Mojave Air and Space Port

Financial Statements

June 30, 2023

C O N T E N T S

BARBICH HOOPER KING
DILL HOFFMAN, LLP

Independent Auditors' Report

Board of Directors
Mojave Air and Space Port
Mojave, California

Opinions

We have audited the accompanying financial statements of Mojave Air and Space Port (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted 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

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aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 on pages 4 through 8 and the schedules related to the District's defined benefit plan and OPEB as listed on the table of contents on pages 29 through 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 presented on page 39, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 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 January 10, 2024, on out 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation

Barbich Hooper King

Bakersfield, California
January 10, 2024

Management's Discussion and Analysis

The following discussion and analysis of Mojave Air and Space Port financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2023. This information is presented in conjunction with the basic audited financial statements and accompanying notes, which follow this section.

Financial Highlights

The District's total net position increased $10.5 million or 24% over the course of the year's operations.

The District's total revenues experienced a net increase of $7.6 million or 55% during the year ended June 30, 2023.

The District's total expenses decreased $1.8 million, or 14% during the year ended June 30, 2023.

The District's net capital assets increased $8.0 million, or 18%, during the year ended June 30, 2023.

Overview of the Financial Statements

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

Required Financial Statements

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

The statements of net position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities), with the difference between the two reported as net position. This statement will indicate which assets are restricted due to contractual, 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 for each of the last two fiscal years are accounted for in the statements of revenues and expenses and changes in net position. These statements measure 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 operations, investing, and financing activities. From this statement, information related to sources and uses of cash, and the change in cash balances can be compared for each of the last two fiscal years.

Financial Analysis of the District

The required financial statements, discussed above, assist the reader in making an assessment 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, hydrology, 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, 2023 and 2022
(000's)

	2023	2022	Dollar Change	Percentage Change
Current assets	$ 19,829	$ 11,516	$ 8,313	72%
Capital assets	53,280	45,311	7,969	18%
Lease receivables	54,828	51,352	3,476	7%
Total assets	127,937	108,179	19,758	18%
Deferred outflow of resources	2,922	849	2,073	244%
	$ 130,859	$ 109,028	$ 21,831	20%
Current liabilities	$ 6,836	$ 1,181	$ 5,655	479%
Long-term liabilities	8,214	6,381	1,833	29%
Total liabilities	15,050	7,562	7,488	99%
Deferred inflow of resources	60,883	57,048	3,835	7%
Invested in capital assets, net of related debt	53,280	45,311	7,969	18%
Unrestricted	1,646	(893)	2,539	-284%
Total net position	54,926	44,418	10,508	24%
	$ 130,859	$ 109,028	$ 21,831	20%

As the net position table above indicates, total assets increased by $19.8 million to $127.9 million at June 30, 2023, from $108.2 million at June 30, 2022. The increase in the total assets of the District was primarily due to an increase in capital assets of $7.9 million, due to acquisitions of capital assets to include construction in progress of $10.4 million, which was offset by depreciation of $2.5 million, and an increase in current assets of $8.3 million, due to increases in cash of $1 million, accounts receivables of $5 million and an increase in lease receivables.

Total liabilities increased by $7.4 million during the year ended June 30, 2023. The increase in current liabilities of $5.6 million is primarily accounts payable that included invoices owed to the vendors for FAA projects and long-term liabilities increase of $1.8 million from recording of pension and post-employment benefits related liabilities.

Table B
Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022
(000's)

	2023	2022	Dollar Change	Percentage Change
Operating revenue	$ 11,160	$ 10,933	$ 227	2%
Nonoperating revenue, net	10,315	2,954	7,361	249%
Total revenues	21,475	13,887	7,588	55%
Operating expenses	8,455	10,249	(1,794)	-18%
Depreciation expense	2,512	2,556	(44)	-2%
Total expenses	10,967	12,805	(1,838)	-14%
Change in net position	10,508	1,082	9,426	871%
Net position, beginning of year	44,418	43,336	1,082	2%
Net position, end of year	$ 54,926	$ 44,418	$ 10,508	24%

While the Statement of Net Position shows the change in financial position of the District, the Statements of Revenues and Expenses and Changes in Net Position provides answers as to the nature and source of these changes.

