

REGULAR MEETING OF THE BOARD OF DIRECTORS

Date: December 1, 2015
Time: 2:00 p.m.
Location: Board Room
1434 Flightline, Mojave, California

AGENDA

Call to Order

Pledge of Allegiance

1. Roll Call

2. Approval of Agenda

3. Consent Agenda

All items on the consent agenda are considered routine and non-controversial, and will be approved by one motion if no member of the Board, staff, or public wishes to comment or ask questions.

- A. Minutes of November 17, 2015
- B. Check Register dated November 24, 2015

4. Business Items

- A. Approval of Resolution Amending Administrative Code sections 2-3.02 and 2-3.03 Regarding Authorized Positions
- B. Approval of Contract with De Aztlan for Consulting Services for \$20,000
- C. Approval of Contract with Michael Brouse for Financial Consulting Services
- D. Approval of Contract for Building 79 Roof Repairs
- E. Approval of Proposal from Tucker/Hess Productions for \$9,182.95

5. Reports/Announcements

- A. Community: Members of the audience may address the Board on items of a community nature.
- B. Board Committees

C. CEO/GM Report

FY 14-15 Audit

D. Board of Directors: This portion of the meeting is reserved for board members to address items not on the agenda

6. Public Comment on Items Not on the Agenda

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter not on the agenda, and over which MASP has jurisdiction. Time is limited to 3 minutes. The Board of Directors can take no action on your presentation. Any person desiring to speak on an agenda item will be given an opportunity to do so prior to the Board of Directors taking action on the item.

7. Closed Session

A. Potential Litigation (Govt Code sec. 54956.9): One case

B. Potential Litigation (Govt Code sec. 54956.9): REM Industries

C. Existing Litigation (Govt Code sec. 54956.9): Soest v. MASP

D. Personnel Review (Govt Code sec. 54957): CEO

8. Closed Session Report

Adjournment

This Agenda was posted on November 25, 2015, by Tenina.

Persons desiring disability-related accommodations should contact the Clerk of the Board no later than ten days prior to the need for the accommodation. A copy of any writing that is a public record relating to an open session of this meeting is available to the public in the office of the Clerk of the Board.

MISSION STATEMENT

FOSTER AND MAINTAIN OUR RECOGNIZED AEROSPACE PRESENCE WITH A PRINCIPLE FOCUS AS THE WORLD'S PREMIER CIVILIAN AEROSPACE TEST CENTER WHILE SEEKING COMPATIBLY DIVERSE BUSINESS AND INDUSTRY



**BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING
OF NOVEMBER 17, 2015**

Call to Order

The meeting was called to order on Tuesday, November 17, 2015, at 2:00 p.m. by Board President Dr. Allen Peterson, in the Board Room at Mojave Air and Space Port located at 1434 Flightline, Mojave, California.

Pledge of Allegiance

Director Balentine led those assembled in the Pledge of Allegiance.

Roll Call

The Clerk of the Board conducted the roll call:

Present: Balentine, Deaver, Evans, Painter, and Peterson

Absent: None

Staff present: CEO Witt, DGM Drees, Financial Consultant Brouse, COO Wojtkiewicz, Business Manager Rawlings, Director of Maintenance Smith, District Counsel Nave

1. Approval of Agenda

President Peterson asked that the Financial Report be moved from the Consent Agenda to Business Items. Upon motion by Director Balentine, seconded by Director Evans, the agenda, as revised, was unanimously approved.

2. Consent Agenda

Upon motion by Director Balentine, seconded by Director Evans, the following Consent Agenda items were unanimously approved:

A. Minutes of the Regular Board Meeting of November 3, 2015

B. Check Register dated November 12, 2015

3. Business Items

A. October 2015 Financial Report.

Michael Brouse presented the financial reports for October 2015. He reported the FAA checking account has been closed, and FAA transactions will now pass through the General Fund.

Upon motion by Director Painter, seconded by Director Deaver, the Financial Report was unanimously accepted.

4. Reports / Announcements

A. Community.

Cathy Hansen recapped Plane Crazy Two in California City, as well as the Veteran's Day ceremony held in Legacy Park. She also presented the annual Wreaths Across America event, which is currently accepting donations.

B. Board Committees.

No reports.

C. CEO/GM Report.

DGM Drees presented the first quarter budget to actual report, noting that fuel sales had been substantially less than anticipated for the first quarter of FY 15-16. She also noted a majority of the expenses will likely be reached by year end, with the exception of cost of fuel if fuel sales remain low.

D. Board of Directors

No reports.

5. Public Comments on Items Not on the Agenda

No public comment.

6. Closed session

1. Potential Litigation (Govt Code 54956.9): One case
2. Existing Litigation (Govt Code 54956.9): *Soest v. MASP*
3. Personnel Review (Govt Code 54957): CEO

7. Closed Session Report

In closed session, Counsel and the Board discussed one case of potential litigation and *Soest v. MASP*. The Board also conducted a review of the performance of the CEO. No other items were discussed.

Adjournment

There being no further business to come before the Board, the chair adjourned the meeting at 3:18 p.m.

Dr. Allen Peterson, President

ATTEST

William Deaver, Secretary

Date: Tuesday, November 24, 2015
 Time: 03:42PM
 User: LICALICA

Mojave Air & Space Port

Check Register - Standard
 Periods: 05-16 Through 06-16 As of: 11/24/2015

Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: EKAD											
Acct / Sub:	101000		1200								
053824	CK	12/1/2015	0109 AT&T		06-16	034806	VO	2342812383-1139	11/7/2015	0.00	128.31
053824	CK	12/1/2015	0109 AT&T		06-16	034807	VO	2342713412-2793	11/7/2015	0.00	128.31
Telecommunications											Check Total
053825	CK	12/1/2015	0158 Ameripride	Ameripride Uniform Services	06-16	034804	VO	2100481054	11/13/2015	0.00	56.95
053825	CK	12/1/2015	0158 Ameripride	Ameripride Uniform Services	06-16	034805	VO	2100481057	11/13/2015	0.00	207.67
053825	CK	12/1/2015	0158 Ameripride	Ameripride Uniform Services	06-16	034837	VO	2100482622	11/20/2015	0.00	54.95
053825	CK	12/1/2015	0158 Ameripride	Ameripride Uniform Services	06-16	034838	VO	2100482625	11/20/2015	0.00	173.17
Uniform Svc.											Check Total
053826	CK	12/1/2015	0173 Allied Security	Allied Security Holdings LLC	06-16	034836	VO	6281469	11/12/2015	0.00	5,595.12
Security Svc.											
053827	CK	12/1/2015	0175 AV Notary	AV Notary Network	06-16	034869	VO	NECESSITIES PKG	11/16/2015	0.00	38.00
Notary Supplies											
053828	CK	12/1/2015	0175 AV Notary	AV Notary Network	06-16	034870	VO	NOTARY/LIVE SCA	11/16/2015	0.00	194.00
Notary Class											
053829	CK	12/1/2015	0198 BHK		06-16	034797	VO	92952	10/31/2015	0.00	10,000.00
Prof. Svcs./Auditors											

Date: Tuesday, November 24, 2015
 Time: 03:42PM
 User: LCALICA

Mojave Air & Space Port

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Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053830	CK	12/1/2015	0284	Brouse, Michael L.	06-16		034839	VO	NOV 10,2015	11/14/2015	0.00	1,125.00
053830	CK	12/1/2015	0284	Brouse, Michael L.	06-16		034840	VO	NOV 17,2015	11/21/2015	0.00	1,075.00
Accounting Consultant												
											Check Total	
											2,200.00	

053831	CK	12/1/2015	0294	Bushu Electric	06-16		034808	VO	9136	11/10/2015	0.00	3,550.00
Fitness Center/Electrical & Lights												

053832	CK	12/1/2015	0350	Clark's Pest Control	06-16		034842	VO	910258/11-15	11/17/2015	0.00	41.00
053832	CK	12/1/2015	0350	Clark's Pest Control	06-16		034843	VO	1058810/11-15	11/17/2015	0.00	60.00
053832	CK	12/1/2015	0350	Clark's Pest Control	06-16		034844	VO	972309/11-15	11/17/2015	0.00	42.00
053832	CK	12/1/2015	0350	Clark's Pest Control	06-16		034845	VO	922714/11-15	11/17/2015	0.00	41.00
Pest Control												
											Check Total	
											184.00	

053833	CK	12/1/2015	0395	Campbell, Patrick	06-16		034841	VO	FIRE-REIMBURS	11/19/2015	0.00	227.50
Reimbursement/Fire Dept. - Equip. Pick Up												

053834	CK	12/1/2015	0410	Dynamic Science, Inc.	06-16		034798	VO	100	11/9/2015	0.00	20,206.79
Tower Contract												

053835	CK	12/1/2015	0699	Fauble-Richard	06-16		034809	VO	UNIT 17/REIMBUR	11/10/2015	0.00	25.32
053835	CK	12/1/2015	0699	Fauble-Richard	06-16		034810	VO	FIRE/REIMBURS	11/12/2015	0.00	8.91
053835	CK	12/1/2015	0699	Fauble-Richard	06-16		034846	VO	834679	11/20/2015	0.00	10.50

Reimbursement/Employee Benefits & Fire Dept. Supplies											Check Total
											44.73

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Mojave Air & Space Port

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Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053836	CK	12/1/2015	0751	The Gibbons Family LLC	06-16	06-16	034799	VO	10-15/INVSTR PM	10/31/2015	0.00	4,516.35
053836	CK	12/1/2015	0751	The Gibbons Family LLC	06-16	06-16	034811	VO	11-15/INVSTR PM	11/23/2015	0.00	4,516.35
Investor Pmt./Oct. & Nov. 2015												
											Check Total	
											9,032.70	

