

POLICY 500¹
FINANCES AND INVESTMENTS

Article I. Revenue

5-1.01 Fees.

(a) The Board of Directors authorizes the imposition of legally permissible fees for goods, services, and occupancy it provides to District facility users. The General Manager shall establish a schedule of fees that complies with relevant laws and maximizes revenue when considering the cost of the goods and services provided and the market conditions under which they are provided.

- (b) In general, fees shall be assessed for, but are not limited to:
- (i) Sales of goods:
 - A. Fuel sales
 - B. Lubricant sales
 - C. Gift shop sales
 - (ii) Services:
 - A. Fueling and defueling services or facilities
 - B. Tower operation services
 - C. Fire protection and fighting services
 - D. Security services
 - E. Engineering and technical services
 - F. Maintenance services
 - G. Equipment use and rental
 - (iii) Use of facility rents and leases for buildings and grounds including:
 - A. Improved and unimproved land
 - B. Tie-downs
 - C. Hangars
 - D. Buildings
 - E. Rooms
 - (iv) Delinquent accounts

Article II. Budget

5-2.01 Adoption of Budget.

(a) The Board of Directors shall adopt a budget to guide administrative decisions and actions throughout the year and serve as a tool for monitoring the fiscal health of the District.

(b) The District budget shall show a complete plan and statement of all proposed expenditures and all estimated revenues for the following fiscal year, together with a comparison of revenues and expenditures for the current fiscal year. The budget shall also include the appropriations limit and the total annual appropriations subject to limitation as determined pursuant to Government Code 7900-7914.

¹ Adopted on November 7, 2017 by Res. No. 17-11-773

(c) The Board shall annually establish budget priorities based on identified District needs and goals, and on realistic projections of available funds. Requested amendments to the budget may be presented by the General Manager periodically throughout the fiscal year.

(d) The General Manager or designee shall oversee the preparation of a proposed District budget for approval by the Board, and shall involve appropriate staff in the development of budget projections.

(e) The Board may establish budget assumptions or parameters which may take into consideration the stability of funding sources, legal requirements and constraints on the use of funds, anticipated increases and/or decreases in the cost of services and supplies, and any other factors necessary to ensure the budget is a realistic plan for District revenues and expenditures.

5-2.02 Fund Balance.

(a) The District shall classify fund balances in compliance with Governmental Accounting Standards Board (GASB) Statement 54, as follows:

(i) Non-spendable fund balance includes amounts that are not expected to be converted to cash, such as resources that are not in a spendable form (e.g., inventories and prepaids) or that are legally or contractually required to be maintained intact.

(ii) Restricted fund balance includes amounts constrained to specific purposes by their providers or by law.

(iii) Committed fund balance includes amounts constrained to specific purposes by the Board. For this purpose, all commitments of funds shall be approved by a majority vote of the Board. The constraints shall be imposed no later than the end of the reporting period of June 30, although the actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements.

(iv) Assigned fund balance includes amounts which the Board intends to use for a specific purpose. The Board delegates authority to assign funds to the appropriate fund balance to the General Manager or designee and authorizes the assignment of such funds to be made anytime prior to the issuance of the financial statements.

(b) Unassigned fund balance includes amounts that are available for any purpose. When multiple types of funds are available for an expenditure, the District shall first utilize funds from the restricted fund balance as appropriate, then from the committed fund balance, then from the assigned fund balance, and lastly from the unassigned fund balance.

(c) To protect the District against unforeseen circumstances such as revenue shortfalls and unanticipated expenditures, the Board intends to maintain a minimum unassigned fund balance which includes a reserve for economic uncertainties equal to at least two months of General Fund operating expenditures, or 17 percent of General Fund expenditures and other financing uses. If the unassigned fund balance falls below this level due to an emergency situation, unexpected expenditures, or revenue shortfalls, the Board shall develop a plan to recover the fund balance which may include dedicating new unrestricted revenues, reducing expenditures, and/or increasing revenues or pursuing other funding sources.

Article III. Accounts

5-3.01 System of Accounts.

The General Manager or designee shall maintain sufficient books and records to accurately reflect the financial condition of the District in accordance with Generally Accepted Accounting Procedures and Governmental Generally Accepted Accounting Principles and shall consult with the District's independent auditor to determine whether the books and records are adequate to meet the requirements of applicable law.

5-3.02 Accounting Funds.

The following accounting funds are established for the purposes set forth herein:

- (a) General Fund: For purposes not set forth in the remaining funds, including the special crash, fire and rescue account for the acquisition and maintenance of crash fire and rescue vehicles and equipment.

- (b) Capital Project Fund(s): To account for major grants (other than State Aviation Fund grants) received for airport improvements which are if required to be placed into a special accounting fund.

- (d) Other: Such other accounts as may be necessary and appropriate.

Article IV. Purchases and Payments

5-4.01 Procedures.

The General Manager or designee shall develop and maintain effective purchasing procedures that are consistent with sound financial controls, and that ensure the District receives maximum value for items purchased. The General Manager shall ensure that records of expenditures and purchases are maintained in accordance with law.

5-4.02 General Manager Purchases.

- (a) The General Manager or designee may purchase supplies, materials, apparatus, equipment, and services up to \$25,000.

- (b) The General Manager or designee may authorize a purchase which exceeds the budget allowance for a specific account only if sufficient funds to cover the purchase are available for transfer within other unexpended account budgets.

- (c) The Board shall review all transactions entered into by the General Manager or designee under Section 5-4.02.(a) at the next regular Board meeting.

5-4.03 Payments for Goods and Services.

(a) The General Manager or designee shall ensure purchasing, receiving, and payment functions are kept separate. The General Manager or designee shall also ensure invoices are paid expeditiously so the District may, to the extent possible, take advantage of available discounts and

avoid finance charges.

