MOJAVE AIR AND SPACE PORT

FINANCIAL STATEMENTS

JUNE 30, 2022

MOJAVE AIR AND SPACE PORT
FINANCIAL STATEMENTS
JUNE 30, 2022

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BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

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661-324-4971

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mojave Air and Space Port
Mojave, California

Opinion

We have audited the accompanying basic financial statements of Mojave Air and Space Port (the District), as of and for the year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year's comparative information has been derived from the District's 2021 basic financial statements and, in our report dated September 29, 2021, we expressed an unmodified opinion on the basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2022, and the respective 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability (CalPERS), Schedule of Contributions (CalPERS), and Schedule of Changes in the Net Other Post-Employment Benefit (OPEB) Liability and Related Ratios, as listed in the table of contents, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 7, 2023

The following discussion and analysis of Mojave Air and Space Port's (the District) financial performance provides an overview of the financial activities for the year ended June 30, 2022. Please read it in conjunction with the audited basic financial statements and accompanying notes, which follow this section.

Financial Highlights

The District's total net position decreased $1.082 million, or 2%, over the course of the year's operations.

The District's total revenues experienced a net decrease of $4.972 million, or 26%, during the year ended June 30, 2022.

The District's total expenses increased $2.430 million, or 23%, during the year ended June 30, 2022.

The District's net capital assets increased $0.182 million, or 0%, during the year ended June 30, 2022.

Overview of the Basic Financial Statements

This annual report includes this management's discussion and analysis, the independent auditor's report, the basic financial statements of the District, and required supplementary information. The basic financial statements also include notes that explain in more detail some of the information contained in the basic financial statements.

Required Basic Financial Statements

The basic financial statements of the District report information of the District using accounting methods like those used by private sector companies. The basic financial statements conform to accounting principles which are generally accepted in the United States of America and utilize the accrual basis of accounting.

The statement of net position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities), with the difference between them reported as net position. This statement will indicate which assets are restricted due to contractual, Board of Directors (Board) action, or other commitments. This statement also provides the basis for assessing the liquidity, capital structure, and financial flexibility of the District.

Revenues and expenses are accounted for in the statement of revenues and expenses and changes in net position. This statement measures the success of the District's operations and can be used to determine profitability, credit worthiness, and whether the District has successfully recovered all its costs through user fees and other charges.

The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. From this statement, information related to sources and uses of cash and the change in cash balances are presented.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District, as a whole, better off or worse off as a result of this year's activities?" The condensed statements of net position and the condensed statements of revenues, expenses, and changes in net position report information about the District's activities in a way that will help answer this question. These two condensed statements report the net position of the District and the changes in net position. One can think of the District's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

To begin our analysis, a summary of the District's statements of net position is presented in Table A.

Table A
Condensed Statements of Net Position
June 30, 2022 and 2021
(in thousands)

	2022	2021	Dollar Change	Percentage Change
Current assets	$ 11,517	$ 12,929	$ (1,412)	-11%
Long-term assets	95,896	98,613	(2,717)	-3%
Total assets	107,413	111,542	(4,129)	-4%
Deferred outflows of resources	848	700	148	21%
Total assets and deferred outflows of resources	$ 108,261	$ 112,242	$ (3,981)	-4%
Current liabilities	$ 1,181	$ 3,959	$ (2,778)	-70%
Long-term liabilities	6,380	8,950	(2,570)	-29%
Total liabilities	7,561	12,909	(5,348)	-41%
Deferred inflows of resources	56,282	55,997	285	1%
Net investment in capital assets	45,310	45,128	182	0%
Unrestricted	(892)	(1,792)	900	50%
Total net position	44,418	43,336	1,082	2%
Total liabilities, deferred inflows of resources, and net position	$ 108,261	$ 112,242	$ (3,981)	-4%

As the condensed statements of net position above indicate, total assets decreased by $4.129 million to $107.413 million at June 30, 2022, from $112.242 million at June 30, 2021. The decrease in the total assets of the District was due to a decrease in current assets of $1.412 million, resulting from a decrease in receivables of $2.218 million, offset by an increase in cash of $0.595 million. Long-term assets decreased by $2.717 million.

Deferred outflows of resources increased by $0.148 million, or 21%, to $0.848 million at June 30, 2022, from $0.700 million at June 30, 2021. For deferred outflows of resources related to the California Public Retirement System (CalPERS) plan, predominant changes were the result of an increase of $0.141 million in expected versus actual experience, offset by an increase of $0.143 million in the difference between actual and expected earnings on plan investments. For deferred outflows of resources related to the Other Post-Employment Benefit (OPEB) plan, there were no changes.

Total liabilities decreased by $5.348 million, or 41%, during the year ended June 30, 2022, due to a decrease in current liabilities of $2.778 million and a decrease in long-term liabilities of $2.570 million. The decrease is mainly a result of a decrease of $2.863 million in accounts payable and a decrease of $2.569 to OPEB and net pension liability obligations.

Deferred inflows of resources increased by $0.285 million, or 1%, from $55.997 million at June 30, 2021, to $56.282 million at June 30, 2022. For deferred inflows of resources related to the OPEB plan, decreases were predominantly composed of a $0.438 million decrease in changes in assumptions and a $0.470 million increase in other liability experience. These changes were in addition to the deferred inflows of resources related to the CalPERS plan which also showed an overall increase. The increase was composed of increases of $0.157 million in the difference between the District's contributions and its proportionate share of contributions, $2.876 million in the difference projected versus actual earnings, and $0.107 million in changes in the District's proportion.

Table B
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2022 and 2021
(in thousands)

	2022	2021	Dollar Change	Percentage Change
Operating revenue	$ 11,081	$ 10,289	$ 792	8%
Nonoperating revenue	2,954	8,718	(5,764)	-66%
Total revenues	14,035	19,007	(4,972)	-26%
Operating expenses	10,397	7,902	2,495	32%
Depreciation expense	2,556	2,621	(65)	-2%
Total expenses	12,953	10,523	2,430	23%
Change in net position	1,082	8,484	(7,402)	-87%
Net position, beginning of year	43,336	34,852	8,484	24%
Net position, end of year	$ 44,418	$ 43,336	$ 1,082	2%

While the condensed statements of net position show the change in financial position of the District, the condensed statements of revenues, expenses, and changes in net position provide answers as to the nature and source of these changes.

The District's total revenues decreased by $4.972 million to $14.035 million during the year ended June 30, 2022, from $19.007 million during the year ended June 30, 2021. Operating revenues increased by $0.792 million, primarily due to an increase in fuel sales and related services of $0.749 million. Nonoperating revenues decreased by $5.764 million due to $5.566 million less received in grant revenues relating to the Airport Improvement Program which was primarily completed in the prior year.

