

**MARCH JOINT POWERS AUTHORITY**

**ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2019**

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## TABLE OF CONTENTS

	<u>PAGE</u>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16 - 17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22 - 23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24 - 25
Statement of Cash Flows - Proprietary Funds	26 - 27
Statement of Fiduciary Net Position - Fiduciary Funds	28
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	29
Notes to Financial Statements	31 - 69
<b>Required Supplementary Information:</b>	
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date	70
Schedule of Pension Plan Contributions	71
Schedule of Changes in the Net OPEB Liability and Related Ratios	72
Schedule of OPEB Plan Contributions	73
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual:	
General Fund	74
Meridian LLMMD No. 1 Special Revenue Fund	75
March Lifecare Campus CFD 2013-1	76
Notes to Required Supplementary Information	77

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## *Independent Auditor's Report*

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March Joint Powers Commission  
March Joint Powers Authority  
Riverside, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the March Joint Powers Authority (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the March Joint Powers Authority, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and related ratios as of the measurement date, the schedule of pension plan contributions, the schedule of changes in the net OPEB liability and related ratios, the schedule of OPEB plan contributions and budgetary comparison schedules for the General Fund and major special revenue funds as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

### **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
January 27, 2020

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**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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As management of the March Joint Powers Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here.

**Financial Highlights**

- The assets and the deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$206,677,993 (net position). Of this amount, \$27,356,784 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Authority's total net position increased \$6,737,670 (after the prior period adjustment) mostly due to the sale of Golf Course land. This is also due to a \$3,657,723 increase in net position of the March Inland Port Airport Authority.
- At the close of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of \$31,644,753, an increase of \$15,231,217 (after the prior period adjustment) in comparison with the prior year. Approximately 82% of this amount (\$25,867,850) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$25,867,850 or approximately 467% of total general fund expenditures.
- The Authority's total outstanding long-term debt increased by \$1,325,510 during the current fiscal year due to the addition to the loan payable to the Golf Course.

**Overview of the Financial Statements**

This discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** *The government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position presents* information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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The *statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. 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 are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Authority include only general government activities. The business-type activities of the Authority include the March Inland Port Airport Authority, Green Acres, Golf Course and the Utilities Authority operations.

The government-wide financial statements include not only the Authority (known as the primary government), but also two legally separate entities, the March Inland Port Airport Authority and the March Joint Powers Utilities Authority. The Authority is financially accountable for these entities and therefore has been included as an integral part of the primary government as blended component units.

The government-wide financial statements can be found on pages 15-17 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Meridian LLMD No. 1 fund, and the March Lifecare Campus CFD 2013-1 fund, which are considered to be major funds.

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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The Authority adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

**Proprietary Funds.** The Authority maintains only one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses enterprise funds to account for its March Inland Port Airport Authority, Green Acres, Golf Course and March Joint Powers Utilities Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the March Inland Port Airport Authority, Green Acres, Golf Course and March Joint Powers Utilities Authority, all of which are considered to be major funds of the Authority.

The basic proprietary fund financial statements can be found on pages 22-27 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statement because the resources of those funds are not available to support the Authority's own program. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Authority maintains one type of fiduciary funds. The Private-purpose trust fund is used to report resources held in trust for the Successor Agency of the former Redevelopment Agency.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-69 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Authority's proportionate share of the net pension liability, schedule of pension plan contributions, schedule of changes in the net OPEB liability and related ratios, schedule of OPEB plan contributions and budget to actual schedules of the General Fund and major special revenue funds. Required supplementary information can be found on pages 70-77 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$206,677,993 at the close of the most recent fiscal year.

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**The Authority's Net Position**

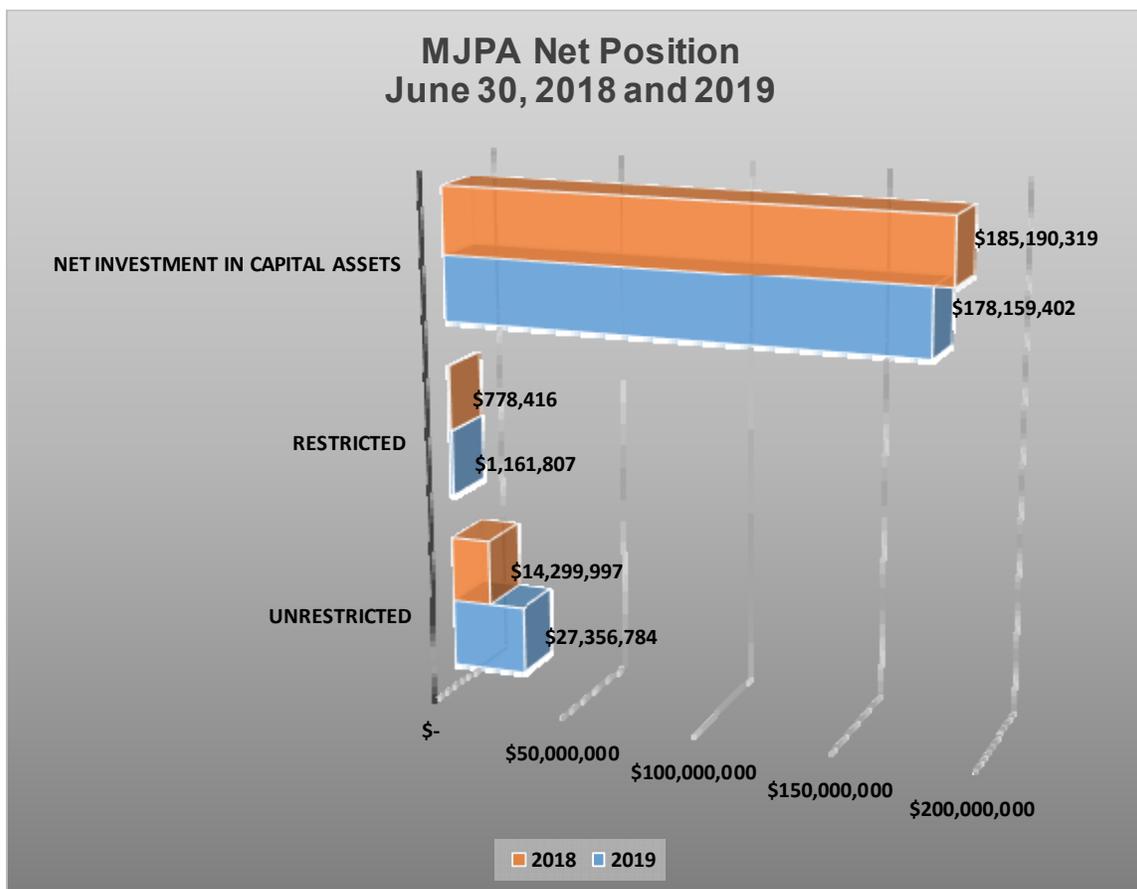
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 33,263,073	\$ 19,066,878	\$ 4,769,793	\$ 3,716,292	\$ 38,032,866	\$ 22,783,170
Internal balances	2,987,896	5,265,609	(2,987,896)	(5,265,609)	-	-
Capital assets	106,963,073	107,233,675	71,196,329	78,649,380	178,159,402	185,883,055
<b>Total assets</b>	<b>143,214,042</b>	<b>131,566,162</b>	<b>72,978,226</b>	<b>77,100,063</b>	<b>216,192,268</b>	<b>208,666,225</b>
Total deferred outflows of resources	495,135	685,515	156,359	209,457	651,494	894,972
Long-term liabilities	1,337,352	1,636,680	2,546,247	1,037,615	3,883,599	2,674,295
Other liabilities	4,528,567	6,119,056	1,652,424	403,816	6,180,991	6,522,872
<b>Total liabilities</b>	<b>5,865,919</b>	<b>7,755,736</b>	<b>4,198,671</b>	<b>1,441,431</b>	<b>10,064,590</b>	<b>9,197,167</b>
Total deferred inflows of resources	76,896	69,913	24,283	25,385	101,179	95,298
Net position:						
Net investment in capital assets	106,963,073	107,233,675	71,196,329	77,956,644	178,159,402	185,190,319
Restricted	1,161,807	778,416	-	-	1,161,807	778,416
Unrestricted	29,641,482	16,413,937	(2,284,698)	(2,113,940)	27,356,784	14,299,997
<b>Total net position</b>	<b>\$ 137,766,362</b>	<b>\$ 124,426,028</b>	<b>\$ 68,911,631</b>	<b>\$ 75,842,704</b>	<b>\$ 206,677,993</b>	<b>\$ 200,268,732</b>

By far the largest portion of the Authority's net position (86.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment, vehicles, and infrastructure), less any related debt that was used to acquire those assets. The Authority uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net position (0.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$27,356,784 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities, except for the business-type activities unrestricted net position. The same situation held true for the prior fiscal year.

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**



However, the Authority's overall net position increased \$6,737,670 (after prior period adjustment) from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$12,810,576 (after prior period adjustment) from the prior fiscal year for an ending balance of \$137,766,362. This is mostly due to a transfer in of \$12,500,000 as a result of selling the General Old Golf Course to the V.A.

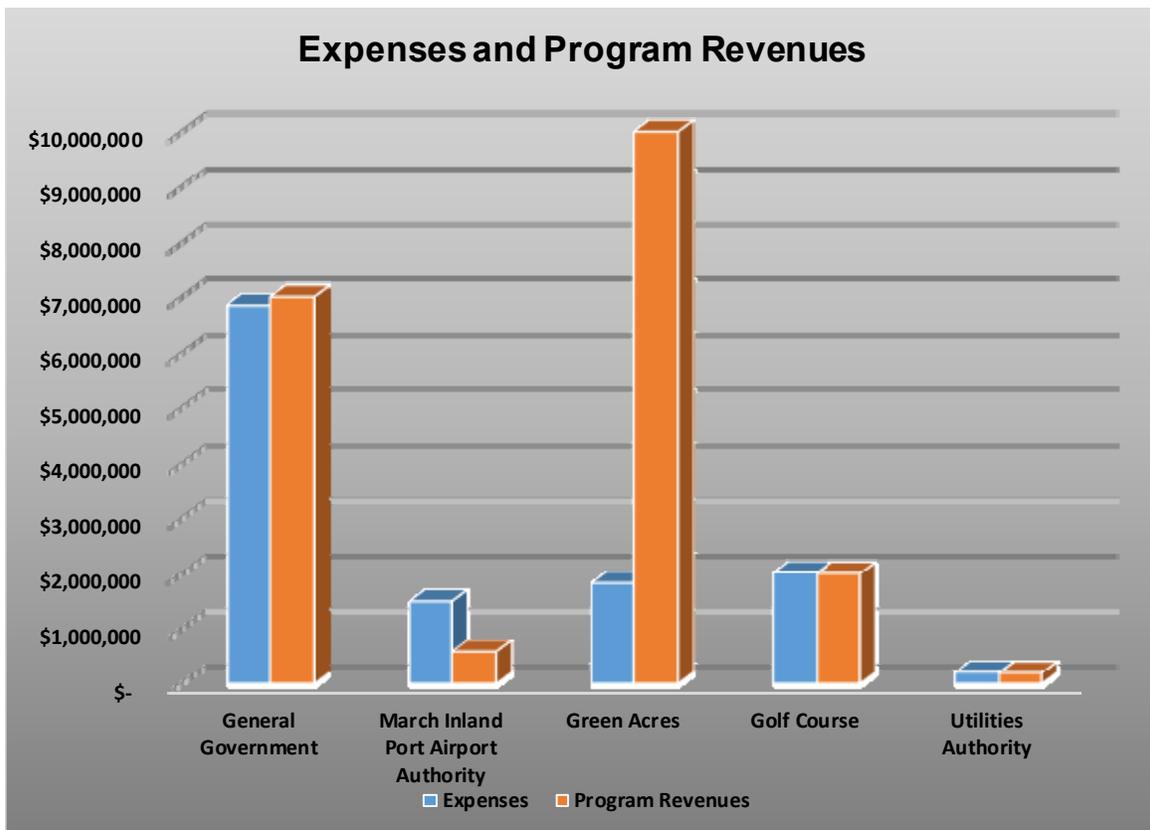
**Business-type Activities.** For the Authority's business-type activities, the results for the current fiscal year were positive in that overall net position had an ending balance of \$68,911,631. The total decrease in net position for business-type activities was \$6,072,906 (after prior period adjustment) or 8.1% from the prior fiscal year. This is mostly due to the transfer out of \$12,500,000 from the Golf Course Fund to the General Fund as a result of the sale of the Golf Course Land. The Airport Authority had an increase of \$3,657,723 mostly due to Capital Contributions. All other funds also had a decrease in net position due to operating costs not being covered by operating revenue. Green Acres also decreased due to a transfer of \$400,000 to the Authority's General Fund.