The District's total revenues increased by $7.5 million to $21.4 million during the year ended June 30, 2023, from $13.8 million during the year ended June 30, 2022. Operating revenues increased by $.2 million. Nonoperating revenues increased by $7.3 million due to grant reimbursements from the FAA on current projects.

Total expenses decreased $1.8 million to $10.9 million during the year ended June 30, 2023 from $12.8 million during the year ended June 30, 2022. The primary reason for the decrease was due to lower fuel sales and costs for fuel.

Table C
Capital Assets
June 30, 2023 and 2022
(000's)

	2023	2022	Dollar Change	Percentage Change
Land	$ 6,500	$ 6,500	$ -	0%
Buildings and structures	14,718	14,012	706	5%
Furniture and equipment	6,458	5,617	841	15%
Infrastructure	50,982	50,796	186	0%
Construction in progress	18,949	10,201	8,748	86%
Total capital assets	97,607	87,126	10,481	12%
Less accumulated depreciation	44,327	41,815	2,512	6%
Total net capital assets	$ 53,280	$ 45,311	$ 7,969	18%

As of June 30, 2023, the District had invested $97.6 million in capital assets. As can be seen from the table above, capital assets increased $10.4 million to $97.6 million at June 30, 2023, from $87.1 million at June 30, 2022 due to $8.7 million of construction projects in progress were added during the year ended June 30, 2023, specifically, $7.8 million for a 12/30 Rehab, $0.5 million for Taxiway C and, $0.2 million for the Taxiway A lighting project.

Budgetary Comparison

The following table is a comparison of the Board approved budget for 2023 against actual.

Table D
Budget vs. Actual Comparison
For the Year Ended June 30, 2023
(000's)

	Actual	Budget	Change	Percentage Change
Operating revenue	$ 11,160	$ 12,380	$ (1,220)	-10%
Nonoperating revenue	10,315	13,791	(3,476)	-25%
Total revenues	21,475	26,171	(4,696)	-18%
Operating expenses	8,455	12,478	(4,023)	-32%
Depreciation expense	2,512	2,700	(188)	-7%
Total expenses	10,967	15,178	(4,211)	-28%
Change in net position	$ 10,508	$ 10,993	$ (485)	-4%

Actual operating revenues were below budgeted revenues for 2023 by $1.22 million mainly due to lower fuel sales than anticipated.

Actual operating expenses, exclusive of depreciation, came out below budgeted operating expenses by $4.0 million primarily due to lower than anticipated costs for tenant retention, permit fees, marketing, and aviation fuel.

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 1434 Flightline, Mojave, California 93501.

Mojave Air and Space Port

Statement of Net Position
June 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets	
Cash and cash equivalents	$ 10,339,540
Accounts receivable, net of allowance of $166,787	5,551,029
Other receivables	49,492
Current portion of lease receivables	3,464,793
Fuel inventory	248,156
Prepaid expenses	175,997
	19,829,007
Capital Assets, net of accumulated depreciation	53,279,751
Lease Receivables, less current portion	54,827,525
Total Assets	127,936,283
Deferred Outflows of Resources	
Deferred outflows - OPEB	507,070
Deferred outflows - CalPERS pension plan	2,415,381
	2,922,451
	$ 130,858,734

See Notes to Financial Statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current Liabilities	
Accounts payable	$ 6,470,189
Customer deposits	178,275
Accrued liabilities	187,673
	6,836,137
Long-Term Liabilities	
Net OPEB liability	2,727,000
Net pension liability	5,487,031
	8,214,031
Total Liabilities	15,050,168
Deferred Inflows of Resources	
Deferred inflows - leases	58,292,318
Deferred inflows - OPEB	1,661,263
Deferred inflows - CalPERS pension plan	929,540
	60,883,121
Net Position	
Invested in capital assets, net of related debt	53,279,751
Unrestricted	1,645,694
	54,925,445
	$ 130,858,734

Mojave Air and Space Port

Statements of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2023

Operating revenue:	
Rents and leases	$ 6,722,149
Landing area	3,812,776
Non-aviation activities	552,774
Other buildings and areas	71,907
	11,159,606
Operating expenses:	
Cost of fuel sold	2,946,127
General and administrative	5,509,152
Depreciation expense	2,511,749
	10,967,028
Operating income	192,578
Nonoperating income (expense):	
Interest income	1,461,140
Property taxes	889,126
Grant revenue	8,144,448
Other expense	(179,775)
	10,314,939
Change in net position	10,507,517
Net position, beginning of year	44,417,928
Net position, end of year	$ 54,925,445

See Notes to Financial Statements.

