<u>(11,726,525)</u>
Total capital assets, being depreciated, net	<u>7,334,065</u>	<u>(433,260)</u>	<u>-</u>	<u>6,900,805</u>
Total capital assets, net	<u>\$ 10,977,643</u>	<u>\$ 230,740</u>	<u>\$ -</u>	<u>\$ 11,208,383</u>

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 5: RISK MANAGEMENT**

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, environmental liability, and workers' compensation claims. Public liability claims are self-insured for up to \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker through CSAC-EIA (California State Association of Counties – Excess Insurance Authority), as follows: Primary liability coverage \$25 million excess of \$3 million self-insured retention with QBE Insurance, Munich Reinsurance America, Inc., Markel Corp., Great American Ins., Brit Global Specialty USA, and Lloyd's of London ANNV syndicate. Excess liability coverage for \$10 million, excess of \$25 million with Brit Global Specialty USA and Great American Ins. Company. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$15 million, excess of \$35 million. In addition, the actuary has recommended that the County maintains a \$24 million reserve to cover SIR exposure for auto and general liability programs. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program continued under CSAC-EIA Excess Workers' Compensation Program with a policy of \$2 million SIR and statutory limits with Great American Insurance Co., ACE American Insurance Co., and Liberty Insurance Corporation. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA and reinsured with Lexington Insurance Co. and with several insurers/reinsurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claims made basis with a SIR of \$1 million for each claim.

Environmental claims are expected to occur infrequently, but have the potential to be expensive when they do occur. The County has experienced only two significant environmental liability claims since it began self-insuring this exposure in 1983. Given that environmental liability is an extremely volatile coverage, which is characterized by low frequency and high severity, the County has taken a conservative stance, as recommended by the actuary, by setting aside a minimum of \$10 million to cover future environmental liability claims.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with Berkley Regional Insurance Co. with a \$100 thousand deductible, and excess limits up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 1.392% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

See the San Bernardino County's Annual Comprehensive Financial Report (ACFR) for details of their claims liability in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, at June 30, 2021.

**SAN BERNARDINO COUNTY  
DEPARTMENT OF AIRPORTS  
COUNTY SERVICE AREA NO. 60 APPLE VALLEY AIRPORT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 6: CONTINGENCIES**

As of June 30, 2021 in the opinion of the CSA Administration, there are no outstanding matters which would have a significant effect of the financial position of the CSA.

**NOTE 7: RISKS AND UNCERTAINTIES**

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID- 19). The pandemic has significantly impacted the economic conditions in the U.S., accelerating through the rest of 2020 and 2021, as federal, state, and local government react to the public health crisis, creating significant uncertainties in the U.S. economy. These uncertainties could negatively impact the CSA's operations and financial results.

**NOTE 8: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 24, 2021, which is the date the financial statements were available to be issued. No events occurred through this date requiring disclosure.