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

**The Authority's Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,307,244	\$ 3,694,305	\$ 5,636,059	\$ 4,450,536	\$ 10,943,303	\$ 8,144,841
Capital grants and contributions	470,267	3,408,487	2,952,631	73,881	3,422,898	3,482,368
General revenues:						
Taxes	600,000	600,000	-	-	600,000	600,000
Investment earnings	482,275	357,304	95,591	(17,389)	577,866	339,915
Other	296,121	44,127	3,283,612	-	3,579,733	44,127
Total revenues	<u>7,155,907</u>	<u>8,104,223</u>	<u>11,967,893</u>	<u>4,507,028</u>	<u>19,123,800</u>	<u>12,611,251</u>
Expenses:						
General government	6,845,331	8,653,731	-	-	6,845,331	8,653,731
March Inland Port Airport Authority	-	-	1,493,234	1,286,161	1,493,234	1,286,161
Green Acres	-	-	1,820,321	1,713,412	1,820,321	1,713,412
Golf Course	-	-	2,015,471	2,229,214	2,015,471	2,229,214
Utilities Authority	-	-	211,773	140,136	211,773	140,136
Total expenses	<u>6,845,331</u>	<u>8,653,731</u>	<u>5,540,799</u>	<u>5,368,923</u>	<u>12,386,130</u>	<u>14,022,654</u>
Increase (decrease) in net position before transfers	310,576	(549,508)	6,427,094	(861,895)	6,737,670	(1,411,403)
Transfers	12,500,000	329,500	(12,500,000)	(329,500)	-	-
Increase (decrease) in net position	<u>12,810,576</u>	<u>(220,008)</u>	<u>(6,072,906)</u>	<u>(1,191,395)</u>	<u>6,737,670</u>	<u>(1,411,403)</u>
Net position - beginning	124,426,028	124,011,802	75,842,704	77,034,099	200,268,732	201,045,901
Prior period adjustment	529,758	634,234	(858,167)	-	(328,409)	634,234
Net position - beginning, restated	<u>124,955,786</u>	<u>124,646,036</u>	<u>74,984,537</u>	<u>77,034,099</u>	<u>199,940,323</u>	<u>201,680,135</u>
Net position - ending	<u>\$ 137,766,362</u>	<u>\$ 124,426,028</u>	<u>\$ 68,911,631</u>	<u>\$ 75,842,704</u>	<u>\$ 206,677,993</u>	<u>\$ 200,268,732</u>

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**



**Financial Analysis of the Government's Funds**

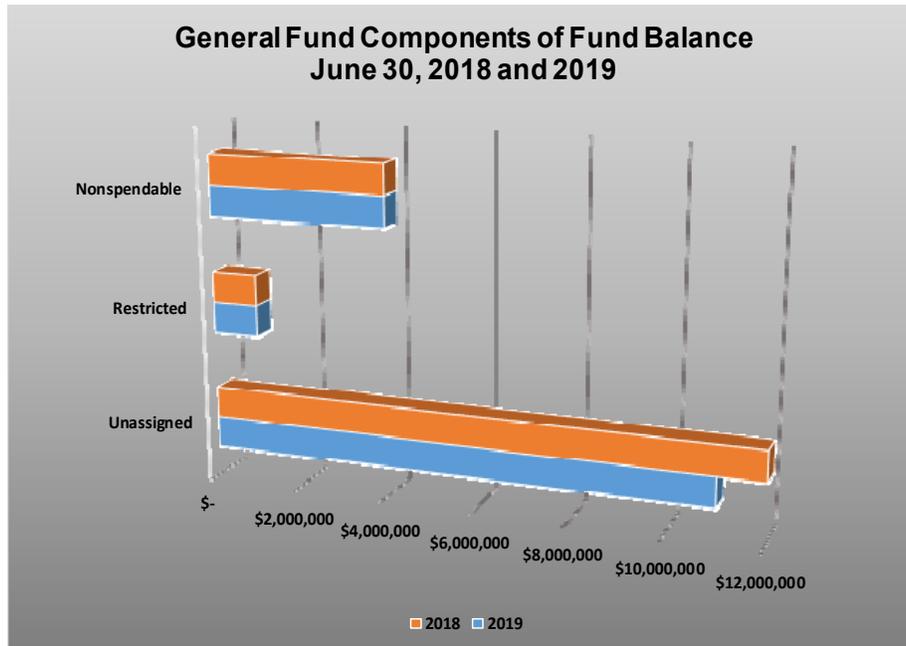
As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Authority itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Authority's Board of Commissioners.

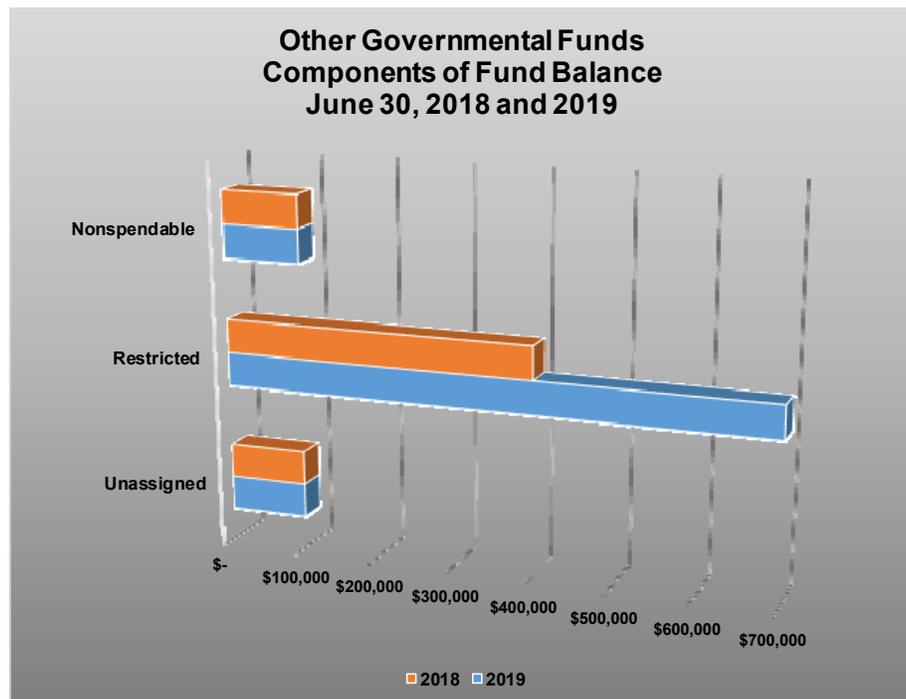
At June 30, 2019, the Authority's governmental funds reported combined fund balances of \$31,644,753, an increase of \$15,231,217 (after prior period adjustment) in comparison with the prior year. Approximately 82% of this amount (\$25,867,850) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form (\$4,615,096) or 2) restricted for particular purposes (\$1,161,807).

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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The General Fund is the chief operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$25,867,850, while total fund balance increased to \$30,482,946. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 467% of total General Fund expenditures, while total fund balance represents approximately 550% of that same amount.



**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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The fund balance of the Authority's General Fund increased by \$14,847,826 during the current fiscal year. This is mostly due to the transfer in of \$12,500,000 from the Golf Course fund related to the sale of the General Old Golf Course.

The Meridian LLMD No. 1 Fund, a major fund, had a \$329,129 increase in fund balance during the current fiscal year to bring the year end fund balance to \$1,073,951. This is mostly due to the District receiving more special assessments than expenditures that will be used for future expenditures and capital costs.

The March Lifecare Campus CFD 2013-1 Fund had an increase in fund balance during the current year of \$54,262 to bring the year end fund balance to \$87,856. This is mostly due to the District receiving more special assessments than expenditures that will be used for future expenditures and capital costs.

**Proprietary Funds.** The Authority's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the March Inland Port Airport Authority at the end of the year was \$(2,887,388), Green Acres was \$2,794,026, the Golf Course was \$(2,004,963) and the Utilities Authority was \$(186,373). The total decrease in net position (after prior period adjustments) for Green Acres was \$(303,638), Golf Course \$(9,413,902) and Utilities Authority \$(13,089). The March Inland Port Airport Authority had an increase in net position of \$3,657,723 mostly due to \$2,952,631 in Capital Contributions. Green Acres net position also decreased due to a transfer of \$400,000 to the Authority's General Fund.

**General Fund Budgetary Highlights**

**Original Budget Compared to Final Budget.** The Authority adopts budgets that cover three fiscal years. For the 2019 fiscal year, there were amendments to the budget to increase various revenues and expenditures since projections at the time the budget was adopted were changed. The most significant amendments to the budget for revenues was a decrease of \$2.38 million for other revenue which is due to the sale of the golf course. For expenditures the most significant amendments were a decrease in project improvement costs of \$1.07 million and \$294,000 for salaries and benefits.

**Final Budget Compared to Actual Results.** The most significant differences between estimated revenues and actual revenues were as follows:

Revenue source	Estimated Revenues	Actual Revenues	Difference
Intergovernmental revenues	\$ 450,000	\$ 2,632,679	\$ 2,182,679
Licenses, permits and fees	2,350,500	3,328,622	978,122

Intergovernmental revenues were more than estimated due to recognizing TUMF Reimbursement Revenue that was deferred in the prior fiscal year. The Authority is a pass-through entity for the Van Buren widening project.

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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Licenses, permits and fees were more than estimated due to the timing of development projects. The Authority will attempt to forecast the amount of development activity that will happen in a given fiscal year. However, it is ultimately up to the developers on the timing of new projects. This is related to the Planning expenditures that also went in excess of the budgeted amount.

A review of actual expenditures compared to the appropriations in the final budget had significant variances. Actual expenditures for planning costs exceeded the related appropriation of \$1,223,000 by \$195,774. The increase was due to development activity in excess of what is forecasted at the time the budget is made. Project improvement costs were below appropriations by \$38,528 due to the Van Buren Widening Project.

**Capital Asset and Debt Administration**

**Capital Assets.** The Authority's investment in capital assets for its governmental and business type activities as of June 30, 2019, amounts to \$178,159,402 (net of accumulated depreciation). This investment in capital assets includes land, beverage rights, construction in progress, vehicles, office furniture and equipment, building and improvements, and infrastructure. The total decrease in capital assets for the current fiscal year was approximately 4.16%.

**The Authority's Capital Assets  
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 100,232,840	\$ 100,232,840	\$ 39,480,265	\$ 47,119,061	\$ 139,713,105	\$ 147,351,901
Beverage rights	-	-	17,518	17,518	17,518	17,518
Construction in progress	-	-	3,532,441	156,902	3,532,441	156,902
Vehicles	34,200	41,863	-	-	34,200	41,863
Office furniture and equipment	12,972	18,412	-	-	12,972	18,412
Building and improvements	6,682,642	6,940,097	26,477,960	29,221,452	33,160,602	36,161,549
Infrastructure	419	463	1,688,145	2,134,447	1,688,564	2,134,910
<b>Total</b>	<b>\$ 106,963,073</b>	<b>\$ 107,233,675</b>	<b>\$ 71,196,329</b>	<b>\$ 78,649,380</b>	<b>\$ 178,159,402</b>	<b>\$ 185,883,055</b>

Major capital asset events during the current fiscal year included the following:

- March Inland Port had an increase of \$3,532,441 in construction in progress as a result of the Taxiway G realignment project.
- Golf Course fund had a decrease of \$12,190,476 as a result of the sale of the Golf Course land to the V.A.

Additional information on the Authority's capital assets can be found in note 6 on pages 48-49 of this report.

**Long-term Debt.** At the end of the current fiscal year, the Authority had total debt outstanding of \$2,322,102. The long-term obligations comprises of compensated absences and loans payable.

**MARCH JOINT POWERS AUTHORITY**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2019**

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**The Authority's Outstanding Debt**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 150,613	\$ 230,930	\$ 47,562	\$ 72,926	\$ 198,175	\$ 303,856
Loan payable	-	-	2,123,927	692,736	2,123,927	692,736
Total	\$ 150,613	\$ 230,930	\$ 2,171,489	\$ 765,662	\$ 2,322,102	\$ 996,592

The Authority's total debt increased by \$1,325,510 (133%) during the current fiscal year due to the increase in the loan payable and due from the Golf Course.

Additional information on the Authority's long-term debt can be found in note 7 on page 50 of this report. Economic Factors and Next Year's Budgets and Rates.