Mojave Air and Space Port

Statements of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Receipts from customers	$ 11,629,718
Payments to suppliers for goods and services	(9,264,019)
Payments to employees for salaries and benefits	(2,141,802)
Net cash provided by operating activities	223,897
Cash flows from capital and related financing activities:	
Proceeds from grants	2,823,824
Payments for acquisition and construction of capital assets	(5,146,671)
Net cash used in capital and related financing activities	(2,322,847)
Cash flows from noncapital financing activities:	
Receipts of property tax revenues	889,126
Net cash provided by noncapital financing activities	889,126
Cash flows from investing activities:	
Interest income	1,461,140
Net cash provided by investing activities	1,461,140
Net increase in cash and cash equivalents	251,316
Cash and cash equivalents at beginning of the year	10,088,224
Cash and cash equivalents at end of the year	$ 10,339,540

See Notes to Financial Statements.

Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	$ 192,578
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,511,749
Other expense	(179,775)
Changes in operating assets and liabilities	
Accounts receivable	649,887
Fuel inventory	158,214
Prepaid expenses	(83,856)
Accounts payable	277,015
Customer deposits	28,792
Accrued liabilities	14,769
Net OPEB liability	(1,098,813)
Net pension liability	(2,246,663)
Net cash provided by operating activities	$ 223,897

Supplemental disclosure of noncash capital and related financing activities:

Grant income included in accounts receivable	$ 5,320,624
Acquisition and construction of capital assets through accounts payable	$ 5,334,065

Note 1. Nature of Activities and Summary of Significant Accounting Policies

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 organization meeting was held on February 28, 1972. On November 15, 1972, Kern County Airport No. 7 was transferred from the County of Kern 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.

Significant accounting policies are as follows:

Basis of accounting and financial reporting:

The accompanying financial statements have been prepared on the accrual basis of accounting, in conformity with the uniform system of accounts prescribed for water districts by the Controller of the State of California. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of cash payments or receipts.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

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 GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*. Net position is categorized as invested in capital assets, net of related debt, restricted components of net position and unrestricted components of net position. These categories are defined as follows:

> *Invested in capital assets, net of related debt* - 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 are 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.

Deferred outflows/inflows of resources:

The District reports increases/decreases in net assets that relate to future periods as deferred outflows/inflows of resources in a separate section of the statement of net position. Deferred outflow and inflow of resources reported in the statement of net position include the results of employer contributions made to the pension and other postretirement benefit plans (OPEB) after the measurement date and will be recognized as a reduction of the net pension liability in the following year. In addition, actuarially determined amounts corresponding to the net pension liability and OPEB are amortized over an estimated life as part of pension and OPEB expense. Further, deferred inflow of resources includes leases where the District is the lessor. The deferred inflow is recognized in revenue in a systemic manner over the term of the leases.

Fund accounting:

The District utilizes accounting for enterprise entities that account for 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.

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 and 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.

Revenue recognition:

The District recognizes lease revenue monthly over the life of the lease at the agreed upon lease rates adjusted for CPI changes or as otherwise agreed per the lease terms.

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 of Kern collects property taxes for the District.

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

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. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, the District has accrued an allowance of $166,787 against accounts receivable at June 30, 2023.

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.

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.

Compensated absences:

The District's established vacation policy states that each employee may carry over unused vacation hours on a calendar year basis up to 240 hours. Employees with more than 200 hours of accrued vacation pay may cash-out up to two weeks of vacation pay in one-week increments. The District's policy provides employees with up to 160 hours of sick leave accruals. Upon retirement, employees who have been with the District from 5 to 10 years are entitled to 50% payment of unused sick leave accrual and employees who have been with the District over 10 years are entitled to 100% payment of unused sick leave accruals.

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, 2023:

Cash deposits with financial institutions	$ 3,349,765
Deposits with Kern County Treasurer	2,728,701
Deposits with Local Agency Investment Fund	4,260,879
Cash on hand	195
	$ 10,339,540

The District invests any excess funds not needed for immediate needs into the State of California managed Local Agency Investment Fund (LAIF), which 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 statements of net position.