Total expenses increased by $2.430 million to $12.953 million during the year ended June 30, 2022, from $10.523 million during the year ended June 30, 2021. The primary reasons were the increase of $1.245 million in direct expenses, higher general and administrative expenses of $1.039 million, and an offsetting decrease in depreciation of $0.072 million.

Table C
Capital Assets
June 30, 2022 and 2021
(in thousands)

	2022	2021	Dollar Change	Percentage Change
Land	$ 6,500	$ 6,484	$ 16	0%
Buildings and structures	14,011	13,878	133	1%
Furniture and equipment	5,617	5,343	274	5%
Infrastructure	50,796	50,663	133	0%
Construction in progress	10,200	8,102	2,098	26%
Total capital assets	87,124	84,470	2,654	3%
Less accumulated depreciation	41,814	39,342	2,472	6%
Total net capital assets	$ 45,310	$ 45,128	$ 182	0%

As of June 30, 2022, the District had invested $45.310 million in capital assets. Net capital assets increased by $0.182 million from $45.128 million at June 30, 2021, due to acquisitions of capital assets and completion of infrastructure projects. Significant capital asset increases during the year ended June 30, 2022, include $1.267 million expended to for the Taxiway C project.

Budgetary Comparison

The following table is a comparison of the Board approved budget for 2022 against actual results.

Table D
Revised Budget vs. Actual Comparison
For the Year Ended June 30, 2022
(in thousands)

	Actual	Revised Budget	Difference	Percentage Difference
Operating revenue	$ 11,081	$ 7,555	$ 3,526	47%
Nonoperating revenue	2,954	720	2,234	310%
Total revenues	14,035	8,275	5,760	70%
Operating expenses	10,397	6,943	3,454	50%
Depreciation expense	2,556	2,600	(44)	-2%
Total expenses	12,953	9,543	3,410	36%
Change in net position	$ 1,082	$ (1,268)	$ 2,350	185%

Actual total revenues were above budgeted revenues for 2022 by $5.760 million mainly due to higher than anticipated fuel sale revenues of $0.823 million, rent and lease revenues of $1.587 million, and property tax revenue of $0.127 million.

Actual total operating expenses, exclusive of depreciation, came out $3.454 million above budgeted operating expenses primarily due to higher than anticipated repair and maintenance expenses of $0.151 million and a higher than budgeted amount fuel purchased for sales of $1.247 million.

The annual budget is presented and approved by the District's Board each June with revisions presented and approved when appropriate to accommodate changes in conditions.

Contacting the District Management

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at:

Mojave Air and Space Port
1434 Flight Line
Mojave, California 93501

BASIC FINANCIAL STATEMENTS

MOJAVE AIR AND SPACE PORT
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS)

	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and Cash Equivalents	$ 10,088,224	$ 9,492,833
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts	453,194	230,755
Other Receivables	476,590	2,917,911
Fuel Inventory	406,370	208,437
Prepaid Expenses	92,141	79,114
Total Current Assets	11,516,519	12,929,050
Capital Assets, Net of Accumulated Depreciation	45,310,764	45,128,196
Leases receivable	51,351,897	53,485,145
Total Long-Term Assets	96,662,661	98,613,341
Total Assets	108,179,180	111,542,391
Total Deferred Outflows of Resources		
Deferred Outflows - OPEB Plan	250,000	250,000
Deferred Outflows - CalPERS Pension Plan	598,662	450,008
Total Deferred Outflows of Resources	848,662	700,008
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 109,027,842	$ 112,242,399
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Accounts Payable	$ 859,108	$ 3,722,074
Accrued Liabilities	82,767	68,784
Customer Deposits	149,483	86,877
Compensated Absences	90,138	81,806
Total Current Liabilities	1,181,496	3,959,541
Long-Term Liabilities		
Net OPEB Liability	2,934,800	3,963,000
Net Pension Liability	3,445,568	4,986,860
Total Long-Term Liabilities	6,380,368	8,949,860
Total Liabilities	7,561,864	12,909,401
Deferred Inflows of Resources		
Deferred Leases	51,351,897	53,485,145
Deferred Inflows - OPEB Plan	2,295,206	2,220,114
Deferred Inflows - CalPERS Pension Plan	3,400,947	291,961
Total Deferred Inflows of Resources	57,048,050	55,997,220
Net Position		
Net Investment in Capital Assets	96,662,661	45,128,196
Unrestricted	(52,244,733)	(1,792,418)
Total Net Position	44,417,928	43,335,778
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 109,027,842	$ 112,242,399

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

MOJAVE AIR AND SPACE PORT
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS)

	2022	2021
Operating Revenues		
Rents and Leases	$ 6,126,897	$ 6,118,386
Landing Area	4,497,566	3,748,248
Non-Aviation Activities	443,128	414,789
Other Buildings and Areas	13,245	7,523
Total Operating Revenues	11,080,836	10,288,946
Operating Expenses		
Direct Expenses	4,966,216	3,720,309
General Shop and Equipment	1,513,439	1,303,922
General and Administrative	3,917,477	2,878,131
Depreciation Expense	2,555,986	2,621,285
Total Operating Expenses	12,953,118	10,523,647
Operating (Loss) Income	(1,872,282)	(234,701)
Nonoperating Income (Loss)		
Interest Income	1,038,417	1,035,518
Tax Revenues	777,540	689,654
Grant Revenues	1,267,875	6,834,263
Gain (Loss) on Sale of Asset	(3,336)	3,488
CERBT Gain	(126,833)	91,480
Other Income	769	63,910
Total Nonoperating Income (Loss)	2,954,432	8,718,313
Change in Net Position	$ 1,082,150	$ 8,483,612

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

MOJAVE AIR AND SPACE PORT
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS)

Balance, June 30, 2020	$ 34,852,166
Change in Net Position	8,483,612
Balance, June 30, 2021	43,335,778
Change in Net Position	1,082,150
Balance, June 30, 2022	$ 44,417,928

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

MOJAVE AIR AND SPACE PORT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 10,921,003	$ 11,486,466
Payments to Employees	(12,042,133)	(8,590,167)
Payments to Suppliers for Goods and Services	(5,418,952)	625,284
Other Operating Cash Receipts and Disbursements, Net	2,345,026	2,583,450
Net Cash (Used) Provided by Operating Activities	(4,195,056)	6,105,033
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Grants	3,713,627	3,919,762
Payments for Acquisition and Construction of Capital Assets	(2,741,890)	(8,051,891)
Net Cash Provided (Used) by Capital and Related Financing Activities	971,737	(4,132,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	1,033,986	50,467
Net Cash Provided by Investing Activities	1,033,986	50,467
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax Revenues	777,540	689,654
Other (Loss) Income	(126,064)	155,390
Net Cash Provided by Noncapital Financing Activities	651,476	845,044
Net Increase in Cash and Cash Equivalents	(1,537,857)	2,868,415
Cash and Cash Equivalents at Beginning of Year	9,492,833	6,624,418
Cash and Cash Equivalents at End of Year	$ 7,954,976	$ 9,492,833