The following economic factors currently affect the Authority and were considered in developing the 2019-2020 fiscal year budget:

- Decrease of Van Buren TUMF reimbursement revenue for the Van Buren widening project.
- Continued high demand for new large commercial property within the Inland Empire.
- March Inland Port capital projects revenue and expenses from FAA entitlements being completed in prior year.
- Continued increase in commercial flight activity at March Inland Port.
- Increases in housing prices and lower interest rates expected to continue throughout the fiscal year, further raising demand for lower income rental housing.
- Interest rates are expected to stay at record lows through fiscal year 2019-2020.

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Manager at 14205 Meridian Parkway, Suite 140, Riverside, California 92518.

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**MARCH JOINT POWERS AUTHORITY**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 23,152,468	\$ 4,613,008	\$ 27,765,476
Restricted cash and investments	3,988,699	-	3,988,699
Receivables:			
Accounts	981,008	70,403	1,051,411
Loans	3,851,897	-	3,851,897
Interest	1,254,367	-	1,254,367
Deposits	1,283	-	1,283
Internal balances	2,987,896	(2,987,896)	-
Inventory	-	75,851	75,851
Net OPEB asset	33,351	10,531	43,882
Capital assets, not being depreciated	100,232,840	43,030,224	143,263,064
Capital assets, net of depreciation	6,730,233	28,166,105	34,896,338
	<u>143,214,042</u>	<u>72,978,226</u>	<u>216,192,268</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	469,274	148,192	617,466
OPEB related items	25,861	8,167	34,028
	<u>495,135</u>	<u>156,359</u>	<u>651,494</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	408,095	194,975	603,070
Interest payable	-	1,254,367	1,254,367
Deposits and other liabilities	245,262	191,191	436,453
Liabilities payable from restricted assets:			
Other payables	3,837,557	-	3,837,557
Long-term liabilities:			
Due in one year	37,653	11,891	49,544
Due in more than one year	112,960	2,159,597	2,272,557
Net pension liability	1,224,392	386,650	1,611,042
	<u>5,865,919</u>	<u>4,198,671</u>	<u>10,064,590</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	76,435	24,137	100,572
OPEB related items	461	146	607
	<u>76,896</u>	<u>24,283</u>	<u>101,179</u>
<b>NET POSITION</b>			
Net investment in capital assets	106,963,073	71,196,329	178,159,402
Restricted for maintenance and landscaping	1,161,807	-	1,161,807
Unrestricted	29,641,482	(2,284,698)	27,356,784
	<u>\$ 137,766,362</u>	<u>\$ 68,911,631</u>	<u>\$ 206,677,993</u>

*The accompanying notes are an integral part of the financial statements.*

**MARCH JOINT POWERS AUTHORITY**  
**Statement of Activities**  
**Year Ended June 30, 2019**

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 6,845,331	\$ 5,307,244	\$ -	\$ 470,267
Total governmental activities	<u>6,845,331</u>	<u>5,307,244</u>	<u>-</u>	<u>470,267</u>
Business-type activities:				
March Inland Port Airport Authority	1,493,234	1,902,826	-	2,952,631
Green Acres	1,820,321	1,821,092	-	-
Golf Course	2,015,471	1,713,457	-	-
Utilities Authority	<u>211,773</u>	<u>198,684</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>5,540,799</u>	<u>5,636,059</u>	<u>-</u>	<u>2,952,631</u>
Total primary government	<u>\$ 12,386,130</u>	<u>\$ 10,943,303</u>	<u>\$ -</u>	<u>\$ 3,422,898</u>

General Revenues:

Taxes  
Investment earnings  
Other  
Transfers

Total general revenues and transfers

Change in net position

Total net position, as restated (Note 18)

Total net position, ending

*The accompanying notes are an integral part of the financial statements.*

(continued)

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,067,820)	\$ -	\$ (1,067,820)
<u>(1,067,820)</u>	<u>-</u>	<u>(1,067,820)</u>
-	3,362,223	3,362,223
-	771	771
-	(302,014)	(302,014)
<u>-</u>	<u>(13,089)</u>	<u>(13,089)</u>
-	3,047,891	3,047,891
<u>(1,067,820)</u>	<u>3,047,891</u>	<u>1,980,071</u>
600,000	-	600,000
482,275	95,591	577,866
296,121	3,283,612	3,579,733
<u>12,500,000</u>	<u>(12,500,000)</u>	<u>-</u>
<u>13,878,396</u>	<u>(9,120,797)</u>	<u>4,757,599</u>
<u>12,810,576</u>	<u>(6,072,906)</u>	<u>6,737,670</u>
<u>124,955,786</u>	<u>74,984,537</u>	<u>199,940,323</u>
<u>\$ 137,766,362</u>	<u>\$ 68,911,631</u>	<u>\$ 206,677,993</u>

**MARCH JOINT POWERS AUTHORITY**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General Fund	Special Revenue		Total
		Meridian LLMD No. 1	March Lifecare Campus CFD 2013-1	
<b>ASSETS</b>				
Cash and investments	\$ 21,991,494	\$ 1,099,887	\$ 61,087	\$ 23,152,468
Restricted cash and investments	3,988,699	-	-	3,988,699
Receivables:				
Accounts	872,113	81,951	26,944	981,008
Loans	3,851,897	-	-	3,851,897
Interest	1,254,367	-	-	1,254,367
Deposits	1,283	-	-	1,283
Advances to other funds	2,987,896	-	-	2,987,896
<b>Total assets</b>	<b>\$ 34,947,749</b>	<b>\$ 1,181,838</b>	<b>\$ 88,031</b>	<b>\$ 36,217,618</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 389,358	\$ 18,562	\$ 175	\$ 408,095
Deposits payable	237,888	7,374	-	245,262
Liabilities payable from restricted assets:				
Other payables	3,837,557	-	-	3,837,557
<b>Total liabilities</b>	<b>4,464,803</b>	<b>25,936</b>	<b>175</b>	<b>4,490,914</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - intergovernmental	-	81,951	-	81,951
<b>FUND BALANCE</b>				
Nonspendable:				
Long-term successor agency loans	1,627,200	-	-	1,627,200
Long-term advances to other funds	2,987,896	-	-	2,987,896
Restricted:				
Maintenance and landscaping	-	1,073,951	87,856	1,161,807
Unassigned	25,867,850	-	-	25,867,850
<b>Total fund balances</b>	<b>30,482,946</b>	<b>1,073,951</b>	<b>87,856</b>	<b>31,644,753</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 34,947,749</b>	<b>\$ 1,181,838</b>	<b>\$ 88,031</b>	<b>\$ 36,217,618</b>

*The accompanying notes are an integral part of the financial statements.*

**MARCH JOINT POWERS AUTHORITY**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2019**

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Fund balances of governmental funds	\$ 31,644,753
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity.	106,963,073
Net other postemployment benefits (OPEB) asset is not a current financial resource and, therefore, not reported in the governmental funds.	33,351
Liabilities that are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(150,613)
Net pension liability	(1,224,392)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	81,951
Deferred outflows and inflows of resources related to pensions and OPEB that are required to be recognized over a defined closed period.	
Pension related deferred outflows of resources	469,274
OPEB related deferred outflows of resources	25,861
Pension related deferred inflows of resources	(76,435)
OPEB related deferred inflows of resources	(461)
Net position of governmental activities	<u>\$ 137,766,362</u>

*The accompanying notes are an integral part of the financial statements.*

**MARCH JOINT POWERS AUTHORITY**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2019**

	General Fund	Special Revenue		Total
		Meridian LLMD No. 1	March Lifecare Campus CFD 2013-1	
<b>REVENUES</b>				
Taxes	\$ 600,000	\$ -	\$ -	\$ 600,000
Intergovernmental revenues	2,632,679	-	-	2,632,679
Licenses, permits and fees	3,328,622	-	-	3,328,622
Investment earnings	482,275	-	-	482,275
Lease revenue	550,636	-	-	550,636
Special assessments	-	1,367,803	60,183	1,427,986
Other revenue	296,121	-	-	296,121
Total revenues	<u>7,890,333</u>	<u>1,367,803</u>	<u>60,183</u>	<u>9,318,319</u>
<b>EXPENDITURES</b>				
Current:				
Administration	258,781	27,331	-	286,112
Salaries and benefits	1,193,722	121,398	-	1,315,120
Police patrols/security	204,768	-	-	204,768
Contractual/professional services	462,524	862,908	5,921	1,331,353
Project improvement costs	1,611,472	27,037	-	1,638,509
Legal	167,257	-	-	167,257
Planning	1,418,774	-	-	1,418,774
Maintenance and lease services	89,064	-	-	89,064
Buildings and grounds maintenance	136,145	-	-	136,145
Total expenditures	<u>5,542,507</u>	<u>1,038,674</u>	<u>5,921</u>	<u>6,587,102</u>
Excess of revenues over expenditures	<u>2,347,826</u>	<u>329,129</u>	<u>54,262</u>	<u>2,731,217</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	12,900,000	-	-	12,900,000
Transfers out	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>(400,000)</u>
Total other financing sources (uses)	<u>12,500,000</u>	<u>-</u>	<u>-</u>	<u>12,500,000</u>
Net change in fund balance	<u>14,847,826</u>	<u>329,129</u>	<u>54,262</u>	<u>15,231,217</u>
Fund balances, as restated (Note 18)	<u>15,635,120</u>	<u>744,822</u>	<u>33,594</u>	<u>16,413,536</u>
Fund balances, ending	<u>\$ 30,482,946</u>	<u>\$ 1,073,951</u>	<u>\$ 87,856</u>	<u>\$ 31,644,753</u>

*The accompanying notes are an integral part of the financial statements.*

**MARCH JOINT POWERS AUTHORITY**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2019**

---

Net change in fund balances - total governmental funds \$ 15,231,217

Amounts reported for governmental activities in the Statement of  
 Activities are different because:

Revenues in the Statement of Activities that do not provide current financial  
 resources are not reported as revenues in the governmental funds.

Intergovernmental revenues (2,162,412)

Governmental funds report capital outlay as an expenditure in the full amount as  
 current financial resources are used. However, in the Statement of Activities  
 the cost of these assets is allocated over the estimated useful life as  
 depreciation expense.

Depreciation expense (270,602)

Some expenses reported in the Statement of Activities do not require the use of  
 current financial resources and are not reported as governmental fund  
 expenditures.

Net change in compensated absences 80,317  
 Net change in net OPEB obligation expenses 8,847  
 Net change in net pension liability expenses (76,791)

Change in net position of governmental activities \$ 12,810,576

*The accompanying notes are an integral part of the financial statements.*

**MARCH JOINT POWERS AUTHORITY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>March Inland Port Airport Authority</b>	<b>Green Acres</b>	<b>Golf Course</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,253,156	\$ 3,174,426	\$ 100,527
Accounts receivable	23,050	-	13,975
Inventory	-	-	75,851
Total current assets	<u>1,276,206</u>	<u>3,174,426</u>	<u>190,353</u>
Noncurrent assets:			
OPEB asset	6,143	4,388	-
Capital assets, not being depreciated	41,753,918	1,258,788	17,518
Capital assets, net of depreciation	<u>21,146,514</u>	<u>7,019,591</u>	<u>-</u>
Total noncurrent assets	<u>62,906,575</u>	<u>8,282,767</u>	<u>17,518</u>
Total assets	<u>64,182,781</u>	<u>11,457,193</u>	<u>207,871</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	86,445	61,747	-
OPEB related items	<u>4,764</u>	<u>3,403</u>	<u>-</u>
Total deferred outflows of resources	<u>91,209</u>	<u>65,150</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	51,228	74,075	65,022
Interest payable	1,254,367	-	-
Deposits	-	184,824	6,367
Compensated absences - current portion	<u>6,936</u>	<u>4,955</u>	<u>-</u>
Total current liabilities	<u>1,312,531</u>	<u>263,854</u>	<u>71,389</u>
Noncurrent liabilities:			
Loan payable	-	-	2,123,927
Compensated absences	20,808	14,862	-
Net pension liability	225,546	161,104	-
Advances from other funds	<u>2,687,896</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>2,934,250</u>	<u>175,966</u>	<u>2,123,927</u>
Total liabilities	<u>4,246,781</u>	<u>439,820</u>	<u>2,195,316</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	14,080	10,057	-
OPEB related items	<u>85</u>	<u>61</u>	<u>-</u>
Total deferred inflows of resources	<u>14,165</u>	<u>10,118</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	62,900,432	8,278,379	17,518
Unrestricted	<u>(2,887,388)</u>	<u>2,794,026</u>	<u>(2,004,963)</u>
Total net position	<u>\$ 60,013,044</u>	<u>\$ 11,072,405</u>	<u>\$ (1,987,445)</u>

