MONTEREY PENINSULA AIRPORT DISTRICT

ANNUAL FINANCIAL AND COMPLIANCE REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

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MONTEREY PENINSULA AIRPORT DISTRICT

Annual Financial and Compliance Report

For the Fiscal Years Ended June 30, 2023 and 2022

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MONTEREY PENINSULA
AIRPORT DISTRICT

Board of Directors
at June 30, 2023

Name	Office	Term Expires
LisAnne Sawhney	Chair	December 2024
Mary Ann Leffel	Vice-Chair	December 2024
Carl Miller	Director	December 2026
Danial D. Pick	Director	December 2026
John S. Gaglioti (Appointed 7/19/2023)	Director	December 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monterey Peninsula Airport District
Monterey, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Monterey Peninsula Airport District (the "District"), as of and for the year ended June 30, 2023 and June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2023 and June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing*

To the Board of Directors
Monterey Peninsula Airport District
Monterey, California

Standards, and the State Controllers' Minimum Audit Standards for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controllers' Minimum Audit Standards for California Special Districts we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability – miscellaneous & safety risk pools, the schedule of Plan contributions – miscellaneous & safety risk pools, and the schedule of changes in the total OPEB liability and related ratios, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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To the Board of Directors
Monterey Peninsula Airport District
Monterey, California

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
November 8, 2023

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MONTEREY PENINSULA AIRPORT DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2023 and 2022

The Management Discussion and Analysis (MD&A) is provided by the Monterey Peninsula Airport District (District) in compliance with requirements established by the Governmental Accounting Standards Board (GASB), Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB Statement No. 34). It is intended to serve as an introduction to the financial statements for the years ended June 30, 2023 (FY23) and 2022 (FY22). The information presented is to be read in conjunction with the financial statements, footnotes and supplementary information found in this report.

Mission Statement

The mission of the Monterey Regional Airport is to connect the community with convenient commercial and general aviation access to the national air transportation system, operate the airport in a safe, efficient, sustainable and fiscally responsible manner, and evolve the Airport toward meeting future needs, opportunities and challenges.

Overview of the Monterey Peninsula Airport District

The District was created on March 22, 1941, by the passage of State Senate Bill No. 1300 that authorized an independent public airport district, which would qualify for federal funds. The District's enabling act was revised effective January 1, 2007; the revision updated the archaic language and provisions to allow the District to function more efficiently. The District is governed by five directors elected by voters residing in five voting districts in Monterey, Pacific Grove, Del Monte Forest, Pebble Beach, Carmel-by-the-Sea, greater Carmel, the west end of Carmel Valley, Del Rey Oaks, Sand City, and Seaside. The District employs an Executive Director as its Chief Executive and a Corporate Legal Counsel.

The Monterey Regional Airport (Airport), 507 acres, has two parallel, east-west runways. The primary runway, 10R/28L, is 7,175 feet long and 150 feet wide. It is used by commercial and business aircraft and is equipped for instrument landings with a Category I instrument landing system on runway 10R. The secondary runway, 10L/28R, is 3,503 feet long and 60 feet wide, used solely by general aviation aircraft.

During FY23 and FY22, five commercial airlines served the airport with scheduled flights. Alaska, American Airlines, and United Express provided non-stop service to gateway hubs: Dallas, Denver, Los Angeles, Phoenix, San Diego, San Francisco, and Seattle. Allegiant operated non-stop service, two days per week to Las Vegas. JSX operates seasonal flights to Santa Ana three to four days per week.

There is a strong general aviation presence on the airfield. Two full-service fixed-based operators, Del Monte Aviation and Monterey Jet Center, and other aviation tenants provide aircraft line services, fuel, aircraft storage, maintenance, flight instruction, and aircraft rentals.

The District is structured as an enterprise fund. District financial statements are prepared using the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized when incurred. Costs are recovered through airport rents from tenants, landing and fuel fees, and other charges. Capital improvements are funded from three sources: (1) Federal grants from the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP) derived from a 10% tax on the airline tickets; (2) Passenger Facility Charges (PFC) collected for each enplaned passenger at the point of origin and one intermediate-stop; and (3) District contributed funds. In addition, Customer Facility Charges (CFC) derived from a $10 per rental car contract written at the Airport can be used to fund capital and operating costs associated with rental car facilities. Capital assets are capitalized and depreciated, except land and construction in progress, over their useful lives. Please refer to the notes to the basic financial statements for a summary of the District's significant accounting policies.

Overview of Fiscal Year 2023 Events

CARES, CRRSA and ARP Act Grant Draws and Balances

The District received the CARES Act grant award of $12,664,025 on May 14, 2020. The grant allowed the District to submit reimbursements for expenses back to February 20, 2020. The District submitted expense reimbursement requests totaling $1,279,673 in FY20, $2,539,459 in FY21, $4,912,674 in FY22, and the balance of $3,932,219 in FY23. CARES Act grant balance available as of June 30, 2023, is zero.

The District received the two CRRSA Act grant awards totaling $2,126,222 on March 22, 2021. During FY21 the District submitted reimbursements totaling $900,968 in FY21, $1,175,144 in FY22, and the balance of $50,110 in FY23. CRRSA Act grant balance available as of June 30, 2022, is zero.

The District received the two Airport Rescue Plan Act (ARPA) grant awards totaling $3,370,212 on September 12, 2021, and December 22, 2021, respectively. During FY22 the District submitted ARPA reimbursements totaling $3,149,773, and the balance of $220,439 in FY23. ARPA Act grant balance available as of June 30, 2022, is zero.

Overview of District Financial Statements

The District's financial statements and supplemental schedules are presented after the MD&A. This information, taken collectively, is designed to provide readers with an understanding of the District's financial position.

The *Statements of Net Position* presents information on the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these balances as *Net Position*. The District implements changes adopted by Governmental Accounting Standards Board, which may require restatement of prior years' reported net position. The following financial information includes GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB 87 *Leases and Reporting* and GASB 96 Subscription-Based Information Technology Arrangements.

The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how the District's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported for certain items in this statement may result in cash flows in future fiscal periods.

The *Statements of Cash Flows* relate to the flows of cash and cash equivalents. Only transactions that affect the District's cash and cash equivalents accounts are recorded in this statement. The reconciliation at the bottom of this statement indicates the difference between cash flows from operating activities and operating income.

The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

Financial Highlights

✈ The assets and deferred outflows of resources of the District exceed liabilities and deferred inflows of resources by $98,176,090 and $88,209,351 on June 30, 2023 and 2022, respectively.

✈ In FY23 the District acquired and placed into service the capital assets listed below:
- Northside GA Apron Construction ($9,253,249)
- SEP Phase 1 A1 – Commercial Apron Design ($3,151,276)
- Northeast VSR Improvements ($2,016,931)
- Terminal Building Painting ($160,000)
- Vehicle Replacements ($154,612)
- CCTV and Perimeter Camera System ($109,401)
- Airfield Vehicle Gates ($45,236)

Financial Highlights (Continued)

✈ In FY22 the District acquired and placed into service the capital assets listed below:
- NEPA/CEQA Safety Initiative ($2,646,170)
- Infield Safety Area Rehab Phase 1 ($8,560,458)
- Upgrades to Terminal FIDS Computer and Display Systems ($292,057)
- RSA Project Mitigation - Years 6 and 7 ($95,866)
- Installed Electric Vehicle DC Fast Chargers ($364,273)
- Completed Upgrades to District IT Systems ($40,774)
- Repaired 2801 Monterey Salinas Building A ($246,040)

✈ The District continued payments on the California Energy Commission Loan decreasing the principal balance to $2,185,418 (FY22 $2,342,089) and principal payments on the PG&E loan decreasing the balance to $53,202 (FY22 $106,502).

✈ On March 17, 2023 the District entered into a loan agreement with the State of California, Department of Transportation, Division of Aeronautics ("CalTrans") for the purpose of financing, in part, the purchase of new hangars, which are being constructed by a third party, on the North side of the Airport. The loan of $3,740,358 is for a period of seventeen years at an annual fixed rate of 5.084645 percent.

✈ In the airport industry, one standard measure of a commercial airport's size is the number of annual enplanements, i.e., passengers flying from the airport on commercial airlines. Enplaned passengers during the six-fiscal year period, FY18 through FY23, are presented below in Table I.

Table I

TOTAL ENPLANEMENTS: FISCAL YEARS 2018 - 2023											
FY 2018		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
7/17	18,068	7/18	16,262	7/19	22,109	7/20	5,606	7/21	20,920	7/22	21,615
8/17	16,450	8/18	15,537	8/19	21,823	8/20	5,816	8/21	20,459	8/22	21,361
9/17	16,374	9/18	14,630	9/19	20,961	9/20	6,667	9/21	19,971	9/22	21,171
10/17	17,151	10/18	17,933	10/19	21,245	10/20	7,871	10/21	21,768	10/22	21,184
11/17	15,576	11/18	17,071	11/19	19,507	11/20	7,160	11/21	22,123	11/22	19,957
12/17	15,740	12/18	15,477	12/19	19,350	12/20	6,102	12/21	17,575	12/22	17,556
1/18	13,302	1/19	14,284	1/20	16,088	1/21	3,521	1/22	12,309	1/23	14,121
2/18	13,758	2/19	15,242	2/20	16,222	2/21	5,052	2/22	14,721	2/23	15,790
3/18	15,758	3/19	17,533	3/20	8,726	3/21	9,379	3/22	17,914	3/23	18,520
4/18	16,400	4/19	19,159	4/20	601	4/21	12,618	4/22	19,758	4/23	20,246
5/18	15,622	5/19	20,760	5/20	1,623	5/21	15,434	5/22	19,312	5/23	23,242
6/18	15,857	6/19	21,774	6/20	3,499	6/21	18,083	6/22	21,933	6/23	24,765
	190,056		205,662		171,754		103,309		228,763		239,528

* Enplanements reported by commercial airlines for revenue passenger counts. Beginning FY 2019 the District removed nonrevenue passenger counts from financial reporting. Enplanements for FY 2018 includes nonrevenue reported passengers.

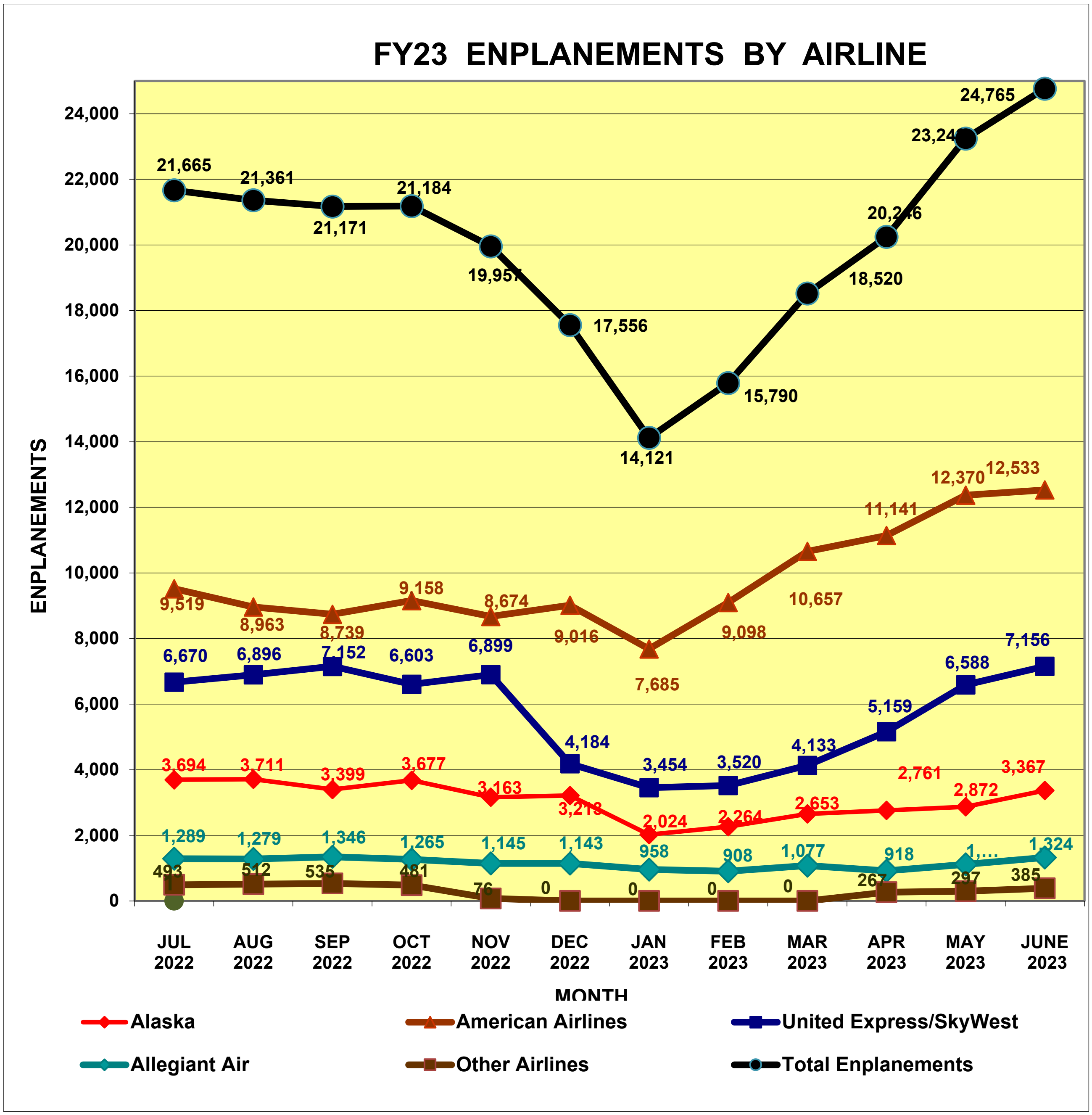
✈ FY23 enplanements increased 4.7% compared to FY22, reflecting a continued increase from FY22's post -COVID 19 recovery levels.

Financial Highlights (Continued)

✈ FY22 enplanements increased 121.4% compared to FY21 to 228,763 due to cancellation of Federal and State travel restrictions and airline improved flight schedules.