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

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 to 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, 2023, the District had no risk associated with custodial assets.

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 Kern 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 of Kern and LAIF do not have a rating provided by a nationally recognized statistical rating organization.

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 statements 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.

Operating leases:

For long-term operating leases in which the District is the lessor, the District records a lease receivable and deferred inflow of resources related to the leased assets at the present value of the lease. The lease receivable and deferred inflow of resources are amortized over the life of the lease with the difference between the undiscounted amortized lease payment and the discounted lease amortization being recognized as interest income in the year it was received.

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 plan's 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.

Post employment benefits other than pension (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows/inflows related to OPEB, and OPEB expense, information about the fiduciary net position of the Mojave Air and Space Port post employment welfare benefit plan and additions to/deductions from the Plan's fiduciary net position have been determined by an actuary. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms.

Note 2. Capital Assets

The following is a summary of changes in the District's capital assets for the year ended June 30, 2023.

	Capital Assets-At Cost				
	Balance 6/30/22	***Acquisitions***	***Retirements***	***Transfers***	***Balance 6/30/23***
Capital Assets not being depreciated:					
Land	$ 6,500,090	$ -	$ -	$ -	$ 6,500,090
Construction in progress	10,200,331	10,472,455	-	(1,724,468)	18,948,318
Capital Assets being depreciated:					
Buildings and structures	14,011,857	-	-	706,408	14,718,265
Furniture and equipment	5,617,153	8,281	-	832,442	6,457,876
Infrastructure	50,796,238	-	-	185,618	50,981,856
	$ 87,125,669	$ 10,480,736	$ -	$ -	$ 97,606,405

	Accumulated Depreciation				
	Balance 6/30/22	***Depreciation Expense***	***Retirements***	***Transfers***	***Balance 6/30/23***
Buildings and structures	$ 9,549,715	$ 460,518	$ -	$ -	$ 10,010,233
Furniture and equipment	4,291,212	352,029	-	-	4,643,241
Infrastructure	27,973,978	1,699,202	-	-	29,673,180
	$ 41,814,905	$ 2,511,749	$ -	$ -	$ 44,326,654

Note 3. Rents and Leases

Lease Receivable in Accordance with GASB 87

The District receives income from the rental of land, buildings, and hangars. Leases under these arrangements can be month-to-month or be fixed terms from 1 to 55 years before optional lease extensions and could include increases based on CPI or fixed increases. The District records a lease receivable and deferred inflow of resources for non-regulated leases, as outlined in GASB Statement No. 87 using an estimated discount rate based on the District's most recent debt financing.

As part of the GASB 87 lease accounting, the District recognized $4,789,163 in rent and leases and $1,226,980 in interest income for the year ended June 30, 2023.

Future minimum rental receipts as of June 30, 2023 is the following:

Years Ending June 30,	Lease receivables	Lease interest	Total Lease payments
2024	$ 3,464,793	$ 1,263,899	$ 4,728,692
2025	3,466,219	1,198,789	4,665,008
2026	3,503,747	1,132,631	4,636,378
2027	3,527,845	1,065,999	4,593,844
2028	3,365,748	999,598	4,365,346
2029 - 2033	9,927,931	4,242,493	14,170,424
2034 - 2038	7,082,725	3,360,042	10,442,767
2039 - 2043	6,727,739	2,550,087	9,277,826
2044 - 2048	5,260,390	1,888,221	7,148,611
2049 - 2053	5,529,807	1,236,991	6,766,798
2054 - 2058	3,102,649	662,960	3,765,609
2059 - 2063	2,379,489	280,137	2,659,626
2064 - 2068	705,387	51,080	756,467
2069 - 2073	227,724	15,093	242,817
2074	20,125	110	20,235
Total	$ 58,292,318	$ 19,948,130	$ 78,240,448

Leases Excluded from GASB 87

A significant portion of the District's revenue comes from month-to-month leases of which the District is lessor and are excluded from the accounting requirements of GASB 87. The District leases buildings, land, and hangars with month-to-month terms. Rent and lease revenues from month-to-month leases totaled $2,023,720 for the year ended June 30, 2023.