*The accompanying notes are an integral part of the financial statements.*

(continued)

<u>Utilities Authority</u>	<u>Total</u>
\$ 84,899	\$ 4,613,008
33,378	70,403
-	75,851
<u>118,277</u>	<u>4,759,262</u>
-	10,531
-	43,030,224
-	28,166,105
<u>-</u>	<u>71,206,860</u>
<u>118,277</u>	<u>75,966,122</u>
-	148,192
-	8,167
<u>-</u>	<u>156,359</u>
4,650	194,975
-	1,254,367
-	191,191
-	11,891
<u>4,650</u>	<u>1,652,424</u>
-	2,123,927
-	35,670
-	386,650
<u>300,000</u>	<u>2,987,896</u>
<u>300,000</u>	<u>5,534,143</u>
<u>304,650</u>	<u>7,186,567</u>
-	24,137
-	146
<u>-</u>	<u>24,283</u>
-	71,196,329
<u>(186,373)</u>	<u>(2,284,698)</u>
<u>\$ (186,373)</u>	<u>\$ 68,911,631</u>

**MARCH JOINT POWERS AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

	<b>March Inland Port Airport Authority</b>	<b>Green Acres</b>	<b>Golf Course</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,654,745	\$ 55,780	\$ 1,713,457
Rental income	244,581	1,761,547	-
Permit fees	3,500	-	-
Other	-	3,765	-
Total operating revenues	<u>1,902,826</u>	<u>1,821,092</u>	<u>1,713,457</u>
<b>OPERATING EXPENSES</b>			
Administrative	191,989	23,614	-
Professional services	132,571	330,446	1,843,891
Salaries and employee benefits	343,000	(7,730)	-
Purchased water/utilities	-	358,933	-
Insurance/claims	-	11,976	-
Repairs and maintenance	73,739	731,753	-
Project improvement costs	621	29,233	-
Depreciation	687,488	301,377	41,969
Services and fees	63,826	5,701	-
Other	-	35,018	-
Total operating expenses	<u>1,493,234</u>	<u>1,820,321</u>	<u>1,885,860</u>
Operating income (loss)	<u>409,592</u>	<u>771</u>	<u>(172,403)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain on sale of capital asset	-	-	3,283,612
Investment earnings	-	95,591	-
Interest expense	(104,500)	-	(25,111)
Total nonoperating revenues (expenses)	<u>(104,500)</u>	<u>95,591</u>	<u>3,258,501</u>
Income (loss) before capital contributions and transfers	<u>305,092</u>	<u>96,362</u>	<u>3,086,098</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>2,952,631</u>	<u>-</u>	<u>-</u>
<b>TRANSFERS</b>			
Transfers in	400,000	-	-
Transfers out	-	(400,000)	(12,500,000)
Total transfers	<u>400,000</u>	<u>(400,000)</u>	<u>(12,500,000)</u>
Change in net position	3,657,723	(303,638)	(9,413,902)
Total net position, as restated (Note 18)	<u>56,355,321</u>	<u>11,376,043</u>	<u>7,426,457</u>
Total net position, ending	<u>\$ 60,013,044</u>	<u>\$ 11,072,405</u>	<u>\$ (1,987,445)</u>

*The accompanying notes are an integral part of the financial statements.*

(continued)

<u>Utilities Authority</u>	<u>Total</u>
\$ 198,684	\$ 3,622,666
-	2,006,128
-	3,500
-	3,765
<u>198,684</u>	<u>5,636,059</u>
8,873	224,476
-	2,306,908
-	335,270
158,514	517,447
-	11,976
44,386	849,878
-	29,854
-	1,030,834
-	69,527
-	35,018
<u>211,773</u>	<u>5,411,188</u>
<u>(13,089)</u>	<u>224,871</u>
-	3,283,612
-	95,591
-	(129,611)
<u>-</u>	<u>3,249,592</u>
<u>(13,089)</u>	<u>3,474,463</u>
<u>-</u>	<u>2,952,631</u>
-	400,000
-	(12,900,000)
<u>-</u>	<u>(12,500,000)</u>
(13,089)	(6,072,906)
<u>(173,284)</u>	<u>74,984,537</u>
<u>\$ (186,373)</u>	<u>\$ 68,911,631</u>

**MARCH JOINT POWERS AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2019**

	<b>March Inland Port Airport Authority</b>	<b>Green Acres</b>	<b>Golf Course</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,981,102	\$ 1,838,858	\$ 1,717,978
Cash payments for employee services (salaries)	(333,675)	56,276	-
Cash payments to suppliers for goods and services	(474,391)	(1,556,325)	(1,827,021)
Net cash provided by (used for) operating activities	<u>1,173,036</u>	<u>338,809</u>	<u>(109,043)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Advances to (from) other funds	-	(8,468)	(12,500,000)
Transfers in (out)	400,000	(400,000)	-
Net cash provided by (used for) non-capital financing activities	<u>400,000</u>	<u>(408,468)</u>	<u>(12,500,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Grant revenue	12,533	-	-
Proceeds from sale of golf course	-	-	12,500,000
Acquisition of capital assets	(3,415,695)	-	-
Capital contributions	2,952,631	-	-
Proceeds from JPA operating advances	-	-	848,265
Principal paid on capital debt	-	-	(692,736)
Interest paid on capital debt	-	-	(25,111)
Net cash provided by (used for) capital and related financing activities	<u>(450,531)</u>	<u>-</u>	<u>12,630,418</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	-	95,591	-
Net cash provided by investing activities	<u>-</u>	<u>95,591</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	1,122,505	25,932	21,375
Cash and cash equivalents - beginning of year	<u>130,651</u>	<u>3,148,494</u>	<u>79,152</u>
Cash and cash equivalents - end of year	<u>\$ 1,253,156</u>	<u>\$ 3,174,426</u>	<u>\$ 100,527</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 409,592	\$ 771	\$ (172,403)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	687,488	301,377	41,969
(Increase) decrease in accounts receivable	78,276	17,766	4,521
(Increase) decrease in inventory	-	-	(6,186)
(Increase) decrease in prepaid items	1,710	-	-
(Increase) decrease in OPEB asset	(6,143)	(4,388)	-
(Increase) decrease in pension/OPEB related deferred outflows	25,312	27,786	-
Increase (decrease) in accounts payable and accrued liabilities	(13,355)	11,660	22,622
(Increase) decrease in compensated absences	(14,796)	(10,569)	-
Increase (decrease) in deposits	-	(41,311)	434
Increase (decrease) in net pension liability	4,770	37,001	-
Increase (decrease) in pension/OPEB related deferred inflows	182	(1,284)	-
Total cash provided by (used for) operating activities	<u>\$ 1,173,036</u>	<u>\$ 338,809</u>	<u>\$ (109,043)</u>

*The accompanying notes are an integral part of the financial statements.*

(continued)

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<u>Utilities Authority</u>	<u>Total</u>
\$ 181,145	\$ 5,719,083
-	(277,399)
<u>(216,906)</u>	<u>(4,074,643)</u>
<u>(35,761)</u>	<u>1,367,041</u>
-	(12,508,468)
<u>-</u>	<u>-</u>
<u>-</u>	<u>(12,508,468)</u>
-	12,533
-	12,500,000
-	(3,415,695)
-	2,952,631
-	848,265
-	(692,736)
<u>-</u>	<u>(25,111)</u>
<u>-</u>	<u>12,179,887</u>
<u>-</u>	<u>95,591</u>
<u>-</u>	<u>95,591</u>
(35,761)	1,134,051
<u>120,660</u>	<u>3,478,957</u>
<u>\$ 84,899</u>	<u>\$ 4,613,008</u>
\$ (13,089)	\$ 224,871
-	1,030,834
(17,539)	83,024
-	(6,186)
-	1,710
-	(10,531)
-	53,098
(5,133)	15,794
-	(25,365)
-	(40,877)
-	41,771
<u>-</u>	<u>(1,102)</u>
<u>\$ (35,761)</u>	<u>\$ 1,367,041</u>

**MARCH JOINT POWERS AUTHORITY**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

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	<b>Successor Agency Private-purpose Trust Fund</b>
<b>ASSETS</b>	
Cash and investments	\$ 2,464,916
Cash and investments with fiscal agent	15,660
Prepaid items	271,799
Capital assets:	
Infrastructure	1,284,920
Less accumulated depreciation	<u>(1,284,920)</u>
 Total assets	 <u>2,752,375</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	<u>8,049,987</u>
 Total deferred outflows of resources	 <u>8,049,987</u>
<b>LIABILITIES</b>	
Interest payable	524,143
Loans payable	1,727,971
Bonds payable - due in one year	845,000
Bonds payable - due in more than one year	<u>34,227,495</u>
 Total liabilities	 <u>37,324,609</u>
<b>NET POSITION</b>	
Net position held in trust for redevelopment	<u>(26,522,247)</u>
 Total net position	 <u><u>\$ (26,522,247)</u></u>

*The accompanying notes are an integral part of the financial statements.*

**MARCH JOINT POWERS AUTHORITY**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2019**

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	<b>Successor Agency Private-purpose Trust Fund</b>
<b>ADDITIONS</b>	
Taxes	\$ 1,304,061
Investment earnings	105
	<hr/>
Total additions	1,304,166
	<hr/>
<b>DEDUCTIONS</b>	
Administration	270,308
Contractual/professional services	26,990
Interest expense	1,550,492
	<hr/>
Total deductions	1,847,790
	<hr/>
Change in net position	(543,624)
	<hr/>
Net position (deficit), beginning	(25,978,623)
	<hr/>
Net position (deficit), ending	<u>\$ (26,522,247)</u>

*The accompanying notes are an integral part of the financial statements.*

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**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Reporting Entity and Summary of Significant Accounting Policies	31
2	Cash and Investments	42 - 45
3	Fair Value Measurements	45 - 46
4	Loans Receivable	46
5	Interfund Receivables, Payables and Transfers	47
6	Capital Assets	48 - 49
7	Long-Term Liabilities	50
8	Deficit Fund Balances/Net Position	50
9	Other Required Individual Fund Disclosures	50
10	Operating Leases	51
11	Risk Management	52
12	Employees' Retirement Plan	52 - 59
13	Deferred Compensation Plan	60
14	Other Post Employment Benefits	60 - 64
15	Commitments and Contingencies	64 - 65
16	Successor Agency for Assets of Former Redevelopment Agency	66 - 68
17	Golf Course disposition	69
18	Prior Period Adjustment	69

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**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Description of the Reporting Entity**

The March Joint Powers Authority (the "Authority") was formed on November 14, 1993, under a joint exercise of powers agreement among the Cities of Perris, Moreno Valley and Riverside and the County of Riverside for the purpose of formulating and implementing plans for the use and reuse of the property formerly known as March Air Force Base.

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

The Authority Commissioners are as follows:

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Michael Vargas	Chairman	City of Perris
Victoria Baca	Vice Chair	City of Moreno Valley
Mike Gardner	Commissioner	City of Riverside
Jeff Hewitt	Commissioner	County of Riverside
Rita Rogers	Commissioner	City of Perris
Kevin Jeffries	Commissioner	County of Riverside
Carla Thornton	Commissioner	City of Moreno Valley
Andy Melendrez	Commissioner	City of Riverside

The Joint Powers Commission meets on the first and third Wednesday of each month.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as they are applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies reflected in the financial statements are summarized as follows:

The financial statements of the March Joint Powers Authority include the financial activities of the Authority, the March Inland Port Airport Authority and the March Joint Powers Utilities Authority. In accordance with GASB, the basic criteria for including an agency, institution, authority or other organization in a governmental unit's financial reporting entity is financial accountability. Financial accountability includes, but is not limited to: 1) selection of the governing body, 2) imposition of will, 3) ability to provide a financial benefit to or impose a financial burden on and 4) fiscal dependency.

There may, however, be factors other than financial accountability that are so significant that exclusion of a particular agency from a reporting entity's financial statements would be misleading. These other factors include scope of public service and special financing relationships.

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

**A) Description of the Reporting Entity (continued)**

Based upon the application of these criteria, an agency, institution, authority or other organization may be included as a component unit in the primary government's financial statements. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no discretely presented component units in these financial statements. Each blended component unit presented has a June 30 year end.

The following is a brief review of each component unit included in the primary government's reporting entity.

