



**SANTA MARIA PUBLIC AIRPORT DISTRICT
BOARD OF DIRECTORS**

**Thursday
May 14, 2026**

**Administration Building
Airport Boardroom
6:00 P.M.**

**REGULAR MEETING
A G E N D A**

This agenda is prepared and posted pursuant to the requirements of the California Government Code Section 54954.2. By listing a topic on this agenda, the Santa Maria Public Airport District has expressed its intent to discuss and act on each item. The Santa Maria Public Airport District welcomes orderly participation at its meetings from all members of the public. This includes assistance under the Americans with Disabilities Act to provide an equally effective opportunity for individuals with a disability to participate in and benefit from District activities. To request assistance with disability accommodation, please call (805) 922-1726. Notification at least 48 hours prior to the meeting would enable the Santa Maria Public Airport District to make reasonable arrangements to ensure accessibility to this meeting.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL: Brown, Adams, Guy, Clayton, Rodriguez

- 1. MINUTES OF THE REGULAR MEETING HELD APRIL 23, 2026**
- 2. APPOINTMENT OF MEMBERS TO COMMITTEES AND ASSIGNMENT TO LIAISON POSITIONS.**
- 3. COMMITTEE REPORT(S):**
 - a) EXECUTIVE
 - b) ADMINISTRATION & FINANCIAL
 - c) SAFETY & SECURITY
 - d) REAL ESTATE
 - e) AIRPORT PLANNING & CAPITAL IMPROVEMENT
 - f) GOVERNMENT AFFAIRS
 - g) MARKETING & PROMOTIONS
 - h) GENERAL AVIATION
- 4. GENERAL MANAGER'S REPORT**
- 5. MANAGER OF FINANCE & ADMINISTRATION REPORT**
 - a) Demand Register
 - b) Annual Comprehensive Financial Report FY24-25

6. **PUBLIC SESSION:** Statements from the floor will be heard during public session. Request to Speak forms are provided for those wishing to address the board. After completing the form, please give it to the Clerk. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public are cordially invited to speak on agenda items as they occur. Staff reports covering agenda items are available for review in the offices of the General Manager on the Tuesday prior to each meeting. The Board will establish a time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.
7. **RESOLUTION 963. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT AMENDING THE JOB SPECIFICATIONS MANUAL TO ADD THE POSITION OF BUSINESS DEVELOPMENT MANAGER AND ADOPTING A SALARY RANGE FOR THE NEW POSITION**
8. **RESOLUTION 964. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT ADOPTING THE SALARY SCHEDULE FOR FISCAL YEAR 26-27 AND APPROVING A COST-OF-LIVING ADJUSTMENT OF 3% BASED OFF OF THE LOS ANGELES-LONG BEACH-ANAHEIM CONSUMER PRICE INDEX (CPI)**
9. **RESOLUTION 965. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT AMENDING THE RATES AND CHARGES FOR FISCAL YEAR 26-27**
10. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE A BUILDING SPACE LEASE BETWEEN THE DISTRICT AND ENGLISH AIR SERVICE, LLC.**
11. **APPROVAL OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT HANGAR LEASE ELIGIBILITY & USE POLICY AS AMENDED MAY 14, 2026.**
12. **APPROVAL OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT HANGAR WAIT LIST POLICY AS AMENDED MAY 14, 2026.**
13. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO APPROVE THE SUBLEASE BETWEEN REACH/CALSTAR AND MALDONADO COMPANIES, LLC**
14. **AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE FIRST AMENDMENT GROUND LEASE BETWEEN THE DISTRICT AND CECIL ELOY RENFROW.**
15. **FIRST REVIEW OF PROPOSED BUDGET FOR FY26-27**
16. **CLOSED SESSION:** The Board will hold a Closed Session to discuss the following item(s):
 - a) **Conference with Real Property Negotiators: APN: 111-231-2 and 111-231-17. Agency negotiators: General Manager and District Counsel. Negotiating parties: Aerostar Properties. Under Negotiation: Through the Fence Agreement (Gov. Code Section 54956.8).**
 - b) **Conference with Real Property Negotiators: Property: 3339 Terminal Drive Agency negotiators: General Manager and District Counsel. Negotiating parties: City of Santa Maria. Under Negotiation: Lease, price, and terms of payment – agreement for ARFF Services (Government Code Section 54956.8)**
17. **DIRECTORS' COMMENTS.**
18. **ADJOURNMENT.**

MINUTES OF THE REGULAR BOARD
MEETING OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT
DISTRICT HELD APRIL 23, 2026

The Board of Directors of the Santa Maria Public Airport District held a Regular Meeting at the regular meeting place at 6:00 p.m. Present were Directors Adams, Guy, Clayton, and Rodriguez. General Manager, Pehl, Manager of Finance & Administration, Flores, and District Counsel Steele. Director Brown was absent.