053837	CK	12/1/2015	0819	Reliable A/C & Heating	06-16	06-16	034852	VO	16287	11/6/2015	0.00	270.00
053837	CK	12/1/2015	0819	Reliable A/C & Heating	06-16	06-16	034853	VO	16292	11/12/2015	0.00	1,690.00
053837	CK	12/1/2015	0819	Reliable A/C & Heating	06-16	06-16	034860	VO	16291	10/11/2015	0.00	4,600.00
A/C Repair/Bldg. 1, 137, Fitness Center												
											Check Total	
											6,560.00	

053838	CK	12/1/2015	0835	High Desert Wireless Broadband	06-16	06-16	034829	VO	40252/OCT 2015	11/18/2015	0.00	2,500.00
Telecommunications												

053839	CK	12/1/2015	0839	Hi hwy Glass	06-16	06-16	034812	VO	108655	11/17/2015	0.00	169.38
Maintenance/Bldg. 58												

053840	CK	12/1/2015	0842	J. Hitchcock Riverwest Fam Ptr	06-16	06-16	034800	VO	10-15/INVSTR PM	10/31/2015	0.00	3,010.90
053840	CK	12/1/2015	0842	J. Hitchcock Riverwest Fam Ptr	06-16	06-16	034813	VO	11-15/INVSTR PM	11/23/2015	0.00	3,010.90
Investor Pmt./Oct. & Nov. 2015												
											Check Total	
											6,021.80	

053841	CK	12/1/2015	0963	Industrial Chem Lab & Services	06-16	06-16	034847	VO	185737	11/5/2015	0.00	3,356.22
Weed Abatement												

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Mojave Air & Space Port

Check Register - Standard
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 Report: 03630.rpt
 Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053842	CK	12/1/2015	1106 Robert W. Karpe, Trustee	06-16	034801	VO	1106	10/31/2015	0.00	7,527.24
053842	CK	12/1/2015	1106 Robert W. Karpe, Trustee	06-16	034814	VO	11-15/NVSTR PM	11/23/2015	0.00	7,527.24
Check Total										15,054.48
Investor Pmt./Oct. & Nov. 2015										
053843	CK	12/1/2015	1122 Kelley~Randall	06-16	034848	VO	10899	11/19/2015	0.00	24.00
Auto Repair										
053844	CK	12/1/2015	1154 Kieffe & Sons Ford	06-16	034823	VO	20502	11/13/2015	0.00	14.50
053844	CK	12/1/2015	1154 Kieffe & Sons Ford	06-16	034824	VO	20523	11/16/2015	0.00	14.50
053844	CK	12/1/2015	1154 Kieffe & Sons Ford	06-16	034849	VO	20559	11/19/2015	0.00	477.17
Check Total										506.17
Auto Svc. & Repair										
053845	CK	12/1/2015	1206 L.N.Curtis & Sons	06-16	034815	VO	1373834.00	11/6/2015	0.00	108.51
Fire Dept. Supplies										
053846	CK	12/1/2015	1254 Lincoln Nat'l Life Ins. Co.	06-16	034826	VO	3131893000/DEC	11/10/2015	0.00	655.20
Insurance										
053847	CK	12/1/2015	1369 Mojave Desert News	06-16	034850	VO	44903	11/13/2015	0.00	32.50
Advertising										
053848	CK	12/1/2015	1373 Mojave Public Utility District / Water Tests	06-16	034827	VO	OCT 15,23,2015	11/16/2015	0.00	472.50
MPUD/Water Tests										

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Mojave Air & Space Port

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053849	CK	12/1/2015	1406 Napa Auto Parts	06-16	034816	VO	834015	11/10/2015	0.00	107.98
053849	CK	12/1/2015	1406 Napa Auto Parts	06-16	034817	AD	834037	11/11/2015	0.00	-28.48
053849	CK	12/1/2015	1406 Napa Auto Parts	06-16	034818	VO	834122	11/12/2015	0.00	54.21
053849	CK	12/1/2015	1406 Napa Auto Parts	06-16	034851	VO	834838	11/23/2015	0.00	275.78
Check Total										409.49

053850	CK	12/1/2015	1501 Office Depot	06-16	034863	VO	NOV 2015	11/16/2015	0.00	729.50
Check Total										729.50

053851	CK	12/1/2015	1683 Commercial Spaceflight Fed	06-16	034868	VO	767	9/28/2015	0.00	10,000.00
Check Total										10,000.00

053852	CK	12/1/2015	1800 Ramos / Strong, Inc.	06-16	034819	VO	0288276	11/9/2015	0.00	234.44
Check Total										234.44

053853	CK	12/1/2015	1880 David Russell	06-16	034858	VO	OCT 2015	10/31/2015	0.00	8,910.00
053853	CK	12/1/2015	1880 David Russell	06-16	034859	VO	FAA029/OCT 2015	10/31/2015	0.00	3,510.00
Check Total										12,420.00

053854	CK	12/1/2015	1925 Sparkletts	06-16	034821	VO	13703338	11/5/2015	0.00	415.04
Check Total										415.04

053855	CK	12/1/2015	1927 Secretary of State	06-16	034867	VO	Notary Fee/CP	11/16/2015	0.00	40.00
Check Total										40.00

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Mojave Air & Space Port

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Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053856	CK	12/1/2015	1928	Siddons-Martin Emergency Group	06-16	034854	VO	0002598	11/13/2015	0.00	2,216.00
053856	CK	12/1/2015	1928	Siddons-Martin Emergency Group	06-16	034855	VO	0002599	11/16/2015	0.00	1,858.00
Fire Dept. Equip. Svc.											
Check Total											
4,074.00											
Utility											
053857	CK	12/1/2015	1952	So. Calif. Edison	06-16	034856	VO	2340063106/NOV	11/19/2015	0.00	1,143.78
Tuition Program/Employee Benefit											
053858	CK	12/1/2015	2002	Southern New Hampshire University	06-16	034820	VO	SNHU1-7-Q1937	11/17/2015	0.00	960.00
Insurance											
053859	CK	12/1/2015	2136	UNUM Life Ins. Co.	06-16	034796	VO	0558036/DEC	11/9/2015	0.00	1,621.34
Telecommunications											
053860	CK	12/1/2015	2230	Verizon Wireless	06-16	034864	VO	9755478036	11/24/2012	0.00	1,011.81
053860	CK	12/1/2015	2230	Verizon Wireless	06-16	034865	AD	9755478037	11/12/2015	0.00	-208.16
Check Total											
803.65											
Security/Cameras & Parts											
053861	CK	12/1/2015	2235	Virtual Graffiti, Inc.	06-16	034822	VO	654967	11/11/2015	0.00	1,973.70
Employee Benefit/Reimbursement											
053862	CK	12/1/2015	3001	Wojtkiewicz, Kevin	06-16	034828	VO	15299BC2896	10/20/2015	0.00	93.95

Date: Tuesday, November 24, 2015
 Time: 03:42PM
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Mojave Air & Space Port

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 Report: 03630.rpt
 Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053863	CK	12/1/2015	3650	Javier Ruiz	06-16	034861	VO	003607738757771	9/30/2015	0.00	150.00
053863	CK	12/1/2015	3650	Javier Ruiz	06-16	034862	VO	003688298512772	10/30/2015	0.00	150.00
053863	CK	12/1/2015	3650	Javier Ruiz	06-16	034866	VO	1799890-2016	11/21/2015	0.00	173.99
Reimbursement/Employee Benefit											
Check Total											
473.99											

053864	CK	12/1/2015	3864	Rawlings~Carrie	06-16	034825	VO	794935/1-13	11/13/2015	0.00	201.00
053864	CK	12/1/2015	3864	Rawlings~Carrie	06-16	034857	VO	59731	11/16/2015	0.00	10.00
Reimbursement/Employee Benefit											
Check Total											
211.00											

Check Count: 41
 Acct Sub Total: 123,086.84

Check Type	Count	Amount Paid
Regular	41	123,086.84
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	41	123,086.84

Company Disc Total: 0.00
 Company Total: 123,086.84

EFT's
 AV Fuel 12/2/15 26,679.84
 CalPers 11/30/15 38,089.65
 EFT Total 64,769.49
 Total for BOD Approval 187,856.33



STAFF MEMORANDUM

TO: Board of Directors
FROM: Karina Drees
SUBJECT: Authorized Positions
MEETING DATE: December 1, 2015

Background:

Staff intends to make some structural changes to the organization, including adding some new positions and removing some current positions. The revised structure will help us better execute the strategic plan.

Impacts:

Fiscal: None

Environmental: None

Legal: None

Recommended Action:

Approve the amended resolution as presented.

RESOLUTION NO.

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF MOJAVE AIR AND SPACE PORT
AMENDING THE ADMINISTRATIVE CODE AS IT RELATES
TO AUTHORIZED POSITIONS AND COMPENSATION**

Whereas, Administrative Code section 2-3.02 specifies the authorized positions for District employees;

Whereas, Administrative Code section 2-3.03 specifies the compensation for the District's authorized positions; and

Whereas, the District desires to amend the sections regarding authorized positions and compensation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mojave Air and Space Port as follows:

1. Section 2-3.02 of the Administrative Code is amended to read as follows:

“Section 2-3.02 Positions Authorized

- (a) The following full-time positions are authorized:

Chief Executive Officer General Manager
~~Deputy General Manager~~
~~Chief Financial Officer~~
~~Chief Operations Officer~~ Director of Operations
~~Executive Secretary~~
Director of Maintenance
~~Business Manager~~ Director of Administration
Administrative Assistant II
Administrative Assistant I
Fire Chief
~~Fire Chief Assistant~~
Fire Fighter II
Fire Fighter I
~~Maintenance Lead Person~~
Maintenance Man III
Maintenance Man II
Maintenance Man I
Security Chief

Security Chief Assistant
Receptionist

(b) The following part-time positions are authorized:

Fire Fighter
Maintenance - Fueler
Maintenance – Temporary”

2. Section 2-3.03 of the Administrative Code is amended to read as follows:

“Section 2-3.03 Compensation

(a) Employees shall be paid biweekly on Fridays.