**March Inland Port Airport Authority**

The March Inland Port Airport Authority (the "Airport Authority") was formed on June 18, 1997 under a joint exercise of powers agreement between the Cities of Perris, Moreno Valley and Riverside and the County of Riverside for the purpose of formulating and implementing plans for the use and reuse of March Air Force Base. The March Inland Port Airport Authority will be used to market and promote the economic development opportunity associated with the creation of the joint use airport and for the associated development or redevelopment of adjacent and nearby vacant properties. The March Inland Port Airport Authority's activities are blended with those of the Authority in these financial statements and are reported as an enterprise fund. Separate component financial statements can be obtained from the Authority's office.

**March Joint Powers Utilities Authority**

The March Joint Powers Utilities Authority (the "Utilities Authority") was formed on August 8, 2002 by the City of Moreno Valley, a general law city of the State of California, the City of Perris, a general law city of the State of California and the City of Riverside, a charter city and municipal corporation of the State of California. The purpose of the Utility Authority is to provide construction, completion, reconstruction, extension, change, enlargement, acquisition, leasing, operation, maintenance, repair and control of facilities for the generation, transmission, distribution and sale of utilities and utilities service. The sale and service of Utilities will be to municipalities, public utility districts, corporations, businesses or persons located at the property formerly known as March Air Force Base. Separate component financial statements can be obtained from the Authority's office.

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

**B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

Governmental Accounting Standard Board Statement No. 88

In June of 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement was issued to improve financial reporting by providing users of financial statements with essential information that currently is not provided. In addition, information about resources to liquidate debt and the risks associated with changes in term associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future borrowing flows.

**C) Basis of Presentation**

The basic financial statements of the March Joint Powers Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for governmental accounting and financial reporting purposes.

These statements require that the financial statements described below be presented:

*Government-wide Statements:* The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the Authority include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

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

**C) Basis of Presentation (continued)**

*Fund Financial Statements:* Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and private-purpose trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for property taxes. Property taxes are recognized in the year for which they are levied. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

The *General Fund* is used to account for all financial resources of the Authority, except those required to be accounted for in another fund.

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

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

The *Meridian LLMD No. 1 Special Revenue Fund* is used to account for special assessments through property tax collections and the expenditures for the maintenance and landscaping of the Meridian Business Park.

The *March Lifecare Campus CFD 2013-1 Special Revenue Fund* is used to account for special assessments through property tax collection and the expenditures for the maintenance of the March Lifecare Campus.

The Authority reports the following major proprietary funds:

The *March Inland Port Airport Authority Fund* accounts for the activities of the Airport Authority, a blended component unit of the Authority. The Authority operates the joint use of the airport as well as development of the airport and adjacent properties.

The *Green Acres Fund* accounts for the activities of the Green Acres Housing Area.

The *Golf Course Fund* accounts for the activities of the Authority's golf course operations.

The *Utility Authority Fund* accounts for the activities of the Authority's utility operations.

The *Enterprise Funds* are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Revenues are fully accrued to include unbilled services at year end.

Additionally, the Authority reports the following fund types:

The *Fiduciary Funds* are used to account for resources held in the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used by the fiduciary funds are much like that used for proprietary funds.

The Authority reports the following fiduciary activities:

The *Private-purpose trust fund* is used to report resources held in trust for the Successor Agency of the former Redevelopment Agency.

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

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grant and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the March Joint Powers Authority to use restricted resources first, and then use unrestricted resources as they are needed.

**E) Encumbrances**

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executor contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**F) Cash and Cash Equivalents**

In accordance with generally accepted accounting principles, for purposes of the Statement of Cash Flows, all cash and investments with original maturities of 90 days or less are considered cash or cash equivalents. For financial statement presentation purposes cash and cash equivalents are shown as cash in the Proprietary Funds.

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

**G) Cash and Investments**

As a governmental entity other than an external investment pool in accordance with generally accepted accounting principles, the Authority's investments are stated at fair value except for interest-earning investment contracts.

Restricted cash and investments consist of \$2,903,221 for Meridian drainage fee deposits.

**H) Uncollectible Accounts**

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

**I) Inventory and Prepaid Items**

Inventory is valued at cost, using the first-in, and first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

**J) Capital Assets**

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

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

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

**J) Capital Assets (continued)**

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Buildings and improvements	7 – 50 years
Vehicles	5 years
Office equipment and furniture	5 years
Infrastructure	30 – 100 years

**K) Liabilities Payable from Restricted Assets**

Liabilities payable from restricted assets consist of the following: \$930,200 for County fire facilities and \$2,907,357 for the Meridian drainage fee deposits.

**L) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Authority has the following items that qualify for reporting in this category. The Authority has deferred outflows related to pensions and other post-employment benefits (OPEB). This includes pension and OPEB contributions subsequent to the measurement date of the net pension liability, net OPEB liability (asset) and other amounts (see Notes 12 and 14), which are amortized by an actuarial determined period. The Authority has deferred charges on refunding that resulted from the difference in the carrying value of the refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Authority has two types of deferred inflows of resources. One item arises only under a modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenues and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Authority also has deferred inflows related to pensions and other post-employment benefits (OPEB). These amounts (see Notes 12 and 14) are amortized by an actuarial determined period.

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

**M) Compensated Absences**

In accordance with generally accepted accounting principles, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement.

All leave benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported if they have matured, for example, as result of employee resignations and retirements. Leave benefits are generally liquidated by the General Fund, March Inland Port Airport Authority and Green Acres funds.

**N) Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's California Public Employees' Retirement System (CalPERS) plan (Plan) and additional to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are reported at fair value.

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

**O) Other Postemployment Benefits (OPEB)**

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

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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

**P) Net Position**

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

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

**Q) Fund Equity**

Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The Authority considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

*Nonspendable Fund Balance* - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

*Restricted Fund Balance* - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (though constitutional provisions or enabling legislation).

*Committed Fund Balance* - Amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority. The Joint Powers Commission is the highest level of decision-making authority for the Authority that can, by adoption of an ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance or resolution remains in place until a similar action is taken to remove or revise the limitation.

*Assigned Fund Balance* - Amounts that are constrained by the Authority's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

---

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

**Q) Fund Equity (continued)**

*Unassigned Fund Balance* - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

**R) Use of Estimates**

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

**S) Property Tax**

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1	
Levy Date	July 1 to June 30	
Due Date	November 1	- 1 <sup>st</sup> installment
	February 1	- 2 <sup>nd</sup> installment
Delinquent Date	December 10	- 1 <sup>st</sup> installment
	April 10	- 2 <sup>nd</sup> installment

Under California law, property taxes are assessed and collected by the counties up to 1%, of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the agencies based on complex formulas prescribed by the state statutes.

**T) Other Revenue**

The General Fund's other revenue includes \$37,400 for foreign trade zone fees, \$250,000 for Successor Agency administration fees and \$8,721 for miscellaneous revenues.

**U) Reclassification**

The Authority has reclassified certain prior year information to conform with current year presentation, with no effect on net position. Balances previously reported as due from other funds in the General Fund and due to other funds in the Golf Course fund are now classified as loans receivable and loans payable, respectively.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

---

**2) CASH AND INVESTMENTS**

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

Statement of Net Position:	
Cash and investments	\$ 27,765,476
Restricted cash and investments	3,988,699
Statement of Fiduciary Net Position:	
Cash and investments	2,464,916
Cash and investments with fiscal agent	<u>15,660</u>
Total cash and investments	<u>\$ 34,234,751</u>

Cash and investments consist of the following:

Petty cash	\$ 500
Deposits with financial institutions	12,047,064
Investments	<u>22,187,187</u>
Total cash and investments	<u>\$ 34,234,751</u>

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

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

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**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**2) CASH AND INVESTMENTS (continued)**

**Investments Authorized by Debt Agreements**

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

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio <sup>(1)</sup>	Investment in One Issuer
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Banker's acceptances	180 days	40%	30%
Prime commercial paper <sup>(2)</sup>	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse Repurchase agreements	92 days	20% of Base Value	None
Medium - Term Notes <sup>(3)</sup>	5 years	30%	None
Mutual funds	N/A	20%	10%
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
County pooled investment funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$65m
JPA pools (other investment pools)	N/A	None	None

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

<sup>(2)</sup> U.S. Corporation with assets greater than \$500 million.

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rates risk is by purchasing only money market funds.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Money market and mutual funds	\$ 1,999,358	\$ 1,999,358	\$ -	\$ -	\$ -
Municipal bonds	249,126	-	249,126	-	-
U.S. Treasury obligations	13,849,925	13,849,925	-	-	-
Negotiable certificates of deposit	383,792	383,792	-	-	-
Medium-term notes	1,571,243	155,379	499,474	916,390	-
Federal securities	4,118,084	150,017	814,688	3,153,379	-
Held by Bond Trustee:					
Money market funds	15,659	15,659	-	-	-
<b>Total</b>	<b>\$22,187,187</b>	<b>\$ 16,554,130</b>	<b>\$ 1,563,288</b>	<b>\$ 4,069,769</b>	<b>\$ -</b>

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**2) CASH AND INVESTMENTS (continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the Authority's investment policy and the actual rating as of year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End			
				AA	A	BBB	Not Rated
Money market and mutual funds	\$ 1,999,358	N/A	\$ -	\$ -	\$ -	\$ -	\$ 1,999,358
Municipal bonds	249,126	-	-	249,126	-	-	-
U.S. Treasury obligations	13,849,925	N/A	-	-	-	-	13,849,925
Negotiable certificates of deposit	383,792	N/A	-	-	-	-	383,792
Medium-term notes	1,571,243	A	-	-	1,247,029	74,644	249,570
Federal securities	4,118,084	N/A	-	-	2,908,597	-	1,209,487
Held by Bond Trustee:							
Money market funds	15,659	N/A	-	-	-	-	15,659
<b>Total</b>	<b>\$22,187,187</b>		<b>\$ -</b>	<b>\$ 249,126</b>	<b>\$ 4,155,626</b>	<b>\$ 74,644</b>	<b>\$ 17,707,791</b>

**Concentration of Credit Risk**

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Government Code. Investments in any one issue (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total Authority's investments are as follows:

Issuer	Investment Type	Reported Amount
Freddie Mac	Federal securities	\$ 1,713,190
Fannie Mae	Federal securities	1,547,646

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**2) CASH AND INVESTMENTS (continued)**

As of June 30, 2019, no deposits of the Authority's with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts, and none of the Authority's investments were held by the broker-dealer (counterparty) that was used by the Authority to buy the securities.

**Cash and Investments with Fiscal Agent**

Included in cash and investments with fiscal agent are the debt securities issued by the Successor Agency. These are obligations of the Successor Agency and, therefore, are not obligations of the Authority.

**3) FAIR VALUE MEASUREMENTS**

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

*Level 1* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

*Level 2* inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

*Level 3* inputs are unobservable inputs for the asset or liability.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**3) FAIR VALUE MEASUREMENTS (continued)**

Fair value of assets measured on a recurring basis at June 30, 2019, are as follows:

	Fair Value	Significant Other Observable Inputs (Level 2)	Uncategorized
Investments:			
Money market mutual funds	\$ 1,999,358	\$ -	\$ 1,999,358
Municipal bonds	249,126	249,126	-
U.S. Treasury obligations	13,849,925	13,849,925	-
Negotiable certificates of deposit	383,792	383,792	-
Medium-term notes	1,571,243	1,571,243	-
Federal securities	4,118,084	4,118,084	-
Held by Bond Trustee:			
Money market funds	15,659	-	15,659
	<u>\$ 22,187,187</u>	<u>\$ 20,172,170</u>	<u>\$ 2,015,017</u>
Total Investments			

Fair values for investments are determined by using a matrix pricing technique. Matrix pricing is used to value securities based on the security's relationship to benchmark quoted prices. Uncategorized investments are not subject to the fair value hierarchy.

**4) LOANS RECEIVABLE**

The aforementioned loans were made by the Authority to provide operating funds to the March Joint Powers Redevelopment Agency. The loans will be repaid from tax increment at such time as excess funds exist. On February 1, 2012, the redevelopment agency was dissolved (see Note 16) and the Successor Agency to the March Joint Powers Redevelopment Agency oversees the remaining activities of the former redevelopment agency. The balance outstanding as of June 30, 2019 for all loans is \$1,727,971. The loans have a 5% simple interest rate.