(b) The General Manager or designee shall ensure checks have appropriate documentary support verifying all goods and services to be paid for have been delivered or rendered in accordance with the purchase agreement.

5-4.04 Check Disbursements Limits.

(a) Checks of \$25,000 or less may be issued without pre-approval by the Board, and shall be signed by any combination of two of the following authorized signatories:

- A Board member
- The General Manager
- An Interim/Acting General Manager
- The Director of Administration

(b) Check disbursements greater than \$25,000 shall be approved by the Board prior to issuance, and shall be signed by two Board members.

(c) The General Manager may delegate authority for purchases with credit cards for limited purposes, such as travel expenses. Employees purchasing with credit cards shall obtain documentation evidencing the date, vendor name, item description, and amount of the purchase.

Article V. Investments

5-5.01 Investment Accounts.

(a) The Treasurer may invest surplus monies of the District without first securing further Board approval in the following types of investments:

- (i) Local Agency Investment Fund of the State of California.
- (ii) Time certificates of deposits issued by a nationally or state chartered bank or a state or federal association located within the State of California if secured by federal insurance or approved collateral at the required percentage of market value.
- (iii) United States treasury notes, bonds, bills, or certificates of indebtedness or those for which the full faith and credit of the United States are pledged for payment of principal and interest.

(b) The Board may authorize the Treasurer to invest surplus monies of the District in the following additional types of investment:

- (i) Bonds issued by the District.
- (ii) Registered state warrants or treasury notes of the State of California or by a department board, agency or authority of the State.
- (ii) Bonds, notes, warrants for other evidences of indebtedness of any local agency within this state.
- (iv) Obligations issued by banks or cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participation or other instruments of or issued by or fully guaranteed as to principal and interest by the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration notes; or in

obligations, participation or other instruments of, or issued by a federal agency, or a United States Government sponsored enterprise.

(v) Repurchase agreements of any securities authorized by this resolution.

(vi) Time certificates of deposit issued by a nationally or state chartered bank or a state or federal association located outside of the State of California if secured by federal insurance.

(c) No investment shall be purchased:

(i) On margin;

(ii) "Forward" or "in the future";

(iii) Which are based upon foreign currency;

(iv) Which are shares of a beneficial interest that are issued by diversified management companies as described in Government Code Section 53601(1).

(v) Which are inverse floaters, range notes, interest only strips derived from a pool of mortgages or any security resulting in zero interest if held to maturity.

(d) Investments may be short-term or long-term in nature. Long-term investments are those which comply with the requirements of Government Code Sections 53601 et seq. and with a maturity date greater than five (5) years from the date of purchase. No long-term investment shall be made unless the Board has granted express authority to make that investment either specifically or as a part of an investment program no less than three months prior to the investment purchase date.

5-5.02 Investment Procedure.

(a) In making the above investments the District shall observe the limitations contained in Government Code, including Section 53601, and stated in this code.

(b) The Treasurer is responsible for selection the proper mix of investments. The primary investment goal of the District is to safeguard the principal of the fund. The secondary investment goal is to meet liquidity needs of the District. The third investment goal is to achieve return on investment.

(c) When deposits or investments owned by the District mature or when other cash is available for investment or deposit, the cash may be deposited or invested in the Local Agency Investment Fund or other permitted investments.

(d) All investments shall be held in the name of the District. All investment documents shall be held for safekeeping in the District vault or in depository approved by the Board. The Board shall, from time to time, execute such documents as are necessary to provide evidence of the Treasurer's trading authority as set forth in this resolution.

5-5.03 Reports.

(a) The Treasurer, General Manager or designee shall present quarterly reports on investments to the General Manager and Board of Directors. The report shall show: the type of investment; date of investment; how title is held; institution; date of maturity; par value; amount of each investment; current market value for all securities with a maturity of more than 12 months;

rate of interest; confirmation that each investment is consistent with this investment policy; information showing expenditure requirements can be met in the following quarter and specify which investments were made pursuant to Government Code Section 53601(i), 53601.1 and 53635(i). For money managed by LAIF, a county investment pool or placed in FDIC insured accounts, the Treasurer may use the statement from these institutions in lieu of separate report.

5-5.04 Review.

(a) The General Manager, Treasurer, and District Counsel (hereinafter collectively "investment review committee") shall review all investments held by the District semi-annually on or about January 1 and July 1 of each year.

(b) This investment policy shall be reviewed annually or more often, as necessary. The Treasurer shall annually recommend a statement of investment policy. The Board shall consider the Treasurer's recommendation at a public meeting.

Article VI. Fixed Assets

5-6.01 Fixed Assets.

(a) The Mojave Air and Space Port General Manager or designee will maintain records of fixed asset acquisition that will:

- (i) Enable reporting of fixed assets and accumulated depreciation in conformity with generally accepted accounting principles.
- (ii) Enable administrators to account for and control all assets under their care.
- (iii) Assist administrators in planning and providing proper equipment for operations by furnishing such data as useful life, location, and condition.
- (iv) Aid administrators in determining insurable values and in securing insurance appraisals.
- (v) Aid administrators in substantiating loss in the event of fire, theft, or other catastrophe.
- (vi) Encourage employees and others to better discharge their responsibilities in the care and use of the district's equipment.

(b) The General Manager or designee shall establish procedures for managing fixed assets that satisfy the objectives of this policy. The General Manager shall establish capital and accounting thresholds that define those assets that are considered "capital" for depreciation purposes and "noncapital" for accounting control purposes.

5-6.02 Disposal.

Fixed assets that no longer have operational value due to obsolescence, lack of need, excess maintenance cost, damage, or loss may be disposed of with Board approval in conformity with requirements of law. Gain or loss on the disposition will be recorded in conformity with generally accepted accounting procedures.