Note 4. Retirement Plans

CalPERS

Plan description:

The District participates in the Public Agency portion of the California Public Employees' Retirement System, which acts as a common investment and administrative agent for participating public employers within the State of California. The District's offers two 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 respective PEPRA Plan Miscellaneous or Safety Plan of the Mojave Air and Space Port. All plans are cost-sharing multiple-employer defined benefit plans. All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous and Safety 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.

Benefits provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for 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 cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	***Safety***	***Miscellaneous PEPRA***	***Safety PEPRA***
Benefit formula	2.7% @ 55	2% @ 50	2% @ 62	2.7% @ 57
Benefit vesting schedule	5 yrs service	5 yrs service	5 yrs service	5 yrs 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 % of eligible compensation	2.0% to 2.7%	3.0%	1.0% to 2.5%	2%
Required employee contribution rates	8% *	9% *	7.25%	15.25%
Required employer contribution rates	16.62%	26.86%	7.99%	15.43%

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

Contributions:

Section 20814(c) of the California Public Employees' Retirement Law 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 year ended June 30, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	***Safety***
Contributions - employer	$ 620,676	$ 55,495
Contributions - employee	142,989	-
	$ 763,665	$ 55,495

Pension liabilities, pension expense and pension deferred outflows/inflows of resources:

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the net pension liability of each Plan as follows:

Miscellaneous	$	4,803,652
Safety		683,379
	$	5,487,031

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, 2022 for the District's year ended June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 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. The District's proportionate share of the net pension liability for each Plan as of June 30, 2022 is as follows:

	Miscellaneous	*Safety*
Proportion - June 30, 2021	0.1566%	0.0135%
Proportion - June 30, 2022	0.1027%	0.0099%
Change - Increase (Decrease)	-0.0539%	-0.0035%

For the year ended June 30, 2023, the District recognized a pension benefit of $837,612. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		*Deferred Inflows of Resources*
Pension contributions subsequent to measurement date	$	676,171	$	-
Difference between expected and actual experience		124,749		(72,030)
Change in assumptions		561,140		-
Net difference between projected and actual earnings on plan investments		987,816		-
Change in employer's proportion		-		(857,510)
Difference between employer's contributions and the proportionate share of contributions		65,505		-
	$	2,415,381	$	(929,540)

The $676,171 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, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Years ended June 30,		
2024	$	172,019
2025		57,586
2026		(23,942)
2027		604,007
	$	809,670

Actuarial Assumptions:

The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	*Safety*
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Acutarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by entry age a	Varies by entry age and service
Investment Rate of Return	6.90%	6.90%
Mortality	*	*

* Derived using CalPERS membership data for all funds

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvements using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, refer to the 2021 experience study report on the CalPERS website.

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made as statutorily required rates, actuarially determined. Based on those assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) return over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects the long-term expected real rate of return by asset class for the Plan. The rate of the return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	*New Strategic Allocation*	*Real Return Years 1 - 10*
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High Yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

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 6.9%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	Discount Rate -1% 5.90%	*Discount Rate 6.90%*	*Discount Rate +1% 7.90%*
Net Pension Liability - Miscellaneous	$ 7,805,412	$ 4,803,652	$ 2,333,949
Net Pension Liability - Safety	1,068,973	683,379	368,243
	$ 8,874,385	$ 5,487,031	$ 2,702,192

OPEB

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 starting at 50% after 10 years of credited CalPERS service and increasing by 5% each year.

Plan membership:

At June 30, 2022, the Plan measurement date, the Plan membership is as follows:

Inactive employees currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	-
Active employees	23
	43

Funding policy:

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

Asset allocation:

The District's assets are held in trust by the California Employers' Retiree Benefit Trust (CERBT) which is managed by CalPERS. The District is invested in the CERBT Strategy 1 portfolio whose assets are allocated according to the following target allocations.

Asset Class	Target Allocation	Target Range
Global Equity	49%	± 5%
Fixed Income	23%	± 5%
Treasury Inflation-Protected Securities ("TIPS")	5%	± 3%
Real Estate Investment Trusts ("REITs")	20%	± 5%
Commodities	3%	± 3%
Cash	0%	± 2%

Actuarial assumptions and inputs:

The net OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Reporting Date	June 30, 2023
Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Actuarial cost method:	Entry age normal cost method
Inflation:	2.80%
Salary increases:	2.80%
Healthcare cost trend rates:	Various initial rates grading to ultimate 4.0% for medical, flat 2.0% for dental/vision, & flat 1.0% for PPO deductibles
Discount Rate:	7.59%
Return on Assets:	7.59%
Mortality:	Rates are from the CalPERS study of Miscellaneous Public Agency experience for the year ended June 30, 2019

The actuarial assumptions used in the June 30, 2021 valuation were based on the CalPERS study of non-industrial Miscellaneous Public Agency experience for the twenty years ending June 30, 2019.