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	2022	2021
Operating Income (Loss)	$ (1,872,282)	$ 770,795
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used) Provided by Operating Activities		
Depreciation	2,555,986	2,621,285
Changes in Operating Assets, Liabilities, and Other Income:		
(Increase) Decrease in:		
Accounts Receivable	(222,439)	170,511
Prepaids	(13,027)	1,022
Fuel Inventory	(197,933)	(22,857)
Increase (Decrease) in:		
Accounts Payable	(2,862,966)	3,246,569
Accrued Liabilities	13,983	11,055
Compensated Absences	8,332	(30,779)
Deferred Pensions	902,176	(693,748)
Customer Deposits	62,606	21,513
Due to Other Governments	-	(16,000)
Net OPEB Liability	(1,028,200)	(198,800)
Net Pension Liability	(1,541,292)	224,467
Net Cash (Used) Provided by Operating Activities	$ (4,195,056)	$ 6,105,033

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

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of District's Activities

Mojave Air and Space Port (the District) was incorporated on February 24, 1972, under the provisions of the Public Utilities Code, Division 9, Part 2, beginning with Section 22002. The first District meeting was held on February 28, 1972. On November 15, 1972, Kern County Airport No. 7 was transferred from the County of Kern (the County) to the District and the Airport name was changed to the Mojave Airport. On November 1, 1974, the District's name was changed to East Kern Airport District. On November 20, 2012, the District's name was changed to Mojave Air and Space Port.

The District's mission is to foster and maintain a recognized aerospace presence with a principal focus as the world's premier civilian aerospace test center while seeking compatible diverse business and industry.

B. Basis of Accounting and Financial Reporting

The accompanying basic financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of cash payments or receipts.

When the District has both unrestricted and restricted resources available for District purposes, it is the District's practice to first expend restricted resources, subsequently utilizing unrestricted resources as needed.

The District utilizes a net position presentation in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Net position is categorized as net investment in capital assets, restricted components of net position, and unrestricted components of net position. These categories 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 the deferred outflow of advanced refunding of bonds, 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 is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted components of net position - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted components of net position - This component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The District utilizes an enterprise method to account for its operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges or, (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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 an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges for the leasing of the District's facilities. 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.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Revenue Recognition

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County collects the District's property taxes.

Grants are recognized as revenue in the accounting period when they become susceptible to accrual (i.e., both measurable and available).

F. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for uncollectable accounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The allowance for doubtful accounts was $0 and $6,294 as of June 30, 2022 and 2021, respectively.

G. Fuel Inventory

Fuel inventory is carried at cost on a first-in, first-out (FIFO) basis on a moving average basis. Physical inventories are taken on a monthly basis.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets are defined by the District as assets with an individual cost of more than $5,000 and an estimated life greater than two years. The District's capital assets are recorded at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and Structures	5-40
Furniture and Equipment	5-30
Infrastructure	5-40

Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of capital assets, the cost and accumulated depreciation are eliminated from the accounts and the gain or loss is included in operations.

I. Compensated Absences

The District's established vacation policy states that vacation time not used by the end of the year may be carried over as unused vacation hours, not to exceed 240 hours. Employees who have reached 200 hours are permitted to cash-out up to two weeks of vacation hours in one week increments within a fiscal year by completing the request form. Employees who have an exigent circumstance can request a cash out of unused vacation with approval from the CEO/General Manager.

Employees who work full-time for the District for at least 30 days in a 12 month period are eligible to accrue 1.54 hours of sick leave for each pay period, up to a maximum of 80 hours. Upon retirement, full-time employees with at least 5 years but less than 10 years of service shall be paid 50% of accumulated unused sick time, and full-time employees with 10 or more years of service shall be paid 100% of accumulated unused sick, paid at the employee's salary rate at the time of retirement.

J. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and additions 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.

K. Deferred Outflows/Inflows of Resources

The District reports increases/decreases in net position that relate to future periods as deferred outflows/inflows of resources in separate sections of the statement of net position. Deferred outflows of resources reported in the statement of net position are the results of the employer contributions made to the pension plan after the measurement date and will be recognized as a reduction of the net pension liability in the following year. Deferred inflows of resources are the results of actuarially determined amounts corresponding to the net pension liability that are amortized over an estimated life as part of pension expense.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers cash equivalents to be all highly liquid debt instruments purchased with a maturity of three months or less. Cash and cash equivalents included the following at June 30, 2022 and 2021:

	2022	2021
Cash Deposits with Financial Institutions	$ 3,343,908	$ 3,672,652
Deposits with the County Treasurer	1,806,041	1,016,735
Deposits with Local Agency Investment Fund (LAIF)	4,188,240	4,176,579
California Employees' Retiree Benefit Trust (CERBT) Fund	749,840	626,672
Cash on Hand (Petty Cash)	195	195
	$ 10,088,224	$ 9,492,833

The District invests any excess funds not needed for immediate needs into the State of California managed LAIF. The LAIF is a permitted investment by both State law and the District's investment policy. Created by state statute, the LAIF is a component of a pooled money program that is administered by the State Treasurer's Office. The fund has regulatory oversight from the Local Investment Advisory Board, which is comprised of the State Treasurer as Chair, the State Controller, and the Director of Finance. As the LAIF does not make share-value adjustments due to immaterial differences between fair value and cost, the District's cost basis in the fund is reflected in cash and cash equivalents on the statement of net position.

Cash funds deposited with the State Treasurer's Office are in a pooled money fund. Cash funds are then pooled with other agencies throughout California. Investments are made in accordance with California Government Code Sections 16430 and 16480. Cash funds are also deposited with the County and are appropriately collateralized by cash, investments, and securities.

M. Custodial Credit Risk

Custodial credit risk of deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure of custodial credit risk for deposits and investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2022 and 2021, the District had no risk associated with custodial assets.

N. Fair Value Measurements

In accordance with GASB Statement No. 72, investments in the County Treasurer's Investment Pools are not subject to the three tiered fair value hierarchy: Level 1, Level 2, and Level 3. The three-tiers are defined as follows:

Level 1 – reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – reflect inputs that are based on a similar observable asset either directly or indirectly.

Level 3 – reflect unobservable inputs.

N. Fair Value Measurements (Continued)

The District has no recurring fair value measurements as of June 30, 2022.

Treasury Pool Income and Participant Withdrawals

Treasury Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report certain investments at fair value in the balance sheet and the statement of net position and recognize the corresponding change in value of investments in the year in which the change occurred. The value of the participant's shares in the Treasury Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the participant's position in the Treasury Pool. The fair value fluctuates with interest rates, and increasing rates could cause the value to decline below original cost; however, County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

O. Disclosures Relating to Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Both the deposits with the County and the LAIF have no maturity.

