MARCH INLAND PORT AIRPORT AUTHORITY

ANNUAL AUDIT REPORT

Year Ended June 30, 2025

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

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, 2025, 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, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Airport as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

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 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, 2025, 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 described further in Note 10 to the financial statements, during the year ended June 30, 2025, the Authority recorded a prior period restatement. 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.101, Compensated Absences, for the year ended June 30, 2025. 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 August 11, 2026, 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.

Davis Farr LLP

Irvine, California
August 11, 2026

MARCH INLAND PORT AIRPORT AUTHORITY

Statement of Net Position
June 30, 2025

ASSETS	
Current assets:	
Cash and cash equivalents	$ 10,575,728
Receivable, net:	
Accounts	273,178
Interest	34,959
Grants	198,516
Prepaid items	395
Total current assets	11,082,776
Noncurrent assets:	
Leases receivable	76,586,453
Capital assets, not being depreciated	25,226,969
Capital assets, net of depreciation	20,054,310
Net OPEB Asset	10,058
Total noncurrent assets	121,877,790
Total assets	132,960,566
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	241,004
OPEB related items	40,770
Total deferred outflows of resources	281,774
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	1,855,981
Unearned revenue	20,833
Compensated absences - current portion	68,828
Total current liabilities	1,945,642
Noncurrent liabilities:	
Compensated absences	36,450
Net pension liability	652,906
Total noncurrent liabilities	689,356
Total liabilities	2,634,998
DEFERRED INFLOWS OF RESOURCES	
Leases receivable related items	76,586,453
Pension related items	17,459
OPEB related items	43,894
Total deferred inflows of resources	76,647,806
NET POSITION	
Net investment in capital assets	45,281,279
Restricted for net OPEB asset	10,058
Unrestricted	8,668,199
Total net position	$ 53,959,536

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, 2025

OPERATING REVENUES		
Charges for services	$	753,200
Lease income		256,161
Other		26,188
Total operating revenues		1,035,549
OPERATING EXPENSES		
Administrative		2,237,173
Professional services		433,291
Salaries and employee benefits		723,489
Repairs and maintenance		168,673
Project improvement costs		30,331
Services and environmental fees		40,616
Depreciation		783,796
Other		5,810
Total operating expenses		4,423,179
Operating income (loss)		(3,387,630)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental revenue		1,229,491
Interest income - leases		2,223,548
Investment earnings		255,810
Interest expense		(104,500)
Debt forgiveness from March Joint Powers Authority Advance		4,569,263
Total nonoperating revenues (expenses)		8,173,612
Change in net position		4,785,982
NET POSITION		
Beginning of year, as previously reported		48,650,009
Restatement - correction of an error		523,545
Beginning of year, as restated		49,173,554
Net position - ending	$	53,959,536

The accompanying notes are an integral part of this statement.

MARCH INLAND PORT AIRPORT AUTHORITY

Statement of Cash Flows
Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,009,897
Cash payments for employee services (salaries)	(664,388)
Cash payments to suppliers for goods and services	(1,157,509)
Net cash used for operating activities	(812,000)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Grants received	1,030,975
Net cash provided by non-capital financing activities	1,030,975
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,480,233)
Net cash used for capital and related financing activities	(2,480,233)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	220,851
Interest received on leases	2,223,548
Net cash provided by investing activities	2,444,399
Net increase in cash and cash equivalents	183,141
Cash and cash equivalents, beginning of year	10,392,587
Cash and cash equivalents, end of year	$ 10,575,728
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (3,387,630)
Adjustments to reconcile operating Loss to net cash provided by used for operating activities	
Depreciation	783,796
(Increase) decrease in accounts receivable, net	(25,652)
(Increase) decrease in prepaid items	(395)
(Increase) decrease in pension/OPEB related deferred outflows	59,254
Increase (decrease) in accounts payable and accrued liabilities	1,750,831
Increase (decrease) in compensated absences	28,795
Increase (decrease) in net pension liability	(3,292)
Increase (decrease) in net OPEB liability/asset	(1,937)
Increase (decrease) in pension/OPEB related deferred inflows	(15,770)
Total cash used for operating activities	$ (812,000)
NON-CASH FINANCING ACTIVITY	
Forgiveness of advance from March JPA, including capitalized interest	$ 4,569,263

The accompanying notes are an integral part of this statement.

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:

Name	Title	Representing
Michael Vargas	Chairman	City of Perris
Dr. Yxstian Gutierrez	Vice Chair	County of Riverside
Chuck Conder	Commissioner	City of Riverside
Jim Perry	Commissioner	City of Riverside
Maricela Nava	Commissioner	City of Perris
Edward Delgado	Commissioner	City of Moreno Valley
Ulises Cabrera	Commissioner	City of Moreno Valley
Jose Medina	Commissioner	County of Riverside

The March Joint Powers Commission meets on the first and third 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 are 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.