Changes in the Net OPEB liability:

	Total OPEB Liability	*Plan Fiduciary Net Position*	*Net OPEB Liability*
Balance at June 30, 2022	$ 3,561,500	$ 626,700	$ 2,934,800
Changes for the year:			
Service cost	83,000	-	83,000
Interest	260,600	-	260,600
Effect of change in actuarial assumptions *	(113,300)	-	(113,300)
Other liability experience (gain) loss	29,400	-	29,400
Contributions		594,400	(594,400)
Benefit payments	(344,400)	(344,400)	-
Non-benefit-related administrative expense			-
from Plan trusts	-	(360)	360
Expected investment return	-	57,040	(57,040)
Investment experience gain (loss)	-	(183,580)	183,580
Net change	(84,700)	123,100	(207,800)
Balance at June 30, 2023	$ 3,476,800	$ 749,800	$ 2,727,000

* Changes in actuarial assumptions consisted of updating the demographic rates to those used in the latest CalPERS pension valuation.

OPEB expense and deferred outflows and inflows of resources related to OPEB:

For the year ended June 30, 2023, the District recognized an OPEB benefit of $641,079. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 334,634	$ -
Changes in assumptions	-	(795,871)
Other liability experience (gain) loss	25,572	(818,742)
Investment experience (gain) loss	146,864	(46,650)
	$ 507,070	$ (1,661,263)

The $334,634 reported as deferred outflow of resources related to contributions subsequent to the measurement date will be reported as a decrease in the net OPEB liability for the measurement date ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for the measurement period ending as follows:

Years ending June 30,	
2023	$ (705,627)
2024	(454,417)
2025	(89,995)
2026	(77,879)
2027	(113,829)
Thereafter	(47,080)
	$ (1,488,827)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates:

The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate and a healthcare cost trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate.

	Discount Rate -1% 6.59%	***Current Discount Rate 7.59%***	***Discount Rate +1% 8.59%***
Net OPEB Liability - June 30, 2023	$ 7,805,412	$ 4,803,652	$ 2,333,949
	Trend Rate -1% *	***Current Rate *****	***Trend Rate +1% ******
Net OPEB Liability - June 30, 2023	$ 2,412,100	$ 2,727,000	$ 3,097,400

* 3% for medical, 1% for dental/vision, 0% for PPO deductibles
** 4% for medical, 2% for dental/vision, 1% for PPO deductibles
*** 5% for medical, 3% for dental/vision, 2% for PPO deductibles

Note 6. Commitments and Contingencies

The District is exposed to various risks of loss related to torts, theft, damage of destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage nor significant settlements in the past fiscal year.

Required Supplementary Information

Mojave Air and Space Port

Schedule of the District's Proportionate Share of the Net Pension Liability (CalPERS)
June 30, 2023
See Independent Auditors' Report

	Miscellaneous				
	2023	***2022***	***2021***	***2020***	***2019***
District's proportion of the net pension liability	0.10266%	0.15655%	0.10349%	0.10421%	0.10515%
District's proportionate share of the net pension liability	$4,803,652	$2,972,655	$4,365,253	$4,173,216	$3,962,906
District's covered-employee payroll	$1,942,019	$1,453,560	$1,196,615	$1,132,471	$1,052,239
District's proportion of the net pension liability as a percentage of its covered-employee payroll	247.35%	204.51%	364.80%	368.51%	376.62%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	90.49%	77.71%	77.73%	77.69%

	Safety				
	2023	***2022***	***2021***	***2020***	***2019***
District's proportion of the net pension liability	0.00995%	0.01348%	0.00933%	0.00944%	0.00949%
District's proportionate share of the net pension liability	$ 683,379	$ 472,913	$ 621,607	$ 589,177	$ 556,991
District's covered-employee payroll	$ -	$ 178,038	$ 196,974	$ 127,407	$ 123,907
District's proportion of the net pension liability as a percentage of its covered-employee payroll	N/A	265.62%	315.58%	462.44%	449.52%
Plan fiduciary net position as a percentage of the total pension liability	58.11%	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, 2023, the District had only performed nine valuations