1. MINUTES OF THE REGULAR MEETING HELD March 12, 2026. Director Clayton made a Motion to approve the minutes of the regular meeting held March 12, 2026. Director Guy Seconded, and it was carried by a 3-0-1 vote. Director Adams abstained from the vote.
2. MINUTES OF THE REGULAR MEETING HELD April 9, 2026. Director Clayton made a Motion to approve the minutes of the regular meeting held April 9, 2026. Director Adams Seconded, and it was carried by a 3-0-1 vote. Director Guy abstained from the vote.
3. COMMITTEE REPORT(S):
 - a) EXECUTIVE – The committee met to set the agenda.
 - b) ADMINISTRATION & FINANCIAL – The committee met.
 - c) SAFETY & SECURITY – No meeting scheduled.
 - d) REAL ESTATE – The committee met.
 - e) AIRPORT PLANNING & CAPITAL IMPROVEMENT– No meeting scheduled.
 - f) MARKETING & PROMOTIONS – No meeting scheduled.
 - g) GENERAL AVIATION – No meeting scheduled.
4. GENERAL MANAGER’S REPORT: Mr. Pehl updated the board on the annual FAA inspection that took place. The inspection went well and official feedback from the FAA will be provided in the following weeks.
5. The Manager of Finance & Administration presented the Demand Register to the Board for review and approval.
 - a) Demand Register. The Demand Register, covering warrants 074573 through 074638 in the amount of \$484,768.48, was recommended for approval as presented. Director Guy made a Motion to accept the Demand Register as presented. Director Clayton Seconded, and it was carried by a 4-0 vote.
 - b) Financial Statements. Received and filed.
6. PUBLIC SESSION: Statements from the floor will be heard during public session. Request to Speak forms are provided for those wishing to address the board. After completing the form, please give it to the Clerk. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public are cordially invited to speak on agenda items as they occur. Staff reports covering agenda items are available for review in the offices of the General Manager on the Tuesday prior to each meeting. The Board has established a three-minute time limit for receipt of testimony. The board reserves the right to establish further time limits for receipt of testimony.

No one requested to speak.

7. Resolution 958. A Resolution of the Board of Directors of the Santa Maria Public Airport District adopting a Standby (on-call) Assignment and Standby Pay Policy and amending the Personnel Manual. Director Rodriguez made a Motion to approve. Director Clayton Seconded, and it was carried by the following roll call vote. Directors Adams, Guy, Clayton, and Rodriguez voted "Yes".
8. Resolution 959. A Resolution of the Board of Directors of the Santa Maria Public Airport District adopting a Purchase Policy. Director Guy made a Motion to approve. Director Rodriguez Seconded, and it was carried by the following roll call vote. Directors Adams, Guy, Clayton, and Rodriguez voted "Yes".
9. Resolution 960. A Resolution of the Board of Directors of the Santa Maria Public Airport District adopting the Rent Study. Director Rodriguez made a Motion to approve. Director Clayton Seconded, and it was carried by the following roll call vote. Directors Adams, Guy, Clayton, and Rodriguez voted "Yes".
10. Resolution 961. A Resolution of the Board of Directors of the Santa Maria Public Airport District adopting the Fee Study. Director Guy made a Motion to approve. Director Rodriguez Seconded, and it was carried by the following roll call vote. Directors Adams, Guy, Clayton, and Rodriguez voted "Yes".

Chris Kunkle, President of the Central Coast Jet Center, addressed the Board regarding the proposed fee schedule. He stated that the fuel flowage fees appeared reasonable; however, he requested that any increases be implemented incrementally in phases.

Mr. Kunkle expressed concern regarding the proposed landing fees, noting that commercial airlines did not receive an increase, while the U.S. Forest Service would be subject to a significant increase. He further commented that many other airports do not impose landing fees for tanker base operations and requested additional consideration prior to implementation, particularly given that such operators already pay ramp fees. He asked that, if adopted, the landing fee also be implemented as a phased increase.

Additionally, Mr. Kunkle inquired about potential U.S. Customs fees, noting that none were included in the proposed fee schedule. He requested clarification on whether such fees are being considered, including how they would generate revenue and what the anticipated fee structure might be.