(b) Monthly minimum and maximum salaries for full-time authorized positions are:

<u>FULL TIME</u>	<u>MINIMUM SALARY</u>	<u>MAXIMUM SALARY</u>
Chief Executive Officer	12,890	30,000
Deputy General Manager	6,666	13,500
Director of Economic Development		
8 Aerospace Growth	6,666	13,500
Chief Financial Officer	5,490	10,000
Chief Operations Officer	5,490	10,000
Director of Operations	5,490	12,500
Executive Secretary	4,817	7,500
Director of Maintenance	4,817	8,700
Business Manager	4,144	7,500
Director of Administration	4,144	8,700
Director of Planning	5,490	8,700
Director of Technology	5,490	8,700
Administrative Assistant II	4,144	6,500
Administrative Assistant	2,799	4,500
Fire Chief	4,144	6,250
Fire Chief Assistant	4,144	6,250
Fire Fighter II	4,144	6,250
Fire Fighter I	3,471	5,000
Maintenance Lead Person	4,817	6,667
Maintenance Man III	4,817	6,250
Maintenance Man II	3,471	6,000
Maintenance Man I	2,080	5,000
Security Chief	4,144	6,250
Security Chief Assistant	2,080	5,000
Receptionist	2,080	3,500

(c) Hourly rates for part-time employees are as follows:

<u>Position</u>	<u>Minimum</u>	<u>Maximum</u>
Fire Fighter	\$19.77	\$30.00
Maintenance - Fueler	\$10.00	\$20.00
Maintenance – Temporary	\$10.00	\$20.00”

3. Except as provided herein, Resolution No. 99-1-585 is reaffirmed and readopted.

PASSED, APPROVED, AND ADOPTED on December 1, 2015:

Ayes:

Noes:

Abstain:

Absent:

Dr. Allen Peterson, President

ATTEST

William Deaver, Secretary

RESOLUTION NO.

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF MOJAVE AIR AND SPACE PORT
AMENDING THE ADMINISTRATIVE CODE AS IT RELATES
TO AUTHORIZED POSITIONS AND COMPENSATION**

Whereas, Administrative Code section 2-3.02 specifies the authorized positions for District employees;

Whereas, Administrative Code section 2-3.03 specifies the compensation for the District's authorized positions; and

Whereas, the District desires to amend the sections regarding authorized positions and compensation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Mojave Air and Space Port as follows:

1. Section 2-3.02 of the Administrative Code is amended to read as follows:

“Section 2-3.02 Positions Authorized

- (a) The following full-time positions are authorized:

Chief Executive Officer/General Manager
Director of Operations
Director of Maintenance
Director of Administration
Administrative Assistant II
Administrative Assistant I
Fire Chief
Fire Chief Assistant
Fire Fighter II
Fire Fighter I
Maintenance Man III
Maintenance Man II
Maintenance Man I
Security Chief
Security Chief Assistant
Receptionist

- (b) The following part-time positions are authorized:

Fire Fighter
 Maintenance - Fueler
 Maintenance – Temporary”

2.

Section 2-3.03 of the Administrative Code is amended to read as follows:

“Section 2-3.03 Compensation

- (a) Employees shall be paid biweekly on Fridays.
- (b) Monthly minimum and maximum salaries for full-time authorized positions are:

<u>FULL TIME</u>	<u>MINIMUM SALARY</u>	<u>MAXIMUM SALARY</u>
Chief Executive Officer	12,890	30,000
Director of Operations	5,490	12,500
Director of Maintenance	4,817	8,700
Director of Administration	4,144	8,700
Director of Planning	5,490	8,700
Director of Technology	5,490	8,700
Administrative Assistant II	4,144	6,500
Administrative Assistant	2,799	4,500
Fire Chief	4,144	6,250
Fire Chief Assistant	4,144	6,250
Fire Fighter II	4,144	6,250
Fire Fighter I	3,471	5,000
Maintenance Man III	4,817	6,250
Maintenance Man II	3,471	6,000
Maintenance Man I	2,080	5,000
Security Chief	4,144	6,250
Security Chief Assistant	2,080	5,000
Receptionist	2,080	3,500

- (c) Hourly rates for part-time employees are as follows:

<u>Position</u>	<u>Minimum</u>	<u>Maximum</u>
Fire Fighter	\$19.77	\$30.00
Maintenance - Fueler	\$10.00	\$20.00
Maintenance – Temporary	\$10.00	\$20.00”

[intentionally left blank]

3. Except as provided herein, Resolution No. 99-1-585 is reaffirmed and readopted.

PASSED, APPROVED, AND ADOPTED on December 1, 2015:

Ayes:

Noes:

Abstain:

Absent:

Dr. Allen Peterson, President

ATTEST

William Deaver, Secretary

MOJAVE
AIR AND SPACE PORT
STAFF MEMORANDUM

TO: Board of Directors
FROM: Karina Drees
SUBJECT: Consulting Services – De Aztlan Consulting
MEETING DATE: December 1, 2015

Background:

De Aztlan Group has been engaged by Stuart Witt to assist with our FAA Part 77 concerns. Several years ago, the FAA approved an LA DWP power line project, which we believe violates our Part 77. We continue to struggle to receive information from the FAA and have engaged De Aztlan to assist by using their network and expertise. Witt has committed \$20,000 thus far, and we would like them to continue working this issue on behalf of the District. Board approval is required to continue their services for an additional \$20,000

Impacts:

Fiscal: \$40,000 total

Environmental: None

Legal: None

Recommended Action:

Approve the consulting services contract as presented.



DE AZTLAN GROUP

December 1, 2015

Professional Services Agreement

An Agreement between De Aztlan Group and Mojave Air & Space Port



DE AZTLAN GROUP

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is made as of December 15, 2015, by and between Mojave Air & Space Port ("Company") and De Aztlan Group ("Consultant") pursuant to which Consultant will perform certain consulting services for the Company under the terms and conditions set out below.

1. Scope of Services

Consultant shall provide government Affairs services as directed by Mojave Air & Space Port (MASP), which will include:

1. Develop a list of elected officials, staff, and departments to target advocacy in order of importance (e.g. elected officials, civic leaders, and government representatives).
2. Facilitate meetings for MASP representatives with various officials impacting MASP decisions (e.g. FAA, LA DWP, and State of California).
3. Provide strategic and contextual advice to navigate the decision making matrix for selected agencies.
4. Support in strengthening and improving relationships and partnerships with selected decision makers in government, business, and civic sectors.
5. Evaluate and assess MASP perception.
6. Serve as an information-gathering source for MASP.
7. Monitor significant trends such as demographic, political, social, and economic, impacting California, aerospace, and airports.
8. Assess selected reports, studies, and relevant material about MASP.

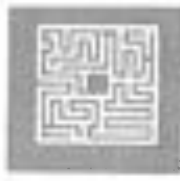
- 1 -

This Agreement does not constitute an agreement for the performance of legal services or providing legal advice.

2. Warranties and Representations

Consultant warrants and represents that it will perform the Services in a timely and professional manner, and it will not use any improper methods when urging consideration of any matter.

Consultant will comply in full with all applicable federal, state, and local laws and regulations, including but not limited to those that govern gifts and contributions. Consultant shall immediately notify Company of any laws or regulations that govern Consultant's performance hereunder.



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Consultant has secured and will maintain all necessary licenses, verifications, or registrations that are required by law in order to perform the Services.

3. Registration and Reporting

Consultant is responsible for registering and filing all reports with state and local governments that may be required by law or regulation in connection with Consultant's activities and the performance of Services on behalf of the Company. Such reports must be filed in an accurate and timely manner at Consultant's expense.

4. Fees and Expenses

For services rendered under this Agreement, Company shall pay Consultant the sum of ten thousand (\$10,000) per month. In addition, Company agrees to reimburse Consultant for all ordinary and necessary business expenses incurred by the Consultant on behalf of Company, upon receipt of appropriate documentation.

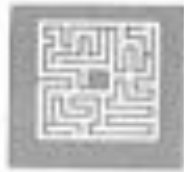
All invoices and reimbursement requests will be sent via email to:

Mr. Stuart O. Witt
CEO / GM
Mojave Air & Space Port
1434 Flightline
Mojave, CA 93501
Email: Stuart@mojaveairport.com

- 2 -

The Company will reimburse Consultant for all reasonable out-of-pocket expenses actually incurred by Consultant. Company is not required to reimburse for any expense if Consultant has not complied with Company's then current travel and expense guidelines. Expenditures for honoraria, gifts, political contributions or entertainment of government officials are not reimbursable expenses unless (a) Consultant requests and receives prior approval from the Company for the expenditures and (b) the expenditures are made in full compliance with all applicable laws and regulations.

All expenses must be submitted with receipts or comparable supporting documentation. All expenses in excess of five hundred dollars (\$500) require advance approval by the Company. Expenses for projects not specifically covered by this Agreement must be approved in advance by the Company and billed separately. Failure to obtain Company approvals or submit documentation in accordance with this paragraph will negate Consultant's rights to reimbursement.



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5. Billing and Payment

Consultant will submit monthly invoices and statements of expenses incurred with appropriate supporting documentation when required under this Agreement. Company shall make payment within sixty (60) days of receipt.