	Miscellaneous			
	2018	***2017***	***2016***	***2015***
District's proportion of the net pension liability	0.10327%	0.10439%	0.12934%	0.10849%
District's proportionate share of the net pension liability	$ 4,070,987	$ 3,626,498	$ 3,096,680	$ 2,686,987
District's covered-employee payroll	$ 1,149,742	$ 1,149,742	$ 1,158,405	$ 1,363,242
District's proportion of the net pension liability as a percentage of its covered-employee payroll	354.08%	315.42%	267.32%	197.10%
Plan fiduciary net position as a percentage of the total pension liability	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-employee payroll	$ 122,463	$ 122,463	$ 122,168	$ 121,970
District's proportion of the net pension liability as a percentage of its covered-employee payroll	450.59%	405.85%	337.66%	314.89%
Plan fiduciary net position as a percentage of the total pension liability	71.74%	72.69%	71.82%	76.20%

Mojave Air and Space Port

Schedule of Contributions (CalPERS)

June 30, 2023
See Independent Auditors' Report

	Miscellaneous				
	2023	2022	2021	2020	2019
Contractually required contribution	$ 620,676	$ 597,532	$ 534,539	$ 490,206	$ 432,401
Contributions in relation to the contractually required contribution	(620,676)	(597,532)	(534,539)	(490,206)	(432,401)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,942,019	$ 1,453,560	$ 1,196,615	$ 1,132,471	$ 1,052,239
Contributions as a percentage of covered-employee payroll	31.96%	41.11%	44.67%	43.29% `	41.09%

	Safety				
	2023	2022	2021	2020	2019
Contractually required contribution	$ 55,495	$ 98,159	$ 103,088	$ 76,329	$ 68,094
Contributions in relation to the contractually required contribution	(55,495)	(98,159)	(103,088)	(76,329)	(68,094)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ -	$ 178,038	$ 196,974	$ 127,407	$ 123,907
Contributions as a percentage of covered-employee payroll	N/A	55.13%	52.34%	59.91% `	54.96%

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, 2023, the District had only performed nine valuations

	Miscellaneous			
	2018	***2017***	***2016***	***2015***
Contractually required contribution	$ 425,432	$ 418,237	$ 350,505	$ 315,247
Contributions in relation to the contractually required contribution	(425,432)	(418,237)	(350,505)	(315,247)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,149,742	$ 1,149,742	$ 1,158,405	$ 1,363,242
Contributions as a percentage of covered-employee payroll	37.00%	36.38%	30.26%	23.12%

	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-employee payroll	$ 122,463	$ 122,463	$ 122,168	$ 121,970
Contributions as a percentage of covered-employee payroll	49.64%	45.51%	41.21%	34.98%

Mojave Air and Space Port

Schedules of Changes in the District's
Total OPEB Liability, Fiduciary Net Position, and Related Ratios
June 30, 2023
See Independent Auditors' Report

Total OPEB liability	***2023***	***2022***	***2021***	***2020***	***2019***
Service cost	$ 83,000	$ 91,600	$ 95,400	$ 187,100	$ 196,900
Interest	260,600	313,000	307,900	257,600	252,400
Effect of change in actuarial assumptions	(113,300)	-	-	(2,451,600)	-
Other liability experience (gain) loss	29,400	(747,000)	(7,700)	(952,400)	(14,600)
Benefit payments	(344,400)	(344,300)	(309,200)	(288,900)	(281,800)
Net change in total OPEB Liability	(84,700)	(686,700)	86,400	(3,248,200)	152,900
Total OPEB liability, beginning	3,561,500	4,248,200	4,161,800	7,410,000	7,257,100
Total OPEB liability, ending	$ 3,476,800	$ 3,561,500	$ 4,248,200	$ 4,161,800	$ 7,410,000
Fiduciary net position					
Contributions	$ 594,400	$ 594,300	$ 559,200	$ 288,900	$ -
Benefit payments	(344,400)	(344,300)	(309,200)	(288,900)	
Non-benefit-related administrative expense					-
from Plan trusts	(360)	(208)	(33)	-	-
Expected investment return	57,040	31,126	9,486	-	-
Investment experience gain (loss)	(183,580)	60,582	25,747	-	-
Net change in fiduciary net position	123,100	341,500	285,200	-	-
Fiduciary net position, beginning	626,700	285,200	-	-	
Fiduciary net position, ending	$ 749,800	$ 626,700	$ 285,200	$ -	$ -
Net OPEB Liability	$ 2,727,000	$ 2,934,800	$ 3,963,000	$ 4,161,800	$ 7,410,000
Plans fiduciary net position as a percentage of total OPEB liability	21.57%	17.60%	6.71%	0.00%	0.00%
Actuarially determined contribution	$ 292,700	$ 368,100	$ 379,500	$ 583,100	$ -
Contributions in relation to the actuarially determined contribution	(594,400)	(594,300)	(559,200)	(288,900)	-
Contribution deficiency (excess)	$ (301,700)	$ (226,200)	$ (179,700)	$ 294,200	$ -

