

MARCH INLAND PORT AIRPORT AUTHORITY

ANNUAL AUDIT REPORT

Year Ended June 30, 2023

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**MARCH INLAND PORT AIRPORT AUTHORITY
ANNUAL AUDIT REPORT**

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Independent Auditor's Report

To the Board of Commissioners
March Inland Port Airport Authority
Riverside, California

Report on the Audit of the Financial Statements

Unqualified Opinion

We have audited the financial statements of the March Inland Port Airport Authority (the Airport), a component unit of the March Joint Powers Authority (the Authority), as of and for the year June 30, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, except for the effects, of the matter described in the Basis for Qualified Opinion section, the accompanying financial statements present fairly, in all material respects, the respective financial position and cash flows of the Airport as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Airport 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.

Matter Giving Rise to Qualified Opinion on the March Inland Airport Authority

We were unable to obtain sufficient appropriate audit evidence to support the amounts recorded as Land in the financial statements. Management does not have sufficient detail in its accounting records to support the balance of Land recorded in the financial statements. Accounting principles generally accepted in the United States of America require that capital assets are recorded at historical cost. A detailed list of land parcels was available, however, a detail of historical value estimates was not available for review for the land parcels.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Airport are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities and the proprietary fund types of the Authority that are attributable to the transactions of the Airport. They do not purport, and do not present fairly the financial position of the March JPA Authority as of June 30, 2023, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally

accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the Authority has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No.96, Subscription-Based Information Technology Arrangements, for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Airport's 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 Airport'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.

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 opinion. 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 GAAS 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 GAAS, 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 Airport'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 Airport'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

Management has omitted *Management’s Discussion and Analysis* for the Airport that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024, on our consideration of the Airport’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 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 Airport’s internal control over financial reporting and compliance.



Irvine, California
October 4, 2024

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MARCH INLAND PORT AIRPORT AUTHORITY

Statement of Net Position June 30, 2023

ASSETS

Current assets:	
Cash and cash equivalents	\$ 9,072,204
Receivable, net:	
Accounts	85,183
Grants	134,307
Leases	2,458,393
	<hr/>
Total current assets	11,750,087
	<hr/>
Noncurrent assets:	
Leases receivable	73,998,015
Capital assets, not being depreciated	36,221,477
Capital assets, net of depreciation	21,621,901
	<hr/>
Total noncurrent assets	131,841,393
	<hr/>
Total assets	143,591,480

DEFERRED OUTFLOWS OF RESOURCES

Pension related items	295,543
OPEB related items	58,017
	<hr/>
Total deferred outflows of resources	353,560

LIABILITIES

Current liabilities:	
Accounts payable and accrued liabilities	224,055
Compensated absences	15,955
	<hr/>
Total current liabilities	240,010
	<hr/>
Noncurrent liabilities:	
Compensated absences	47,865
Unearned revenue	175,000
Net pension liability	588,980
Net OPEB liability	21,311
Advances from March Joint Powers Authority	4,360,263
	<hr/>
Total noncurrent liabilities	5,193,419
	<hr/>
Total liabilities	5,433,429

DEFERRED INFLOWS OF RESOURCES

Leases receivable related items	76,456,408
Pension related items	38,144
OPEB related items	28,024
	<hr/>
Total deferred inflows of resources	76,522,576

NET POSITION

Net investment in capital assets	57,843,378
Unrestricted	4,145,657
	<hr/>
Total net position	\$ 61,989,035

The accompanying notes are an integral part of this statement.

MARCH INLAND PORT AIRPORT AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2023

OPERATING REVENUES

Charges for services	\$ 1,023,739
Lease income	593,372
Permit fees	3,500

Total operating revenues 1,620,611

OPERATING EXPENSES

Administrative	273,245
Professional services	148,455
Salaries and employee benefits	602,033
Repairs and maintenance	44,342
Project improvement costs	295,954
Depreciation	789,421
Services and environmental fees	35,232

Total operating expenses 2,188,682

Operating income (loss) (568,071)

NONOPERATING REVENUES (EXPENSES)

Interest income - leases	334,177
Intergovernmental revenue	883,576
Loss on disposal of capital asset	(1,244)
Interest expense	(104,500)

Total nonoperating revenues (expenses) 1,112,009

Change in net position 543,938

NET POSITION

Beginning of year	<u>61,445,097</u>
End of year	<u>\$ 61,989,035</u>

The accompanying notes are an integral part of this statement.