Payments should be mailed to the name and address indicated below:

De Aztlan Group
8929 South Sepulveda Blvd
Suite 406
Los Angeles, CA 90045

6. Term of Agreement

This Agreement is to commence on December 15, 2015 and will conclude February 14, 2016. Beginning February 15, 2016 the Agreement will continue on a month-to-month basis upon the mutual agreement of both parties.

The Company or Consultant may terminate this Agreement, with or without cause, on thirty (30) days written notice at the address set forth above. Upon termination, the Company will have no liability or payment obligations to Consultant after the effective date of the notice termination.

The Company shall have the right to consult with Consultant regarding its policies and practices governing the retention and disposal of documents and records related to Consultant's performance of this Agreement. The Company shall also have the right to request that Consultant modify its policies and practices to ensure their compatibility with the Company's policies and practices governing the retention and disposal of documents and records.

7. Confidentiality

Consultant and Consultant's employees and agents will hold strictly confidential all information and materials provided by the Company to Consultant or created by Consultant in performing this Agreement (the "Information") whether or not company has identified the information as confidential, proprietary, or a trade secret. Consultant will not use or disclose the Information unless expressly authorized to do so in writing by the Company. Consultant agrees to disclose Information to employees, agents, and subcontractors on a non-disclosure



DE AZTLAN GROUP

agreement with terms at least as restrictive as this Agreement. The terms or the existence of this Agreement is confidential.

The Information will remain the sole and exclusive property of the Company. To the extent that any of the tangible or intangible property produced by Consultant hereunder does not qualify as a "work made for hire" under the U.S. Copyright Act, Consultant irrevocably transfers, assigns and conveys the exclusive copyright ownership thereof to the Company.

Upon termination or expiration of the Agreement but no later than thirty (30) days thereafter, Consultant will return all copies of the Information to the Company. This section shall survive the termination of this Agreement. These obligations will be in addition to and will in no way dilute any obligations of confidentiality that Consultant might otherwise owe to the Company by operation of law or professional standards.

8. Indemnity

The Consultant will indemnify, defend and hold harmless the Company, its affiliates and their officers, employees, directors, and agents from all claims, liabilities, costs, and expenses, including reasonable attorneys' fees, that arise from or may be attributable to errors, omissions, or fault of Consultant or arise from the performance of Services.

Consultant's obligation to indemnify and hold harmless will survive the termination of the Agreement.

9. Independent Contractor

Consultant is an independent contractor and this Agreement will not be construed to create an association, partnership, joint venture, relation of principal and agent or employer and employee between the Company and Consultant or any of Consultant's employees within the meaning of any federal, state, or local law.

Consultant will not enter into any agreement, oral or written, on behalf of Company, or otherwise obligate the Company or represent to a third party that is an employee or agent of Company without the Company's advance written approval.

This Agreement constitutes the complete and entire agreement between parties and supersedes any prior oral or written agreement, proposal, or other communications between the parties whether oral or written concerning the subject matter. No amendment to this



DE AZTLAN GROUP

Agreement will be effective unless in writing signed by the duly authorized representatives of the parties.

If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect. No right, express or implied, is granted by this Agreement to Consultant to use in any matter the name "Mojave Air and Space Port" or any other trade name or trademark of Company in connection with the performance of this Service under this Agreement.

This is a personal service contract and may not be assigned or transferred by Consultant.

This Agreement will be governed under the laws of the State of California.

This Agreement may be executed in two counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same instrument. If this Agreement is executed in counterparts, no signatory hereto shall be bound until both the parties named below have duly executed and caused to be duly executed a counterpart of this Agreement. A signature on a copy of this Agreement received by either party by electronic means is binding upon the other party as an original. Both parties agree that a photocopy of original received electronically may be treated by the parties as a duplicate original.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of November 15, 2015.

Mojave Air & Space Port

Karina Drees
Chief Executive Officer and General Manager

De Aztlan Group

Lali U. De Aztlan
Managing Partner



AIR AND SPACE PORT

STAFF MEMORANDUM

TO: Board of Directors
FROM: Karina Drees
SUBJECT: Consulting Services – Michael Brouse
MEETING DATE: December 1, 2015

Background:

Michael Brouse has been working with Mojave Air & Space Port as a financial consultant since March 2014. Brouse has been instrumental in getting us through five years worth of audits as well as assisting with procedural and policy enhancements. We would like to renew his contract through June of 2017 to continue with various financial consulting services.

Impacts:

Fiscal: \$48,000

Environmental: None

Legal: None

Recommended Action:

Approve the consulting services contract as presented.

CONSULTING AGREEMENT

This Consulting Agreement ("Agreement") is made between Mojave Air and Space Port and Michael Brouse as of January 1, 2016.

RECITALS

A. Mojave Air and Space Port ("MASP") is a California Airport District organized and existing pursuant to California Public Utilities Code section 22001, et seq., and owns and operates Mojave Air and Space Port located in Mojave, California.

B. Michael Brouse ("Consultant") is a sole proprietor that provides accounting services and is located in Bakersfield, California

C. The purpose of this Agreement is to set forth the terms, conditions and consideration under which the services (as set forth below) will be provided.

AGREEMENT

1. Services

Consultant shall, in a good workmanlike and professional manner, furnish the technical, administrative, professional and other labor to perform and complete the scope of services set forth in Exhibit "A" attached hereto and incorporated herein (the "Services"). This scope of services may be changed at any time upon mutual agreement.

2. Consideration

2.1 **Fees.** MASP shall compensate Consultant on a time-and-material basis at a rate of one hundred (\$100.00) dollars per hour not to exceed 40 hours per month.

2.2 **Payment.** Consultant shall complete and submit an invoice showing date of work, description of work performed, amount of invoice and supporting documentation. MASP shall pay the Consultant within thirty (30) days of an invoice being submitted. If MASP disputes any part of the invoice it shall so notify Consultant within 15 days of receipt of the invoice, but shall pay any undisputed portions of an invoice.

3. Term: Termination

3.1 **Term.** This Agreement shall commence on the date first above written, and shall continue until June 30, 2017, unless earlier terminated by a Party.

3.2 **Termination.** This Agreement may be terminated as follows:

- a. Upon completion of the Services.
- b. At any time, by mutual written agreement of the Parties.
- c. For convenience, by either Party upon 30 days written notice to the other Party.
- d. In the event of breach, where such breach continues for a period of seven (7) days after written notice from the non-breaching party to the breaching party; provided, however, if the nature of the breach is such that more than seven (7) days are required for its cure, the breaching party shall not be deemed to be in default if it shall commence such cure within said seven (7) day period and thereafter diligently prosecute such cure to completion, which completion shall not occur later than thirty (30) days from the date of such notice from the non-breaching party.

- e. A party petitions for bankruptcy or reorganization under the bankruptcy laws or assignment for the benefit of creditors.
- f. If necessitated by any change in an applicable law, rule or regulation; provided, the parties shall first attempt to re-negotiate the affected provision in a mutually agreeable manner.

4. **Proprietary information**

4.1 "Proprietary Information" means technical data, knowledge, patents, marketing data or techniques, cost or pricing information, and ideas that a Party treats as and considers to be unique, valuable, and proprietary, including, without limitation, any information protected under the Trade Secrets Act, 18 U.S.C. § 1905, and information exempt from disclosure under the California Public Records Act, Government Code section 6250, *et seq.*

4.2 Each Party is responsible to identify in writing all Proprietary Information transferred pursuant to this Agreement. All such Proprietary Information disclosed under this Agreement shall remain the property of, and be deemed proprietary to, the disclosing Party. The receiving Party shall protect and hold in trust for the disclosing Party, and use such Proprietary Information, solely and exclusively in accordance with the terms of this Agreement. A receiving Party shall not be liable for disclosure or use of Proprietary Information if the same:

- a. was in the public domain, through no fault of the receiving Party, at the time it was disclosed;
- b. was known to and available for use by the receiving Party at the time of receipt from the disclosing Party;
- c. is proven by the receiving Party to have been independently developed by the receiving Party;
- d. becomes known to and available for use by the receiving Party from a source other than the disclosing Party; or,
- e. is required to be disclosed by law; provided, the receiving Party shall make its best efforts to notify the disclosing Party prior to the disclosure of the information.

4.3 With respect to Proprietary Information disclosed by one Party to another:

- a. The Parties agree that each shall retain ownership of their respective Proprietary Information and that the other Party shall not acquire any rights therein, except the right to use such Proprietary Information to the extent provided in this Agreement.
- b. Proprietary Information may be disclosed to a third party necessary for completion of the Services, but the third party shall be notified of the provision of this Section 4, which shall be incorporated in any contract with said third party.
- c. In the event of termination of this Agreement, each receiving party shall return to the disclosing party the disclosing party's proprietary information within thirty (30) days of termination.

4.4 All studies, reports, plans and other similar documents prepared by Consultant pursuant to this Agreement (collectively "Materials") are the property of MASP, and shall be delivered to MASP on demand or completion of the Services. If MASP uses any of the Materials furnished or prepared by Consultant for any purpose other than that of this Agreement the Consultant shall be released from responsibility concerning the use of the Materials. Consultant may retain copies of

the Materials. MASP may use or reuse the Materials prepared by Consultant without additional compensation to Consultant.

5. Subcontracts

Consultant shall not subcontract or assign responsibility for performance of any portion of this Agreement without the prior written consent of MASP. Except as otherwise specifically approved by MASP, Consultant shall include appropriate provisions of this Agreement in subcontracts so rights conferred to MASP by this Agreement shall not be affected or diminished by subcontract. There shall be no contractual relationship intended, implied or created between MASP and any subcontractor with respect to services under this Agreement.