Following public comments, the Board approved the resolution. The Committee will meet with Mr. Kunkle the following week to further discuss these matters.

11. Resolution 962. A Resolution of the Board of Directors of the Santa Maria Public Airport District adopting the Rates and Charges for Fiscal Year 2026-2027. Director Guy made a Motion to approve. Director Rodriguez Seconded, and it was carried by the following roll call vote. Directors Adams, Guy, Clayton, and Rodriguez voted "Yes".
12. Authorization for the President and Secretary to execute a Building Space Lease between the District and English Air Services, LLC. This item was tabled until a future meeting.
13. Authorization for the President and Secretary to execute a Revised Consent Agreement to the Levy of a Contractual Assessment on a Leasehold Interest and to related matters regarding Ground Lease with United Lions Corporation. Director Guy made a Motion to approve. Director Clayton Seconded, and it was carried by a 4-0 vote.

14. Authorization for two staff members to visit the San Bernadino airport and ProDIGIQ Headquarters April 30-May 1, 2026. Director Rodriguez made a Motion to approve. Director Guy Seconded, and it was carried by a 4-0 vote.

15. Authorization for the Manager of Finance & Administration to execute a contract with Oracle Netsuite Enterprise Software Company. Director Clayton made a Motion to approve. Director Rodriguez Seconded, and it was carried by a 4-0 vote.

RECESS: At 7:02 p.m.

Return to OPEN SESSION: At 7:03 p.m. The Board and staff reconvened to Open Session.

16. Closed Session. At 7:03 p.m. the Board went into Closed Session to discuss the following item(s):

- a) Conference with Real Property Negotiators: APN: 111-231-2 and 111-231-17. Agency negotiators: General Manager and District Counsel. Negotiating parties: Aerostar Properties. Under Negotiation: Through the Fence Agreement (Gov. Code Section 54956.8).

At 7:05 p.m., the Board and staff reconvened to Open Public Session.

There were no reportable actions.

17. Directors' Comments. Director Adams had no comment.

Director Rodriguez expressed his support for the implementation of the new financial software. He acknowledged the District is currently facing financial challenges and emphasized the importance of continuing to work closely with stakeholders.

Director Clayton stated that budget reductions will be necessary to ensure the District operates within its financial means.

Director Guy noted the significant amount of change that has occurred throughout 2025 and the first quarter of 2026. He expressed appreciation for the positive relationships being developed with regulatory and local agencies. He also commended Mr. Flores as a valuable addition to the team, highlighting his strong understanding of the role, positive attitude. He stated his respect and appreciation for him. Director Guy further stated that staff are working well together, demonstrating strong collaboration and cohesion. He has observed considerable growth within the organization and attributed that success to the efforts of staff.

18. Adjournment: Vice President Adams asked for a Motion to adjourn to a Regular Meeting to be held on May 14, 2026, at the regular meeting place. Director Clayton made that Motion, Director Rodriguez Seconded, and it was carried by a 4-0 vote.

ORDER OF ADJOURNMENT

This Regular Meeting of the Board of Directors of the Santa Maria Public Airport District is hereby adjourned at 7:09 p.m. on April 9, 2026.

Steve Brown, President

Tony Guy, Secretary



**2026 SMPAD BOARD OF DIRECTORS
COMMITTEE AND LIAISON APPOINTMENTS**

EXECUTIVE

Directors &

ADMINISTRATION & FINANCIAL

Directors &

SAFETY & SECURITY

Directors &

REAL ESTATE

Directors &

AIRPORT PLANNING & CAPITAL IMPROVEMENT

Directors &

GOVERNMENT AFFAIRS

Directors &

MARKETING & PROMOTION

Directors &

GENERAL AVIATION

Directors &

**DEMAND REGISTER
SANTA MARIA PUBLIC AIRPORT DISTRICT**

Full consideration has been received by the Santa Maria Public Airport District for each demand, numbers 074639 to 074702 and electronic payments on Columbia Bank and in the total amount of \$ 882,746.33.

MARTIN PEHL
GENERAL MANAGER

DATE

The undersigned certifies that the attached register of audited demands of the Santa Maria Public Airport District for each demand, numbers 074639 to 074702 and electronic payments on Columbia Bank in the total amount of \$882,746.33 has been approved as being in conformity with the budget approved by the Santa Maria Public Airport District and funds are available for their payment.