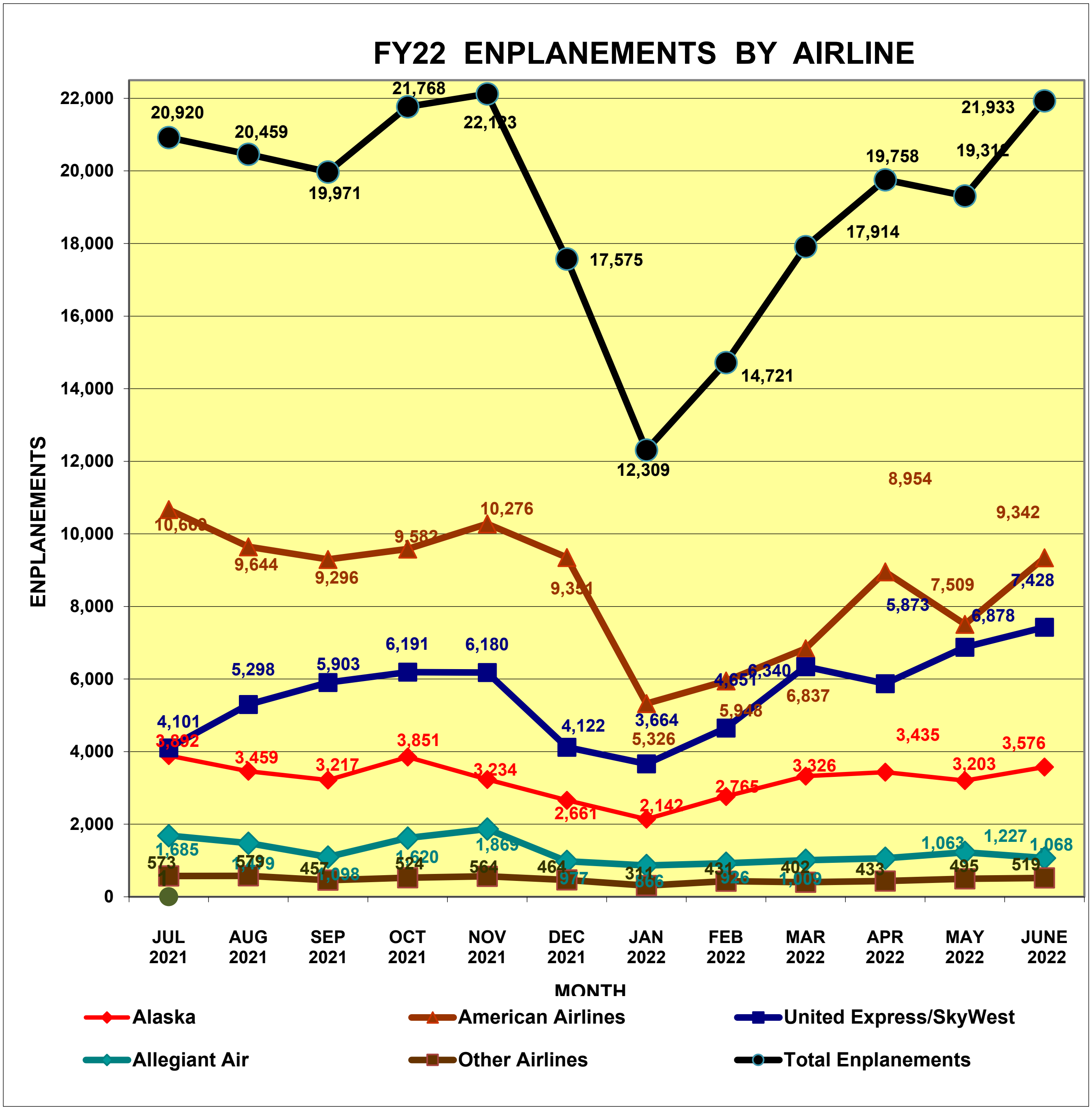
Charts A and B present the monthly enplanements for FY23 and FY22, respectively, in total and for the scheduled commercial airlines that serve the Airport.

Chart A



Financial Highlights (Continued)

Chart B



Summary of Net Position

Table II

A summarized comparison of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30 follows:

Net Position

	2023	% Change	2022	% Change	2021
Current and other assets	$ 24,630,288	-15.1%	$ 28,996,618	16.4%	$ 24,908,569
Noncurrent assets	101,353,778	20.1%	84,386,790	5.8%	79,783,310
Total assets	125,984,066	11.1%	113,383,408	8.3%	104,691,879
Deferred outflow of resources	5,408,788	-18.1%	6,605,365	196.6%	2,227,198
Debt outstanding	5,979,578	144.2%	2,448,591	-19.2%	3,029,027
Other liabilities	10,678,555	-7.0%	11,486,810	-26.2%	15,572,428
Total liabilities	16,658,133	19.5%	13,935,401	-25.1%	18,601,455
Deferred inflow of resources	16,558,631	-7.2%	17,844,021	27.9%	13,949,841
Net investment in capital assets	84,679,500	4.2%	81,250,853	6.4%	76,355,163
Restricted - unspent Passenger Facilities Charges	1,664,398	6.1%	1,568,379	21.0%	1,296,200
Cash Assets	1,007,340	14.3%	881,507	-30.5%	1,268,956
Unrestricted	10,824,852	140.1%	4,508,612	-199.0%	(4,552,538)
Total net position	$ 98,176,090	11.3%	$ 88,209,351	18.6%	$ 74,367,781

FY23 Total Net Position of the District increased $9,966,739 from FY22. The District's FY23 Total Net Position increase resulted primarily from AIP funded capital assets of $12,958,701 that were offset by depreciation of capital assets of $5,577,878, a $7,380,823 increase in the Unrestricted Net Position. The Unrestricted Net Position increase of $6,316,240 came primarily from operating grants of $4,299,604 and a $1,178,044 reduction in the Net Pension and Net OPEB liability. See discussions below for changes in FY22 to FY23 revenues and expenses.

FY22 Total Net Position of the District increased $13,841,573 from FY21. The District's FY22 Total Net Position increase resulted from AIP funded capital assets $12,341,365 that were offset by depreciation of capital assets $5,486,985, a $8,473,859 increase in the Unrestricted Net Position. The Unrestricted Net Position increase came from a $3,889,919 improvement of the Net Pension Liability, a $4,000,000 District pre-payment to the fund CalPERS Unfunded Account Liability and $583,940 from other operating income. See discussions below for changes in FY21 to FY22 revenues and expenses.

Conforming to requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* funds received from operating grants and PFCs are included in the financial statements, referred to as "Other Nonoperating Revenue" and grants restricted for capital purposes are reported as "Capital Contributions."

In FY23, the District recognized $11,053,521 in grant income from FAA Airport Improvement Programs: AIP ($6,753,917), CARES Act grant draws ($3,932,255), CRSSA Act grant draws ($50,110), ARPA grant draws ($200,439), TSA Law Enforcement grants ($116,800) and $978,245 from the utilization of PFC receipts. These grants funded capital project planning, engineering design, and construction costs, District capital purchases, police/law enforcement services and operating expenses.

Net Position (Continued)

In FY22, the District recognized $17,757,392 in grant income from FAA Airport Improvement Program- AIP ($7,467,396), CARES Act grant draws ($4,912,674), CRSSA Act grant draws ($1,175,481), ARPA grant draws ($3,149,773), TSA Law Enforcement grants ($116,800) and from PFCs receipts ($931,007). These grants funded capital project planning, engineering design, and construction costs, District capital purchases, police/law enforcement services and operating expenses.

FY23 Total Liabilities increased $2,722,732 primarily due to the new CalTrans loan of $3,740,958, partially offset by the decrease in the actuarially determined Net Pension and Total OPEB liabilities of $1,178,044.

Operating Revenues

An airport functions as a landlord. District revenue is derived from fees and lease revenues. Total operating revenues for FY23 are $10,489,323, an increase of 0.9% or $88,640 when compared to FY22 ($10,489,683).

The FY23 operating revenue increase resulted from improvements in commercial aviation, general aviation, non-aviation tenants and other revenues as the Airport was able to achieve full recovery from the impact of COVID-19 travel restrictions.

The FY22 operating revenue increase resulted from improvements in commercial, general aviation and concession fees due to the cancellation of COVID-19 travel restrictions in FY21 and FY22. Additionally, the District cancelled rent and minimum annual guaranteed (MAG) fee abatements to aviation related tenants and concession on June 30 2021 and July 31, 2021 respectively which resulted in overall improvements in general aviation fees, and concession revenues.

Revenues derived from commercial airlines activities and from airline passengers using services offered by the Airport account for 56.8% of FY23, 57.5% of FY22 and 40.5% of FY21 total operating revenues. In FY23 the Airport recognized an increase of 6.0% in airline and related revenues when compared to FY22 and an increase of 135.3% in airline and related revenues when comparing FY22 to FY21 (see Table III, "Subtotal – Commercial Aviation"). Included in this category are revenues paid by commercial airlines for landing, apron, aircraft overnight parking fees and fuel flowage fees, and income received from tenants that leased space in the airport terminal.

Terminal Leases & Concessions includes income from many sources: concession income from *Woody's at the Airport restaurant* and the *Gifts and More* gift shop, commercial airlines that rent ticket counters, offices, baggage make-up, hold rooms and baggage claim areas, five rental car companies (*Avis, Budget, Enterprise, Hertz, and National*), long and short-term parking lots and in-terminal advertising.

This category of revenue in FY23 increased 5.4% or $268,830compared to FY22 and in FY22 increased 159.3% or $3,068,340 when compared to FY21. The FY23 increase is primarily due to increases in parking ($121,000), rental car concessions ($65,733) and terminal concessions ($60,343). The FY22 increase is attributed to cancellation of the COVID-19 restrictions and rent and MAG abatements.

General Aviation activities generated 18.3% of FY23, 18.6% of FY22 and 24.5% of FY21 total operating revenues. Corporate aviation and general aviation tenants remit landing fees, fuel fees, and rental income for leased land, hangars, tie-downs, aircraft parking aprons, and offices. These FY23 revenues increased 7.9% from FY22 and increased 26.8% from FY21.

Non-aviation Tenants and Other Revenues produced 25.2% of FY23, 23.8% of FY22, and 34.9% of FY21 total operating revenues.

Table III presents a comparison of operating revenues for Fiscal Years 2023, 2022 and 2021. Chart C provides a graphic representation of operating revenues.

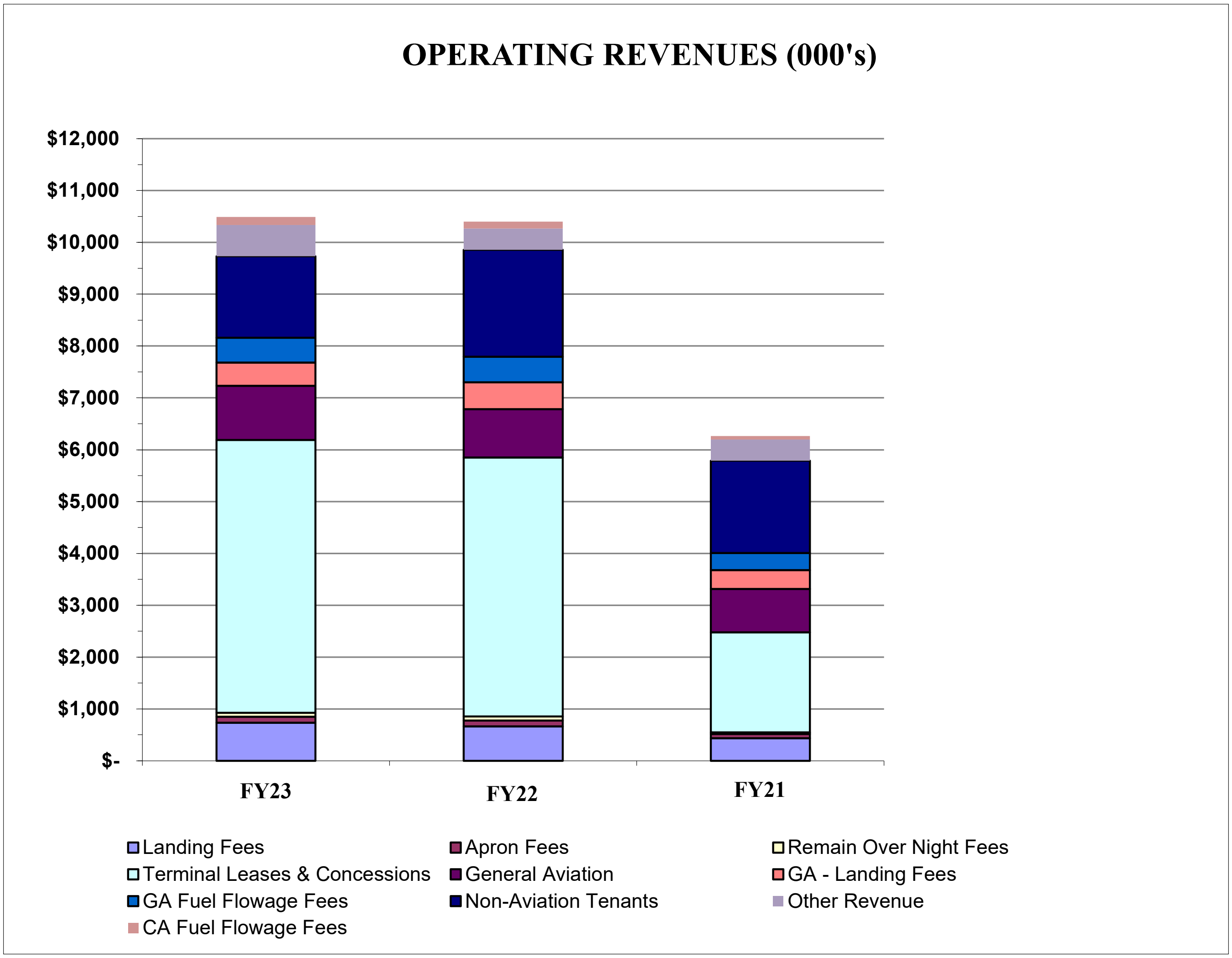
Operating Revenues (Continued)

Table III

FISCAL YEARS 2023, 2022 & 2021 OPERATING REVENUES						
	2023		2022		2021	
Landing Fees	$ 731,760	7.0%	$ 664,039	6.4%	$ 438,369	7.0%
Apron Fees	120,591	1.1%	111,465	1.1%	75,175	1.2%
Remain Over Night Fees	74,073	0.7%	77,067	0.7%	35,888	0.6%
CA Fuel Flowage Fees	152,779	1.5%	134,697	1.3%	66,262	1.1%
Terminal Leases & Concessions	5,263,340	50.3%	4,994,510	48.1%	1,926,170	30.8%
Subtotal - Commercial Aviation	6,342,543	60.6%	5,981,777	57.5%	2,541,865	40.5%
General Aviation	1,045,790	10.1%	937,867	9.0%	838,744	13.4%
Landing Fees	446,354	4.3%	513,372	4.9%	364,303	5.8%
GA Fuel Flowage Fees	478,224	4.6%	492,789	4.7%	330,173	5.3%
Subtotal - General Aviation	1,970,368	19.0%	1,944,028	18.6%	1,533,220	24.5%
Non-Aviation Tenants	1,571,752	15.0%	2,065,728	19.9%	1,779,349	28.4%
Other Revenues	604,660	5.8%	409,151	4.0%	407,990	6.5%
Subtotal - Non-Aviation and Other	2,176,412	20.8%	2,474,879	23.8%	2,187,339	34.9%
Total	$ 10,489,323	100.4%	$ 10,400,683	99.9%	$ 6,262,423	99.9%

Operating Revenues (Continued)

Chart C



Operating Expenses Before Depreciation and Amortization

Operating expense before depreciation and amortization in FY23 $8,428,499 decreased 7.0% compared to FY22 ($9,063,931) and decreased 1.5% when compared to FY21 ($8,554,946) (see Table V, "Fiscal Years 2023, 2023 and 2021 Operating Expenses Before Depreciation and Amortization"). As discussed below, most of the year over year expense decreases and increases are the result of staffing changes, GASB Statement No. 68 and 75 adjustments, CalPERS Unfunded Account Liability expense increases, and other changes to the District's operations.

Operating Expenses Before Depreciation and Amortization (Continued)

Table IV presents FY23, FY22 and FY21 salary, payroll benefit expenses by District department. The District provides a wide variety of services and staffs the Airport for Finance & Administration, Planning & Development, Maintenance & Custodial Service and Airport Operations. Police services are outsourced under contract with the

City of Del Rey Oaks' Police Department and onsite Airport Rescue and Fire Fighting (ARFF) services outsourced under contract with the City of Monterey's Fire Department. The GASB 68 and GASB 75 OPEB non-cash adjustments are included as components of the compensation and retirement benefits.