6. Independent Contractor

Consultant is an independent contractor and not an agent or partner of MASP for any purpose whatsoever. No Party has the authority to bind the other Party or make any commitments of any kind for or on behalf of the other Party, except as expressly provided herein.

7. Liability; Indemnification

7.1 Limitations. No Party shall be liable for lost profits, indirect or punitive damages, even if the Parties have notice of the potential for such damages. Indemnification obligations shall be limited to damages to the extent caused by the Indemnifying Party's negligence.

7.2 Indemnification. Each Party (the "Indemnifying Party") agrees to indemnify, hold harmless and defend the other Party, its agents, employees, officer and directors (the "Indemnified Parties"), except as provided in paragraph 7.1, from any and all costs and expenses, including attorney fees, that the Indemnified Party may pay or become obligated to pay, on account of any and all demand or claim arising out of:

- a. Any and all actions or proceedings charging infringement of any patent, trademark, copyright by reason of the use of any item or service furnished under this Agreement; or
- b. Breach of this Agreement and injury to or damage to property of any person, including the Indemnifying Party's contractors or consultants, arising out of performance of any Services hereunder, including the Indemnifying Party's use of the Indemnified Parties' premises or equipment.

8. Insurance

Insurance is not required for current scope of services.

9. Miscellaneous

9.1 Waiver. The waiver by either party of any breach of this agreement shall not bar the other party from enforcing any subsequent breach thereof.

9.2 Notices. Notices required under this Agreement shall be delivered to the location set forth below in the signature block, which may be changed in writing to the other Party. Notices shall be deemed given and effective: (a) by facsimile upon dispatch; (b) by mail three (3) calendar days after mailing first class, postage prepaid; (c) upon personal delivery to the other Party.

9.3 Attorney Fees. In any legal action or proceeding arising from this Agreement, the prevailing party shall be awarded its reasonable costs, expenses and fees, including attorney, consultant and expert fees, including those incurred on appeal and/or in the enforcement of a judgment.

9.4 **No Third Party Beneficiaries.** This Agreement has been entered into solely for the benefit of the Parties hereto and is not intended to create any legal, equitable, or beneficial interest in any third party, or to vest in any third party any interest with respect to the enforcement or performance thereof.

9.5 **Integration; Amendment.** This Agreement represents the entire understanding of MASP and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

9.6 **Savings Clause.** If any provision of this Agreement is held void, illegal or unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over the subject matter of this Agreement, the validity of the remaining portions shall not be affected thereby, and shall remain in full force and effect. The Parties agree to negotiate in good faith to replace any illegal, invalid or unenforceable provision with a legal, valid and enforceable provision that, to the extent possible, will preserve the economic bargain of this Agreement, or otherwise to amend this Agreement to achieve such result.

9.7 **Law.** This Agreement is made and to be performed in the County of Kern, State of California, and shall be interpreted and construed under, and will be governed by the laws of the State of California. Nothing in this Agreement shall or is intended to modify the provisions of the Tort Claims Act, California Government Code section 810, et seq., or the provisions of MASP's Administrative Code, Part 3, article 2, concerning claims against public agencies.

10. Authority

MASP and Consultant each hereby represent and warrant to the other that (a) it has full legal power and authority to enter into this Agreement and to perform its obligations hereunder, (b) that this Agreement has been duly approved and authorized by all requisite action of the Party, and (c) this Agreement has been duly executed and constitutes a valid and legally binding obligation of the Party.

IN WITNESS WHEREOF, the parties hereby have caused this Agreement to be executed the date first above written.

MOJAVE AIR AND SPACE PORT

MICHAEL BROUSE

By _____

By _____

Dr. Allen Peterson
President

Michael Brouse
13055 Robertson St,
Bakersfield, CA 93313

ATTEST

William Deaver, Secretary

EXHIBIT A
SCOPE OF SERVICES

- Complete monthly financial reports for the Board of Directors.
- Complete monthly bank reconciliations
- Attend Board meetings and report financial information and reports
- Provide guidance and lead the timeline for accounting system upgrade
- Monthly financial statement review and prepare for annual audit
- Financial analysis/management reports
 - Quarterly budget to actual report
 - Executive dashboard report
 - Recommendations on revenue increases and expense decreases
 - Recommendations on fuel pricing and lease rates
 - Regional and nationwide competitor analysis
- Policies, procedures, documentation
 - Create closing process for administration department
 - Petty cash procedure
 - Fixed asset procedure
 - Delinquent policy
 - Provide administrative code cleanup recommendations
 - Provide liability reduction recommendations
 - Administrative department documentation
 - Pension liability reform

MOJAVE
AIR AND SPACE PORT
STAFF MEMORANDUM

TO: Board of Directors

FROM: Karina Drees

SUBJECT: Building 79 Roof Repair

MEETING DATE: December 1, 2015

Background:

The Spaceship Company rents building 79 and has been dealing with substantial roof leaks. They are very concerned about the equipment and materials in the building getting damaged due to these leaks. We previously repaired the east side of the building, which is holding up well. The west side of the building has gotten progressively worse and needs to be addressed.

The District is awaiting two quotes from contractors to complete roof repairs and we anticipate having those quotes available to review for the December 1 meeting.

Impacts:

Fiscal: Unknown

Environmental: None

Legal: None

Recommended Action:

Approve the work for roof repairs to building 79.

MOJAVE
AIR AND SPACE PORT
STAFF MEMORANDUM

TO: Board of Directors

FROM: Karina Drees

SUBJECT: Video Production

MEETING DATE: December 1, 2015

Background:

Mojave Air & Space Port last completed a video production in 2014. We have several new faces in leadership positions around the airport including MASP, Scaled Composites, XCOR and Stratolaunch, and would like to complete a 2016 video for release in February. We intend to unveil the video at the AV Board of Trade Business Outlook Conference.

Impacts:

Fiscal: \$9,182.95 unbudgeted dollars.

Environmental: None

Legal: None

Recommended Action:

Approve the proposal as presented.



TUCKER/HESS PRODUCTIONS

Proposal

Project: Mojave 2015 Spot
 Pitch: 3-4 min spot

Client	
Karina@mojaveairport.com (o)661.824.2433 (m)661.839.9093	
Date	11/18/15
Proposal No.	119

Item	Description	Units	Cost	Total
FEE	IN-HOUSE FEES: PRE-PRODUCTION Pre-Production: Producer (conceptualize, produce, budget, schedule, equipment pickup) Rate: \$400/day; 8 hour/day	1	400.00	400.00
FEE	Pre-Production: Director (conceptualize, vision meetings, storyboard) Rate: \$400/day; 8 hour/day	1	400.00	400.00
FEE	IN-HOUSE FEES: TRAVEL + PRODUCTION Production: Director, Shoot Dates TBD (shoot, set up, wrap) Rate: \$500/day; 12 hour/day	2	500.00	1,000.00
FEE	Production: Producer, Shoot Dates TBD (shoot, set up, wrap) Rate: \$500/day; 12 hour/day	1	500.00	500.00
FEE	IN-HOUSE FEES: POST-PRODUCTION Post-Production: Editor (edit, sound design, color correction) Estimated 4-5 days. Rate: \$450/day; 8 hour/day [Estimate is based on the assumption of 2 minor revision requests by client]:	5	450.00	2,250.00
FEE	Output FEE (FLAT)	1	75.00	75.00
FEE	OUTSOURCE FEES: PRODUCTION Cinematographer	2	400.00	800.00
RENTALS	PRODUCTION RENTALS (all rented from Los Angeles, based on weekend shoot) Arri Amira Camera Rental + Grip Package (QUALITY OF CAMERA, HIGHLY RECCOMEND)	2	600.00	1,200.00
Total				



TUCKER/HESS PRODUCTIONS

Proposal

Project: Mojave 2015 Spot
 Pitch: 3-4 min spot

Client	
Karina@mojaveairport.com (o)661.824.2433 (m)661.839.9093	
Date	11/18/15
Proposal No.	119

Item	Description	Units	Cost	Total
RENTALS	Arri light kit	1	75.00	75.00
RENTALS	Joker light	1	100.00	100.00
RENTALS	Losmandy Standard Porta - Jib (HIGHLY RECCOMEND)	1	125.00	125.00
RENTALS	Misc. Camera/Grip Equipment	1	100.00	100.00
RENTALS	Wireless Lavalier (included in grip package)	1	0.00	0.00
RENTALS	Sennheiser MKH 416 Microphone	1	13.50	13.50
RENTALS	Headphones	1	3.60	3.60
RENTALS	Zoom H6 Recorder	1	10.80	10.80
RENTALS	25' XLR Cable	1	2.25	2.25
RENTALS	Boom Pole	1	4.00	4.00
RENTALS	C-Stand	1	5.00	5.00
	TRAVEL			
LODGING	Hotel for director + cinematographer	2	100.00	200.00
FUEL	Fuel Estimate	1	120.00	120.00
PER DIEM	Producer Per Diem	1	50.00	50.00
PER DIEM	Director Per Diem	2	50.00	100.00
PER DIEM	Cinematographer Per Diem	2	50.00	100.00
	PRODUCTION INSURANCE			
INSUR	Production Rental Insurance - TCP Great American Insurance - 4 mil general liability, 200,000 equipment rental. Insurance estimate is a percentage taken from annual policy.	1	450.00	450.00
	POST EXPENSES			
		Total		



TUCKER/HESS PRODUCTIONS

Proposal

Project: Mojave 2015 Spot
 Pitch: 3-4 min spot

Client	
Karina@mojaveairport.com (o)661.824.2433 (m)661.839.9093	
Date	11/18/15
Proposal No.	119

Item	Description	Units	Cost	Total
PURCHASE	1 TB Hardrive	1	65.00	65.00
LICENSE	Music License (Estimate)	1	199.00	199.00
FEE	OVERHEAD FEE 10% overhead fee (DISCOUNTED)	8,348	0.10	834.80
	MISC Dispersements of money made as follows: 1st Dispersement: \$1,600 due immediately once project is approved. This payment ensures our mutual commitment to the project. 2nd Dispersement: Due 1 week before production, which covers all productions costs. 3rd & Final Dispersement: Due upon project completion & film delivery. Project Due Date: February 2016			
			Total	\$9,182.95

Mojave Air and Space Port

Financial Statements

June 30, 2015 and 2014

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Independent Auditors' Report

Board of Directors
Mojave Air & Space Port
Mojave, California

Report on the Financial Statements

We have audited the accompanying financial statements of Mojave Air and Space Port as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mojave Air and Space Port as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in note 7 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7, the schedules related to the District's defined benefit plans as listed on the table of contents on pages 30 and 31, and the schedule of funding progress on page 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Mojave Air and Space Port's internal control over financial reporting and compliance.

BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation



Bakersfield, California
November 24, 2015

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, 2015. Please read it in conjunction with the basic audited financial statements and accompanying notes, which follow this section.

Financial Highlights

The District's total net position decreased \$1.4 million or 3% over the course of the year's operations.

The District's total revenues experienced a net increase of \$3.6 million or 45% during the year ended June 30, 2015.

The District's total expenses decreased \$0.8 million, or 10% during the year ended June 30, 2015.

The District's gross capital assets increased \$0.4 million, or 1%, during the year ended June 30, 2015.

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 required supplementary 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 statement 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 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 are presented.

Management's Discussion and Analysis

Financial Analysis of the District

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

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

Table A
Condensed Statements of Net Position
June 30, 2015 and 2014
(000's)

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current assets	\$ 7,702	\$ 3,634	\$ 4,068	112%
Capital assets	41,237	42,958	(1,721)	-4%
Total assets	<u>48,939</u>	<u>46,592</u>	<u>2,347</u>	5%
Deferred outflow of resources	<u>245</u>	<u>-</u>	<u>245</u>	0%
	<u>\$ 49,184</u>	<u>\$ 46,592</u>	<u>\$ 2,592</u>	6%
Current liabilities	\$ 1,162	\$ 1,106	\$ 56	5%
Long-term liabilities	4,240	947	3,293	348%
Total liabilities	<u>5,402</u>	<u>2,053</u>	<u>3,349</u>	163%
Deferred inflow of resources	<u>682</u>	<u>-</u>	<u>682</u>	0%
Invested in capital assets, net of related debt	41,237	42,958	(1,721)	-4%
Unrestricted	<u>1,863</u>	<u>1,581</u>	<u>282</u>	18%
Total net position	<u>43,100</u>	<u>44,539</u>	<u>(1,439)</u>	-3%
	<u>\$ 49,184</u>	<u>\$ 46,592</u>	<u>\$ 2,592</u>	6%

Management's Discussion and Analysis

As the net position table above indicates, total assets increased by \$2.3 million to \$48.9 million at June 30, 2015, from \$46.6 million at June 30, 2014. The decrease in the total assets of the District was primarily due to an increase in current assets of \$4.1 million, due to increases in cash and cash equivalents of \$4.2 million, which were partially offset by a decrease in capital assets of \$1.7 million, due to depreciation.

Total liabilities increased by \$3.3 million, or 163% during the year ended June 30, 2015 primarily due to the recording of pension related liabilities of \$3.1 million and \$0.7 million, which is now required under GASB 68.

Table B
Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2015 and 2014
(000's)

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating revenue	\$ 8,121	\$ 6,788	\$ 1,333	20%
Nonoperating revenue	3,341	1,113	2,228	200%
Total revenues	<u>11,462</u>	<u>7,901</u>	<u>3,561</u>	45%
Operating expenses	7,332	6,805	527	8%
Depreciation expense	2,136	1,822	314	17%
Total expenses	<u>9,468</u>	<u>8,627</u>	<u>841</u>	10%
Change in net position	1,994	(726)	2,720	-375%
Net position, beginning of year	44,539	45,265	(726)	-2%
Cumulative effect of change in accounting principal	<u>(3,433)</u>	<u>-</u>	<u>(3,433)</u>	0%
Net position, end of year	<u>\$ 43,100</u>	<u>\$ 44,539</u>	<u>\$ (1,439)</u>	-3%

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 \$3.5 million to \$11.5 million during the year ended June 30, 2015, from \$7.9 million during the year ended June 30, 2014. Nonoperating revenues remained relatively flat but operating revenues increased by \$1.3 million, primarily due to increased fuel sales of \$1.1 million. Nonoperating revenues increased by \$2.2 million as a result of funds received related to wind energy projects.

Total expenses increased \$0.8 million to \$9.5 million during the year ended June 30, 2015 from \$8.6 million during the year ended June 30, 2014. The primary reason for the increase

Management's Discussion and Analysis

was due to increased aviation fuel purchases of \$0.6 million resulting from higher fuel sales.

Table C
Capital Assets
June 30, 2015 and 2014
(000's)

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Land	\$ 6,250	\$ 6,250	\$ -	0%
Buildings and structures	11,896	11,615	281	2%
Furniture and equipment	4,943	4,864	79	2%
Infrastructure	45,049	36,242	8,807	24%
Construction in progress	<u>76</u>	<u>8,827</u>	<u>(8,751)</u>	-99%
Total capital assets	68,214	67,798	416	1%
Less accumulated depreciation	<u>26,977</u>	<u>24,840</u>	<u>2,137</u>	9%
Total net capital assets	<u>\$ 41,237</u>	<u>\$ 42,958</u>	<u>\$ (1,721)</u>	-4%

As of June 30, 2015, the District had invested \$68.2 million in capital assets. As can be seen from the table above, net capital assets decreased \$1.7 million to \$41.2 million at June 30, 2015, from \$43.0 million at June 30, 2014 due to depreciation of \$2.1 million. \$9.1 million of construction projects in progress were completed during the year ended June 30, 2015, primarily, \$0.3 million for Pump House improvements, \$2.1 million for Phase 2 of the concrete rehabilitation of runway 12/30, \$2.8 million for rehabilitation of the general aviation apron, and \$4.0 million for rehabilitation of runway 4/22. Equipment acquisitions totaling \$0.1 million were comprised of a pyrolance and a pickup truck.

Management's Discussion and Analysis

Budgetary Comparison

The following table is a comparison of the Board approved budget for 2015 against actual results.

Table D
Budget vs. Actual Comparison
For the Year Ended June 30, 2015
(000's)

	<u>Actual</u>	<u>Budget</u>	<u>Change</u>	<u>Percentage Change</u>
Operating revenue	\$ 8,121	\$ 7,067	\$ 1,054	15%
Nonoperating revenue	3,341	421	2,920	694%
Total revenues	<u>11,462</u>	<u>7,488</u>	<u>3,974</u>	53%
Operating expenses	7,332	7,205	127	2%
Depreciation expense	2,136	-	2,136	0%
Total expenses	<u>9,468</u>	<u>7,205</u>	<u>2,263</u>	31%
Change in net position	<u>\$ 1,994</u>	<u>\$ 283</u>	<u>\$ 1,711</u>	605%

* The District does not include depreciation expense as part of the budget and as such, has not been included in the budget analysis below.

Actual total revenues were above budgeted revenues for 2014 by \$4.0 million mainly due to the receipt of one-time funds related to wind energy projects and increased aviation fuel sales.

Actual total expenses, exclusive of depreciation, came out above budgeted operating expenses by \$0.1 million.

The annual budget is presented and approved by the District's Board of Directors each June.

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

*Statements of Net Position
June 30, 2015 and 2014*

<i>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</i>	<i>2015</i>	<i>2014</i>
<i>Current Assets</i>		
Cash and cash equivalents	\$ 7,181,585	\$ 2,985,315
Receivables		
Accounts receivable, net of allowance for doubtful accounts of \$48,359 and \$225,263, respectively	266,953	409,656
Other receivables	3,348	825
Fuel inventory	250,114	238,318
Total current assets	<u>7,702,000</u>	<u>3,634,114</u>
<i>Capital Assets</i> , net of accumulated depreciation	<u>41,236,599</u>	<u>42,958,334</u>
<i>Total Assets</i>	<u>48,938,599</u>	<u>46,592,448</u>
<i>Deferred Outflows of Resources</i>		
Deferred outflows - CalPERS pension plan	<u>245,275</u>	<u>-</u>
	<u>\$ 49,183,874</u>	<u>\$ 46,592,448</u>

See Notes to Financial Statements.