The Authority has also accumulated a receivable from the Golf Course in order to support operations. The loan will be repaid at such time excess revenues from operations exist. The balance outstanding as of June 30, 2019 is \$2,123,927.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Advances to/from other funds are as follows:

<u>Advance To</u>	<u>Advance From General Fund</u>
March Inland Port Airport Utilities Authority	\$ 2,687,896 <u>300,000</u>
Total	<u>\$ 2,987,896</u>

**March Inland Port Airport Advance**

The aforementioned loan was made by the General Fund to provide operating funds for the March Inland Port Airport Authority. The loan will be repaid from airport revenues at such time excess funds become available.

**Utilities Authority Advance**

The aforementioned loan was made by the General Fund to provide operating funds for the Utilities Authority. The loan will be repaid from utility revenues at such time excess funds become available.

Interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Green Acres</u>	<u>Golf Course</u>	
General Fund	\$ -	\$ 400,000	\$12,500,000	\$12,900,000
March Inland Port Authority	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Total	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$12,500,000</u>	<u>\$13,300,000</u>

The transfers of \$12,500,000 from the Golf Course to the General Fund was the proceeds on the sale of all Golf Course related assets, including land (see Note 17). The General Fund transferred the March Inland Port Airport Authority \$400,000 to support operations. The \$400,000 transfer between the General Fund and Green Acres is for operating funds provided to the General Fund.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**6) CAPITAL ASSETS**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 100,232,840	\$ -	\$ -	\$ 100,232,840
Total capital assets, not being depreciated	<u>100,232,840</u>	<u>-</u>	<u>-</u>	<u>100,232,840</u>
Capital assets, being depreciated:				
Vehicles	196,252	-	-	196,252
Office furniture and equipment	178,322	-	-	178,322
Building and improvements	12,070,590	-	-	12,070,590
Infrastructure	<u>776,917</u>	<u>-</u>	<u>-</u>	<u>776,917</u>
Total capital assets, being depreciated	<u>13,222,081</u>	<u>-</u>	<u>-</u>	<u>13,222,081</u>
Less accumulated depreciation:				
Vehicles	(154,389)	(7,663)	-	(162,052)
Office furniture and equipment	(159,910)	(5,440)	-	(165,350)
Building and improvements	(5,130,493)	(257,455)	-	(5,387,948)
Infrastructure	<u>(776,454)</u>	<u>(44)</u>	<u>-</u>	<u>(776,498)</u>
Total accumulated depreciation	<u>(6,221,246)</u>	<u>(270,602)</u>	<u>-</u>	<u>(6,491,848)</u>
Total capital assets, being depreciated, net	<u>7,000,835</u>	<u>(270,602)</u>	<u>-</u>	<u>6,730,233</u>
Governmental activities capital assets, net of depreciation	<u>\$ 107,233,675</u>	<u>\$ (270,602)</u>	<u>\$ -</u>	<u>\$ 106,963,073</u>

Depreciation expense of \$270,602 was charged to the general government function in the Statement of Activities.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**6) CAPITAL ASSETS (continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 47,119,061	\$ -	\$ (7,638,796)	\$ 39,480,265
Beverage rights	17,518	-	-	17,518
Construction in progress	156,902	3,375,539	-	3,532,441
	<u>47,293,481</u>	<u>3,375,539</u>	<u>(7,638,796)</u>	<u>43,030,224</u>
Total capital assets, not being depreciated				
	<u>47,293,481</u>	<u>3,375,539</u>	<u>(7,638,796)</u>	<u>43,030,224</u>
Capital assets, being depreciated:				
Office furniture and equipment	92,627	-	(92,627)	-
Building and improvements	41,357,630	40,156	(2,179,652)	39,218,134
Infrastructure	5,096,771	-	(2,279,401)	2,817,370
	<u>46,547,028</u>	<u>40,156</u>	<u>(4,551,680)</u>	<u>42,035,504</u>
Total capital assets, being depreciated				
	<u>46,547,028</u>	<u>40,156</u>	<u>(4,551,680)</u>	<u>42,035,504</u>
Less accumulated depreciation:				
Office furniture and equipment	(92,627)	-	92,627	-
Building and improvements	(12,136,178)	(979,124)	375,128	(12,740,174)
Infrastructure	(2,962,324)	(51,710)	1,884,809	(1,129,225)
	<u>(15,191,129)</u>	<u>(1,030,834)</u>	<u>2,352,564</u>	<u>(13,869,399)</u>
Total accumulated depreciation				
	<u>(15,191,129)</u>	<u>(1,030,834)</u>	<u>2,352,564</u>	<u>(13,869,399)</u>
Total capital assets, being depreciated, net				
	<u>31,355,899</u>	<u>(990,678)</u>	<u>(2,199,116)</u>	<u>28,166,105</u>
Business-type activities capital assets, net of depreciation				
	<u>\$ 78,649,380</u>	<u>\$ 2,384,861</u>	<u>\$ (9,837,912)</u>	<u>\$ 71,196,329</u>

Depreciation was charged to functions/programs as follows:

<b>Business-type Activities:</b>	
March Inland Port Airport Authority	\$ 687,488
Green Acres	301,377
Golf Course	41,969
	<u>1,030,834</u>
Total depreciation expense - Business-type activities	
	<u>\$ 1,030,834</u>

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**7) LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities:

Description	Beginning Balance	Obligations Incurred	Obligations Satisfied	Ending Balance	Due Within One Year
Compensated absences (Note 1.M)*	\$ 230,930	\$ 20,522	\$ (100,839)	\$ 150,613	\$ 37,653
<b>Business type Activities:</b>					
Description	Beginning Balance	Obligations Incurred	Obligations Satisfied	Ending Balance	Due Within One Year
Loan payable	\$ 692,736	\$ 2,123,927	\$ (692,736)	\$ 2,123,927	\$ -
Compensated absences (Note 1.M)	72,926	6,480	(31,844)	47,562	11,891
Total Business-type Activities	\$ 765,662	\$ 2,130,407	\$ (724,580)	\$ 2,171,489	\$ 11,891

\*Compensated absences were reported only within governmental activities in the prior fiscal year. The reclassification of a portion of this liability to business-type activities was included in the prior period adjustment, discussed in Note 18.

**Loan Payable**

**Business-type Activities:**

On February 1, 2012, the March Joint Powers Authority entered into an agreement for \$1,500,000 with Municipal Finance Corporation. The loan was used to provide funding for the remodel of the golf course clubhouse building. The loan was paid off by the General Fund using proceeds from the sale of the golf course. However, the payoff amount of \$692,736 is still classified as a loan payable to the General Fund. Additional obligations incurred are considered in the prior period adjustment (see Note 17) and represent loan of funds the General Fund lent to the Golf Course, but was not properly accounted for.

**8) DEFICIT FUND BALANCES/NET POSITION**

The Authority reported the following fund balance/net position deficit for the year ended June 30, 2019:

Fund	Amount
Major Fund	
Golf Course	\$ (1,987,445)
Utilities Authority	(186,373)

Management is very much aware of the seriousness of the above deficit and is currently taking steps to eliminate it. This deficit is expected to be eliminated by future revenues.

**9) OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Total expenditures of \$5,542,507 in the General exceeded total appropriations of \$5,428,200 by \$114,307.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**10) OPERATING LEASES**

During the year the Authority had the following lease activity:

<u>Lessee</u>	<u>Building(s)</u>	<u>Lease Date</u>	<u>Term</u>	<u>Amount Due</u>	<u>Renewal Options</u>
USVI CrossWord Christian Fellowship Church	Homeless shelter	10/2003	10 years <sup>(1)</sup>	\$3,200 per month	
March Field Museum Foundation	Chapel #1	1/2005	30 years	\$8,689 per month	(2) Five year periods
Pyro Spectaculars	March Field Museum	4/2000	30 years	\$1 per year	(2) Ten year periods
Freeman Holdings of Riverside, LLC	Weapons Storage area	12/2015	7 years	\$17,000 per month	
Freeman Holdings of Riverside, LLC	Fuel Farm Facility	11/2010	10 years	\$4,805 per month	(2) Ten year periods
Verizon Wireless	General Aviation Terminal	8/2014	6 years	\$1,818 per month	(2) Ten year periods
	Cell tower lease	5/2010	5 years	\$2,534 per month	(3) Five year periods

<sup>(1)</sup> Currently, this lease is on a month-to-month basis.

<sup>(2)</sup> Under the sublease agreements, the lessee will maintain the property.

*March Philmar Project* - In July 1999, the March Joint Powers Redevelopment Agency entered into a 55-year ground lease with March Inland Cargoport Development, LLC for the lease term beginning July, 1999 through June, 2054 with two ten year options to renew. The rent commencement date is June 1, 2000. The rent is abated for the first 84 months, or in the amount of \$255,400 in consideration of expenditures to bring utilities and other public services to the Land. In August 1999, March Inland Cargoport Development, LLC assigned the March Philmar Project Lease to March Philmar, LLC. Rent payments began in 2007 in the amount of \$36,486. On September 20, 2006, this lease was reassigned to the March Inland Port Airport Authority. In 2011, CT Realty purchased March Philmar from March Philmar, LLC and subsequently formed CT March Port I, LLC. On March 16, 2011 an Assignment, Assumption and Landlord Consent to Assignment and Assumption of Lease was executed between MJPA, March Philmar LLC and CT March Port I, LLC. Effective April 1, 2011, CT March Port I, LLC began paying property lease payments of \$48,649; an increase from \$0.06 under Philmar Ground Lease to \$0.08 per sf. The CT March Port I, LLC lease is subject to annual Consumer Price Index (CPI) increases not greater than 2.5% annually. The building was sold to First Industrial L.P. and recorded on May 30, 2014 and is subject to the ground lease agreement terms. In fiscal year 2019, the Authority received \$59,510 in lease payments.

*Marhub, LLC* - In October 2004, the March Joint Powers Redevelopment Agency entered into a 48 year ground lease agreement with Marhub, LLC. The term of the lease is for a 48 year period with three five year options to renew. The lease will be based on six cents per foot of the premises. The lease will be subject to a yearly adjustment based on the Consumer Price Index (CPI) increases not greater than 4% annually. On September 20, 2006, this lease was reassigned to the March Inland Port Airport Authority. On December 17, 2014 an Assignment, Assumption and Landlord Consent to Assignment and Assumption of Lease was executed between MIPAA, Marhub, LLC and Westcore Properties AC, LLC. On June 25, 2018, a confirmation and reaffirmation of assignment and assumption was executed between MIPAA, Marhub LLC and Alameda BC, LLC that transferred the rights of the ground lease from Westcore Properties AC, LLC to Alameda BC, LLC. In 2019, the Authority received \$103,297 in lease payments.

## **11) RISK MANAGEMENT**

### **General Liability Insurance**

The Authority is a member of the Public Entity Risk Management Authority (PERMA) a joint powers Authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. The governing Board of Directors consists of one member from each participating agency.

The Authority has liability coverage as follows:

- A. \$1,000,000 inclusive of the Member's self-insured retention of \$0.
- B. \$24,000,000 in excess of Coverage A in accordance with the excess of Coverage A in accordance with the terms of the Memorandum of Liability Coverage for the California Joint Powers Risk Management Authority.

### **Workers Compensation Insurance**

The Authority is insured up to \$1,000,000 per occurrence.

## **12) EMPLOYEES' RETIREMENT PLAN**

### **A) General Information about the Pension Plan**

#### ***Plan Description***

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Authority sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**12) EMPLOYEES' RETIREMENT PLAN (continued)**

**A) General Information about the Pension Plan (continued)**

***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 fulltime employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formulas	2.0% at 55 2.7% at 55	2.0% at 62
Benefit vesting schedule	5 Years service	5 Years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55+	52 - 67+
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% - 2.5%
Required employer contribution rates	8.346% - 10.152%	7.266%

***Contributions***

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**12) EMPLOYEES' RETIREMENT PLAN (continued)**

**A) General Information about the Pension Plan (continued)**

***Contributions (continued)***

Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2019 were \$240,596. The actual employer payments of \$225,561 made to CalPERS by the Authority during the measurement period ended June 30, 2018 differed from the Authority's proportionate share of the employer's contributions of \$248,174 by \$22,613, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

**B) Net Pension Liability**

The Authority's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases (1)	3.3% - 14.2%
Mortality Rate Table (2)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until purchasing power protection allowance floor on purchasing power applies, 2.5% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**12) EMPLOYEES' RETIREMENT PLAN (continued)**

**B) Net Pension Liability (continued)**

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability (continued)***

All other actuarial assumptions used in the June 30, 2017 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 can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

***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 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 follows:

<b>Asset Class<sup>1</sup></b>	<b>Current Target Allocation</b>	<b>Real Return Years 1 - 10<sup>2</sup></b>	<b>Real Return Years 11+<sup>3</sup></b>
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)

<sup>1</sup> In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

<sup>2</sup> An expected inflation of 2.0% used for this period

<sup>3</sup> An expected inflation of 2.92% used for this period

**12) EMPLOYEES' RETIREMENT PLAN (continued)**

**B) Net Pension Liability (continued)**

***Change of Assumptions***

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.