Total FY23 salaries and payroll costs decreased $532,069 (13.2%) compared to FY22 and increased $8,276 (0.2%) from FY21 to FY22. From FY21 to FY23 salaries, benefits, and payroll related expenses, measured as a percentage of total operating expenses before depreciation and amortization, have averaged approximately 44% (see Table IV below).

The District receives "Law Enforcement Officer (LEO) Reimbursement Grants" from the U. S. Department of Homeland Security (DHS) that directly offsets Police Department labor expenses. The LEO grant reimbursements/offsets are <u>not</u> included in Table IV but are included in Other Revenues and Expenses (see Table VI.).

Table IV

FISCAL YEARS 2023, 2022 & 2021 SALARY & PAYROLL EXPENSES						
	2023		2022		2021	
Finance & Administration	$ 1,092,674	31.2%	$ 1,208,048	29.9%	$ 950,484	23.6%
Planning & Development	809,677	23.1%	394,312	9.8%	586,076	14.6%
Maintenance & Custodial Services	1,137,352	32.5%	1,171,283	29.0%	1,159,363	28.8%
Airport Operations	430,572	12.3%	469,582	11.6%	410,672	10.2%
Police Services [1]	(79,336)	-2.3%	111,321	2.8%	234,936	5.8%
ARFF / Fire Services	110,979	3.2%	680,441	16.9%	685,179	17.0%
Total	$ 3,501,918	100%	$ 4,034,987	100%	$ 4,026,711	100%

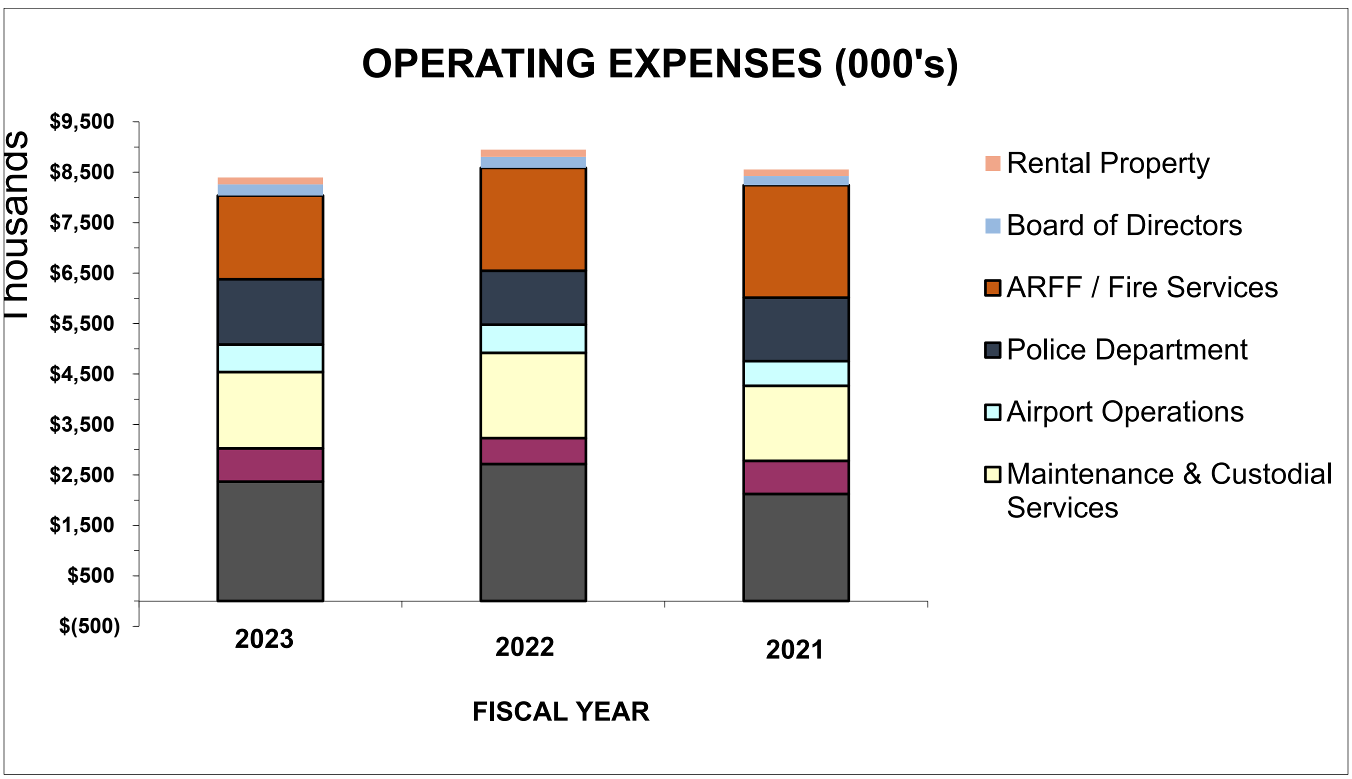
Table V compares operating expenses for Fiscal Years 2023, 2022 and 2021. Chart D provides a graphic representation of operating expenses.

Operating Expenses Before Depreciation and Amortization (Continued)

Table V

FISCAL YEARS 2023, 2022 & 2021 OPERATING EXPENSE BEFORE DEPRECIATION AND AMORTIZATION									
	2023			2022			2021		
Finance & Administration	$	2,367,763	28.1%	$	2,517,550	27.8%	$	2,093,704	24.5%
Planning & Development		657,209	7.8%	$	636,444	7.0%		581,694	6.8%
Maintenance & Custodial Services		1,515,482	18.0%	$	1,613,414	17.8%		1,405,780	16.4%
Airport Operations		543,010	6.4%	$	517,866	5.7%		463,679	5.4%
Police Services [1]		1,294,247	15.4%	$	1,359,124	15.0%		1,225,247	14.3%
ARFF / Fire Services		1,659,879	19.7%	$	1,813,698	20.0%		1,962,878	22.9%
Board of Directors		222,837	2.6%	$	209,878	2.3%		181,277	2.1%
Office Space Rentals		135,159	1.6%	$	141,698	1.6%		129,540	1.5%
GASB 68 Actuarial Expense Adjustment		240,032	2.8%	$	398,192	4.4%		633,219	7.4%
GASB 75 Actuarial Expense Adjustment		(207,118)	-2.5%	$	(143,933)	-1.6%		(122,072)	-1.4%
Total	$	8,428,499	100%	$	9,063,931	100%	$	8,554,946	100%

Chart D



Operating Expenses Before Depreciation and Amortization (Continued)

Finance & Administration ("F&A") FY23 operating expenses decreased 5.9% or $149,787 compared to FY22 and increased 20.2% or $423,846 from FY21 to FY22.

The FY23 F&A expenses decrease of $149,787 was primarily due to lower other legal services ($116,188), other professional services ($110,907), and marketing ($92,115) expenses, partially offset by higher utilities ($53,681), liability insurance expense ($30,982), salaries & wages ($25,777), public relations ($22,162), human resources ($21,867) and telephone ($16,082) expenses.

The FY22 F&A expenses increase includes $78,168 in salaries, benefits and increased headcount, $71,801 in marketing expenses, $56,705 in public relations expenses, $47,527 in air service development, $27,998 in telephone expenses, $104,125 in other profession expenses, $82,393 in water usage and $77,890 in other small increases. These increases were offset by a $142,030 decrease in legal expenses from the City of Monterey lawsuit.

Planning & Development ("P&D") FY23 operating expenses increased 3.3% or $20,765 compared to FY22 and increased 9.4% or $54,750 from FY21 to FY22.

The FY23 P&D expense increase of $20,765 was primarily due to higher salaries and wages ($50,787), partially offset by lower workers comp insurance ($14,332), computer/IT ($13,029) and architect and engineers ($11,849) expenses.

FY22 P&D expense increases come primarily from a $3,972 increase in salaries and benefits and increases of $36,222 in Architect and & Engineering expenses and $14,556 in other small increases.

Maintenance & Custodial Services ("M&CS") FY23 operating expenses decreased 6.1% or $97,932 from FY22 and increased 14.8% or $207,634 from FY21 to FY22.

The FY23 M&CS expense decrease of $97,933 was primarily due to lower salaries and wages ($46,011), workers comp insurance ($31,374), landscape and grounds ($27,342) and rental space ($22,395) repairs and maintenance, CalPERS UAL ($18,514), partially offset by higher terminal maintenance and repairs ($49,749) expenses.

The FY22 M&CS expense increase came from a $6,387 increase in salaries and benefits, $75,508 increase in Airfield Repairs and Maintenance, $29,588 increase in landscaping & ground Repair maintenance and $85,086 in other small increases.

Airport Operations ("OPS") FY23 operating expenses increased 4.9% or $25,144 compared to FY22 and increased 11.7% or $54,187 from FY21 to FY22.

The FY23 OPS expense increase of $25,144 was primarily due to higher salaries and wages ($12,154), environmental ($16,049), general repairs and maintenance ($9,933) and computer/IT ($9,209), partially offset by lower CalPERS UAL ($20,329) and workers compensation insurance ($14,794) expenses.

The FY22 OPS expense increase came from a $73,981 increase in salaries and benefits, partially offset by $19,794 in other small decreases.

Police Services FY23 operating expenses decreased 4.8% or $64,877 compared to FY22 and increased 10.9% or $133,877 from FY21 to FY22.

In FY23 the Police services expenses decreased primarily due to lower CalPERS UAL ($76,720), partially offset by higher police services contract ($13,086) expenses. Table V excludes the annual LEO Grant reimbursement for FY23 ($116,800), FY22 ($116,800), and FY21 ($116,800) which is reported as Operating Grant revenue.

In FY22 Police services increased primarily due to higher Del Rey Oaks direct contract labor expenses ($56,588), CalPERS ($95,205); partially offset by lower NGEN telecommunications expenses ($13,251).

Operating Expenses Before Depreciation and Amortization (Continued)

ARFF / Fire Services FY23 operating expenses decreased 8.5% or $153,819 compared to FY22 and decreased 7.6% or $149,180 from FY21 to FY22.

The Airport is subject to CalPERS Pension Unfunded Account Liabilities (UAL) payments for ARFF/Fire services staff who worked for the airport before contracting with the City of Monterey.

In FY23 ARFF/Fire services expense decreased $153,819 primarily due to lower CalPERS UAL payments ($158,638).

In FY22 ARFF/Fire services expense decreased $149,180 primarily due to lower Fire Service Contract expenses ($158,604), District vehicle repairs and maintenance ($49,915), partially offset by higher CalPERS UAL costs ($60,364).

Board of Directors (Directors) FY23 operating expenses increased 6.2% or $12,959 compared to FY22 and increased 21.3% or $28,601 from FY21 to FY22.

FY23 was an off-election year therefore no Director election expenses were incurred. The FY23 Directors expense increased $12,959 primarily due to higher professional development and education ($27,041), business travel and entertainment ($9,702), partially offset by lower Board member election expense ($26,750).

FY22 was an off-election year therefore no Director election expenses were incurred. The FY22 Director expense increase came from higher District legal counsel fees ($11,956), Board Member expenses for modifying District boundaries ($26,750) and other small differences.

Office Space Rentals FY23 operating expenses increased 4.6% or $6,359 compared to FY22 and increased 9.4% or $12,158 compared to FY21.

In FY23 Office Space expenses for property maintenance, repairs, and taxes decreased 4.6% or $6,536 due primarily to lower repair and maintenance costs ($5,758).

In FY22 Office Space expenses for property maintenance, repairs, and taxes increased 9.4% or $12,158. Most of the expense increase came from building repairs and maintenance ($8,904) and changes in the supporting utilities.

Operating Expenses Before Depreciation and Amortization (Continued)

Table VI compares actual Operating Revenues, Operating Expenses, and the change in Net Position for Fiscal Years 2023, 2022 & 2021.

Table VI

	FY 2023 Actual	FY 2022 Actual	FY 2021 Actual
Operating Revenues			
Commercial Aviation - Fees	$ 1,079,203	$ 987,268	$ 615,694
General Aviation - Fees	446,354	513,372	364,303
Terminal Concessions and Leases	5,263,340	4,994,510	1,926,170
Heavy General Aviation	1,192,348	1,090,149	805,676
Light General & Other Aviation Tenants	331,666	340,506	363,241
Non-Aviation Tenants	1,571,752	2,065,728	1,779,349
Other Operating Revenues	604,660	409,150	407,990
Total Operating Revenues	10,489,323	10,400,683	6,262,423
Operating Expenses			
Finance & Administration	2,473,965	2,724,983	2,121,741
Planning & Development	907,089	515,696	656,681
Maintenance & Custodial Services	1,671,036	1,690,464	1,488,364
Airport Operations	565,922	558,531	489,273
Police Department	1,006,043	1,185,015	1,257,266
ARFF Services	1,473,490	2,037,666	2,230,804
Board of Directors	195,795	209,878	181,277
Office Space Rentals	135,159	141,698	129,539
Total Operating Expenses	8,428,499	9,063,931	8,554,945
Operating Income before Depreciation	2,060,824	1,336,752	(2,292,522)
Depreciation & Amortization Expense	5,577,878	5,486,986	5,562,803
Net Operating Income / (Loss)	(3,517,054)	(4,150,234)	(7,855,325)
Other Revenue (Expense), net	13,483,793	17,991,804	13,168,175
Change in Net Position	9,966,739	13,841,570	5,312,850
Net Position Beginning of Year	88,209,351	74,367,781	69,054,931
Net Position End of Year	$ 98,176,090	$ 88,209,351	$ 74,367,781

Capital Assets and Debt Activity

The District finances airport capital improvements by aggressively pursuing FAA Airport Improvement Program (AIP) grants, collecting Passenger Facilities Charges from the airlines and generating operating income. When practical the District will also finance the purchase or the construction of Capital assets with assistance of agencies like California's Division of Aeronautics (CalTrans), the California Public Utilities Commission (CPUC), California Energy Commission, or other funding resources.

Capital assets, net of depreciation, and intangible assets, net of amortization, are presented below:

Table VII

	2023	2022	2021
Tangible assets, net			
Land	$ 4,206,755	$ 4,206,755	$ 4,206,755
Land improvements	49,874,742	51,541,083	46,640,474
Buildings	6,559,537	7,809,779	8,718,758
Furniture, equipment and vehicles	2,863,449	3,112,596	2,692,279
Right-to-Use SBITA Asset	11,581	-	-
Construction in progress	24,860,621	14,000,068	16,250,965
Total	88,376,684	80,670,281	78,509,230
Intangible assets, net	3,402,511	3,716,509	1,274,080
Total capital assets - net	$ 91,779,195	$ 84,386,790	$ 79,783,310

Contractual Commitments

The District authorizes contracts for the construction of various capital assets. As of June 30, 2023, the District had construction in progress (CIP) projects totaling $24,860,622. Significant remaining authorized CIP expenditures and contracts for subsequent years beginning July 1, 2023 are (#1) $3,000,000 for the buy-out of improvements and leasehold improvements on the Southeast side of the Airport as a part of the overall Safety Enhancement Program, (#2) $1,731,660 towards the $7,040,958 purchase of the new Northeast Hangars, (#3) $5,930,214 for the completion of the new ARFF building. Commitment (#3) will be funded by AIP grants and PFCs as the work is completed, commitments (#1) and (#2) will be funded with District funds.

Additional information pertaining to Capital Assets and Expenditures can be found in the notes to the financial statements.