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND NET POSITION**

	2015	2014
<i>Current Liabilities</i>		
Accounts payable	\$ 400,001	\$ 278,520
Accrued liabilities	73,993	129,394
Customer deposits	139,498	97,123
Compensated absences	548,215	601,366
Total current liabilities	1,161,707	1,106,403
 <i>Long-Term Liabilities</i>		
Other post-employment benefits liability	1,173,800	946,800
Net pension liability	3,066,778	-
Total long-term liabilities	4,240,578	946,800
 <i>Total Liabilities</i>	 5,402,285	 2,053,203
 <i>Deferred Inflows of Resources</i>		
Deferred inflows - CalPERS pension plan	682,245	-
 <i>Net Position</i>		
Invested in capital assets, net of related debt	41,236,599	42,958,334
Unrestricted	1,862,745	1,580,911
	43,099,344	44,539,245
	\$ 49,183,874	\$ 46,592,448

Mojave Air and Space Port

*Statements of Revenues and Expenses
For the Years Ended June 30, 2015 and 2014*

	<u>2015</u>	<u>2014</u>
<i>Operating revenue:</i>		
Rents and leases	\$ 4,629,184	\$ 4,363,564
Landing area	2,862,395	1,779,427
Non-aviation activities	613,151	600,571
Other buildings and areas	16,768	44,834
	<u>8,121,498</u>	<u>6,788,396</u>
<i>Operating expenses:</i>		
Direct expenses	2,875,589	2,131,813
General shop and equipment	1,174,162	1,267,109
General and administrative	3,283,069	3,405,637
Depreciation expense	2,136,403	1,822,078
	<u>9,469,223</u>	<u>8,626,637</u>
Operating loss	<u>(1,347,725)</u>	<u>(1,838,241)</u>
<i>Nonoperating income (expense):</i>		
Interest income	9,598	7,905
Tax revenues	594,029	673,441
Grant revenue	539,387	472,355
Other income (expense)	2,197,854	(41,201)
	<u>3,340,868</u>	<u>1,112,500</u>
Change in net position	<u>\$ 1,993,143</u>	<u>\$ (725,741)</u>

See Notes to Financial Statements.

Mojave Air and Space Port

*Statements of Changes in Net Position
For the Years Ended June 30, 2015 and 2014*

<i>Balance, June 30, 2013</i>	\$ 45,264,986
Change in net position	<u>(725,741)</u>
<i>Balance, June 30, 2014, as previously stated</i>	44,539,245
Cumulative effect of change in accounting principle (see Note 7)	<u>(3,433,044)</u>
<i>Balance, June 30, 2014, as restated</i>	41,106,201
Change in net position	<u>1,993,143</u>
<i>Balance, June 30, 2015</i>	<u>\$ 43,099,344</u>

See Notes to Financial Statements.

Mojave Air and Space Port

*Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014*

	<u>2015</u>	<u>2014</u>
<i>Cash flows from operating activities:</i>		
Receipts from customers	\$ 10,462,055	\$ 6,833,698
Receipts from taxes	594,029	673,441
Payments to suppliers for goods and services	(4,344,959)	(3,682,806)
Payments to employees for salaries and benefits	(2,646,649)	(2,983,869)
Net cash provided by operating activities	<u>4,064,476</u>	<u>840,464</u>
<i>Cash flows from capital and related financing activities:</i>		
Proceeds from grants	539,387	917,330
Payments for acquisition and construction of capital assets	(414,668)	(2,298,552)
Net cash provided by (used in) capital and related financing activities	<u>124,719</u>	<u>(1,381,222)</u>
<i>Cash flows from investing activities:</i>		
Interest income	7,075	9,987
Net cash provided by investing activities	<u>7,075</u>	<u>9,987</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	4,196,270	(530,771)
<i>Cash and cash equivalents at beginning of the year</i>	<u>2,985,315</u>	<u>3,516,086</u>
<i>Cash and cash equivalents at end of the year</i>	<u><u>\$ 7,181,585</u></u>	<u><u>\$ 2,985,315</u></u>

See Notes to Financial Statements.

	<u>2015</u>	<u>2014</u>
<i>Reconciliation of operating loss to net cash provided by operating activities:</i>		
Operating loss	\$ (1,347,725)	\$ (1,838,241)
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities:</i>		
Depreciation	2,136,403	1,822,078
<i>Changes in operating assets, liabilities and other income:</i>		
Accounts receivable	142,703	86,503
Fuel inventory	(11,796)	606
Accounts payable	121,481	(133,637)
Accrued liabilities	(108,552)	75,112
Customer deposits	42,375	27,803
Other post-employment benefits liability	227,000	168,000
Net pension liability	70,704	-
Taxes	594,029	673,441
Other income	2,197,854	(41,201)
	<u>2,197,854</u>	<u>(41,201)</u>
Net cash provided by operating activities	<u>\$ 4,064,476</u>	<u>\$ 840,464</u>

Mojave Air and Space Port

Notes to Financial Statements

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. Under the accrual basis, revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of cash payments or receipts.

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

The District utilizes a net position presentation in accordance with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB 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

Notes to Financial Statements

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.

Fund accounting:

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges for the leasing of the District's facilities. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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:

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).

Notes to Financial Statements

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.

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 \$500 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:

	<u>Years</u>
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 shall utilize his or her vacation in the year immediately succeeding the year during which the vacation is earned. The General Manager may authorize up to 20 days of vacation be deferred for one year. The employee may accrue no more than 40 days of vacation. The District's policy regarding sick leave provides employee with unlimited 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.

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.

Notes to Financial Statements

Deferred outflows/inflows of resources:

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

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Cash deposits with financial institutions	\$ 1,391,033	\$ 1,084,863
Deposits with Kern County Treasurer	909,373	313,462
Deposits with Local Agency Investment Fund	4,841,179	1,535,268
Certificate of deposit	40,000	51,722
	<u>\$ 7,181,585</u>	<u>\$ 2,985,315</u>

The District invests any excess funds not needed for immediate needs into 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

Notes to Financial Statements

secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2015 and 2014, 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 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.

Recently adopted accounting pronouncements:

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflow of resources, and expenses for pensions based on methods and assumptions identified in GASB 68. This statement is effective for periods beginning after June 15, 2014. See Note 7 for the effect on net position as a result of adopting GASB 68 for the year ended June 30, 2015.

Notes to Financial Statements

Note 2. Capital Assets

The following is a summary of changes in the District's capital assets for the years ended June 30, 2015 and 2014.

<i>Capital Assets-At Cost</i>					
	<u>Balance</u> <u>6/30/14</u>	<u>Acquisitions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>6/30/15</u>
Capital Assets not being depreciated:					
Land	\$ 6,250,000	\$ -	\$ -	\$ -	\$ 6,250,000
Construction in progress	8,827,264	382,586	-	(9,134,842)	75,008
Capital Assets being depreciated:					
Buildings and structures	11,615,079	-	-	280,589	11,895,668
Furniture and equipment	4,863,770	32,082	-	47,500	4,943,352
Infrastructure	36,242,425	-	-	8,806,753	45,049,178
	<u>\$ 67,798,538</u>	<u>\$ 414,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,213,206</u>
 <i>Accumulated Depreciation</i>					
	<u>Balance</u> <u>6/30/14</u>	<u>Depreciation</u> <u>Expense</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>6/30/15</u>
Buildings and structures	\$ 7,028,793	\$ 357,695	\$ -	\$ -	\$ 7,386,488
Furniture and equipment	3,325,688	275,974	-	-	3,601,662
Infrastructure	14,485,723	1,502,734	-	-	15,988,457
	<u>\$ 24,840,204</u>	<u>\$ 2,136,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,976,607</u>

Notes to Financial Statements

Capital Assets-At Cost

	<i>Balance 6/30/13</i>	<i>Acquisitions</i>	<i>Retirements</i>	<i>Transfers</i>	<i>Balance 6/30/14</i>
<i>Capital Assets not being depreciated:</i>					
Land	\$ 6,250,000	\$ -	\$ -	\$ -	\$ 6,250,000
Construction in progress	10,211,118	2,020,502	-	(3,404,356)	8,827,264
<i>Capital Assets being depreciated:</i>					
Buildings and structures	9,767,611	-	-	1,847,468	11,615,079
Furniture and equipment	4,585,720	278,050	-	-	4,863,770
Infrastructure	34,685,537	-	-	1,556,888	36,242,425
	<u>\$ 65,499,986</u>	<u>\$ 2,298,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,798,538</u>

Accumulated Depreciation

	<i>Balance 6/30/13</i>	<i>Depreciation Expense</i>	<i>Retirements</i>	<i>Transfers</i>	<i>Balance 6/30/14</i>
Buildings and structures	\$ 6,706,572	\$ 322,221	\$ -	\$ -	\$ 7,028,793
Furniture and equipment	3,065,014	260,674	-	-	3,325,688
Infrastructure	13,246,540	1,239,183	-	-	14,485,723
	<u>\$ 23,018,126</u>	<u>\$ 1,822,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,840,204</u>

Note 3. Rents and Leases

The District receives income from the rental of land, buildings, and hangars. Leases for these arrangements can be month-to-month or be fixed terms from 1 to 40 years. Lease income for the years ended June 30, 2015 and 2014 were \$4,629,184 and \$4,363,564, respectively. Future minimum rental receipts due under non-cancellable leases are as follows:

<i>Years ending June 30,</i>	
2016	\$ 3,033,269
2017	2,890,945
2018	2,309,432
2019	1,929,430
2020	1,823,067
	<u>\$ 11,986,143</u>

Notes to Financial Statements

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 non-safety employees hired after January 1, 2013 are placed in the PEPRAs Miscellaneous Plan of the Mojave Air and Space Port (“PEPRA”). Both 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, 2015, are summarized as follows:

	<u>Miscellaneous</u>		<u>Safety</u>		<u>PEPRA</u>
Benefit formula	2.7% @55		3% @ 50		2% @ 62
Benefit vesting schedule	5 yrs service		5 yrs service		5 yrs service
Benefit payments	monthly for life		monthly for life		monthly for life
Retirement age	50 - 55		50		52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%		3.0%		1.0% to 2.5%
Required employee contribution rates	8%	*	9%	*	6.75%
Required employer contribution rates	28.49%	**	35.88%	**	6.95%

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

** Included in the required employer contribution rates are required side fund payments of 9.03% and 7.39% respectively. See below for more information on the side funds.