Generally, 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. The County and LAIF do not have a rating provided by a nationally recognized statistical rating organization.

P. Cash Flows

GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* states for purposes of preparing the statement of cash flows, all transactions that are not classified as capital and related financing activities, noncapital financing activities, or investing activities are classified as operating activities. The adjustments to reconcile operating income to net cash provided by operating activities include tax revenues and other income.

Q. Governmental Accounting Standards Board Update

The District adopted the following GASB Statement during the current year:

GASB Statement No. 87 – *Leases*. This statement increases the usefulness of governments' financial statements by requiring recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use leased asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As this statement is applied retroactively, the table below summarizes the net impact of implementing GASB Statement No. 87 to beginning balances:

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Governmental Accounting Standards Board Update (Continued)

	Impact to Beginning Net Position for Fiscal Year Ended 2021
Long-Term Lease Receivable	$ 53,485,145
Deferred Inflow of Resources	(53,485,145)
Net Restatement	$ -

GASB Statements affecting future years are as follows:

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The District has not fully judged the impact of implementation of GASB Statement No. 91 on the basic financial statements.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The District has not fully judged the impact of implementation of GASB Statement No. 94 on the basic financial statements.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements.* The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The District has not fully judged the impact of implementation of GASB Statement No. 96 on the basic financial statements.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement relating to leases, Paycheck Protection Program (PPP) loans, and Subscription-Based Technology Arrangements (SBITAs) are effective for reporting periods beginning after June 15, 2022. The requirements relating to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal years beginning after June 15, 2023. The District has not fully judged the impact of implementation of GASB Statement No. 99 on the basic financial statements.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. The District has not fully judged the impact of implementation of GASB Statement No. 100 on the basic financial statements.

GASB Statement No. 101 – *Compensated Absences*. Requirements of this statement are effective for reporting periods beginning after December 31, 2023. The District has not fully judged the impact of implementation of GASB Statement No. 101 on the basic financial statements.

NOTE 2 – CAPITAL ASSETS

The following is a summary of changes in the District's capital assets for the years ended June 30, 2022 and 2021, for comparison purposes:

	Balance June 30, 2021	Additions	Retirements	Transfers	Balance June 30, 2021
Capital Assets Not Being Depreciated					
Land	$ 6,483,883	$ 16,207	$ -	$ -	$ 6,500,090
Construction in Progress	8,102,408	2,178,298	-	(80,375)	10,200,331
Total Capital Assets Not Being Depreciated	14,586,291	2,194,505	-	(80,375)	16,700,421
Capital Assets Being Depreciated					
Buildings and Structures	13,878,113	139,770	(6,026)	-	14,011,857
Furniture and Equipment	5,342,860	350,150	(75,857)	-	5,617,153
Infrastructure	50,663,449	137,968	(5,179)	-	50,796,238
Total Capital Assets Being Depreciated	69,884,422	627,888	(87,062)	-	70,425,248
Accumulated Depreciation					
Buildings and Structures	9,108,729	443,548	(2,562)	-	9,549,715
Furniture and Equipment	4,047,925	319,145	(75,857)	-	4,291,213
Infrastructure	26,185,863	1,793,293	(5,179)	-	27,973,977
Total Accumulated Depreciation	39,342,517	2,555,986	(83,598)	-	41,814,905
Total Capital Assets, Net of Depreciation	$ 45,128,196	$ 266,407	$ (3,464)	$ (80,375)	$ 45,310,764

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital Assets Not Being Depreciated					
Land	$ 6,381,298	$ 102,585	$ -	$ -	$ 6,483,883
Construction in Progress	1,166,390	7,622,934	-	(686,916)	8,102,408
Total Capital Assets Not Being Depreciated	7,547,688	7,725,519	-	(686,916)	14,586,291
Capital Assets Being Depreciated					
Buildings and Structures	13,551,980	326,133	-	-	13,878,113
Furniture and Equipment	4,959,106	427,837	(44,083)	-	5,342,860
Infrastructure	50,518,702	144,747	-	-	50,663,449
Total Capital Assets Being Depreciated	69,029,788	898,717	(44,083)	-	69,884,422
Accumulated Depreciation					
Buildings and Structures	8,664,796	430,794	-	13,139	9,108,729
Furniture and Equipment	3,766,307	321,073	(41,416)	1,961	4,047,925
Infrastructure	24,452,271	1,869,418	-	(135,826)	26,185,863
Total Accumulated Depreciation	36,883,374	2,621,285	(41,416)	(120,726)	39,342,517
Total Capital Assets, Net of Depreciation	$ 39,694,102	$ 6,002,951	$ (2,667)	$ (566,190)	$ 45,128,196

NOTE 2 – CAPITAL ASSETS (Continued)

Construction in progress consisted of the following projects as of June 30, 2022:

	2022	2021
Airfield Light Vault Generator	$ 70,011	$ -
EV Station	2,408	-
GA Pavement	235,680	-
Gate A41 and 52 Controllers	18,254	-
License Plate Reader	15,213	-
North Perimeter Road	35,319	16,233
Pump House	-	9,893
Plotter	7,383	-
RW 12-30	613,144	532,027
Sabovich & Roper Waterline Improvement	16,003	16,003
SCADA Upgrade	186,899	-
Hangar 927	120,000	-
Solar Infrastructure	80,000	-
Tower Radio Redundancy	-	70,483
Taxiway C Rehab	8,800,017	7,457,769
	$ 10,200,331	$ 8,102,408

NOTE 3 – RENTS AND LEASES

Leases Receivable in Accordance with GASB Statement No. 87

The District receives income from the rental of land, buildings, and hangars. Lease types include month-to-month, general long-term operating and regulated long-term capital as defined by GASB Statement No. 87. Long-term leases consist of fixed terms greater than one year. The District recognizes lease revenues in four categories: Ground, Hanger, Building, and Terminal. Specific lease revenues (e.g., Ground, Hanger, Building, and Terminal) were reclassified from long-term operating to GASB Statement No. 87 capital leases.

Lease receivables and deferred leases income for the years ended June 30, 2022 and 2021, were $996,349 and $1,005,496, respectively. The District uses an estimated discount rate based on its most recent debt financing to apply for the GASB Statement No. 87 lease receivable.

The table below summarizes total remaining lease payments, GASB Statement No. 87 lease receivables/deferred lease inflows and lease interest receivable as of June 30, 2022:

Years Ending June 30	Lease Receivable	Lease Interest	Total Lease Payments
2023	$ 3,393,325	$ 961,857	$ 4,355,182
2024	3,206,228	914,631	4,120,859
2025	3,006,082	869,447	3,875,529
2026	2,906,047	824,809	3,730,856
After 2027	38,840,215	11,002,313	49,842,528
Total	$ 51,351,897	$ 14,573,057	$ 65,924,954

NOTE 3 – RENTS AND LEASES (Continued)

Regulated Leases Excluded by GASB Statement No. 87

A significant portion of the District's revenue comes from regulated leases of which the District is the lessor. Regulated leases as defined by the Department of Transportation and the Federal Aviation Administration and outlined in GASB Statement No. 87 paragraphs 42 and 43 are specially excluded.