Debt

<u>**CalTrans Loan**</u>
On March 17, 2023 the District entered into a loan agreement with the State of California, Department of Transportation, Division of Aeronautics ("CalTrans") for the purpose of financing, in part, the purchase of new hangars, which are being constructed by a third party, on the North side of the Airport. The loan of $3,740,358 is for a period of seventeen years at an annual fixed rate of 5.084645 percent.

Debt (Continued)

PG&E Loan

In April 2019 the Association of Monterey Bay Area Governments (AMBAG) contacted the District about no interest loans offered by Pacific Gas and Electric to upgrade lighting to newer LED technologies. The new lighting was installed by Lumenature a PG&E authorized contractor. On November 15, 2019 the District approved two Pacific Gas and Electric no interest loans for upgrading parking lot and terminal lighting to newer LED fixtures and lights. On June 3, 2020 Loan TIF 010101 with a balance of $145,762, payment terms of 45 months with monthly payments of $3,239 was signed and project work was scheduled to be complete in July 2020. On June 9, 2020 Loan TIF 010598 with a balance of $10,464, payment terms of 57 months with monthly payments of $184 per month was signed and the project was completed in June 2020. On August 26, 2020, the District signed a third Pacific Gas and Electric no interest loan application to upgrade lighting in the Rental Space/Offices at 2801 Monterey Salinas Highway. On April 27, 2021, the final Loan TIF 011474 was signed with a balance of $46,870 payment terms of 64 months and payments of $1,019 per month. During FY23 the District paid $53,300 on all three loans. The PG&E loans have been combined in the financial statements with a total balance of $53,202 on June 30, 2023.

CEC Loan

On May 22, 2017, the Monterey Peninsula Airport District received approval for a $3,000,000, 1% and 16.1-year California Energy Commission (CEC) construction and term loan to finance development of a 1.51M kWh Solar Panel Array on airport property. The District made draws on the CEC construction loan totaling $2,931,320 through completion of the project in November 2017. The CEC loan will be repaid through the Airport's electricity savings from power generated by the Solar Panel Array. The Solar Panel Array power generation is expected to meet the power requirements of the District. The CEC loan principal balance on June 30, 2023 is $2,185,418.

Pension Obligation Bonds

The Monterey Peninsula Airport District 2012 Taxable Pension Obligation Bonds (POB) were issued on June 27, 2012. The bonds' par value, coupon rate, and terms are $3,077,000, 4.40% and 10 years, respectively. POB Bond proceeds were used to eliminate the "side accounts" associated with the District's CalPERS's pension obligations and employer retirement expense rates. The POB principal balance on June 30, 2021 was $371,000. The POB was paid in full by June 30, 2022.

Additional information pertaining to the CalTrans Loan, PG&E Loan, CEC Loan, and the Pension Obligation Bonds can be found in the notes to the financial statements.

Fiscal Year 2023 (and prior) District Actions Impacting Future Operations

District and Management Focus

The District's FY23 operational and financial performance were a direct result of actions and changes implemented by the District's Board of Directors and Executive Management of the Airport. In FY23 the District operations continued to improve as COVID-19 travel restrictions were no longer in effect. The District approved its FY24 financial plans which can be reviewed at https://montereyairport.specialdistrict.org/fiscal-administration.

Airport Master Plan

In 2013 the District began the process of developing a Master Plan to improve, upgrade or replace several components of the Airport's airside and landside facilities. On November 26, 2018 the District's Board of Directors passed Resolution No. 1730 which approved and certified the Final Environmental Impact Report and Resolution No. 1731 Alternative 1 of the Monterey Regional Airport Master Plan. The Master Plan was then submitted to the Federal Aviation Administration (FAA) for National Environmental Policy Act (NEPA) Environmental Impact Assessment review. On June 8, 2020, the FAA issued a Finding of No Significant Impact for the Safety Enhancement Program (SEP) for Taxiway A Relocation and Associated Demolition and Relocation of General Aviation Facilities, Passenger Terminal, and Other Facilities. On November 26, 2018, the District's Board of Directors under the California Environmental Quality Act (CEQA) requirements certified the Final Environmental Impact Report (FEIR) on the Master Plan. On April 20, 2022 the District's Board of Directors passed Resolutions No. 1819 and 1820 which certified and approved the Revised Addendum to the FEIR and approved the minor changes and modifications to the Airport Master Plan Project.

Fiscal Year 2023 (and prior) District Actions Impacting Future Operations (Continued)

The Master Plan is a multiyear series of projects that began in FY20 and will continue for up to twenty or more years. Information about the Airport Master Plan can be viewed online at https://montereyairport.specialdistrict.org/aviation-documents-regulations.

Commercial Air Service

During FY23 airlines flight schedules continued to improve, passenger traffic increased significantly, and airport concessions operations returned to normal operations.

Airlines made the following changes: American Airlines upgauged to an A319 aircraft with twice daily flights to Dallas, United Airlines upgauged to an EMB 175 aircraft on its flights to Denver, Los Angeles, and San Francisco.

General Aviation

In FY23 the Airport, as an integral part of its Safety Enhancement Program, committed to a plan to construct a new commercial Apron on the Southeast side of the Airport. As part of that commitment, the existing 24 General Aviation T-Hangars as well as other Airport-owned Hangars will be demolished. The Airport has committed to purchase 24 newly constructed replacement Box Hangars on the Northeast side of the Airport, as well as the purchase of a newly constructed 10,000 sq.ft. Corporate Hangar.

Service Contracts

Airport Rescue and Fire Fighting Services.

In FY23, the District put the Airport Rescue and Fire Fighting Services out to bid on a Request for Proposal. On August 16, 2023, the District adopted a resolution for a new fire and emergency services staffing Agreement between the District and the City of Monterey to provide staff for fire and emergency services to the District and the City's public properties along the Highway 68 corridor. The initial term of the Agreement commences on October 1, 2023, and terminates on June 30, 2028. The Agreement may be extended for additional five-year increments by resolution of both the MPAD Board of Directors and the Monterey City Council.

Police Department Law Enforcement Service Agreement.

In October 2018, the District implemented a five-year contract for Law Enforcement Services with the City of Del Rey Oaks (DRO), which provides for automatic five-year renewal terms, subject to the right either the District or DRO to terminate the Agreement by providing twelve months' written notice to the other party. The District's goals were to reduce management overhead while maintaining the needed services and improved flexibility in staffing with a larger pool of qualified officers. The Agreement between the District and DRO was automatically extended on July 1, 2023.

Airport Infrastructure

To improve the Airport Infrastructure, the District pursues grants and other financing to make capital investments. See Contractual Commitments on page 19 for a description of capital commitments made by the Airport as of June 30, 2023, that will impact future operations.

Rental Car Customer Facility Charge

In FY19 the District implemented a Customer Facility Charge (CFC) and is tracking these funds as Funds held in Trust. CFCs are a user fee imposed by the District on each rental car contract, collected by rental car companies and deposited with the District. CFCs are regulated at the state level instead of the federal level. The District's CFC is charged at $10.00 per rental contract. The CFC funds held in trust on June 30, 2023 total $1,002,340 and on June 30, 2022 total $922,457.

The CFCs are being collected to support the District's study to access, build and transport non-potable water from southside Airport property wells to the rental car Quick-Turn-Around (QTA) facility on the southside of the Airport. Access to this non-potable water source will help ensure water is available for the QTA facility in the future. On

Fiscal Year 2023 (and prior) District Actions Impacting Future Operations (Continued)

October 24, 2023 the District approved Resolution #1860, a Resolution approving a $2,189,749 contract to implement construction activities related to Well Water Infrastructure improvements at 2801 Monterey Salinas Highway, supplying well water to the QTA and domestic water to the proposed new Terminal for MRY. This will be funded 100% by CFCs.

Requests for Information

This financial report has been designed to provide a general overview of the District's financial information for anyone interested in its finances. Questions concerning any of the information should be addressed to the attention of the Executive Director, Monterey Peninsula Airport District, 200 Fred Kane Drive, Suite 200, Monterey, California 93940.

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MONTEREY PENINSULA AIRPORT DISTRICT
Statement of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash (Note 2)	$ 1,983,523	$ 2,004,131
Investments (Note 2)	15,836,415	6,345,765
Receivables (net of uncollectibles):		
Accounts	854,067	763,199
Accrued interest	160,967	8,013
Leases (Note 7)	1,073,013	1,092,200
Grants	941,320	4,806,805
Prepaid costs	183,156	183,581
Total unrestricted current assets	21,032,461	15,203,694
Restricted:		
Cash (Note 2)	2,910,566	2,392,751
Investments (Note 2)	687,261	545,014
Total restricted current assets	3,597,827	2,937,765
Total Current assets	**24,630,288**	**18,141,459**
Noncurrent:		
Leases	9,574,583	10,855,165
Capital assets, net	91,779,195	84,386,790
Total noncurrent assets	101,353,778	95,241,955
Total assets	**125,984,066**	**113,383,414**
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related (Note 8)	5,098,192	6,194,423
OPEB-related (Note 9)	310,596	410,942
Total deferred outflows of resources	**5,408,788**	**6,605,365**
LIABILITIES		
Current liabilities:		
Accounts payable	1,228,177	935,428
Accrued liabilities (Note 4)	87,174	176,878
Due to the City of Monterey (Note 6 & 11)	-	19,966
Accrued Interest	38,008	522
Unearned revenues	53,024	16,826
Loan Payable	346,678	209,972
SBITA liability	11,581	-
Funds held in trust	1,055,030	922,457
Compensated absences	30,689	34,044
Total current liabilities	2,850,361	2,316,093
Noncurrent liabilities:		
Deposits payable	449,333	444,764
Unearned revenues - rent received in advance from tenants	221,167	238,921
Compensated absences	140,986	155,573
Net pension liability	5,802,890	6,509,179
Total OPEB liability	1,560,497	2,032,252
Loan Payable	5,632,899	2,238,619
Total noncurrent liabilities	13,807,772	11,619,308
Total liabilities	**16,658,133**	**13,935,401**
DEFERRED INFLOWS OF RESOURCES		
Pension-related	5,009,360	5,159,271
OPEB-related	901,675	737,385
Lease-related	10,647,596	11,947,365
Total deferred inflows of resources	**16,558,631**	**17,844,021**

See accompanying notes to financial statements.

MONTEREY PENINSULA AIRPORT DISTRICT
Statement of Net Position
June 30, 2023 and 2022

	2023	2022
NET POSITION		
Net investment in capital assets	84,679,500	81,250,853
Restricted - unspent Passenger Facilities Charges	1,664,398	1,568,379
Restricted - cash assets	1,007,340	881,507
Unrestricted	10,824,852	4,508,612
Total net position	**$ 98,176,090**	**$ 88,209,351**

See accompanying notes to financial statements.

MONTEREY PENINSULA AIRPORT DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Commercial aviation	$ 1,079,203	$ 987,268
General aviation	446,354	513,372
Terminal leases and concessions	5,263,340	4,994,510
Heavy general aviation	1,192,348	1,090,149
Light general aviation and other aviation tenants	331,666	340,506
Non-aviation tenants	1,571,752	2,065,728
Other operating revenue	604,660	409,150
Total operating revenues	**10,489,323**	**10,400,683**
OPERATING EXPENSES		
Finance and administration	2,473,965	2,724,983
Planning and development	907,089	515,696
Maintenance and custodial services	1,671,036	1,690,464
Airport operations	565,922	558,531
Police department	1,006,043	1,185,015
Fire department	1,473,490	2,037,666
Board of directors	195,795	209,878
Rental property	135,159	141,698
Depreciation/amortization	5,577,878	5,486,986
Total operating expenses	**14,006,377**	**14,550,917**
Operating income (loss)	**(3,517,054)**	**(4,150,234)**
NONOPERATING REVENUES (EXPENSES)		
Lease interest income	694,448	192,768
Interest expense	(60,518)	(34,472)
Passenger Facility Charges	978,616	948,464
Operating grants	4,299,604	9,354,728
Investment income	415,807	(78,185)
Customer Facility Charges	407,403	420,634
Misc expense - other	(5,484)	(279,529)
Total nonoperating revenues (expenses)	**6,729,876**	**10,524,408**
Income (loss) before capital contributions and transfers	**3,212,822**	**6,374,174**
CAPITAL CONTRIBUTIONS		
Grants from government agencies	6,753,917	7,467,396
Change in net position	**9,966,739**	**13,841,570**
Net position-beginning	88,209,351	74,367,781
Net position-ending	**$ 98,176,090**	**$ 88,209,351**

See accompanying notes to financial statements.

MONTEREY PENINSULA AIPRORT DISTRICT
Statement of Cash Flows
June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Receipts from customers	$ 10,421,468	$ 10,482,285
Payments to vendors for goods and services	(5,822,372)	(5,717,624)
Payments for employees pension and OPEB benefits	-	(3,745,741)
Payments to employees for services	(3,504,617)	(4,031,272)
Net Cash Provided (Used) by Operating Activities	**1,094,479**	**(3,012,352)**
Cash Flows from Non-Capital Financing Activities:		
Interest paid on pension obligation bond	-	(9,949)
Principal payments on pension obligation bond	-	(371,000)
Proceeds from operating grants	3,358,284	4,547,923
Lease interest income received	694,448	192,768
Other miscellaneous expense	(5,484)	(279,529)
Net Cash Provided by Non-Capital Financing Activities	**4,047,248**	**4,080,213**
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital grants and Passenger Facility Charges	12,539,338	9,630,688
Proceeds from funds held in trust	539,976	475,719
Acquisition and construction of capital assets	(11,861,744)	(9,403,120)
Interest paid on loans	(23,032)	(24,523)
Principal paid on loans	(209,972)	(209,436)
Proceeds from loans	3,740,958	-
Net Cash Provided (Used) by Capital and Related Financing Activities	**4,725,524**	**469,328**
Cash Flows from Investing Activities:		
Investment income earned	(124,165)	16,219
Investments matured (purchased)	(9,245,879)	(1,516,227)
Net Cash Provided (Used) by Investing Activities	**(9,370,044)**	**(1,500,008)**
Net Change in Cash and Cash Equivalents	**497,207**	**37,181**
Cash and Cash Equivalents at Beginning of Year	4,396,882	4,359,701
Cash and Cash Equivalents at End of Year	**4,894,089**	**4,396,882**
Reconciliation of Cash and Cash Equivalents to Amounts Reported on the Statement of Net Position		
Unrestricted cash and equivalents	1,983,523	2,004,131
Restricted cash and equivalents	2,910,566	2,392,751
	4,894,089	**4,396,882**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating loss	(3,517,054)	(4,150,234)
Adjustments to reconcile operating loss net cash provided (used) by operating activities:		
Depreciation and Amortization	5,577,878	5,486,986
(Increase) decrease in accounts receivable	(90,868)	177,338
(Increase) decrease in prepaid costs and other assets	425	699,761
(Increase) decrease in lease receivables	1,299,769	85,833
Increase (decrease) in accounts payable and accrued expenses	292,743	-
Increase (decrease) in accrued liabilities	(1,198,243)	(754,547)
Increase (decrease) in due to the City of Monterey	(19,966)	(19,966)
Increase (decrease) in security deposits	4,569	425
Increase (decrease) in unearned revenue	18,444	(96,161)
Increase (decrease) in claims and judgments	11,581	-
Increase (decrease) in right-of-use assets	(17,942)	(143,933)
Increase (decrease) in pension related items	240,031	3,715
Increase (decrease) in OPEB related items	(207,119)	(3,601,808)
Increase (decrease) in deferred inflows related to leases	(1,299,769)	(699,761)
Total Adjustments	**4,611,533**	**1,137,882**
Net Cash Provided (Used) by Operating Activities	**$ 1,094,479**	**$ (3,012,352)**
Non-Cash Capital and Related Financing Activities:		
Acquisition and construction of capital assets in accrued liabilities	$ 1,108,539	$ 687,346
Accrued interest on CalTrans loan and CEC loan	38,008	522

See accompanying notes to financial statements.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The Monterey Peninsula Airport District (District) was established under the provisions of Article 133 of the General Law of the State of California on March 22, 1941, for the purpose of operating and maintaining a public airport. Originally, it consisted of 37 acres, which were contributed to the District by the City of Monterey. The District has acquired additional land through grants and purchases in subsequent years and now totals 507 acres. For financial reporting purposes, the District's basic financial statements include all financial activities that are controlled or are dependent upon actions taken by the District's Board of Directors. There are no component units considered for inclusion in the District's financial reporting entity.