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

Notes to Financial Statements

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, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>PEPRA</u>
Contributions - employer	\$ 212,053	\$ 34,910	\$ 78
Contributions - employee	83,459	10,951	3,068
Contributions - side fund	94,193	8,989	-
	<u>\$ 389,705</u>	<u>\$ 54,850</u>	<u>\$ 3,146</u>

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the net pension liability of each Plan is as follows:

	<u>Net Pension Liability</u>
Miscellaneous	\$ 2,681,114
Safety	385,077
PEPRA	587
	<u>\$ 3,066,778</u>

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>PEPRA</u>
Proportion - June 30, 2013	0.098%	0.010%	0.000%
Proportion - June 30, 2014	0.108%	0.010%	0.000%
Change - Increase (Decrease)	<u>0.011%</u>	<u>0.000%</u>	<u>0.000%</u>

Notes to Financial Statements

For the year ended June 30, 2015, the District recognized pension expense of \$315,979. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 245,275	\$ -
Change in employer's proportion	-	(58,443)
Net difference between projected and actual earnings on plan investments	-	(623,802)
	<u>\$ 245,275</u>	<u>\$ (682,245)</u>

The \$245,275 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, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Years ended June 30,</u>	
2016	\$ (176,822)
2017	(176,822)
2018	(172,649)
2019	(155,952)
	<u>\$ (682,245)</u>

Actuarial Assumptions:

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>PEPRA</u>
Valuation date	June 30, 2013	June 30, 2013	June 30, 2013
Measurement date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial cost method	Entry-Age Normal Cost Method		
Actuarial Assumptions:			
Discount Rate	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%
Payroll Growth	*	*	*
Projected Salary Increase	Varies by entry age and service		
Investment Rate of Return	7.50%	7.50%	7.50%
Mortality	**	**	**

* Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

** Derived using CalPERS membership data for all funds

Notes to Financial Statements

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997-2011. Further details on the Experience Study can be found on the CalPERS website.

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees' Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to this discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time the methodology is changed.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest ¼%.

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

Notes to Financial Statements

Asset class	New Strategic Allocation	Real Return Years 1 - 10	Real Return Years 11+
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%

Sensitivity of the District's proportionate share of the net pension liability:

The following presents the District's proportionate share of the net pension liability using the discount rate of 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	Miscellaneous	Safety	PEPRA
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 4,077,104	\$ 601,824	\$ 1,047
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$ 2,681,114	\$ 385,077	\$ 587
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$ 1,522,576	\$ 206,487	\$ 206

Side Funds:

When the District joined the Miscellaneous and Safety plans, CalPERS created an employer side fund to cover the cost of purchasing qualifying employees' prior years' experience to account for the difference between the funded status of the plan and the funded status of the retirement pool. A positive side fund will cause employer contributions to be reduced by the amortization of the side fund while a negative side fund will cause employer contributions to increase by the amortization of the side fund. As of June 30, 2015, the District's actuarial value of assets was less than the present value of the benefits which resulted in a negative side fund of \$980,008 for the Miscellaneous Plan and \$95,354 for the Safety Plan.

Other Post-Employment Benefits

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.

Notes to Financial Statements

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 required contribution is based on a pay-as-you-go financing requirement with additional amounts to prefund benefits as determined by the District under an actuarial valuation. For the years ended June 30, 2015 and 2014 the annual required contribution (ARC) was \$376,900, amounts actuarially determined in accordance with the parameters of GASB Statement No. 45.

The District pays for post-employment health insurance on a pay-as-you go basis. For the fiscal years ended June 30, 2015 and 2014, the District had expenditures of \$128,600 and \$192,300, respectively, for other post-employment benefits.

Annual OPEB cost and Net OPEB obligation:

The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the Districts annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation at and for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Annual required contribution (ARC)	\$ 376,900	\$ 376,900
Interest on net pension obligation	28,400	23,400
Amortization of beginning-of-year net OPEB obligation	(49,700)	(40,000)
Annual OPEB cost	<u>355,600</u>	<u>360,300</u>
Contribution made	<u>128,600</u>	<u>192,300</u>
Increase in net OPEB obligation	227,000	168,000
Net OPEB obligation - beginning of year	946,800	778,800
Net OPEB obligation - end of year	<u><u>\$ 1,173,800</u></u>	<u><u>\$ 946,800</u></u>

Notes to Financial Statements

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years were as follows:

Fiscal Year End	Annual OPEB Cost	Annual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$364,500	\$198,800	55%	\$778,800
6/30/2014	\$360,300	\$192,300	53%	\$946,800
6/30/2015	\$355,600	\$128,600	36%	\$1,173,800

Funded status and funding progress:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below presents information about the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
6/30/2015	\$ -	\$ 5,828,800	\$ (5,828,800)	0.00%	\$ 1,341,200	434.60%

Actuarial methods and assumptions:

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

The actuarial valuation, dated June 30, 2015, used the Entry Age Normal actuarial cost method, at a discount rate of 3%, the expected long-term rate of return on the District assets, and an annual compensation increase rate of 0%. The unfunded accrued actuarial liability (UAAL) is being amortized over a rolling 30 years using the level percentage of projected payroll method. As of the actuarial valuation date, the District had 18 active participants and 16 recipients.

Notes to Financial Statements

Note 5. Commitments

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

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

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

During the period January 1, 2004 through December 31, 2024, the District shall pay The Gibson, Karpe and Hitchcock Trust one-half the net rental income derived from leasing the facilities to third parties. Total payments for the years ended June 30, 2015 and 2014 were \$188,330 and \$139,156, respectively.

Note 6. Risk Management

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

<u>Type of Coverage</u>	<u>Carrier</u>	<u>Deductible</u>	<u>Limit per Occurrence</u>
Directors and Officers	National Union Fire	\$ 5,000	\$ 1,000,000
Commercial Property:	New Hampshire Ins. Co.		
Business Property		\$ 1,000	\$ 556,500
Business Income		\$ 5,000	\$ 2,819,140
Building		\$ 5,000	\$ 26,068,240
Personal Property		\$ 1,000	\$ 857,838
Boiler and Machinery	Hartford Steam Boiler	\$ 1,000	\$ 26,717,900
Railroad Liability	Arch Specialty Insurance Agency	\$ 25,000	\$ 6,000,000
General Liability	National Union Fire Insurance of LA	\$ -	\$ 50,000,000
Business Auto	Hartford Fire Insurance Co	\$ 250	\$ 1,000,000

Premiums for the above policies are paid annually and are not subject to retroactive adjustments. At June 30, 2015, the District had no outstanding claims which exceed insurance coverage.

Notes to Financial Statements

Note 7. *Change in Accounting Principle*

For fiscal year 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflow of resources, and expenses for pensions based on methods and assumptions identified in GASB 68. As a result of applying GASB 68, the District was required to record the net pension liability related to the District's CalPERS defined benefit plans. The impact of which was a decrease in net position of \$3,433,044 at June 30, 2014.

Mojave Air and Space Port

*Schedule of the District's Proportionate Share of the
Net Pension Liability (CalPERS)*

June 30, 2015

See Independent Auditors' Report

	<u>Miscellaneous</u>	<u>Safety</u>	<u>PEPRA</u>
District's proportion of the net pension liability	0.04309%	0.00619%	0.00001%
District's proportionate share of the net pension liability	\$ 2,681,114	\$ 385,077	\$ 587
District's covered-employee payroll	\$ 1,269,842	\$ 121,970	\$ 93,400
District's proportion of the net pension liability as a percentage of its covered-employee payroll	211.14%	315.71%	0.63%
Plan fiduciary net position as a percentage of the total pension liability	74.52%	76.20%	83.04%

Note 1. GASB Statement No. 68 requires governments to include information from the most recent actuarial valuation and nine separate preceding valuations. As of June 30, 2015, the District had only performed one valuation.

Note 2. The above information was based off of the June 30, 2013 actuarial report for the measurement date June 30, 2014.

Mojave Air and Space Port

Schedule of Contributions (CalPERS)

June 30, 2015

See Independent Auditors' Report

	<u>Miscellaneous</u>	<u>Safety</u>	<u>PEPRA</u>
Contractually required contribution	\$ 308,190	\$ 42,668	\$ 7,057
Contributions in relation to the contractually required contribution	<u>(308,190)</u>	<u>(42,668)</u>	<u>(7,057)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,269,842	\$ 121,970	\$ 93,400
Contributions as a percentage of covered-employee payroll	24.27%	34.98%	7.56%

Note 1. GASB Statement No. 68 requires governments to include information from the most recent actuarial valuation and nine separate preceding valuations. As of June 30, 2015, the District had only performed one valuation.

Note 2. The above information was based off of the June 30, 2013 actuarial report for the measurement date June 30, 2014.

Mojave Air and Space Port

Schedule of Funding Progress - OPEB

June 30, 2015

See Independent Auditors' Report

<i>Actuarial Valuation Report Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded AAL (UAAL)</i>	<i>Actuarial Assets as a % of the AAL</i>	<i>Covered Payroll</i>	<i>UAAL as a % of Covered Payroll</i>	<i>Total Participants</i>
6/30/2009	\$ -	\$ 3,712,600	\$ (3,712,600)	0.00%	\$ 1,411,600	263%	N/A
6/30/2012	\$ -	\$ 5,426,900	\$ (5,426,900)	0.00%	\$ 1,220,700	445%	32
6/30/2015	\$ -	\$ 5,828,800	\$ (5,828,800)	0.00%	\$ 1,341,200	435%	34



BARBICH HOOPER KING
DILL HOFFMAN
ACCOUNTANCY CORPORATION

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, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 24, 2015.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Mojave Air and Space Port's internal control over financial reporting (internal control) to determine the 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 Mojave Air and Space Port's internal control. Accordingly, we do not express an opinion on the effectiveness of Mojave Air and Space Port'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 District'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mojave Air and Space Port's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation**



Bakersfield, California
November 24, 2015