MARCH INLAND PORT AIRPORT AUTHORITY

Statement of Cash Flows Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,845,408
Cash payments for employee services	(675,600)
Cash payments to suppliers for goods and services	<u>(777,928)</u>
Net cash provided by operating activities	<u>391,880</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Grant revenue received	<u>897,775</u>
Net cash provided by capital and related financing activities	<u>897,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	<u>334,177</u>
Net cash provided by investing activities	<u>334,177</u>
Net increase in cash and cash equivalents	1,623,832
Cash and cash equivalents, beginning of year	<u>7,448,372</u>
Cash and cash equivalents, end of year	<u>\$ 9,072,204</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (568,071)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	789,421
(Increase) decrease in accounts receivable, net	51,247
(Increase) decrease in pension/OPEB related deferred outflows	(171,973)
(Increase) decrease in compensated absences	(67,958)
Increase (decrease) in accounts payable and accrued liabilities	11,979
Increase (decrease) in unavailable revenues	173,550
Increase (decrease) in net pension liability	354,590
Increase (decrease) in net OPEB liability	17,299
Increase (decrease) in pension/OPEB related deferred inflows	<u>(198,204)</u>
Total cash provided by (used for) operating activities	<u>\$ 391,880</u>

The accompanying notes are an integral part of this statement.

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MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The March Inland Port Airport Authority (the Airport) was formed on June 18, 1997 under a joint exercise of powers agreement between the cities of Perris, Moreno Valley, Riverside, and the County of Riverside for the purpose of formulating and implementing plans for the use and reuse of the property formerly known as March Air Force Base.

The Airport's office and records are located at 14205 Meridian Parkway, Suite 140, Riverside, California 92518.

The Airport Commissioners are as follows:

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Chuck Conder	Chairman	City of Riverside
Edward Delgado	Vice Chair	City of Moreno Valley
Jim Perry	Commissioner	City of Riverside
Ulisses Cabrera	Commissioner	City of Moreno Valley
Michael Vargas	Commissioner	City of Perris
Rita Rogers	Commissioner	City of Perris
Kevin Jeffries	Commissioner	County of Riverside
Dr. Yxstian Gutierrez	Commissioner	County of Riverside

The Joint Powers Commission meets on the second and fourth Wednesday of each month.

B) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Airport's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as they are applicable to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Airport reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Airport is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and space rentals. The Airport financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recognized in the accounting period in which are earned and expenses are recognized in the period incurred regardless of the timing of related cash flows.

MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B) Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Proprietary funds, distinguishes operating revenues and expenses from those revenues and expenses that are nonoperating. Operating revenues are those revenues that are generated by airport services, rents and leases while operating expenses pertain directly to the furnishing of those services. Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of airport services, rents, and leases.

When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted first.

C) Cash and Cash Equivalents

In accordance with generally accepted accounting principles, for purposes of the Statement of Cash Flows, all cash and investments with original maturities of 90 days or less are considered cash or cash equivalents.

D) Investments

As a governmental entity other than an external investment pool in accordance with generally accepted accounting principles, the Airport's investments are stated at fair value except for interest-earning investment contracts. As of June 30, 2023, the Airport held no investments therefore, no adjustment is reflected in these financial statements.

E) Uncollectible Accounts Receivable

The Airport uses the allowance method for uncollectible accounts receivable. Currently, the Airport believes all receivables are collectible based on prior experience. Therefore, there is no current allowance recorded.

F) Capital Assets

Capital assets, which include land, buildings, building improvements, machinery, vehicles, and infrastructure assets, are reported in the statement of net position. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired.

MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F) Capital Assets (continued)

Donated capital assets are valued at their estimated acquisition value at the date of donation.

Capital assets with an initial cost of \$5,000 or more, used in operations, are depreciated over their estimated useful lives using the straight-line method. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The range of lives used for depreciation purposes for each capital asset class is as follows:

Building and improvements	7 - 50 Years
Vehicles	5 Years
Office equipment and furniture	5 Years
Infrastructure	30 - 100 Years

G) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Airport has deferred outflows related to pensions, OPEB, and leases. This includes pension and OPEB contributions subsequent to the measurement date of the net pension liability and other pension/OPEB related amounts, which are amortized by an actuarial determined period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Airport has deferred inflows related to pensions, and OPEB. Pension/OPEB related amounts are amortized by an actuarial determined period.

H) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses/expenditures, as appropriate, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I) 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 Airport's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. The Airport's net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, represents the Airport's proportionate share of the March Joint Powers Airport's related amounts. 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.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2022 to June 30, 2023

J) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Airport's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value. The Airport's net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, represents the Airport's proportionate share of the March Joint Powers Airport's related amounts. 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.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2022 to June 30, 2023

MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K) Net Position

Generally accepted accounting principles requires that the difference between assets, liabilities and deferred outflows/inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position classified as net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

L) Relationship to the March Joint Powers Authority

The Airport is an integral part of the reporting entity of the March Joint Powers Authority (herein referred to as the Authority). The funds of the Airport have been blended within the financial statements of the March Joint Powers Authority because the Board of Commissioners is the governing board of the Airport and exercises control over the operations of the Airport. Only the funds of the Airport are included herein, therefore, these financial statements do not purport to represent the financial position or results of operations of the March Joint Powers Authority.

M) Compensated Absences

In accordance with generally accepted accounting principles, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement. All leave benefits are accrued when incurred. The balance as of June 30, 2023 was \$63,820.