B. Measurement Focus and Basis of Accounting

The District's financial activities are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The District distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues generally result from providing services and producing and delivering goods in connection with an organization's principal ongoing operations. The principal operating revenues of the District are charges to airlines, concessionaires, parking and property rental. Operating expenses of the District include personnel costs, administrative expenses and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as needed.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

D. Investments

The District reports its investments at fair value in the accompanying financial statements and the corresponding change in fair value of investments is reported in the year in which the change occurs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by GAAP.

The District invests its surplus cash in (1) U.S. Treasury Bills with original maturity dates of one year or less, (2) certificates of deposit with original maturity dates of three months or longer and (3) obligations of the State Treasurer's Local Agency Investment Fund ("LAIF").

E. Receivables

Receivables from tenants are recorded when the revenues are earned under the accrual method of accounting and accounted for using the allowance method. The allowance is estimated using historical collection experience as well as management's judgment about collectability of individual receivables. The allowance at both June 30, 2023 and 2022 was $10,000.

F. Prepaid Expenses

Prepaid amounts are allocated to expense prorated in the periods in which the benefit is received.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets

Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Gifts or contributions of such assets are stated at acquisition value on the date received. The District's policy is to capitalize assets with a value in excess of $5,000 for furniture, equipment and vehicles and $25,000 for land, facilities and improvements.

Depreciation has been provided using the straight-line method over the estimated useful lives, which range as follows:

Land improvements	10 - 40 years
Buildings and improvements	10 - 40 years
Furniture, equipment and vehicles	3 - 20 years

Intangible assets include the District's logo, noise study, master plan update and easements related to soundproofing of neighboring residences. These have been amortized on the straight-line basis over the estimated useful lives of the assets, which are 10 – 40 years. Depreciation is not provided on construction in progress until construction is complete and the asset is placed in service.

H. Employee Benefits

Fringe benefits such as pension, health insurance, dental insurance, vision insurance, and paid- time-off, are provided to employees per the District's current human resources policies or as determined by respective agreements between the District and the respective employees' collective bargaining agreements.

I. Accrued Compensated Absences

The District's personnel policy provides full-time employees with vacation and sick leave in varying amounts, and at termination or retirement, employees are paid for accumulated (vested) vacation. Employees are paid up to a maximum of one month's salary for accumulated sick leave upon retirement; employees separated under circumstances other than retirement are not paid for accumulated sick leave. Accordingly, compensation for vacation and sick leave is charged to expense as earned by the employee, and accumulated, unpaid vacation and sick leave, which is payable upon an employee's termination or retirement, is recorded as a liability.

J. Unearned Revenues

Unearned revenues represent amounts collected before year-end, which were not earned as of year- end.

K. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense. Excluding deferred pension contributions, the remaining pension related deferred outflows and inflows of resources are amortized over the remaining expected average remaining service lifetime 3.7 years or five years, depending on the nature of items.

Deferred outflows and inflows of resources related to OPEB are certain changes to the total OPEB liability that are to be recognized in future OPEB expense. The OPEB related deferred outflows and inflows of resources are amortized: (1) over the expected average remaining service lifetime (5.48 years) for changes between expected and actual experience, changes in assumptions and changes in proportion; and (2) over five years for the net differences between projected and actual earnings on OPEB pension plan investments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Net Position

Net position comprises the various accumulated net earnings from operating income or losses, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted net position represents unspent Passenger Facility Charges (PFC), unspent Customer Facility Charges (CFC) and Security Deposits which are restricted by enabling legislation.

Unrestricted - This component represents net position that does not meet the definition of "restricted" or "net investment in capital assets."

M. Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a PFC on enplaning passengers. In May 1991, the Federal Aviation Administration (FAA) issued the regulations for the use and reporting of PFC's. PFC's may be used for airport projects, which meet at least one of the following criteria: preserve or enhance safety, security or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport.

The District was granted permission to begin collection of a $3.00 PFC effective January 1, 1994. The charges, less an administrative fee charged by the airlines for processing, are collected by the airlines and remitted on a monthly basis to the District. Effective July 27, 2001, the District received approval from the FAA to increase the PFC charge to $4.50 per enplaned passenger.

Pursuant to governmental accounting standards, the District records PFCs as nonoperating revenue. The fees are reserved for specific purposes as defined in the approval letter received from the FAA's administrator. The District's applications for PFCs were approved as impose and use. It is the position of the District that these receipts should be recognized immediately in the period earned or collected by the airline and reported.

N. Operating Grants and Capital Contributions

Certain expenditures for airport capital improvements, airport safety and security operations, are significantly funded through the Airport Improvement Program (AIP) of the FAA and Transportation Security Administration (TSA), with certain matching funds provided by the District. Funding provided under government grants is considered earned as the related allowable expenditures are incurred. In addition, to provide temporary relief to governments in lights of the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law by the President on March 27th, 2020. Included in the CARES Act was $12 million of approved aid for the District, funded by the FAA through the AIP grant.

Grants awarded by TSA to reimburse certain police department's costs are reported in the statement of revenues, expenses and changes in net position as nonoperating revenues. For the years ended June 30, 2023 and 2022, the District requested and received $116,800, as reimbursement of certain police department costs. Grants for capital asset acquisition, facility development and rehabilitation are reported as capital contributions, after nonoperating revenues and expenses. For the years ended June 30, 2023 and 2022, the District recognized $6,753,917 and $7,467,396, respectively, as capital contributions funded by AIP grants. Grants used to offset operating losses due to COVID-19 are reported as nonoperating revenues. For the year ended June 30, 2023 and 2022, the District requested and received $4,299,604 and $9,354,728, respectively in reimbursable costs funded by additional AIP grants.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act) was signed into law. The CRRSA Act includes nearly $2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the coronavirus disease 2019 (COVID-19) pandemic. The District received two CRRSA Act grants totaling $2,126,221.

O. Use of Estimates

Management of the District has made certain estimates and assumptions relating to the reporting of assets, deferred outflows of resources, liabilities, deferred inflows of resources and revenues and expenses to prepare these financial statements in conformity with GAAP. Actual results may differ from those estimates.

P. New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncements were effective for and/or early implemented for the fiscal year ended June 30, 2023:

1. GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

2. GASB Statement No. 100, Accounting Changes and Error Corrections

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Q. Reclassifications and Presentation

In the Statement of Net Position as of June 30, 2023, the non-current portion of the lease receivable in accordance with GASB 87 is presented. The non-current portion of the lease receivable as of June 30, 2022 has been reclassified for comparability.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2023 and 2022, comprised of the following:

	2023	2022
Unrestricted:		
Deposits with banks/custodians	$ 1,983,523	$ 2,004,131
Investments	15,836,415	6,345,765
Total unrestricted	17,819,938	8,349,896
Restricted:		
Deposits with banks/custodians	$ 2,910,566	$ 2,392,751
Investments	687,261	545,014
Total restricted	3,597,827	2,937,765
Total cash and investments	$21,417,765	$11,287,661

A. Custodial Credit Risk – Deposits and Investments

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. However, the District follows the California Government Code, which requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy contains legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

B. Investments Permitted

The table below identifies the investment types that are authorized for the District by the California Government Code 53601 or the District's Investment Policy, where the policy is more restrictive. The District's Investment Policy is more restrictive than the California Government Code in that the allowed investments are limited to the State of California's Local Agency Investment Fund and certificates of deposits, which may not exceed $250,000 per institution in order that the principal remain fully insured by the federal government. The table also identifies certain provisions of the California Government Code that address interest rate risk and concentration of credit risk.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio*	Maximum Investment In One Issuer
FDIC Insured Negotiable and Nonnegotiable Certificates of Deposit	5 Year	None	$250,000 per institution
State of California Local Agency Investment Fund (LAIF)	N/A	None	None
United States Treasury Bills	5 Year	None	None

* Excludes amounts held by fiscal agents that are not subject to California Government Code restrictions.

C. Investments

The following is a summary of the District's investments at June 30, 2023:

		(Maturity in Years)		
	Fair Value	Less than 1	1 - 5	Credit Ratings (Standard & Poor's)
Negotiable certificates of deposits	$ 1,163,421	$ 390,352	$ 773,069	Not Rated
Local Agency Investment Fund	492,500	492,500	-	Not Rated
U.S. Treasury Bills	14,867,755	14,867,755	-	AA+
Total investment	$ 16,523,676	$ 15,750,607	$ 773,069	

The following is a summary of the District's investments at June 30, 2022:

		(Maturity in Years)		Credit Ratings
	Fair Value	Less than 1	1 - 5	(Standard & Poor's)
Negotiable certificates of deposits	$ 1,308,803	$ 670,620	$ 638,183	Not Rated
Local Agency Investment Fund	5,581,976	5,581,976	-	Not Rated
Total investment	$ 6,890,779	$ 6,252,596	$ 638,183	

The District is a voluntary participant in the LAIF that is governed by the California Government Code under the oversight of the Local Investment Advisory Board (Board). The board consists of five members as designated by state statute. The fair value of the District's investment in the LAIF pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the District's position in the LAIF pool. LAIF is not rated by rating agencies. The weighted average maturity of LAIF at June 30, 2023 and 2022 was 260 and 311 days, respectively.

As of June 30, 2023, and 2022, the District had unrestricted investments of $492,500 and $5,581,976, respectively invested in LAIF, which had invested 1.88% and 2.31% of the pooled investment funds in Structured Notes and Asset-Backed Securities. LAIF is part of the State's Pooled Money investment Account (PMIA). PMIA has a total of $178.4 billion and $229.9 billion in its investment portfolio as of June 30, 2023 and 2022, respectively. The District valued its investments in LAIF as of June 30, 2023 and 2022, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized costs resulting in a factor of 0.984828499 and 0.987125414 as of June 30, 2023 and 2022, respectively.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District does not have any of its investments using level 1 and 3 inputs.

The District's investments in negotiable certificates of deposits are classified in Level 2 of the fair value hierarchy and are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The District's investment in LAIF is exempt from the fair value hierarchy.

D. Restricted Cash and Investments

At June 30, 2023 and 2022, cash and investments were restricted for the following:

	June 30, 2023			June 30, 2022		
	Cash in Bank	Investments	Total	Cash in Bank	Investments	Total
Security deposits from tenants	$ 52,464	$ 396,872	$ 449,336	$ 442,208	$ -	$ 442,208
Passenger facility charge program	1,244,580	290,389	1,534,969	1,086,113	545,014	1,631,127
Debt service	-	-	-	5,003	-	5,003
Royal Alliance	272,263	-	272,263	-	-	-
Capital Expenditures	5,000	-	5,000	-	-	-
CalTrans Loans Debt Service	333,919	-	333,919	-	-	-
Customer Facilities Charges	1,002,340	-	1,002,340	859,427	-	859,427
Total restricted cash and investments	$ 2,910,566	$ 687,261	$ 3,597,827	$ 2,392,751	$ 545,014	$ 2,937,765

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance at June 30, 2022	Additions/ Transfers	Disposals/ Transfers	Balance at June 30, 2023
Capital assets not being depreciated:				
Land	$ 4,206,755	$ -	$ -	$ 4,206,755
Construction in progress	14,000,068	12,958,701	(14,890,705)	12,068,064
Total Capital Assets Not being Depreciated	18,206,823	12,958,701	(14,890,705)	16,274,819
Capital assets being depreciated/amortized:				
Intangible assets	26,258,325	-	-	26,258,325
Land improvements	97,043,282	14,530,857	-	111,574,139
Buildings and improvements	27,279,387	278,632	-	27,558,019
SBITA Asset	-	11,581	-	11,581
Furniture, equipment and vehicles	7,944,201	81,216	-	8,025,417
Total Capital Assets being Depreciated	158,525,195	14,902,286	-	173,427,481
Less accumulated depreciation/amortization for:				
Intangible assets	22,541,816	313,998	-	22,855,814
Land improvements	45,502,199	3,683,272	-	49,185,471
Buildings and improvements	19,469,608	1,250,243	-	20,719,851
Furniture, equipment and vehicles	4,831,605	330,364	-	5,161,969
Less Accumulated Depreciation/Amortization	92,345,228	5,577,877	-	97,923,105
Total Capital Assets, Being Depreciated, Net	66,179,967	9,324,409	-	75,504,376
Total Capital Assets, Net	$ 84,386,790	$ 22,283,110	$ (14,890,705)	$ 91,779,195

NOTE 3: CAPITAL ASSETS (CONTINUED)

Construction in progress activity for the year ended June 30, 2023, was as follows:

Projects		Balance July 1, 2022	Additions/ Transfers	Completed Transferred to Depreciable/ Disposed	Balance June 30, 2023
2019-03	Water Distribution System	$ 535,192	$ 402,569	$ -	$ 937,761
2020-04	CCTV and Perimeter Camera System	-	109,401	(109,401)	-
2020-12	Northside GA Apron Construction	8,516,259	736,990	(9,253,249)	-
2020-13	Northeast VSR Improvements	1,912,961	103,970	(2,016,931)	-
2020-14	Demolish Building 505	203,879	-	-	203,879
2021-04	SEP Phase 1 A1- Commercial Apron Design	2,429,001	722,275	(3,151,276)	-
2022-01	SEP Phase B1/B2/B3- ARFF Design	374,767	4,904,759	-	5,279,526
2022-03	Vehicle Replacement	27,859	126,753	(154,612)	-
2023-01	SEP Phase D1- Terminal Design	150	195,708	-	195,858
2023-04	2801 Property Repair	-	40,871	-	40,871
2023-05	Fred Kane to Skypark Paving	-	31,661	-	31,661
2023-06	Airfield Vehicle Gates - $100K	-	45,236	(45,236)	-
2023-07	Terminal Building Painting	-	160,000	(160,000)	-
2023-07	West Hold Room Passenger flow Upgrades	-	69,210	-	69,210
2023-08	SE Hangar Relocation	-	5,309,298	-	5,309,298
	Total	$ 14,000,068	$ 12,958,701	$ (14,890,705)	$ 12,068,064