Note 1. GASB Statement No. 75 requires governments to include information from the most recent actuarial valuation and nine separate preceding valuations. As of June 30, 2023, the District has only performed five valuations.

Note 2. The total OPEB liability amount was determined by an actuarial valuation as of June 30, 2022, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified.

Actuarial cost method:	Entry age normal cost method
Inflation:	2.80%
Salary increases:	2.80%
Healthcare cost trend rates:	Various initial rates grading to ultimate 4.0% for medical, flat 2.0% for dental/vision, & flat 1.0% for PPO deductibles
Discount Rate:	7.59%
Mortality:	Rates are from the CalPERS study of Miscellaneous Public Agency experience for the year ended June 30, 2019

BARBICH HOOPER KING
DILL HOFFMAN, LLP

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
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 financial statements of Mojave Air and Space Port (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2024.

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.

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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation

Barbich Hooper King

Bakersfield, California
January 10, 2024

BARBICH HOOPER KING
DILL HOFFMAN, LLP

<u>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</u>

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, 2023. The District's major federal programs are identified in the summary of auditors' 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, 2023.

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.

Auditors' 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 generally accepted auditing standards, *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

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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 generally accepted auditing standards, *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.

BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation

Barbich Hooper King

Bakersfield, California
January 10, 2024

Mojave Air and Space Port

Schedule of Expenditures of Federal Awards
June 30, 2023

Federal Grantor	***Federal CFDA Number***	***Grant Identification Number***		***Federal Expenditures***
Department of Transportation				
Airport Improvement Program	20.106	AIP 33-3-06-0154-033-2020	$	211,050
Airport Improvement Program	20.106	AIP 36-3-06-0154-033-2022		2,723,741
Airport Improvement Program	20.106	AIP 37-3-06-0154-033-2022		5,199,657
Total			$	8,134,448

See Notes to Schedule of Expenditures of Federal Awards.

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mojave Air and Space Port under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the 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)*. Because the Schedule presents only a selected portion of the operations of Mojave Air and Space Port, it is not intended to and does not present the financial position, changes in net position, or cash flows of Mojave Air and Space Port.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3. Indirect Cost Rate

Mojave Air and Space Port has elected not to use the 10% de minimis indirect cost rate, as the District has no indirect costs.

Mojave Air and Space Port

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

A. Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Mojave Air and Space Port were prepared in accordance with GAAP.

2. No instances of material weakness relating to the audit of the financial statements were reported.

3. No instance of noncompliance material to the financial statements of Mojave Air and Space Port, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit.

5. The independent auditors' report on compliance for the major federal award programs for Mojave Air and Space Port expresses and unmodified opinion on all major federal programs.

6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) in this schedule.

7. The program tested as a major program was: Department of Transportation Airport Improvement Program assistance listings number 20.106.

8. The dollar threshold used to distinguish between Type A and B programs was $750,000.

9. Mojave Air and Space Port was determined to be not a low-risk auditee.

B. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards

There are no findings required to be reported in accordance with *Government Auditing Standards*.

C. Findings and Questioned Costs for Federal Awards

There are no findings to be reported under 2 CFR 200, paragraph .516 of the Uniform Guidance and no costs questioned as of June 30, 2023.