The District leases buildings, land, and hangars to various businesses and individuals with month-to-month arrangements or under long-term leases with terms from 1 - 30 years. Rental revenues from regulated leases excluded by GASB Statement No. 87, including month-to-month leases, were $2,176,197 for the year ended June 30, 2022. Prior to the implementation of GASB Statement No. 87, rental revenues from these leases, previously reported as operating leases, were $2,471,208 for the year ended June 30, 2021.

Future minimum rental receipts on regulated leases excluded by GASB Statement No. 87 are as follows:

Years Ending June 30	Amount
2023	$ 2,241,483
2024	2,308,727
2025	2,377,989
2026	2,176,198
After 2027	-
Total	$ 9,104,397

NOTE 4 – RETIREMENT PLANS

CalPERS

A. Plan Description

The District participates in the Public Agency portion of CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The District offers four defined benefit pension plans, the Miscellaneous Plan of the Mojave Air and Space Port (Miscellaneous) and the Safety Plan of the Mojave Air and Space Port (Safety). All employees hired after January 1, 2013, are placed in the California Public Employees' Pension Reform Act (PEPRA) Miscellaneous Plan or Safety Plan of the Mojave Air and Space Port. All plans are cost-sharing multiple-employer defined benefit pension plans. All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous and Safety Plans (Plans). 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.

NOTE 4 – RETIREMENT PLANS (Continued)

CalPERS (Continued)

B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments (COLA), 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 non-duty disability benefits after 10 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 COLAs for each plan are applied as specified by the California Public Employees' Retirement Law (PERL).

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	Safety	Miscellaneous PEPRA	Safety PEPRA
Benefit Formula	2.7% @ 55	2.0% @ 50	2.0% @ 62	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service	5 years service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-55	50	52-62	50-57
Monthly Benefits, as a Percentage of Eligible Compensation	2.0% to 2.7%	3.0%	1.0% to 2.5%	3.0%
Required Employee Contribution Rates	8.00% *	9.00% *	7.25%	15.25%
Required Employer Contribution Rates	16.61%	26.84%	8.01%	15.65%

* The District pays the required employee contributions on behalf of the employees.

C. Contributions

Section 20814(c) of the PERL required 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 all 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.

For the years ended June 30, 2022 and 2021, the contributions recognized as part of pension expense for each Plan were as follows:

2022	Miscellaneous	Safety	Miscellaneous PEPRA	Safety PEPRA	Total
Contributions - Employer	$ 4,362	$ -	$ 9,665	$ -	$ 14,027
Contributions - Employee	2,099	-	8,769	-	10,868
Contributions - Side Fund	446,359	57,260	6,409	145	510,173
	$ 452,820	$ 57,260	$ 24,843	$ 145	$ 535,068

2021	Miscellaneous	Safety	Miscellaneous PEPRA	Safety PEPRA	Total
Contributions - Employer	$ 43,826	$ 7,264	$ 88,660	$ 3,044	$ 142,794
Contributions - Employee	19,287	2,448	78,782	2,902	103,419
Contributions - Side Fund	348,115	44,439	5,350	51	397,955
	$ 411,228	$ 54,151	$ 172,792	$ 5,997	$ 644,168

NOTE 4 – RETIREMENT PLANS (Continued)

CalPERS (Continued)

D. Pension Liabilities, Pension Expense, and Pension Deferred Outflows/Inflows of Resources

As of June 30, 2022 and 2021, the District reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

	2022	2021
Miscellaneous*	$ 2,972,655	$ 4,365,253
Safety*	472,913	621,607
	$ 3,445,568	$ 4,986,860

* During the years ended June 30, 2022 and 2021, amounts from the PEPRA Miscellaneous Plan and PEPRA Safety Plan are included in the Miscellaneous and Safety Plans.

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 (for year ended June 30, 2021) and June 30, 2021 (for year ended June 30, 2022), 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, for June 30, 2021 year-end and as of June 30, 2020, rolled forward to June 30, 2021, for June 30, 2022 year-end using standard update procedures. The District's proportion 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.

	Miscellaneous*	Safety*
Proportion - June 30, 2021	0.10349%	0.00933%
Proportion - June 30, 2022	0.15655%	0.01348%
Change - Increase (Decrease)	-0.05306%	-0.00415%

	Miscellaneous*	Safety*
Proportion - June 30, 2020	0.10421%	0.00944%
Proportion - June 30, 2021	0.10349%	0.00933%
Change - Increase (Decrease)	0.00072%	0.00011%

* During the years ended June 30, 2022 and 2021, amounts from the PEPRA Miscellaneous Plan and PEPRA Safety Plan are included in the Miscellaneous and Safety Plans.

NOTE 4 – RETIREMENT PLANS (Continued)

CalPERS (Continued)

D. Pension Liabilities, Pension Expense, and Pension Deferred Outflows/Inflows of Resources (Continued)

For the years ended June 30, 2022 and 2021, the District recognized pension expense of $1,591,984 and $115,036, respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 172,946	$ -
Difference between employer's contributions and proportionate share of contributions	11,567	(321,530)
Differences between actual and expected experience	414,148	-
Changes in assumptions	-	-
Change in employer's proportions	-	(202,972)
Net differences between projected and actual earnings on plan investments	-	(2,876,445)
Total	$ 598,661	$ (3,400,947)

2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 11,751	$ -
Difference between employer's contributions and proportionate share of contributions	21,912	(163,771)
Differences between actual and expected experience	273,157	-
Changes in assumptions	-	(33,206)
Change in employer's proportions	-	(94,984)
Net differences between projected and actual earnings on plan investments	143,188	-
Total	$ 450,008	$ (291,961)

The $172,946 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 ended June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2023	$ (705,148)
2024	(731,295)
2025	(744,215)
2026	(794,574)
2027	-
Thereafter	-
	$ (2,975,232)

NOTE 4 – RETIREMENT PLANS (Continued)

CalPERS (Continued)

E. Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety	Miscellaneous PEPRA	Safety PEPRA
Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:				
Discount Rate	7.15%	7.15%	7.15%	7.15%
Inflation Rate	2.50%	2.50%	2.50%	2.50%
Payroll Growth	2.75%	2.75%	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%
Mortality	*	*	*	*
Post-retirement Benefit Increase	**	**	**	**

* Derived using CalPERS membership data for all funds.
** Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a December 2017 actuarial experience study for the period 1997-2015. Further details on the Experience Study can be found on the CalPERS website.

The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the California Public Employees' Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined net of pension plan investment expense without reduction for pension plan administrative expense.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in July 2022. Any changes to this discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement No. 67 and Statement No. 68 calculations through at least the 2021-2022 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time the methodology is changed.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major class.