***Discount Rate***

The discount rate used to measure the total pension liability for PERF C was 7.15%. 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.

***Pension Plan Fiduciary Net Position***

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**12) EMPLOYEES' RETIREMENT PLAN (continued)**

**C) Proportionate Share of Net Pension Liability**

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total	Plan Fiduciary	Plan Net
	Pension Liability (a)	Net Position (b)	Pension Liability (c) = (a) - (b)
Balance at: 6/30/2017 (VD)	\$ 7,601,453	\$ 5,923,750	\$ 1,677,703
Balance at: 6/30/2018 (MD)	8,126,334	6,515,292	1,611,042
Net Changes during 2017-18	524,881	591,542	(66,661)

Valuation Date (VD), Measurement Date (MD).

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, 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, 2017 rolled forward to June 30, 2018 using standard update procedures. The Local Government's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The Authority's proportionate share of the net pension liability for the Plan as of the June 30, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.01692%
Proportion - June 30, 2019	0.01672%
Change - increase (decrease)	(0.00020%)

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Authority's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what 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:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Net Pension Liability	\$ 2,710,301	\$ 1,611,042	\$ 703,622

**12) EMPLOYEES' RETIREMENT PLAN (continued)**

**C) Proportionate Share of Net Pension Liability**

***Subsequent Events***

There were no subsequent events that would materially affect the results presented in this disclosure.

***Amortization of Deferred Outflows and Deferred Inflows of Resources***

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2018 is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**12) EMPLOYEES' RETIREMENT PLAN (continued)**

**D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

As of the start of the measurement period (July 1, 2017), the Authority's net pension liability was \$1,677,703. For the measurement period ending June 30, 2018 (the measurement date), the Local Government incurred a pension expense of \$408,844.

As of June 30, 2019, the Authority has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 183,663	\$ 45,012
Differences between expected and actual experience	61,813	21,035
Differences between projected and actual investment earnings	7,965	-
Differences between employer's contributions and proportionate share of contributions	6,829	22,852
Change in employer's proportion	116,600	11,673
Pension contributions made subsequent to the measurement date	240,596	-
	<u>240,596</u>	<u>-</u>
Total	<u>\$ 617,466</u>	<u>\$ 100,572</u>

These amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense. Contributions subsequent to the measurement date of \$240,596 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources
2020	\$ 199,235
2021	130,535
2022	(38,982)
2023	(14,490)

**E) Payable to the Pension Plan**

At June 30, 2019, the Authority reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

**13) DEFERRED COMPENSATION PLAN**

On August 20, 1996, the provisions of Internal Revenue Code (IRC) Section 457 were amended to require new plans to place all assets and income of the Plan in trust for the exclusive benefit of participants and their beneficiaries. Plans in existence as of the date of this change must place the Plan assets and income in trust by January 1, 1999. Once the assets and income are placed in trust the Authority no longer owns the amounts deferred by employees and related income. Prior to this IRC Section 457 Amendment, the deferred amounts and related income remained as property of the Authority until withdrawn by the employee.

During the 1997-98 fiscal years, March Joint Powers Authority created its Deferred Compensation Plan with assets and related income in trust as allowed by IRC Section 457 and as a result the asset and corresponding liability are not presented in these financial statements.

**14) OTHER POST EMPLOYMENT BENEFITS**

***Plan Description***

The Authority's defined benefit postemployment healthcare plan, (JPA Retiree Healthcare Plan "JRHP"), provides medical benefits to eligible retired employees and qualified dependents. JRHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. JRHP selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

***Employees Covered***

As of June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Active employees	16
Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to, but not yet receiving benefits	<u>0</u>
 Total	 <u><u>18</u></u>

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**14) OTHER POST EMPLOYMENT BENEFITS (continued)**

***Contributions***

The contribution requirements of plan members and the Authority are established and may be amended by the Joint Powers Commission. The Authority contributes the CalPERS minimum monthly contribution for the retiree or surviving dependent.

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the Authority's cash contributions were \$30,000 in payments to the trust and the estimated implied subsidy was \$4,028 resulting in total payments of \$34,028.

***Net OPEB Liability (Asset)***

The Authority's net OPEB liability (asset) was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2017 based on the following actuarial methods and assumptions:

**Actuarial Assumptions:**

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age
Discount Rate	7.00%
Investment Rate of Return	7.00%
Inflation	2.75% per year
Salary Increases	2.75% per year
Medical Trend	4%
Mortality Rate (1)	2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates (2)	Hired before 1/1/2013: 2009 CalPERS 2.7% @ 55 Rates for Miscellaneous Employees Hired before 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees 2% @ 60 adjusted to minimum retirement age of 52.

(1) The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

(2) The retirement rates information was developed based on CalPERS's specific data. For more details, please refer to the 1997 to 2011 CalPERS Experience Study Report. The Experience Study Reports may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset are summarized in the following table:

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

**14) OTHER POST EMPLOYMENT BENEFITS (continued)**

***Net OPEB Liability (Asset) (continued)***

Asset Class	Target Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return Years 1-10 <sup>2</sup>
Global Equities	59%	4.80%	5.98%
Fixed Income	25%	1.10%	2.62%
Global Real Estate (REITs)	8%	3.20%	5.00%
Treasury Inflation Protected Securities (TIPS)	5%	0.25%	1.46%
Commodities	3%	1.50%	2.87%

<sup>1</sup> An expected inflation of 2.0% used for this period

<sup>2</sup> An expected inflation of 2.92% used for this

***Discount Rate***

The discount rate used to measure the total OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

***Changes in the OPEB Liability (Asset)***

The changes in the net OPEB liability (asset) for the Plan are as follows:

	Liability (a)	Net Position	Liability/(Asset)
<b>Balance at June 30, 2018</b> (Valuation Date June 30, 2017)	\$ 173,828	\$ 186,193	\$ (12,365)
<b>Changes recognized for the measurement period:</b>			
Service Cost	8,368	-	8,368
Interest	12,337	-	12,337
Employer Contributions	-	37,525	(37,525)
Employee Contributions	-	-	-
Changes of assumptions	-	-	-
Expected Investment Income	-	14,211	(14,211)
Investment Gains/Losses	-	759	(759)
Administrative expenses	-	(348)	348
Expected Benefit Payments	(3,525)	(3,525)	-
Other	-	75	(75)
<b>Net Changes</b>	17,180	48,697	(31,517)
<b>Balance at June 30, 2019</b> (Measurement Date June 30, 2018)	\$ 191,008	\$ 234,890	\$ (43,882)

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**14) OTHER POST EMPLOYMENT BENEFITS (continued)**

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents the net OPEB liability (asset) of the Authority 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 period ended June 30, 2018:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net OPEB Asset	\$ (14,081)	\$ (43,882)	\$ (68,132)

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability (asset) of the Authority 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, 2018:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Asset	\$ (70,396)	\$ (43,882)	\$ (11,606)

***OPEB Plan Fiduciary Net Position***

CERBT issues a publicly available financial report that may be obtained from the California Public Employees Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

***Recognition of Deferred Outflows and Deferred Inflows of Resources***

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period for the net difference between projected and actual earnings on OPEB plan investments is 5 years. The Authority reported no other deferred items requiring amortization for the fiscal year ending June 30, 2019.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**14) OTHER POST EMPLOYMENT BENEFITS (continued)**

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the fiscal year ended June 30, 2019, the Authority recognized OPEB expense of \$6,690. As of fiscal year ended June 30, 2019, the Authority reported deferred outflows of resources related to OPEB from the following services:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 34,028	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	607
Total	<u>\$ 34,028</u>	<u>\$ 607</u>

The \$34,028 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability (asset) in the upcoming fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2020	\$ (152)
2021	(152)
2022	(152)
2023	(151)
2024	-
Thereafter:	-

**15) COMMITMENTS AND CONTINGENCIES**

The Authority is involved with various potential litigation matters. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial condition of the Authority.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

**15) COMMITMENTS AND CONTINGENCIES (continued)**

The Authority and the former March Joint Powers Redevelopment Agency have entered into developer agreements to attract new business to the areas formerly known as March Air Force Base. The following represents the Authority's significant commitments with certain developers.

**LNR Riverside, LLC**

On December 28, 2001, the West March Disposition and Development Agreement was entered into between the March Joint Powers Redevelopment Agency, LNR Riverside, LLC and the March Joint Powers Authority. The agreement is to develop 1,290 acres of property as West March Business Park. In consideration for the Agency transferring the property to LNR, in accordance with the agreement, LNR agrees to incur substantial costs in developing the property, including but not limited to installation of public infrastructure to service the property. The expected cost of such infrastructure will exceed \$100 million during the term of the agreement. The Agency will benefit from LNR's development of the property, as a result of sales and other tax revenues generated by the property and project and the jobs created by the project. No provision has been made for this commitment on the combined financial statements, as the project is not complete.

**March Healthcare Development, LLC**

On April 7, 2010, the March Lifecare Campus Disposition and Development Agreement was entered into between the March Joint Powers Redevelopment Agency and March Healthcare Development, LLC (MHD). In consideration for the Agency transferring the property to MHD, MHD will pay fair market value for the property as defined in the Disposition and Development Agreement. The Agency will benefit from March Healthcare's development of the property, as a result of sales and other tax revenues generated by the property and project and the jobs the project will create. The Agency will reimburse the Developer for the cost of certain Horizontal Improvements pursuant to the Agency Note in the principal amount of Twenty Million, Five Hundred Thousand Dollars (\$20,500,000), together with interest thereon at six percent (6%) per annum, payable from 80% of Net Property Tax Increment generated solely by the March LifeCare Campus project. Currently, no provision has been made for this commitment on the financial statements, as the project is not complete.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**16) SUCCESSOR AGENCY FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of March Joint Powers Authority that previously had reported a redevelopment agency within the reporting entity of the Authority as a blended component unit. The Bill provides that upon dissolution of a redevelopment agency, either the Authority or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 18, 2012, the Joint Powers Commission elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of Authority Resolution Number JPA 12-04. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

**Successor Agency Long-term Obligations**

The following is a summary of the changes in the Successor Agency long-term obligations for the year:

Description	Beginning Balance	Obligations Incurred	Obligations Satisfied	Ending Balance	Due within 1 year
Loans payable	\$ 2,126,564	\$ -	\$ (398,593)	\$ 1,727,971	\$ 418,771
2016 Series A Tax Allocation Bond Refunding Bond	32,070,000	-	(840,000)	31,230,000	845,000
Bond premiums (2016A Tax Allocation Refunding Bond)	4,016,495	-	(174,000)	3,842,495	-
Total Long-term Obligations	<u>\$ 38,213,059</u>	<u>\$ -</u>	<u>\$ (1,412,593)</u>	<u>\$ 36,800,466</u>	<u>\$ 1,263,771</u>

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**16) SUCCESSOR AGENCY FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**  
**(continued)**

**Loans Payable**

The aforementioned loans were made by the March Joint Powers Authority (the "Authority") to provide operating funds to the former March Joint Powers Redevelopment Agency. The loans will be repaid from tax increment at such time as excess funds exist. Interest expense incurred during the fiscal year ended June 30, 2019 is \$101,407. The balance outstanding as of June 30, 2019 for all loans is \$1,727,971.

Date	Interest Rate	Amount of Issue	Outstanding at End of Year
June 20, 2007	5%	\$ 700,000	\$ 316,085
June 18, 2008	5%	850,000	605,398
June 17, 2009*	5%	600,000	271,409
March 17, 2010	5%	500,000	140,457
February 17, 2011	5%	700,000	394,622
Total		<u>\$ 3,350,000</u>	<u>\$ 1,727,971</u>

\*This note payable was approved in 2009 for the 2010 fiscal year.