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, 2025, 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.

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 may report a separate section for deferred outflows of resources. The Airport reports deferred outflows related to pensions, other post-employment benefits (OPEB), and leases.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. The Airport reports deferred inflows related to unavailable revenues, pensions, OPEB, and leases.

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.

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2024 to June 30, 2025

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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2024 to June 30, 2025

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, 2025 was $105,278.

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Compensated absences*	$ 76,483	$ 28,795	$ -	$ 105,278	$ 68,828

*The change in the compensated absences liability is presented as a net change.

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

N) Implementation of New Pronouncement

During the year ended June 30, 2025, the Airport implemented the following new GASB Pronouncements:

GASB Statement No. 101 – Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 – Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

2) CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and cash equivalents	$ 10,575,728

Cash and investments consist of the following:

Deposits with financial institutions	$ 10,575,728

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2) CASH AND INVESTMENTS (continued)

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

The table below identifies the investment types that are authorized by the Airport's investment policy. The table also identifies certain provisions of the California Government Code (or the Airport'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 Airport's investment policy.

2) CASH AND INVESTMENTS (continued)

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 Airport 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.

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 Airport 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 Airport'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 Airport deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2025, no deposits of the Airport with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2025, the Airport held no investments.

3) CAPITAL ASSETS

	*Beginning balance	Increases	Decreases	Ending balance
Capital assets, not being depreciated:				
Land	$ 22,223,191	$ -	$ -	$ 22,223,191
Construction in progress*	523,545	2,480,233	-	3,003,778
Total capital assets, not being depreciated	22,746,736	2,480,233	-	25,226,969
Capital assets, being depreciated:				
Building and improvements	20,632,398	-	-	20,632,398
Vehicles	36,352	-	-	36,352
Infrastructure	9,157,183	-	-	9,157,183
Total capital assets, being depreciated	29,825,933	-	-	29,825,933
Less accumulated depreciation:				
Buildings and improvements	(6,866,772)	(550,835)	-	(7,417,607)
Vehicles	(16,011)	(5,193)	-	(21,204)
Infrastructure	(2,105,044)	(227,768)	-	(2,332,812)
Total accumulated depreciation	(8,987,827)	(783,796)	-	(9,771,623)
Total capital assets, being depreciated, net	20,838,106	(783,796)	-	20,054,310
Capital assets, net of depreciation	$ 43,584,842	$ 1,696,437	$ -	$ 45,281,279

* Includes prior period restatement of $523,545 to construction in progress. See Note 10 for details.

Reclassification of Capital Assets

During the fiscal year ended June 30, 2025, the Airport reclassified $7,047,001 of capital assets and $1,507,158 of accumulated depreciation from buildings and improvements to infrastructure.

The reclassification was made to more appropriately reflect the nature of these assets and to provide more transparent and meaningful financial reporting. This reclassification had no effect on total capital assets, net position, or changes in net position for the fiscal year.

4) LEASES RECEIVABLE

Long-term leases

The Airport entered into several long-term leases with various private entities. The leases vary in length from 18 months to 516 months. Payments on the leases are due monthly, except for one lease which has semi-annual payments. In addition, one other lease requires only half of the monthly payment to be paid with the other half accruing during the year with a balloon payment due after twelve months. During the year, the Airport recognized $2,223,548 and $256,161 in interest and lease revenue, respectively. As of June 30, 2025, the remaining lease receivable and deferred inflows of resources related to leases is $76,586,453.

Short-term Leases

The Airport also leases 111 housing units in the area known as Green Acres. The leases are considered month-to-month leases; therefore, no lease receivable or related deferred amounts have been recorded in the financial statements.

5) ADVANCES PAYABLE

During the year ended June 30, 2025, the Authority's Commission approved the forgiveness of amounts previously advanced from the March Joint Powers Authority to the Airport. The amount forgiven totaled $4,569,263, consisting of $2,687,896 of principal and $1,881,367 of previously capitalized interest. The forgiveness is reported as a nonoperating expense on these statements.

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, 2025 was $652,906.

6) PENSION PLAN (continued)

As of June 30, 2025 the Airport had deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 16,781	$ -
Differences between expected and actual experience	56,450	2,203
Differences between projected and actual investment earnings	37,587	-
Differences between employer's contributions and proportionate share of contributions	-	15,256
Change in employer's proportion	21,044	-
Pension contributions made subsequent to the measurement date	109,142	-
	$ 241,004	$ 17,459

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 asset at June 30, 2025 was $10,058.