NOTE 3: CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance at June 30, 2021	Additions/ Transfers	Disposals/ Transfers	Balance at June 30, 2022
Capital assets not being depreciated:				
Land	$ 4,206,755	$ -	$ -	$ 4,206,755
Construction in progress	16,250,965	9,994,742	(12,245,639)	14,000,068
Total Capital Assets Not being Depreciated	20,457,720	9,994,742	(12,245,639)	18,206,823
Capital assets being depreciated/amortized:				
Intangible assets	23,612,155	2,646,170	-	26,258,325
Land improvements	88,386,958	8,656,324	-	97,043,282
Buildings and improvements	26,937,622	341,765	-	27,279,387
Furniture, equipment and vehicles	7,247,097	697,104	-	7,944,201
Total Capital Assets being Depreciated	146,183,832	12,341,363	-	158,525,195
Less accumulated depreciation/amortization for:				
Intangible assets	(22,338,075)	(203,741)	-	(22,541,816)
Land improvements	(41,746,483)	(3,755,716)	-	(45,502,199)
Buildings and improvements	(18,218,865)	(1,250,743)	-	(19,469,608)
Furniture, equipment and vehicles	(4,554,819)	(276,786)	-	(4,831,605)
Less Accumulated Depreciation	(86,858,242)	(5,486,986)	-	(92,345,228)
Total Capital Assets, Being Depreciated, Net	59,325,590	6,854,377	-	66,179,967
Total Capital Assets, Net	$ 79,783,310	$ 16,849,119	$ (12,245,639)	$ 84,386,790

NOTE 3: CAPITAL ASSETS (CONTINUED)

Construction in progress activity for the year ended June 30, 2022, was as follows:

Projects		Balance July 1, 2021	Additions/ Transfers	Completed Transferred to Depreciable	Balance June 30, 2022
2016-01	NEPA/CEQA Safety Initiative	$ 2,646,170	$ -	$ (2,646,170)	$ -
2019-01	Infield Safety Area Rehab Phase 1	8,560,458	-	(8,560,458)	-
2019-03	Water Distribution System	106,380	428,812	-	535,192
2020-03	FIDS Computer Upgrades	225,797	66,260	(292,057)	-
2020-12	Northside GA Apron Construction	2,959,977	5,556,282	-	8,516,259
2020-13	Northeast VSR Improvements	1,094,310	818,651	-	1,912,961
2020-14	Demolish Building 505	155,575	48,304	-	203,879
2021-01	RSA Mitigation 6 & 7	46,946	48,920	(95,866)	-
2021-03	Electric Vehicle DC Fast Chargers	364,273	-	(364,273)	-
2021-04	SEP Phase A1- Commercial Apron Design	91,078	2,337,923	-	2,429,001
2022-01	SEP Phase B1/B2/B3- ARFF Design	-	374,767	-	374,767
2022-02	Vehicle Replacement	-	27,859	-	27,859
2022-04	It Upgrades	-	40,774	(40,774)	-
2022-05	Property Repairs	-	246,040	(246,040)	-
2023-01	SEP Phase D1- Terminal Design	-	150	-	150
	Total	$ 16,250,965	$ 9,994,742	$ (12,245,639)	$ 14,000,068

At June 30, 2023 and 2022, intangible assets consist of the following:

	2023	2022
Noise safety study and sound proofing easements	$ 21,549,356	$ 21,549,356
Master Plan	1,747,376	1,747,376
Wildlife hazard assessment plan	151,939	151,939
East End Development Procedure	49,005	49,005
FAA Disparity Study	114,479	114,479
NEPA / CEQA -- Safety Installation	2,646,170	2,646,170
Total intangible assets, gross	26,258,325	26,258,325
Less accumulated amortization	(22,855,814)	(22,541,816)
Total intangible assets, net	$ 3,402,511	$ 3,716,509

NOTE 4: ACCRUED LIABILITIES

At June 30, 2023 and 2022, accrued liabilities consist of the following:

	2023	2022
Accrued employee benefits	$ 44,236	$ 40,460
Other accrued expenses	42,938	136,418
Total accrued liabilities	$ 87,174	$ 176,878

NOTE 5: ACCRUED COMPENSATED ABSENCES

A summary of the changes in compensated absences for the year ended June 30, 2023, is as follows:

Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
$ 189,617	$ 186,308	$ 204,250	$ 171,675	$ 30,689

A summary of the changes in compensated absences for the year ended June 30, 2022, is as follows:

Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due in One Year
$ 185,902	$ 30,112	$ 26,397	$ 189,617	$ 34,044

NOTE 6: LONG-TERM OBLIGATIONS

A summary of the changes in long-term obligations for the year ended June 30, 2023, is as follows:

Notes from Private Borrowings and Direct Placements	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
Due to the City of Monterey (Note 10)	$ 19,966	$ -	$ 19,966	$ -	$ -
CalTrans Loan	-	3,740,958	-	3,740,958	143,708
CEC secured loan	2,342,089	-	156,672	2,185,417	158,185
PG&E Loan	106,502	-	53,300	53,202	44,785
Total	$ 2,468,557	$ 3,740,958	$ 229,938	$ 5,979,577	$ 346,678

A summary of the changes in long-term obligations for the year ended June 30, 2022, is as follows:

Notes From Private Borrowings and Direct Placements	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due in One Year
Due to the City of Monterey (Note 11)	$ 39,932	$ -	$ 19,966	$ 19,966	$ 19,966
Pension obligation bonds	371,000	-	371,000	-	-
CEC secured loan	2,497,206	-	155,117	2,342,089	156,672
PG&E Loan	160,821	-	54,319	106,502	53,300
Total	$ 3,068,959	$ -	$ 600,402	$ 2,468,557	$ 229,938

A. Pension Obligation Bonds

On June 27, 2012, the District issued Taxable Pension Obligation bonds for the purpose of refinancing the outstanding "side fund" obligations in the amount of $3,077,000 with an interest rate of 4.40% per annum. The bonds are subject to mandatory redemption every six months as set forth in the Indenture of Trust. This obligation was incurred to retire a previously unrecorded liability between the District's funded status of the CalPERS plan versus the funded status of the entire risk pool. The outstanding note from this direct borrowing contains a provision that in the occurrence or continuation of any event of default the trustee, at the written direction of the bond owners, must declare the principal of the bonds, together with the accrued interest, to be due and payable immediately and may exercise any other remedies available to the trustee and bond owners in law or at equity to enforce the rights of the bond owners. In addition, upon the occurrence and during the continuation of an event of default, interest on the bonds shall accrue at the default rate. The pension obligation bonds were paid in full as of June 30, 2022.

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

B. California Energy Commission (CEC) Solar Array Loan

In May 2017, the Monterey Peninsula Airport District entered into a construction loan from the CEC to assist in the development of a 3-acre solar farm to power the District's operations. The CEC construction loan provided a maximum amount of $3,000,000 at 1.00% per annum for a period of 16.1 years. The District requested and received reimbursements from the CEC loan totaling $2,497,206 as of June 30, 2021. The 2023 payment includes the principal reduction and accrued interest during construction and the first year of operation. The remainder of the CEC loan will be repaid through the Airport's electricity savings earned from the solar farm. The solar farm was operational in November of fiscal year 2018. The outstanding note from this direct borrowing contains a provision that in the occurrence of any event of default, the Energy Commission may, to the extent permitted by law, declare all or any portion of the principal and accrued interest on this promissory note to be immediately due and payable.

The future debt service requirements for the California Energy Commission (CEC) Loan at June 30, 2023, are as follows:

Year	Principal	Interest	Total Requirement
2024	$ 158,185	$ 21,518	$ 179,703
2025	159,828	19,875	179,703
2026	161,430	18,273	179,703
2027	163,049	16,654	179,703
2028	164,643	15,060	179,703
2029-2033	848,490	50,025	898,515
2034-2036	529,792	8,868	538,660
Total	$ 2,185,417	$ 150,273	$ 2,335,690

C. PG&E Loan

In June 2020, the District entered into a loan agreement with PG&E to participate in the Energy Efficiency Retrofit Loan Program (the "Program"). The program is funded by California utility customers and administered by Pacific Gas and Electric Company (PG&E) under the auspices of the California Public Utilities Commission (CPUC). The Program provides qualified PG&E customers with a means to finance energy efficient (EE) retrofit projects implemented under select PG&E EE Programs (the "Qualified Program"). The loans issued under the Program are interest free, unsecured loans to fully or partially reimburse qualified PG&E customers for the costs they incur in connection with a qualified retrofit project (the "Retrofit Project"), which term shall mean the energy efficiency retrofit project described in Customer's relevant Energy Efficiency Program Application. The future debt service requirements for the PG&E Loan at June 30, 2023, are as follows:

Year	Principal
2024	$ 44,785
2025	8,417
Total	$ 53,202

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

D. CalTrans Loan

On March 17, 2023 the District entered into a loan agreement with the State of California, Department of Transportation, Division of Aeronautics ("CalTrans") for the purpose of financing, in part, the purchase of new hangars, which are being constructed by a third party, on the North Side of the Airport. The loan of $3,740,958 is for a period of seventeen (17) years at an annual fixed interest rate of 5.084645 percent. The annual payments, plus accrued interest, become due one year from April 19, 2023 (the date the warrant was issued to the District) and each year thereafter. The loan may be prepaid at any time without penalty.

The future debt service requirements for the CalTrans Loan at June 30, 2023, are as follows:

Year	Principal	Interest	Total Requirement
2024	$ 143,708	$ 190,211	$ 333,919
2025	151,015	182,904	333,919
2026	158,693	175,225	333,918
2027	166,762	167,157	333,919
2028	175,241	158,678	333,919
2029-2033	1,019,270	650,321	1,669,591
2034-2038	1,306,122	363,470	1,669,592
2039-2040	620,147	47,688	667,835
Total	$ 3,740,958	$ 1,935,654	$ 5,676,612

NOTE 7: LEASES

A. Leases Receivable in accordance with GASB 87

The District functions as a landlord or lessor to tenants that lease terminal space, office suites, aircraft hangars, recreational vehicle parking spaces, buildings and land within its boundaries. Lease types include month-to-month, general long-term operating and regulated long-term capital as defined by GASB 87.

The District recognizes lease revenues by category and three categories are impacted by the implementation of GASB 87. Specific leases in General Aviation, Terminal Concessions and Non-Aviation revenue categories were reclassified from long-term operating to GASB 87 capital leases. Those leases are for commercial buildings, commercial office space, land, and terminal restaurant and gift shop concessions.

Lease receivables and deferred leases income are $10,647,597 and $11,947,365 for fiscal years 2023 and 2022, respectively. The District uses the Standards and Poor's municipal bond 20 year high grade index to estimate the discount rate to apply for the GASB 87 lease receivable which is 4.28% on June 30, 2023. The estimated rate of 3.00% was used as of June 30, 2022.

NOTE 7: LEASES (CONTINUED)

The table below summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows and lease interest receivable at an estimated District discount rate of 4.28% as of June 30, 2023:

Fiscal Year	Lease Receivable	Lease Interest	Total Lease Payments
2024	$ 1,073,013	$ 419,353	$ 1,492,367
2025	1,011,166	376,462	1,387,628
2026	963,291	335,558	1,298,849
2027	1,009,339	294,952	1,304,291
2028	753,742	256,507	1,010,249
2029-2033	2,273,229	930,468	3,203,698
2034-2038	1,013,424	620,612	1,634,036
2039-2042	990,675	429,584	1,420,259
2043-2048	1,031,456	209,214	1,240,670
2049-2053	528,260	48,723	576,983
	$ 10,647,596	$ 3,921,434	$ 14,569,030

The table below summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows and lease interest receivable at an estimated District discount rate of 3.00% as of June 30, 2022:

Fiscal Year	Lease Receivable	Lease Interest	Total Lease Payments
2023	$ 1,092,200	$ 343,580	$ 1,435,780
2024	1,124,787	310,119	1,434,906
2025	1,046,968	277,587	1,324,555
2026	1,007,337	246,749	1,254,086
2027	1,043,172	215,988	1,259,159
2028-2032	2,689,211	763,579	3,452,790
2033-2037	1,182,766	493,643	1,676,409
2038-2042	1,001,169	342,175	1,343,344
2043-2047	1,099,260	181,320	1,280,581
2048-2052	581,179	51,152	632,331
2053	79,316	1,094	80,410
	$ 11,947,365	$ 3,226,986	$ 15,174,351

B. <u>Regulated Leases Excluded by GASB 87</u>

A significant portion of the District's revenue comes from regulated leases of which the District is the lessor. Regulated leases as defined by the Department of Transportation and the Federal Aviation Administration and outlined in GASB 87 paragraphs 42 and 43 are specifically excluded. Terminal space, aircraft hangars, recreational vehicle parking spaces are generally month-to-month leases are described in the information herein.

The District leases parts of the terminal building, parking areas, north side buildings, land, hangars and ramps to various businesses and individuals under long-term leases with terms from 5 – 60 years. Rental revenues from these regulated leases were $950,479 and included in terminal leases and concessions, heavy general aviation and light general aviation for the year ended June 30, 2023. The cost of property held for leasing is not readily determinable.

NOTE 7: LEASES (CONTINUED)

Future minimum rentals on regulated leases as of June 30, 2023, are as follows:

Fiscal Year	Total Payment
2024	$ 964,954
2025	964,954
2026	964,954
2027	964,954
2028	964,954
2029 - 2033	4,824,770
2034 - 2038	4,824,770
2039 - 2043	4,824,770
2043 - 2048	4,824,770
2049 - 2053	3,815,153
2054 - 2058	2,391,327
Total	$ 30,330,330

Future minimum rentals on regulated leases as of June 30, 2022, are as follows:

Fiscal Year	Total Payment
2023	$ 924,610
2024	924,610
2025	924,610
2026	924,610
2027	924,610
2028-2032	4,623,049
2033-2037	4,623,049
2038-2042	4,623,049
2043-2047	4,623,049
2048-2052	3,719,092
2053-2057	2,304,872
Total	$ 29,139,210

NOTE 8: PENSION PLAN

A. Plan Description

All full-time and certain other qualifying employees of the District are eligible to participate in the Public Employees' Retirement Fund of the State of California's Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer plan. CalPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. CalPERS provides retirement, disability and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service. benefit provisions and other requirements are established by State statute and by District resolution.

The State of California passed the California Employee's Pension Reform Act (PEPRA), which became effective on January 1, 2013. PEPRA changes included the classification of active employees into two distinct classifications: classic members and new members. Classic members represent active members hired before January 1, 2013 and retain the pension plan benefits in effect. New members are active members hired on or after January 1, 2013 and are subject to PEPRA.

NOTE 8: PENSION PLAN (CONTINUED)

The District participates in five separate rate plans within the cost-sharing multiple-employer plan with CalPERS: Safety Fire, Safety Police, Miscellaneous, PEPRA Miscellaneous and PEPRA Police, collectively the Plans. The District no longer employs Safety Fire employees but maintains benefits for Safety Fire retirees.

B. 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. The death benefit is one of the following: the basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect as of the valuation date of June 30, 2021 are summarized as follows:

	Fire	Police	PEPRA Police	Misc	PEPRA Misc
Hire date	Prior to 1/1/2013	Prior to 1/1/2013	On/after 1/1/2013	Prior to 1/1/2013	On/after 1/1/2013
Benefit formula	3% @ 50	3% @ 50	2.7% @ 57	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 & Up	50 & Up	57 & Up	55 & Up	62 & Up
Monthly benefits, as a percentage of eligible compensation	3.00%	3.00%	2.7%	1.426%-2.418%	2%
Required employee contribution rates	0%	0%	0.00%	7.00%	6.75%
Required employer contribution rates	0.00%	0.00%	0.00%	10.87%	7.47%
Required employer payment for unfunded liability	$ 208,525	$ 120,520	$ 3,320	$ 152,634	$ -

C. Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires 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 the Plans are determined annually on an actuarial basis as of June 30th by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2023 and 2022, the employer contributions recognized as a reduction to the net pension liability were $5,035,621 and $852,725, respectively.