Year Ending June 30,	Principal	Interest	Total
2020	\$ 418,771	\$ 81,229	\$ 500,000
2021	387,384	60,091	447,476
2022	400,873	35,765	436,638
2023	176,127	23,873	200,000
2024	130,024	15,079	145,102
2025 - 2027	214,791	15,409	230,200
Total	<u>\$ 1,727,971</u>	<u>\$ 231,445</u>	<u>\$ 1,959,416</u>

**2016 Tax Allocation Refunding Bonds - Series A, Direct Borrowing**

On September 28, 2016, the Successor Agency to the March Joint Powers Redevelopment Agency issued \$33,095,000 2016 Tax Allocation Refunding Bonds, Series A. The proceeds of these bonds will be used to refinance certain outstanding obligations of the Successor Agency. Interest on the bond is payable August 1st and February 1st of each year. Interest on the bond accrues at rates varying from 1.5% to 5% per annum. Principal on the serial bonds is payable in annual installments ranging from \$840,000 to \$2,030,000, commencing August 1, 2018 through August 1, 2041. The reserve requirement is covered by a bond insurance policy. Interest expense incurred during the fiscal year ended June 30, 2019 was \$1,258,557.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**16) SUCCESSOR AGENCY FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**  
**(continued)**

***2016 Tax Allocation Refunding Bonds - Series A, Direct Borrowing (continued)***

Under the bond indenture, the principal due on the bonds is subject to an acceleration upon the occurrence of an event of default. If an event of default occurs, bond owners will be limited to enforcing the obligation of the Successor Agency to repay the bonds on an annual basis to the extent of the tax revenues. No real or personal property in the project area is pledged to secure the bonds and it is not anticipated that the Successor Agency will have available moneys sufficient to redeem all of the bonds upon the occurrence of an event of default.

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 845,000	\$ 1,241,051	\$ 2,086,051
2021	885,000	1,206,444	2,091,444
2022	920,000	1,170,344	2,090,344
2023	955,000	1,132,844	2,087,844
2024	995,000	1,093,844	2,088,844
2025-2029	5,610,000	4,835,472	10,445,472
2030-2034	6,820,000	3,572,175	10,392,175
2035-2039	8,345,000	2,031,700	10,376,700
2040-2042	5,855,000	357,500	6,212,500
Total	<u>\$ 31,230,000</u>	<u>\$ 16,641,373</u>	<u>\$ 47,871,373</u>

**Contingencies**

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the Authority are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The Authority's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date, by an appropriate judicial authority that would resolve this issue unfavorably to the Authority.

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Financial Statements**  
**Year Ended June 30, 2019**

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**17) GOLF COURSE DISPOSITION**

During the current fiscal year, the Authority finalized the sale of the Golf Course and related assets to the United States Government for future veterans' cemetery expansion. The Authority received \$12,500,000 for the sale. The Authority will continue to operate the course until such expansion takes place.

**18) PRIOR PERIOD ADJUSTMENT**

The cumulative effects of correction of errors in reporting of prior internal loan balances between the various funds, as well as allocation of the compensated absences and OPEB liabilities to the business-type funds resulted in the following prior period adjustments:

	<u>General Fund</u>				
Fund balance, as previously reported	\$ 15,178,288				
Prior period adjustment	<u>456,832</u>				
Fund balance, as restated	<u>\$ 15,635,120</u>				
	<u>Governmental Activities</u>				
Net position, as previously reported	\$124,426,028				
Prior period adjustment	<u>529,758</u>				
Net position, as restated	<u>\$124,955,786</u>				
	<u>March Inland Port Airport Authority</u>	<u>Green Acres</u>	<u>Golf Course</u>	<u>Utilities Authority</u>	<u>Total Proprietary Funds/Business- Type Activities</u>
Net position, as previously reported	\$ 56,397,861	\$ 11,406,429	\$ 8,211,698	\$ (173,284)	\$ 75,842,704
Prior period adjustment	<u>(42,540)</u>	<u>(30,386)</u>	<u>(785,241)</u>	<u>-</u>	<u>(858,167)</u>
Net position, as restated	<u>\$ 56,355,321</u>	<u>\$ 11,376,043</u>	<u>\$ 7,426,457</u>	<u>\$ (173,284)</u>	<u>\$ 74,984,537</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**MARCH JOINT POWERS AUTHORITY**  
**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios**  
**as of the Measurement Date**  
**Last Ten Years\***

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<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability<sup>1</sup></u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
6/30/2014	0.014720%	\$ 915,852	\$ 1,285,648	71.24%	80.60%
6/30/2015	0.016049%	1,101,618	1,356,768	81.19%	79.18%
6/30/2016	0.016199%	1,401,724	1,409,298	99.46%	76.98%
6/30/2017	0.016917%	1,677,703	1,338,176	125.37%	77.93%
6/30/2018	0.016719%	1,611,042	1,394,381	115.54%	80.18%

<sup>1</sup> Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

**MARCH JOINT POWERS AUTHORITY**  
**Schedule of Pension Plan Contributions**  
**Last Ten Years\***

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Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 246,125	\$ (246,125)	\$ -	\$ 1,356,768	18.14%
6/30/2016	221,020	(221,020)	-	1,409,298	15.68%
6/30/2017	215,802	(215,802)	-	1,338,176	16.13%
6/30/2018	225,561	(225,561)	-	1,394,381	16.18%
6/30/2019	240,596	(240,596)	-	1,335,661	18.01%

\* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

**Notes to Schedule:**

Change in Benefit Terms: None

Changes in Assumptions: 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 2017, the accounting discount rate was 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, amounts reported were based on the 7.5 percent discount rate.

**MARCH JOINT POWERS AUTHORITY**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Last Ten Years\***

Measurement Period	2017	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 8,144	\$ 8,368
Interest on the Total OPEB Liability	11,209	12,337
Actual and expected experience difference	-	-
Changes in assumptions	-	-
Changes in benefit terms	-	-
Benefit payments	(3,389)	(3,525)
<b>Net change in Total OPEB Liability</b>	15,964	17,180
<b>Total OPEB Liability - beginning</b>	157,864	173,828
<b>Total OPEB Liability - ending (a)</b>	173,828	191,008
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	30,189	37,525
Contributions - employee	-	-
Net investment income	15,722	14,211
Investment Gains/Losses	-	759
Benefit payments	(3,389)	(3,525)
Administrative expense	(131)	(348)
Other	-	75
<b>Net change in Plan Fiduciary Net Position</b>	42,391	48,697
<b>Plan Fiduciary Net Position - beginning</b>	143,802	186,193
<b>Plan Fiduciary Net Position - ending (b)</b>	186,193	234,890
<b>Net OPEB Liability/(Asset) - ending (a) - (b)</b>	<b>\$ (12,365)</b>	<b>\$ (43,882)</b>
Plan fiduciary net position as a percentage of the total OPEB liability	107.11%	122.97%
Covered-employee payroll	\$ 1,380,853	\$ 1,567,809
Net OPEB liability as a percentage of covered-employee payroll	-0.90%	-2.80%

\* Measurement date 6/30/2017 (fiscal year 2018) was the first year of implementation. Additional years will be presented as information becomes available.

**MARCH JOINT POWERS AUTHORITY**  
**Schedule of OPEB Plan Contributions**  
**Last Ten Years\***

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Fiscal Year Ended June 30	2018	2019
Statutorily required contributions	\$ 34,000	\$ 30,000
Contributions in relation to the statutorily required contributions	(37,539)	(34,028)
Contribution deficiency/(excess)	\$ (3,539)	\$ (4,028)
Covered-employee payroll	\$ 1,567,809	\$ 1,320,141
Contribution as a percentage of covered-employee payroll	2.39%	2.58%

\* Measurement date 6/30/2017 (fiscal year 2018) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

**Methods and assumptions used to determine contributions:**

Actuarial cost method	Entry age
Discount rate	7%
Investment rate of return	7%
General inflation	2.75%
Medical trend	4%
Mortality	2014 CalPERS active mortality for miscellaneous employees

**MARCH JOINT POWERS AUTHORITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual – General Fund**  
**Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 600,000	\$ 600,000	\$ 600,000	\$ -
Intergovernmental revenues	-	450,000	2,632,679	2,182,679
Licenses, permits and fees	2,100,500	2,350,500	3,328,622	978,122
Investment earnings	-	180,000	482,275	302,275
Lease revenue	422,000	422,000	550,636	128,636
Other revenue	14,577,000	12,193,000	296,121	(11,896,879)
Total revenues	<u>17,699,500</u>	<u>16,195,500</u>	<u>7,890,333</u>	<u>(8,305,167)</u>
<b>EXPENDITURES</b>				
Current:				
Administration	305,300	285,300	258,781	26,519
Salaries and benefits	1,504,900	1,210,900	1,193,722	17,178
Police patrols/security	181,000	186,000	204,768	(18,768)
Contractual/professional services	140,500	462,000	462,524	(524)
Project improvement costs	2,722,000	1,650,000	1,611,472	38,528
Legal	150,000	162,000	167,257	(5,257)
Planning	1,262,000	1,223,000	1,418,774	(195,774)
Maintenance and lease services	123,000	109,000	89,064	19,936
Buildings and grounds maintenance	78,000	140,000	136,145	3,855
Total expenditures	<u>6,466,700</u>	<u>5,428,200</u>	<u>5,542,507</u>	<u>(114,307)</u>
Excess of revenues over expenditures	<u>11,232,800</u>	<u>10,767,300</u>	<u>2,347,826</u>	<u>(8,419,474)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	400,000	400,000	12,900,000	12,500,000
Transfers out	-	-	(400,000)	(400,000)
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>12,500,000</u>	<u>12,100,000</u>
Net change in fund balance	<u>\$ 11,632,800</u>	<u>\$ 11,167,300</u>	<u>14,847,826</u>	<u>\$ 3,680,526</u>
Fund balance, as restated			<u>15,635,120</u>	
Fund balance, ending			<u>\$ 30,482,946</u>	

**MARCH JOINT POWERS AUTHORITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual – Special Revenue – Meridian LLMD No. 1**  
**Year Ended June 30, 2019**

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	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Special assessments	\$ 1,635,435	\$ 1,635,435	\$ 1,367,803	\$ (267,632)
Total revenues	<u>1,635,435</u>	<u>1,635,435</u>	<u>1,367,803</u>	<u>(267,632)</u>
<b>EXPENDITURES</b>				
Current:				
Administration	52,300	50,900	27,331	23,569
Salaries and benefits	133,700	135,100	121,398	13,702
Contractual/professional services	859,210	859,210	862,908	(3,698)
Project improvement costs	<u>30,641</u>	<u>30,641</u>	<u>27,037</u>	<u>3,604</u>
Total expenditures	<u>1,075,851</u>	<u>1,075,851</u>	<u>1,038,674</u>	<u>37,177</u>
Excess of revenues over expenditures	<u>\$ 559,584</u>	<u>\$ 559,584</u>	329,129	<u>\$ (230,455)</u>
Fund balance, beginning			<u>744,822</u>	
Fund balance, ending			<u>\$ 1,073,951</u>	

**MARCH JOINT POWERS AUTHORITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual – Special Revenue – March Lifecare Campus CFD 2013-1**  
**Year Ended June 30, 2019**

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	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Special assessments	\$ 67,777	\$ 67,777	\$ 60,183	\$ (7,594)
Total Revenues	67,777	67,777	60,183	(7,594)
<b>EXPENDITURES</b>				
Current:				
Contractual/professional services	55,217	55,217	5,921	49,296
Total Expenditures	55,217	55,217	5,921	49,296
Excess of revenues over expenditures	\$ 12,560	\$ 12,560	54,262	\$ 41,702
Fund balance, beginning			33,594	
Fund balance, ending			\$ 87,856	

**MARCH JOINT POWERS AUTHORITY**  
**Notes to Required Supplementary Information**  
**June 30, 2019**

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**1. BUDGETARY DATA**

The Authority uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The budget is prepared on a triennial basis, every three years.
2. Before the beginning of each triennial budget cycle, the Executive Director submits to the Finance Committee a proposed budget for the year commencing the following July 1 and the next two fiscal years.
3. The committee reviews the proposed budget and approves submittal to the Commission.
4. The budget is subsequently adopted through passage of a resolution by the Commission.
5. All appropriated amounts are as originally adopted or as amended by the Commissioners and lapse at each fiscal year-end.
6. Original appropriations are modified by supplementary appropriations and transfers among budget categories. The Commission approves all significant changes.
7. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
8. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
9. Budget information is presented for the General and Special Revenue Fund Types.

Expenditures for the year ended June 30, 2019, that exceeded the appropriations of the major funds are as follows:

<b>Fund</b>	<b>Expenditures</b>	<b>Appropriations</b>	<b>Excess</b>
General Fund:			
Police patrols/security	\$ 204,768	\$ 186,000	\$ (18,768)
Contractual/professional services	462,524	462,000	(524)
Legal	167,257	162,000	(5,257)
Planning	1,418,774	1,223,000	(195,774)
Meridian LLMD No. 1:			
Contractual/professional services	862,908	859,210	(3,698)