As of June 30, 2025 the Airport had deferred outflows and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 33,978	$ -
Differences between expected and actual experience	1,193	299
Net difference between projected and actual earnings on OPEB plan investments	1,596	43,595
OPEB contributions subsequent to measurement date	4,003	-
	$ 40,770	$ 43,894

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.

March Inland Port Airport Authority – Joint Use Agreement with United States Air Force

On February 21, 2001, the March Inland Port Airport Authority (Airport) entered into a Joint Use Agreement (JUA) with the United States Air Force (the Air Force) for the shared use of certain flying facilities at March Air Reserve Base (MARB), California. The agreement was amended in 2008 and 2014 to reflect changes in airport operations and fee structures.

Under the terms of the JUA, the Air Force authorizes civil aircraft operations at MARB, subject to compliance with Federal Aviation Administration regulations, Air Force instructions, and other applicable laws and regulations. The jointly used flying facilities (JUFF) include runways, taxiways, lighting systems, navigational aids, and related infrastructure.

The Airport is responsible, at its own expense, for providing all necessary support facilities for civil aircraft operations, including aircraft parking, fueling facilities, and vehicle parking. The Airport is also responsible for certain maintenance and repair obligations, environmental compliance, air quality and noise mitigation requirements, and security and safety responsibilities associated with civilian operations. The Air Force retains priority use of the facilities for military operations and may temporarily suspend civilian operations for maintenance, emergencies, or military necessity.

Under the current terms of the JUA, the Airport is required to pay the Air Force an annual fee of $25,000 for aircraft weighing less than 40,000 pounds, in addition to landing fees for aircraft weighing more than 40,000 pounds. These fees are intended to reimburse the Air Force for the Airport's proportionate share of maintenance and repair costs associated with the JUFF and are subject to annual inflation adjustments. Aircraft operating on official government business are exempt from these fees. The Airport is also required to reimburse the Air Force for any services provided in support of civilian operations, including aircraft rescue and fire protection and other operational services, as applicable.

Pursuant to Section 15 of the JUA, major repair projects or new construction related to the JUFF are excluded from the agreement and are subject to separate negotiations and written agreements between the Airport and the local leadership of MARB.

8) COMMITMENTS AND CONTINGENCIES (continued)

March Inland Port Airport Authority – Joint Use Agreement with United States Air Force (continued)

The JUA has an initial term of 25 years, with an automatic 15-year extension provided the Airport remains in compliance with the terms of the agreement. The agreement may be renegotiated, suspended, or terminated under certain conditions, including violations of the agreement or military necessity.

Maintenance Cost Reimbursement

During the fiscal year ended June 30, 2025, the Air Force conducted a review of maintenance costs incurred for the JUFF for the period from 2017 through 2023. Based on this review, the Air Force determined that quarterly remittances previously submitted by the Airport did not fully cover the Airport's proportionate share of maintenance costs for that period. Following an extensive review and reconciliation of the costs by both the Air Force and the Airport's management, it was determined that the Airport owed an additional $1,903,332 for its share of maintenance costs.

The Airport remitted payment of $1,903,332 in full to the Air Force in November 2024. The payment is included as part of administrative expenses.

9) FAA OPERATIONAL GRANTS AND RELATED EXPENDITURES

During the fiscal year ended June 30, 2025, the Airport incurred costs totaling $2,510,564 in connection with federally funded airport projects, consisting of $2,285,685 for the Taxiway Realignment Project, $194,548 for the Apron Reconstruction Project, and $30,331 for the Master Plan Project.

Costs associated with the Taxiway Realignment and Apron Reconstruction Projects were capitalized as construction in progress, as these projects result in improvements to airport infrastructure. Costs related to the Master Plan Project were expensed as incurred and are included in project improvement costs, as such activities are planning in nature and do not result in the acquisition or construction of a capital asset.

The Airport is eligible for reimbursement under federal grant agreements for approximately 90% of eligible costs for the Taxiway Realignment and Apron Reconstruction Projects and 100% for the Master Plan Project. Corresponding grant revenues are recognized as intergovernmental revenue and reported within nonoperating revenues in the accompanying financial statements.

10) PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the fiscal year ended June 30, 2025, the Airport identified an error in the previously issued fiscal year 2024 financial statements related to costs incurred for the design phase of the Taxiway Realignment and Apron Reconstruction Projects. Design and engineering costs totaling $523,545 were reported as expenses in fiscal year 2024. These costs should have been capitalized as construction in progress because they were directly attributable to capital projects that resulted in improvements to airport infrastructure.

The error resulted in an understatement of capital assets and net position, and an overstatement of operating expenses. The correction has been reflected through a restatement of beginning net position as of July 1, 2024.

The effect of the correction on beginning net position is summarized below:

Net position, as previously reported	$ 48,650,009
Restatement for correction of an error	523,545
Net position, as restated	$ 49,173,554