NOTE 4 – RETIREMENT PLANS (Continued)

CalPERS (Continued)

E. Actuarial Assumptions (Continued)

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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest 0.25%.

The table below reflects the long-term expected real rate of return by asset class for all the Plans. The rate of the return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

F. Sensitivity of the District's Proportionate Share of the Net Pension Liability

The following presents the District's proportionate share of the net pension liability using the discount rate of 7.15%, as well as what the District's proportionate share of the net pension liability would be at June 30, 2022, 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:

2022	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability - **Miscellaneous**	$ 4,834,686	$ 2,972,655	$ 1,433,341
Employer's Net Pension Liability - **Safety**	697,302	472,913	288,604
Employer's Net Pension Liability - **Total**	$ 5,531,988	$ 3,445,568	$ 1,721,945

2021	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Employer's Net Pension Liability - **Miscellaneous**	$ 6,175,838	$ 4,365,253	$ 2,869,223
Employer's Net Pension Liability - **Safety**	837,677	621,607	444,304
Employer's Net Pension Liability - **Total**	$ 7,013,515	$ 4,986,860	$ 3,313,527

NOTE 4 – RETIREMENT PLANS (Continued)

CalPERS (Continued)

G. Side Funds

When the District joined the Plans, CalPERS created an employer side fund to cover the cost of purchasing qualifying employees' prior years' experience to account for the difference between the funded status of the Plan and the funded status of the retirement pool. A positive side fund will cause employer contributions to be reduced by the amortization of the side fund, while a negative side fund will cause employer contributions to increase by the amortization of the side fund. As of June 30, 2022, the District's actuarial value of assets was less than the present value of the benefits which resulted in a negative side fund of $572,301 for the Miscellaneous Plan and $72,058 for the Safety Plan.

Other Post-Employment Benefits (OPEB)

A. Plan Description

The District provides certain post-employment health care benefits in accordance with District policy to retired employees age 50 or older who were active members of CalPERS for at least five years, their dependents, and retired directors who were first elected before January 1, 1995, who served the District for at least 12 years, and their dependents. The benefits are available until death for both the participants and their spouse.

Employees hired after October 1, 2017, will be eligible for health benefits based on the resolution with CalPERS vesting schedule. Based on their years of CalPERS service with the District, annuitants would be eligible to receive a percentage of the 100/90 formula amounts from the employer as follows:

Credited Years of CalPERS Service (5 of which must be performed at your agency)	Percentage of Contribution
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20+	100%

B. Contributions

The contribution requirements of plan members and the District are established and may be amended by the District's Board. Currently, contributions are not required from plan members. The District pays for post-employment health insurance on a pay-as-you go basis.

NOTE 4 – RETIREMENT PLANS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Net OPEB Liability (NOL)

NOL at the end of June 30, 2022 and 2021, is as follows:

Reporting Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Discount Rate	7.59%	7.59%
Return on Assets	7.59%	7.59%
Participant Count		
Current Retirees	20	17
Active Employees	23	22
Total	43	39
Actuarial Present Value of Benefits (APVB)		
Current Retirees	$ 2,669,900	$ 3,100,200
Active Employees	1,649,200	1,968,400
Total	$ 4,319,100	$ 5,068,600
Total OPEB Liability (TOL)		
Current Retirees	$ 2,669,900	$ 3,100,200
Active Employees	891,600	1,148,000
Total	$ 3,561,500	$ 4,248,200
Fiduciary Net Position (FNP) = Market Value of Assets	$ 626,700	$ 285,200
Net OPEB Liability (NOL) = TOL - FNP	$ 2,934,800	$ 3,963,000

NOTE 4 – RETIREMENT PLANS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

D. Changes in Total NOL for the Year End June 30, 2022

	Total NOL
Balance at Reporting Date at June 30, 2021 [1]	$ 3,963,000
Decrease within Fiscal Year 2021/22 attributable to:	
Service Cost	91,600
Interest Cost	313,000
Other Liability Experience Loss/(Gain)	(747,000)
Contributions [2]	(594,300)
Non-Benefit-Related Admin Expenses from Plan Trusts	208
Expected Investment Return	(31,126)
Investment Experience Loss	(60,582)
Net Decrease within Fiscal Year 2021/22	(1,028,200)
Balance at Reporting Date June 30, 2022 [1]	$ 2,934,800

[1] Measurement date June 30, 2020 liability and assets have been used for the GASB Statement No. 75 reporting date of June 30, 2021, while measurement date June 30, 2021 liability and assets have been used for the GASB Statement No. 75 reporting date of June 30, 2022.

[2] Contributions consist of $250,000 Trust deposits, plus $272,300 cash benefit payments made outside of the Trust, plus a $72,000 Implicit Subsidy.

E. Sensitivity of End-of-Year NOL to Changes in Assumptions

	Discount Rate		
	1% Decrease (6.59%)	Current Rate (7.59%)	1% Increase (8.59%)
NOL at Reporting Date June 30, 2022	$ 3,928,500	$ 2,934,800	$ 2,627,600

	Trend Rates		
	1% Decrease [1]	Current Rates [2]	1% Increase [3]
NOL at Reporting Date June 30, 2022	$ 2,612,200	$ 2,934,800	$ 3,314,200

[1] Various initial rates grading to ultimate 3.00% for medical, flat 1.00% for dental/vision, and flat 0.00% for PPO deductibles.

[2] Various initial rates grading to ultimate 4.00% for medical, flat 2.00% for dental/vision, and flat 1.00% for PPO deductibles.

[3] Various initial rates grading to ultimate 5.00% for medical, flat 3.00% for dental/vision, and flat 2.00% for PPO deductibles.

NOTE 4 – RETIREMENT PLANS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

F. Deferred Outflows and Inflows of Resources

Type of Change in NOL [1]	Deferred Resources at Reporting Date June 30, 2022			Deferred Resources at Reporting Date June 30, 2021		
	Outflows	Inflows	Outflows less Inflows	Outflows	Inflows	Outflows less Inflows
Contributions subsequent to measurement date	$ 250,000	$ -	$ 250,000	$ 250,000	$ -	$ 250,000
Revised assumptions/methods	-	1,135,893	(1,135,893)	-	1,574,462	(1,574,462)
Other liability experience loss/(gain)	-	1,095,398	(1,095,398)	-	625,054	(625,054)
Investment experience loss/(gain)	-	63,915	(63,915)	-	20,598	(20,598)
Total	$ 250,000	$ 2,295,206	$ (2,045,206)	$ 250,000	$ 2,220,114	$ (1,970,114)

Type of Change in NOL [1]	Deferred Resources Increase/(Decrease) in Fiscal Year 2021/22		
	Current Year's Change in NOL	Amortizations	Total Increase/ Decrease
Revised assumptions/methods	$ -	$ 438,569	$ 438,569
Other liability experience loss/(gain)	(747,000)	276,656	(470,344)
Investment experience loss/(gain)	(60,582)	17,265	(43,317)
Total	$ (807,582)	$ 732,490	$ (75,092)

[1] Historical increases or decreases in NOL due to plan amendments or subsequent contributions are not reflected here, as those changes are immediately recognized in the Annual OPEB Expense as they occur. A NOL change of any other type is amortized as shown above so that it is gradually recognized, with the unamortized portion at a given point referred to as a Deferred Resource.