NOTE 8: PENSION PLAN (CONTINUED)

D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, and 2022, the District's reported total net pension liability of $5,802,890 and $6,509,179, respectively, for its proportionate shares of the net pension liability. The District's net pension liability is measured as the proportionate share of the net pension liability of the cost-sharing plan. The net pension liability at June 30, 2023 and 2022, of the Plan is measured as of June 30, 2022 and 2021 (measurement dates), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020, respectively, rolled forward to June 30, 2022 and 2021 using standard update procedures. The District's proportion of the net pension liability was based on the District's total pension liability based on the District's share of the actuarial accrued liability of the cost-sharing plan less the District's share of the fiduciary net position based on the District's share of the market value of assets in the cost-sharing plan. The District's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2023 and 2022, were .03289% and 0.17313%, respectively.

For the years ended June 30, 2023 and 2022, the District recognized pension expense of $240,032 and $1,486,700, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 627,970	$ -
Differences between expected and actual experiences	190,821	(69,016)
Change in assumptions	588,906	-
Net differences between projected and actual earnings on pension plan investments	974,857	-
Adjustment due to difference in proportions	57,913	(4,510,691)
Differences between actual contributions and the proportionate share of contributions	2,657,725	(429,653)
Total	$ 5,098,192	$ (5,009,360)

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,035,621	$ -
Differences between expected and actual experiences	1,022,699	-
Change in assumptions	-	(4,297,015)
Net differences between projected and actual earnings on pension plan investments	136,103	(9,981)
Adjustment due to difference in proportions	-	-
Differences between actual contributions and the proportionate share of contributions	-	(852,275)
Total	$ 6,194,423	$ (5,159,271)

NOTE 8: PENSION PLAN (CONTINUED)

At June 30, 2023 and 2022, the District reported $627,970 and $5,035,621, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the years ended June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources	
2024	$	(918,726)
2025		(1,010,256)
2026		(1,184,023)
2027		2,573,869
Total	$	(539,136)

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources	
2023	$	(887,464)
2024		(918,726)
2025		(1,010,256)
2026		(1,184,023)
Total	$	(4,000,469)

E. <u>Actuarial Assumptions</u>

The total pension liabilities were determined using the following actuarial assumptions:

	2023	2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial assumptions		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Payroll Growth	2.75%	3.00%
Projected Salary Increase	2.3% depending on Age, Service, and Type of Employment	2.5% depending on Age, Service, and Type of Employment
Investment Rate of Return	7.00% net of pension plan investment expenses, includes inflation	7.15% net of pension plan investment expenses, includes inflation
Mortality	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds

The mortality table used in the June 30, 2022 and 2021 valuation was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of

NOTE 8: PENSION PLAN (CONTINUED)

Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period 2001 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the experience study can be found on the CalPERS website under Forms and Publications.

F. Changes of Assumptions

No changes in assumptions.

G. Discount Rate

The discount rates used to measure the total pension liability at June 30, 2023 and 2022 were 6.90% and 7.15%, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

NOTE 8: PENSION PLAN (CONTINUED)

The target allocation for the June 30, 2023, measurement date was as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 (a,b)
Global Equity- cap-weighed	30.00%	4.54%
Global Equity non-cap-weighed	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.
(b) Figures are based on the 2021 Asset Liability Management study.

The target allocation for the June 30, 2022, measurement date was as follows:

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 1 - 10 (b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	77.00%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% used for this period.
(b) An expected inflation of 2.92% used for this period.

I. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability of the Plan as of the June 30, 2023 measurement date, calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

Decrease Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Increase Rate + 1% (7.90%)
$ 9,780,952	$ 5,802,890	$ 2,542,353

NOTE 8: PENSION PLAN (CONTINUED)

The following presents the District's proportionate share of the net pension liability of the Plan as of the June 30, 2022 measurement date, calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

Decrease Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Increase Rate + 1% (8.15%)
$ 11,585,844	$ 6,509,179	$ 2,331,099

J. Pension Plan Fiduciary Net Position

CalPERS issues a separate comprehensive annual financial report, copies of which may be obtained from the CalPERS website at https://www.calpers.ca.gov/page/forms- publications.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The District provides a defined benefit healthcare plan (Retiree Health Plan). The Retiree Health Plan provides healthcare insurance for eligible retirees that elect to keep healthcare insurance coverage through the CalPERS Health benefit Program upon retirement. Benefit provisions are established by the Board of Directors.

B. Funding Policy

The District's contribution for each miscellaneous and public safety fire retiree is the CalPERS mandatory employer portion of the health care premium. The District's contribution for each public safety police retiree is up to 90% of the health care premium (including the mandatory employer portion). The District currently contributes enough funds to the Retiree Health Plan to satisfy current obligations on a pay-as-you-go basis. The District does not have any assets segregated and restricted to provide funds towards the Retiree Health Plan.

C. Number of Covered Employees

At June 30, 2023 and June 30, 2022 reporting dates, the following numbers of employees were covered

Measurement Date	6/30/2022	6/30/2021
Active	21	21
Retirees	17	17
Total	38	38

D. Contributions

The District's contribution for each miscellaneous and public safety retiree is the CalPERS mandatory employer portion of the health care premium. The District's contribution for each public safety police retiree is up to 90% of the health care premium (including the mandatory employer portion). The District currently contributes enough funds to the Retiree Health Plan to satisfy current obligations on a pay-as-you-go basis. The District does not have any assets segregated and restricted to provide funds towards the Retiree Health Plan. The contributions made to fund the Retiree Health Plan for the measurement periods ended June 30, 2023 and 2022 were $72,215 and $86,695, respectively.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

E. Employer's Total OPEB Liability

The total OPEB liability as of June 30, 2023 and 2022 are presented below:

For Reporting at Fiscal Year End	June 30, 2023	June 30, 2022
Measurement Date	*6/30/2022*	*6/30/2021*
Total OPEB Liability	$ 1,560,497	$ 2,032,252

F. Significant Actuarial Assumptions Used in Calculating the Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Valuation date	June 30, 2021
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets ($0; plan is not yet funded)
Discount Rate	4.09% as of June 30, 2022
Discount Rate	2.18% as of June 30, 2021
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.00% per year; since benefits do not depend on pay, this is used only to allocate the costs of benefits between service years.
Assumed Wage Inflation	3.0% per year: a component of assumed salary increases.
General Inflation Rate	2.5% per year

G. Discount Rate

When an agency finances retiree benefits on a pay-as-you-go basis, GASB Statement No. 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate. The District intends to continue financing its OPEB liability on a pay-as-you-go basis. Therefore, the District's discount rate used in this valuation is based on the S&P Municipal Bond 20 Year High Grade Index. As of the beginning and end of the Measurement Period this index requires use of discount rates of 4.09% as of June 30, 2022 and 2.18% as of June 30, 2021.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

H. Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the years ended June 30, 2023 and June 30, 2022, respectively:

For Reporting at Fiscal Year End *Measurement Date*	June 30, 2023 *6/30/2022*	June 30, 2022 *6/30/2021*	Change During Period
Balance at beginning of period	$ 2,032,252	$ 2,103,849	$ (71,597)
Changes for the year			
Service cost	36,220	38,344	(2,124)
Interest	44,147	55,829	(11,682)
Differences between expected and actual experience	-	(232,053)	232,053
Changes of assumptions	(465,393)	152,978	(618,371)
Contributions - employer			
Benefit payments	(86,729)	(86,695)	(34)
Net Changes	(471,755)	(71,597)	(400,158)
Balance at end of period	$ 1,560,497	$ 2,032,252	$ (471,755)

I. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement periods ended June 30, 2021 and June 30, 2020:

Measurement Period June 30, 2022	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	$1,779,283	$1,560,497	$1,385,003

Measurement Period June 30, 2021	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB Liability	$ 2,376,792	$ 2,032,252	$ 1,759,546

J. Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the Total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023 and June 30, 2022:

Measurement Period June 30, 2022	1% Decrease (6% decreasing to 4%)	Current Healthcare Cost Trent Rates (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Total OPEB Liability	$1,348,621	$1,560,497	$1,826,189

Measurement Period June 30, 2021	1% Decrease (6% decreasing to 4%)	Current Healthcare Cost Trent Rates (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Total OPEB Liability	$1,756,892	$2,032,252	$2,377,396

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

K. OPEB Expense for Fiscal Year

For the year ended June 30, 2023, the District recognized OPEB expense of $(143,098). For the year ended June 30, 2022, the District recognized OPEB expense of $(49,010).

L. Deferred Outflows and Inflows of Resources as of Fiscal Year-End and Expected Future Expense Recognition

At June 30, 2023, the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 131,614	$ 419,478
Differences Between Expected and Actual Experience	106,767	482,197
Contributions Made Subsequent to the Measurement Date	72,215	-
Total	$ 310,596	$ 901,675

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of the deferred inflows of resources, which will be recognized as OPEB expense, is shown below.

For the Fiscal Year Ending June 30,	Recognized Deferred Outflows (Inflows) of Resources
2024	$ (196,469)
2025	(205,826)
2026	(130,400)
2027	(89,836)
2028	(40,763)
Total	$ (663,294)

At June 30, 2022, the District reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 178,572	$ 84,280
Differences Between Expected and Actual Experience	137,447	653,105
Contributions Made Subsequent to the Measurement Date	94,923	-
Total	$ 410,942	$ 737,385

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The District will recognize the contributions made subsequent to the measurement date in the next fiscal year. In addition, future recognition of the deferred inflows of resources, which will be recognized as OPEB expense, is shown below.

For the Fiscal Year Ending June 30,	Recognized Deferred Outflows (Inflows) of Resources
2023	$ (138,539)
2024	(111,543)
2025	(120,900)
2026	(45,474)
2027	(4,910)
Total	$ (421,366)

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There have been no significant reductions in insurance coverage from the previous year. The District has not settled claims in excess of the District's insurance coverage in any of the past three years.

The District purchased coverage through an insurance broker for property and commercial liabilities and losses incurred above its deductible limits. Different insurance carriers cover various categories of coverage and are listed separately. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, newly discovered information and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends (including frequency and amount of pay- outs), economic and social factors, newly discovered information and changes in the law.

The District's deductibles and maximum coverage follows:

Coverage	Deductible	Coverage (aggregate)
Buildings & Business Personal Property		
Except Tools & Maintenance Equipment	$ 10,000	$ 60,031,504
Tools & Maintenance Equipment	1,000	81,821
Boiler & Machinery	50,000	32,875,521
Solar Package	5,000/50,000	3,444,000
Automobile	2,500	1,000,000
Fire Truck Physical Damage	5,000	2,654,529
Airport Liability		50,000,000
Bodily Injury & Property	10,000 per occurrence	
Personal Injury	10,000 per occurrence	
Combined	10,000 per occurrence	
Public Officials Liability	100,000	5,000,000
Fiduciary Liability	5,000	1,000,000
Crime	5,000	1,000,000

NOTE 10: RISK MANAGEMENT (CONTINUED)

A. Workers' Compensation Insurance

The District purchases workers' compensation insurance through the Special District Risk Management Authority (SDRMA) with the following coverage level:

Coverage	Coverage
Workers' Compensation	Statutory
Employers' Liability	$ 5,000,000 (per Occurrence)

NOTE 11: COMMITMENTS AND CONTINGENCIES

A. Legal

The District is, from time to time, involved in lawsuits arising in the ordinary course of District operations that, in the opinion of management, will not have material effect on results of operations.

B. Grants and Contracts

The District participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements, applicable federal and other regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the District; however, as of the date of this report, no such reviews exist, and accordingly, no liabilities are reflected in the accompanying basic financial statements.

C. Fire Services

On October 31, 2013, the District, and the City of Monterey (City) entered into a fire and emergency services staffing agreement. The City will provide all staff required to operate the District's fire station and provide Airport Rescue Fire Fighting (ARFF) and on Airport Structural Fire Fighting (ASFF) services. The District would provide the fire station and associated equipment, and the ARFF and ASFF fire trucks. The City can house additional staff and fire trucks, and dispatch City fire trucks from the District fire house to service City public properties along the Highway 68 corridor and for Statewide mutual aid and assistance services.

Included in this initial contract the District transferred to the City its unused and unpaid compensated absence balances excluding sick leave in the amount of $199,661 of which $0 and $19,966 remains outstanding on June 30, 2023 and 2022, respectively. The District reimburses the City at a rate of 10% per year or $19,666 for a period of ten years until the City is compensated for the initial value of the unpaid sick leave balance.

The initial term of the agreement was from January 1, 2014, through July 1, 2019, with an automatic extension in five-year terms unless either party gives written notice of its intent to allow the agreement to lapse. In consideration for these services, the District agreed to compensate the City with an initial Fire Service Fee (Fee) in the amount of $1,650,000 per fiscal year, payable monthly. The initial Fee would be adjusted each fiscal year using the All Urban Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the San Francisco-Oakland-San Jose Metropolitan Area.

In March 2019, the District adopted a resolution for a new fire and emergency services staffing agreement between the District and the City of Monterey (City) to provide staff for fire and emergency services to the District and the City's public properties along the Highway 68 corridor. The initial term of the renewed agreement is from July 1, 2019 through July 1, 2024, with an option to extend in five-year terms, however the extension is not automatic.

NOTE 11: COMMITMENTS AND CONTINGENCIES (CONTINUED)

On August 16, 2023, the District adopted a resolution for a new fire and emergency services staffing Agreement between the District and the City of Monterey to provide staff for fire and emergency services to the District and the City's public properties along the Highway 68 corridor. The initial term of the Agreement commences on October 1, 2023 and terminates on June 30, 2028. The Agreement may be extended for additional five-year increments by resolution of both the MPAD Board of Directors and the Monterey City Council.

In the table below are the Fees included in the new Agreement.

Year	Fire Service Fee
2024	$ 1,340,680
2025	1,876,952
2026	1,970,799
2027	2,069,339
2028	2,172,806
Total	$ 9,430,576

NOTE 12: SUBSEQUENT EVENT

In January 2020, District conducted tree pruning, topping and removal on property owned by the District at 2801 Monterey Salinas Highway. These activities were accomplished in response to regulatory requirements of the Federal Aviation Administration and the State of California Department of Transportation, Division of Aeronautics.

The City of Monterey, on March 6, 2021, issued citations totaling $94,000 claiming the activities in question were accomplished without proper authorization. The District paid the citations in protest, notifying the City of its intent to appeal. During fiscal year 2023, the District and the City came to an agreement on the District's appeal and on July 3, 2023, the District received payment of $55,000.

In September 2023 the Airport received a $23,053,049 Grant towards the $43,000,000 Commercial Apron Project and was awarded a $3,000,000 Grant for replacement Terminal design under the competitive BIL/ATP process. The Airport is waiting on approval of the $3,322,281 Grant for the remaining replacement Terminal design costs under the BIL Entitlement program.

In October 2023 the Airport was awarded a $750,000 Grant from the U.S. Department of Transportation under the Small Community Air Service Development Program (SCASDP) for the goal of providing non-stop air service to Chicago.