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Compensated absences	<u>\$131,778</u>	<u>\$ -</u>	<u>\$ (67,958)</u>	<u>\$ 63,820</u>	<u>\$ 15,955</u>

MARCH INLAND PORT AIRPORT AUTHORITY

**Notes to Financial Statements
Year Ended June 30, 2023**

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

N) New Accounting Pronouncement

GASB Statement No. 96 – As of July 1, 2022, the Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for these arrangements by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain subscription assets and liabilities for arrangements that previously were 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 subscriptions are financings of the right to use an underlying asset and a liability.

NOTE 2: CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 9,072,204</u>

Cash and investments consist of the following:

Deposits with financial institutions	<u>\$ 9,072,204</u>
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MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized by the Authority's investment policy. The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio ⁽¹⁾	Investment in One Issuer
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
U.S. agency securities	5 years	None	None
State of California notes/bonds	5 years	None	None
Banker's acceptances	180 days	40%	30%
Prime commercial paper ⁽²⁾⁽³⁾	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20% of Base Value	None
Medium - Term Notes ⁽³⁾	5 years	30%	None
Mutual funds	N/A	20%	10%
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75m

⁽¹⁾ Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

⁽²⁾ U.S. Corporation with assets greater than \$500 million.

⁽³⁾ Rated "A" or better by Moody's or S&P.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Authority's investment policy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rates risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (continued)

Credit Risk

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.

Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government 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 Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, no deposits of the Authority with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2023, the Airport held no investments.

MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 3: CAPITAL ASSETS

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not being depreciated:				
Land	\$ 36,221,477	\$ -	\$ -	\$ 36,221,477
 Total capital assets, not being depreciated	 36,221,477	 -	 -	 36,221,477
Capital assets, being depreciated:				
Building and improvements	27,679,399	-	-	27,679,399
Equipment	1,435	-	(1,435)	-
Vehicles	36,352	-	-	36,352
Infrastructure	2,110,182	-	-	2,110,182
 Total capital assets, being depreciated	 29,827,368	 -	 (1,435)	 29,825,933
Less accumulated depreciation:				
Buildings and improvements	(6,887,065)	(743,434)	-	(7,630,499)
Equipment	(191)	-	191	-
Vehicles	-	(10,817)	-	(10,817)
Infrastructure	(527,546)	(35,170)	-	(562,716)
 Total accumulated depreciation	 (7,414,802)	 (789,421)	 191	 (8,204,032)
Total capital assets, being depreciated, net	22,412,566	(789,421)	(1,244)	21,621,901
 Capital assets, net of depreciation	 <u>\$ 58,634,043</u>	 <u>\$ (789,421)</u>	 <u>\$ (1,244)</u>	 <u>\$ 57,843,378</u>

NOTE 4: LEASES

The Authority has entered into several leases with various other entities. The leases vary in length from 87 months to 516 months. During the year, the Authority recognized \$334,177 and \$593,372 in interest and lease revenue, respectively. As of June 30, 2023, the lease receivable and deferred inflows of resources related to leases were \$76,456,408 and \$76,456,408, respectively.

NOTE 5: ADVANCES PAYABLE

The Airport received temporary cash advances from the primary government (March Joint Powers Authority) to fund administrative costs until development of the March Inland Port reaches a point that it is self-sustaining. There is no stipulated due date on the \$4,360,263 advance amount. The \$4,360,263 advance is made up of several advances from previous years. Of this amount, \$597,896 is non-interest bearing and the amount of \$2,090,000 carries an interest rate of 5%. The outstanding interest related to the advances is \$-.

MARCH INLAND PORT AIRPORT AUTHORITY

Notes to Financial Statements Year Ended June 30, 2023

NOTE 6: PENSION PLAN

The Airport participates in the Public Employees' Retirement System of the State of California covering all of its permanent employees. The excess, if any, of the actuarially computed value of vested benefits over the amounts available in the pension fund would be a liability of the March Joint Powers Authority as a whole, not of the Airport. Information regarding the plan description, funding status, actuarially determined contribution requirements and contributions made, and trend information may be found in the March Joint Powers Authority basic financial statements.

The Airport's share of the net pension liability at June 30, 2023 was \$588,980, with related deferred outflows of resources of \$295,543 and deferred inflows of resources of \$38,144.

NOTE 7: OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Airport participates in the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), administered by California Public Employees' Retirement System covering all eligible retired employees and qualified dependents. The excess, if any, of the actuarially computed value of vested benefits over the amounts available in the CERBT fund would be a liability of the March Joint Powers Authority as a whole, not of the Airport. Information regarding the plan description, funding status, actuarially determined contribution requirements and contributions made, and trend information may be found in the March Joint Powers Authority basic financial statements.

The Airport's share of the net OPEB liability at June 30, 2023 was \$21,311, with related deferred outflows of resources of \$58,017 and deferred inflows of resources of \$28,024.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Grant Awards

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, however, the Airport believes that such disallowances, if any, would not be significant. Grant purchased or contributed properties, when sold, are required to be used for airport operations.