G. Annual OPEB Expense and Related Items

Fiscal Year	2021/22	2020/21
Measurement Period	2020/21	2019/20
Annual OPEB Expense		
Service Cost	$ 91,600	$ 95,400
Interest Cost	313,000	307,900
(Expected Investment Return)	(31,126)	(9,486)
Non-Benefit-Related Administrative Expenses from Plan Trusts	208	33
Amortizations of Other Changes in NOL	(732,490)	(617,764)
Total Annual OPEB Expense	$ (358,808)	$ (223,917)
Reconciliation of NOL		
NOL at Beginning of Year	$ 3,963,000	$ 4,161,800
Annual OPEB Expense	(358,808)	(223,917)
Benefit Payments	(594,300)	(559,200)
Decrease in Deferred Resources	(75,092)	584,317
Total NOL at End of Year	$ 2,934,800	$ 3,963,000
Recognition of Deferred Resources in Future Annual OPEB Expense		
Amortization of Deferred Resources in Current Year + 1	$ (732,490)	$ (617,764)
Amortization of Deferred Resources in Current Year + 2	(731,418)	(617,764)
Amortization of Deferred Resources in Current Year + 3	(480,208)	(616,692)
Amortization of Deferred Resources in Current Year + 4	(115,786)	(365,484)
Amortization of Deferred Resources in Current Year + 5	(103,670)	(1,058)
Amortization of Deferred Resources in Later Years	(131,634)	(1,352)
Total Deferred Resources at End of Current Year	$ (2,295,206)	$ (2,220,114)

NOTE 4 – RETIREMENT PLANS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

G. Annual OPEB Expense and Related Items (Continued)

Projections and benefits of financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial valuation, dated June 30, 2021, used the Entry Age Normal actuarial cost method, at a discount rate of 7.59%, the expected long-term rate of return on the District assets, and an annual compensation increase rate of 2.75%.

NOTE 5 – COMMITMENTS

On January 1, 1983, the District leased to The Gibson, Karpe, and Hitchcock Trust a certain parcel of land for the purpose of The Gibson, Karpe, and Hitchcock Trust constructing thereon, a hangar with appurtenant shops, offices, and related improvements. The land lease term is from January 1, 1983, through December 31, 2024, a period of 42 years. Rental payments are as follows:

For the construction period	$1.00
For the period of 19 years starting at the completion of construction	$700/Month

Upon completion, The Gibson, Karpe, and Hitchcock Trust subleased the site back to the District and completed facilities (Building No. 79) for a term of approximately 42 years (terminating December 31, 2024). Rental payments by the District were $16,275 per month (payable in advance, on the first day of the month) terminating December 31, 2003 (“first sublease rent period”).

During the period January 1, 2004 through December 31, 2024, the District shall pay The Gibson, Karpe, and Hitchcock Trust one-half the net rental income derived from leasing the facilities to third parties. Total payments for the years ended June 30, 2022 and 2021, were $242,635 and $236,008, respectively.

NOTE 6 – RISK MANAGEMENT

The District is exposed to various risks of loss for which the District purchases commercial insurance. The following summarizes the coverage which the District has purchased:

Type of Coverage	Carrier	Deductible	Limit per Occurrence
Directors and Officers	RSUI	$ 25,000	$ 2,000,000
Commercial Property:	Travelers Property Casualty Co.		
Business Property		5,000	482,000
Business Income		5,000	2,953,800
Building		5,000	58,908,877
Equipment		5,000	988,279
Leased Equipment		5,000	205,000
Runway		5,000	10,000,000
Boiler and Machinery	Hartford Steam Boiler	1,500	26,717,000
Railroad Liability	Indian Harbor Insurance Company	10,000	3,000,000
General Liability	ACE Property and Casualty Inc Co	2,500	100,000,000
Control Tower Liability	ACE Property and Casualty Inc Co		25,000,000
Business Auto	Star Indemnity & Liability Company	1,000	1,000,000
Pollution Policy	Admiral Insurance Co.	10,000	2,000,000

Premiums for the above policies are paid annually and are not subject to retroactive adjustments. At June 30, 2022, the District had no outstanding claims which exceed insurance coverage.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 7, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MOJAVE AIR AND SPACE PORT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CalPERS)
LAST EIGHT YEARS ENDED JUNE 30

	Miscellaneous			
	2022	2021	2020	2019
District's Proportion of the Net Pension Liability	0.15655%	0.10349%	0.10421%	0.10515%
District's Proportionate Share of the Net Pension Liability	$ 2,972,655	$ 4,365,253	$ 4,173,216	$ 3,962,906
District's Covered Payroll	$ 1,453,560	$ 1,196,615	$ 1,132,471	$ 1,052,239
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	204.51%	364.80%	368.51%	376.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.49%	77.71%	77.73%	77.69%

	Safety			
	2022	2021	2020	2019
District's Proportion of the Net Pension Liability	0.01348%	0.00933%	0.00944%	0.00949%
District's Proportionate Share of the Net Pension Liability	$ 472,913	$ 621,607	$ 589,177	$ 556,991
District's Covered Payroll	$ 178,038	$ 196,974	$ 127,407	$ 123,907
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	265.62%	315.58%	462.44%	449.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.61%	73.12%	73.37%	73.39%

Note 1 Governmental Accounting Standards Board (GASB) Statement No. 68 requires governments to include information from the most recent actuarial valuation and nine separate preceding valuations. As of June 30, 2022, the District had only performed eight valuations.