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MONTEREY PENINSULA AIRPORT DISTRICT
Cost Sharing Multiple-Employer Plan
Schedule of Proportionate of the Net Pension Liability
As of June 30, For the Last Ten Fiscal Years[1]

	2015	2016	2017	2018
Measurement Period	*2014*	*2015*	*2016*	*2017*
Miscellaneous Rate Plan				
Rate Plan's Proportion of the Net Pension Liability	0.02158%	0.02008%	0.02172%	0.02270%
Rate Plan's Proportionate Share of the Net Pension Liability	$ 1,342,879	$ 1,378,489	$ 1,879,150	$ 2,251,219
Rate Plan's Covered Payroll	$ 1,921,962	$ 1,723,531	$ 1,677,728	$ 1,577,199
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	69.87%	79.98%	112.01%	142.74%
Safety Rate Plan				
Rate Plan's Proportion of the Net Pension Liability	0.06163%	0.06574%	0.06681%	0.06670%
Rate Plan's Proportionate Share of the Net Pension Liability	$ 3,834,741	$ 4,512,232	$ 5,781,218	$ 6,614,914
Rate Plan's Covered Payroll	$ 1,330,599	$ 549,603	$ 601,667	$ 547,264
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	288.20%	821.00%	960.87%	1208.72%
Total Plan				
Plan Proportion of the Net Pension Liability	0.08321%	0.08582%	0.08853%	0.08940%
Plan Proportionate Share of the Net Pension Liability	$ 5,177,620	$ 5,890,721	$ 7,660,368	$ 8,866,133
Plan Covered Payroll	$ 3,252,561	$ 2,273,134	$ 2,279,395	$ 2,124,463
Plan Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	159.19%	259.15%	336.07%	417.34%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	80.43%	78.40%	74.06%	73.31%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.5 % to 6.90 percent. In 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

[1] Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

2019	2020	2021	2022	2023
2018	*2019*	*2020*	*2021*	*2022*
0.02308%	0.02409%	0.02496%	0.02815%	0.02005%
$ 2,223,790	$ 2,468,530	$ 2,715,215	$ 1,522,216	$ 2,315,937
$ 1,671,567	$ 1,783,112	$ 1,751,206	$ 1,640,763	$ 1,788,853
133.04%	138.44%	155.05%	92.77%	129.46%
0.06914%	0.06953%	0.07062%	0.09221%	0.03019%
$ 6,662,340	$ 7,124,443	$ 7,683,882	$ 4,986,961	$ 3,486,953
$ 643,653	$ 188,737	$ -	$ -	$ -
1035.08%	3774.80%	0.00%	0.00%	0.00%
0.09222%	0.09362%	0.09558%	0.12036%	0.05024%
$ 8,886,130	$ 9,592,973	$ 10,399,097	$ 6,509,179	$ 5,802,890
$ 2,315,220	$ 1,971,849	$ 1,751,206	$ 1,640,763	$ 1,788,853
383.81%	486.50%	593.82%	396.72%	324.39%
75.26%	75.26%	75.10%	88.29%	76.70%

MONTEREY PENINSULA AIRPORT DISTRICT
Cost Sharing Multiple-Employer Plan
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years(1)

	2015	2016	2017	2018
Miscellaneous Rate Plan				
Actuarially Determined Contribution	$ 181,461	$ 183,331	$ 186,903	$ 204,396
Contribution in Relation to the Actuarially Determined Contribution	(181,461)	(183,331)	(186,903)	(204,396)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,723,531	$ 1,677,728	$ 1,577,199	$ 1,671,567
Contributions as a Percentage of Covered Payroll	10.53%	10.93%	11.85%	12.23%
Safety Rate Plan				
Actuarially Determined Contribution	$ 135,343	$ 294,509	$ 371,546	$ 429,673
Contribution in Relation to the Actuarially Determined Contribution	(135,343)	(294,509)	(371,546)	(429,673)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 549,603	$ 601,667	$ 547,264	$ 643,653
Contributions as a Percentage of Covered Payroll	24.63%	48.95%	67.89%	66.76%
Total Plan				
Actuarially Determined Contribution	$ 316,804	$ 477,840	$ 558,449	$ 634,069
Contribution in Relation to the Actuarially Determined Contribution	(316,804)	(477,840)	(558,449)	(634,069)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,273,134	$ 2,279,395	$ 2,124,463	$ 2,315,220
Contributions as a Percentage of Covered Payroll	13.94%	20.96%	26.29%	27.39%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

(2) The District is required to contribute to the Safety Rate Plan even though there is no Covered Payroll.

Note to Schedule:

Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Cost Method

Amortization method: Level percentage of pay, a summary of the current policy is provided in the table below:

Driver	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non-investment			
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method: Direct rate smoothing

Inflation: 2.30%

Payroll Growth: 2.75%

Projected Salary Increases: Varies by Entry Age and Service

Investment Rate of Return: 7.00% (net of pension plan investment and administrative expenses,

Retirement Age: All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality: The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

2019	2020	2021	2022	2023
$ 246,088	$ 279,219	$ 308,686	$ 1,375,701	$ 163,779
(246,088)	(279,219)	(308,686)	(1,375,701)	(163,779)
$ -	$ -	$ -	$ -	$ -
$ 1,783,112	$ 1,751,206	$ 1,640,763	$ 1,788,853	$ 1,890,776
13.80%	15.94%	18.81%	76.90%	8.66%
$ 431,855	$ 517,276	$ 544,039	$ 3,659,920	$ 464,250
(431,855)	(517,276)	(544,039)	(3,659,920)	(464,250)
$ -	$ -	$ -	$ -	$ -
$ 188,737	$ -	$ -	$ -	$ -
228.81%	0.00%	0.00%	0.00%	0.00%
$ 677,943	$ 796,495	$ 852,725	$ 5,035,621	$ 628,029
(677,943)	(796,495)	(852,725)	(5,035,621)	(628,029)
$ -	$ -	$ -	$ -	$ -
$ 1,971,849	$ 1,751,206	$ 1,640,763	$ 1,788,853	$ 1,890,776
34.38%	45.48%	51.97%	281.50%	33.22%

MONTEREY PENINSULA AIRPORT DISTRICT
Schedule of Changes in the Total OPEB Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years[1]

	2018	2019	2020
Total OPEB Liability			
Service cost	$ 96,514	$ 89,300	$ 95,605
Interest on the total OPEB liability	71,052	80,196	81,212
Actual and expected experience difference	-	-	(619,597)
Changes in assumptions	(194,370)	63,787	(92,995)
Benefit payments	(40,270)	(69,698)	(83,376)
Net change in total OPEB liability	**(67,074)**	**163,585**	**(619,151)**
Total OPEB liability - beginning	**2,574,814**	**2,507,740**	**2,671,325**
Total OPEB liability - ending	**$ 2,507,740**	**$ 2,671,325**	**$ 2,052,174**
Covered-employee payroll	$ 2,115,913	$ 2,266,251	$ 2,059,685
Total OPEB liability as a percentage of covered-employee payroll	118.52%	117.87%	99.64%

[1] Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule: None

Changes in assumptions: In 2022, the discount rate used to value the liability was changed from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022. In 2021, the discount rate used to value the liability was changed from 2.66% as of June 30, 2020 to 2.18%.In 2020, the discount rate used to value the liability was changed from 2.79% as of June 30, 2019 to 2.66%. In 2019, the discount rate used to value the liability was changed from 2.98% as of June 30, 2018 to 2.79%. In 2018, the discount rate used to value the liability was changed from 3.13% as of June 30, 2017 to 2.98%.

2021		2022		2023	
$	36,230	$	38,344	$	36,220
	57,146		55,829		44,147
	-		(232,053)		-
	38,639		152,978		(465,393)
	(80,340)		(86,695)		(86,729)
	51,675		**(71,597)**		**(471,755)**
	2,052,174		**2,103,849**		**2,032,252**
$	**2,103,849**	**$**	**2,032,252**	**$**	**1,560,497**
$	1,751,206	$	1,640,763	$	1,788,853
	120.14%		123.86%		87.23%

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Monterey Peninsula Airport District
Monterey, 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 the Monterey Peninsula Airport District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Monterey Peninsula Airport District
Monterey, California

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.

Lance, Soll & Lunghard, LLP

Sacramento, California
November 8, 2023

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

To the Board of Directors
Monterey Peninsula Airport District
Monterey, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Monterey Peninsula Airport District (the "District")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

To the Board of Directors
Monterey Peninsula Airport District
Monterey, California

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 8, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Lance, Soll & Lunghard, LLP

Sacramento, California
November 8, 2023

MONTEREY PENINSULA AIRPORT DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Award Number	Expenditures
U.S. Department of Transportation			
Federal Aviation Administration			
Airport Improvement Program*	20.106	DFTA08-06-C-31719	$ 6,753,917
COVID-19 CARES Act Airport Grants*	20.106	MRY-WPG-3-06-0159-071-2020	3,932,255
CRRSA ACT Airport Grants*	20.106	MRY-WPG-3-06-0159-074-2020	50,110
ARP ACT Airport Grants*	20.106	MRY-WPG-3-06-0159-077-2021	200,439
Total U.S. Department of Transportation			**10,936,721**
U.S. Department of Homeland Security			
Transportation Security Administration			
Law Enforcement Officer Reimbursement Program	97.090	HSTS02-16-H-SLR640	116,800
Total U.S. Department of Homeland Security			**116,800**
Total Federal Expenditures			**$ 11,053,521**

* Major Program

Note a: Refer to Note 1 to the schedule of expenditures of federal awards for a description of significant accounting policies used i

Note b: There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

Note c: Total amount provided to subrecipients during the year was $0.

Note 1: Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

A. Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Monterey Peninsula Airport District (the District), that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the District from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

B. Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are incurred when the District becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

C. Relationship to Federal Financial Reports

Amounts reported in the SEFA agree to or can be reconciled with the amounts reported in the related federal financial reports.

D. Relationship to Basic Financial Statements

The SEFA agrees to or can be reconciled with the amounts reported in the District’s basic financial statements.

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

• Significant deficiencies identified?	____yes	__X__none reported
• Material weaknesses identified?	____yes	__X__no
Noncompliance material to financial statements noted?	____yes	__X__no

Federal Awards

Internal control over major programs:

• Significant deficiencies identified?	____yes	__X__none reported
• Material weaknesses identified?	____yes	__X__no

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?	____yes	__X__no

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B program	$750,000

Auditee qualified as low-risk auditee?	__X__yes	____no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES AND THE SCHEDULE OF
PASSENGER FACILITY CHARGE REVENUES AND EXPENDITURES

Board of Directors
Monterey Peninsula Airport District
Monterey, California

Report on the Financial Statements

Opinions

We have audited the Monterey Peninsula Airport District's (the District) compliance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide), issued by the Federal Aviation Administration, applicable to the District's passenger facility charge program for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that are applicable to the passenger facility charge program for the year ended June 30, 2023.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
Monterey Peninsula Airport District
Monterey, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards we:

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

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

Report on Internal Control Over Compliance

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

Board of Directors
Monterey Peninsula Airport District
Monterey, California

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the PFC Audit Guide for Public Agencies by the Federal Aviation Administration. Accordingly, this report is not suitable for any other purpose.

Schedule of Passenger Facility Charge Revenues and Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2023 and have issued our report thereon dated November 8, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the District as a whole. The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures is presented for the purpose of additional analysis as required by the Guide and is not a required part of the District's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charge Revenues and Expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
November 8, 2023

MONTEREY PENINSULA AIRPORT DISTRICT
PASSENGER FACILITY CHARGE (PFC)
Schedule of Passenger Facility Charge (PFC) Revenues and Expenditures
For the Fiscal Year Ended June 30, 2023

	PFC Revenues	Interest Earned	Total Revenues	Expenditures on approved projects	Under (over) Expenditures on approved projects
Balance to date as of June 30, 2022	$ 20,379,087	$ 401,706	$ 20,780,793	$ 19,212,321	$ 1,568,472
Fiscal year 2022-2023 transactions:					
Quarter ended September 30, 2022	231,916	2,863	234,779	120,291	114,488
Quarter ended December 31, 2022	200,123	2,139	202,262	291,113	(88,851)
Quarter ended March 31, 2023	254,655	3,708	258,363	203,329	55,034
Quarter ended June 30, 2023	282,391	821	283,212	267,957	15,255
Total fiscal year 2022-2023 transactions	969,085	9,531	978,616	882,690	95,926
Balance to date as of June 30, 2023	$ 21,348,172	$ 411,237	$ 21,759,409	$ 20,095,011	$ 1,664,398

See Notes to Schedule of Passenger Facility Charge (PFC) Revenues and Expenditures.

MONTEREY PENINSULA AIRPORT DISTRICT
PASSENGER FACILITY CHARGE (PFC)
Notes to Schedule of Passenger Facility Charge (PFC)
Revenues and Expenditures
For the Fiscal Year Ended June 30, 2023

Note 1: General

The Schedule of Passenger Facility Charge Revenues and Expenditures presents only the activity of the Passenger Facility Charge (PFC program of the Monterey Peninsula Airport District (District).

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of PFCs and use of the resulting revenue on Federal Aviation Administration (FAA) approved projects. PFCs are fees imposed on enplaned passengers by the District for the purpose of generating revenue for District projects that increase capacity, increase safety, mitigate noise impact, and enhance competition between and among air carriers in accordance with FAA approvals.

Note 2: Basis of Presentation

The accompanying schedule is presented using the accrual basis of accounting as described in Note 1 to the District's basis financial statements.

Note 3: Relationship to Federal Financial Reports

Amounts reported in the Schedule of Passenger Facility Charge Revenues and Expenditures agree to or can be reconciled with the amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports.

Note 4: PFC Approved Projects and Expenditures

The general description of the approved projects and cumulative expenditures to date as of June 30, 2023 are as follows:

Passenger Facility Charge Project Number/Description	Identifying Number	Passenger Facility Charge Approved Amount	Expenditures
Improve RSA 10R-28L Phase 4	14-19-C-00-MRY	$ 875,000	$ 1,490,379
Improve RSA 10R-28L Phase 4	14-19-C-01-MRY	111,000	-
Improve RSA 10R-28L Phase 4	14-19-C-02-MRY	950,000	-
Acquire one standard police vehicle	14-19-C-00-MRY	50,000	40,118
EA Infield Rehabilitation Project	16-21-C-00-MRY	35,000	31,770
Acquire Airport Sweeper	16-21-C-00-MRY	26,000	374
EA proposed Safety Enhancement Project	16-21-C-00-MRY	251,000	286,068
Infield Rehabilitation-Design & Construction	16-21-U-00-MRY	650,000	787,623
Runway 10R/28L Airfield Lighting Replacement	18-22-U-00-MRY	160,000	159,045
Conduct DBE Disparity Report	18-22-U-00-MRY	5,000	2,206
Runway 10L/28R Overlay and PAPI	18-22-U-00-MRY	185,000	235,172
Land Acquisition Part A	18-22-U-00-MRY	310,000	804,168
Safety Enhance Project Phase 1	21-25-U-00-MRY	5,775,000	1,724,581
Terminal Rehab to Preserve ADA Compliance	20-24-C-00-MRY	375,000	244,157
Install Security Cameras in the Terminal Bldg	20-24-C-00-MRY	100,000	109,401
Runway Safety Area Mitigation Ph 6-7	20-24-C-00-MRY	100,000	95,866
Terminal Enhancement for ADA	20-24-C-00-MRY	45,000	47,900
Total Passenger Facility Charge Projects		$ 10,003,000	$ 6,058,827

Note 5: Excess Project Expenditures

The expenditure of the Improve Runway 10L/28R Overlay projects, Environmental Assessment Safety Enhancement Project, Infield Rehabilitation-Design & Construction, Land Acquisition Part A, and Terminal Enhancement for ADA were in excess of the authorized PFC application line item amount. However, in accordance with FAA guidelines, if the approved PFC application total is not exceeded the public agency application and revenue collections are considered in compliance with §158.37 (a) of Title 14 Code of Federal Regulations (CFR) 158.

PASSENGER FACILITY CHARGE COMPLIANCE FINDINGS

No matters were reported.

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