MOJAVE AIR AND SPACE PORT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CalPERS) (Continued)
LAST EIGHT YEARS ENDED JUNE 30

	Miscellaneous			
	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.10327%	0.10439%	0.11294%	0.10848%
District's Proportionate Share of the Net Pension Liability	$ 4,070,987	$ 3,626,498	$ 3,098,337	$ 2,681,114
District's Covered Payroll	$ 1,149,742	$ 1,149,742	$ 968,602	$ 1,269,842
District's Proportionate Share of the Net Pension	354.08%	315.42%	319.88%	211.14%
Plan Fiduciary Net Position as a Percentage	75.39%	75.87%	71.17%	74.52%

	Safety			
	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.00923%	0.00960%	0.01001%	0.01027%
District's Proportionate Share of the Net Pension Liability	$ 551,801	$ 497,021	$ 412,508	$ 384,077
District's Covered Payroll	$ 122,463	$ 122,463	$ 122,168	$ 121,970
District's Proportionate Share of the Net Pension	450.59%	405.85%	337.66%	314.89%
Plan Fiduciary Net Position as a Percentage	71.74%	72.69%	71.82%	76.20%

	PEPRA*	
	2016	2015
District's Proportion of the Net Pension Liability	-0.00006%	0.00001%
District's Proportionate Share of the Net Pension Liability	$ (1,657)	$ 587
District's Covered Payroll	$ 189,803	$ 93,400
District's Proportionate Share of the Net Pension	-0.87%	0.63%
Plan Fiduciary Net Position as a Percentage	107.31%	83.04%

*Amounts from the California Public Employees' Pension Reform Act (PEPRA) Plans are included in the Miscellaneous and Safety Plans for all years after 2016.

See Independent Auditor's Report.

MOJAVE AIR AND SPACE PORT
SCHEDULE OF CONTRIBUTIONS (CalPERS)
LAST EIGHT YEARS ENDED JUNE 30

	Miscellaneous			
	2022	2021	2020	2019
Contractually Required Contribution	$ 597,532	$ 534,539	$ 490,206	$ 432,401
Contributions in Relation to the Contractually Required Contribution	(597,532)	(534,539)	(490,206)	(432,401)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,453,560	$ 1,196,615	$ 1,132,471	$ 1,052,239
Contributions as a Percentage of Covered Payroll	41.11%	44.67%	43.29%	41.09%

	Safety			
	2022	2021	2020	2019
Contractually Required Contribution	$ 98,159	$ 103,088	$ 76,329	$ 68,094
Contributions in Relation to the Contractually Required Contribution	(98,159)	(103,088)	(76,329)	(68,094)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 178,038	$ 196,974	$ 127,407	$ 123,907
Contributions as a Percentage of Covered Payroll	55.13%	52.34%	59.91%	54.96%

Note 1 GASB Statement No. 68 requires governments to include information from the most recent actuarial valuation and nine separate preceding valuations. As of June 30, 2022, the District had only performed eight valuations.

MOJAVE AIR AND SPACE PORT
SCHEDULE OF CONTRIBUTIONS (CalPERS) (Continued)
LAST EIGHT YEARS ENDED JUNE 30

	Miscellaneous			
	2018	2017	2016	2015
Contractually Required Contribution	$ 425,432	$ 418,237	$ 337,259	$ 308,190
Contributions in Relation to the Contractually Required Contribution	(425,432)	(418,237)	(337,259)	(308,190)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,149,742	$ 1,149,742	$ 968,602	$ 1,269,842
Contributions as a Percentage of Covered Payroll	37.00%	36.38%	34.82%	24.27%

	Safety			
	2018	2017	2016	2015
Contractually Required Contribution	$ 60,786	$ 55,735	$ 50,341	$ 42,668
Contributions in Relation to the Contractually Required Contribution	(60,786)	(55,735)	(50,341)	(42,668)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 122,463	$ 122,463	$ 122,168	$ 121,970
Contributions as a Percentage of Covered Payroll	49.64%	45.51%	41.21%	34.98%

	PEPRA*	
	2016	2015
Contractually Required Contribution	$ 13,246	$ 7,057
Contributions in Relation to the Contractually Required Contribution	(13,246)	(7,057)
Contribution Deficiency (Excess)	$ -	$ -
District's Covered Payroll	$ 189,803	$ 93,400
Contributions as a Percentage of Covered Payroll	6.98%	7.56%

*Amounts from the PEPRA Plans are included in the Miscellaneous and Safety Plans for all years after 2016.

MOJAVE AIR AND SPACE PORT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST FOUR YEARS ENDED JUNE 30

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Balance at Reporting Date at Beginning of Fiscal Year	$ 3,963,000	$ 4,161,800	$ 7,410,000	$ 7,257,100
Increase/Decrease within Fiscal Year attributable to:				
Service Cost	91,600	95,400	187,100	196,900
Interest Cost	313,000	307,900	257,600	252,400
Effect of Change in Actuarial Assumptions/Methods	-	-	(2,451,600)	-
Other Liability Experience Loss/(Gain)	(747,000)	(7,700)	(952,400)	(14,600)
Effect of Plan Amendments	-	-	-	-
Contributions [2]	(594,300)	(559,200)	(288,900)	-
Non-Benefit-Related Admin Expenses from Plan Trusts	208	33	-	-
Expected Investment Return	(31,126)	(9,486)	-	-
Investment Experience (Loss)/Gain	(60,582)	(25,747)	-	(281,800)
Net (Decrease)/Increase within Fiscal Year	(1,028,200)	(198,800)	(3,248,200)	152,900
Balance at Reporting Date at End of Fiscal Year [1]	$ 2,934,800	$ 3,963,000	$ 4,161,800	$ 7,410,000

Percentages for Required Supplementary Information

Annual Covered-Employee Payroll	$ 1,787,300
Contributions as a Percentage of ADC	161.45%
Contributions as a Percentage of Covered Payroll	33.25%
End-of-Year NOL as a Percentage of Covered Payroll	164.20%
End-of-Year FNP as a Percentage of TOL	17.60%

(1) Measurement date June 30, 2021 liability and assets have been used for the GASB Statement No. 75 reporting date of June 30, 2022.

(2) Contributions consist of $250,000 Trust deposits, plus $272,300 cash benefit payments made outside of the Trust, plus a $72,000 Implicit Subsidy.

OTHER INFORMATION

INDEPENDENT AUDITOR'S 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
Mojave Air and Space Port
Mojave, 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 basic financial statements of Mojave Air and Space Port (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 7, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Mojave Air and Space Port
Mojave, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mojave Air and Space Port's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95219
209-451-4833

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
March 7, 2023

MOJAVE AIR AND SPACE PORT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR Pass-Through Grantor Program Title	Assistance Listing Number	Contract or Program Number	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program:			
Airport Improvement Program	20.106	3-06-0154-033-2020	$ 1,222,875
Airport Improvement Program	20.106	3-06-0154-034-2021	13,000
Airport Improvement Program	20.106	3-06-0154-035-2022	32,000
Total Expenditures of Federal Awards			$ 1,267,875

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mojave Air and Space Port (the District) and is presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of the U.S. Office of Management and Budget (OMB) and the Uniform Guidance.

NOTE 2 – FEDERAL DE MINIMIS INDIRECT RATE

The District has elected not to use the 10% de minimis indirect cost rate, as the District has no indirect costs.

FINDINGS AND QUESTIONED COSTS

MOJAVE AIR AND SPACE PORT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

1. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Identification of major programs:	
Assistance Listing # 20.106	Airport Improvement Program
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

2. Current Year Findings and Questioned Costs

None.

3. Status of Prior Year Findings and Questioned Costs

None.