MICHEAL FLORES
MANAGER OF FINANCE AND ADMINISTRATION

DATE

THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVED PAYMENT OF THE ATTACHED WARRANTS AT THE MEETING OF MAY 14, 2026.

TONY GUY
SECRETARY

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description
* 74639	4/23/2026	ADB SAFEGATE Americas LLC	\$1,889.42	Lighting Maintenance
* 74640	4/23/2026	Bomar Security & Investigation	\$5,536.00	Security Service
* 74641	4/23/2026	Central City Tool Supply, Inc.	\$460.91	Shop Supplies
* 74642	4/23/2026	City of Santa Maria	\$249,212.50	ARFF Svcs (Jan-Mar 2026)
* 74643	4/23/2026	CNH Industrial Capital	\$236.12	Vehicle Maintenance
* 74644	4/23/2026	Column Software PBC	\$297.60	Firefighting Svcs Notice
* 74645	4/23/2026	Consolidated Electrical Distributors, Inc.	\$405.05	Terminal Lighting
* 74646	4/23/2026	Grainger	\$137.88	Shop Supplies
* 74647	4/23/2026	Gsolutionz, Inc.	\$407.59	Voice Services - April 2026
* 74648	4/23/2026	J B Dewar, Inc	\$1,430.53	Unleaded/Diesel Fuel
* 74649	4/23/2026	JD Humann Landscaping, Inc	\$1,715.86	Irrigation Repairs
* 74650	4/23/2026	Mission Linen Service	\$363.74	Uniform Service
* 74651	4/23/2026	Napa Auto Parts	\$328.07	Vehicle Maintenance
* 74652	4/23/2026	RRM Design Group	\$1,620.72	SMX Bus Park Spec Plan Amendment
* 74653	4/23/2026	Santa Maria Valley Historical Society	\$100.00	Patriot Membership - 2026
* 74654	4/29/2026	Adams, Chuck	\$200.00	Director's Fees
* 74655	4/29/2026	American Assn of Airport Exec	\$325.00	Annual Membership - R. Luck
* 74656	4/29/2026	AT&T	\$188.18	Telephone Service
* 74657	4/29/2026	Balance Industries, Inc.	\$835.00	Tenant Refund
* 74658	4/29/2026	Bedford Enterprises, Inc.	\$325.69	Hangar Maintenance
* 74659	4/29/2026	Brown, Steve	\$300.00	Director's Fees
* 74660	4/29/2026	City of Santa Maria-Util Div	\$8,747.00	Utilities - Water
* 74661	4/29/2026	CNH Industrial Capital	\$49.07	Vehicle Maintenance
* 74662	4/29/2026	Coffman Associates	\$1,248.00	WHMP Update
* 74663	4/29/2026	Fenton, Kerry	\$4,732.71	Travel Reimbursement - Conferences
* 74664	4/29/2026	Guy, Anthony Ted	\$200.00	Director's Fees
* 74665	4/29/2026	Hayward Lumber Company	\$216.32	Hangar Maintenance
* 74666	4/29/2026	Los Padres Fire Protection	\$2,895.12	Terminal/Hangar/Admin/FBO Maintenance
* 74667	4/29/2026	Mead & Hunt, Inc.	\$9,215.68	Airport Consulting Service - June 2024
* 74668	4/29/2026	O'Reilly Automotive, Inc.	\$135.73	Vehicle Maintenance
* 74669	4/29/2026	Paychex of New York LLC	\$734.00	Time & Attendance Services
* 74670	4/29/2026	Quinn Company	\$132.25	Vehicle Maintenance
* 74671	4/29/2026	Rodriguez, Marvin	\$100.00	Director's Fees
* 74672	4/29/2026	Virginia Tech Foundation, Inc.	\$50,000.00	Conservation Easement
* 74673	5/6/2026	American Industrial Supply	\$143.22	Shop Supplies
* 74674	5/6/2026	AT&T	\$92.38	Telephone Service
* 74675	5/6/2026	Aviation Management Consulting Group	\$9,841.25	SMX Rent /Fee Study
* 74676	5/6/2026	Avsurance Corporation	\$7,693.32	Annual Pollution Liability Insurance
* 74677	5/6/2026	Bomar Security & Investigation	\$9,174.50	Security Service
* 74678	5/6/2026	C.J. Brown & Company, CPAs	\$12,108.00	Annual Audit
* 74679	5/6/2026	Coast Networx	\$210.00	Network Support Services

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description
* 74680	5/6/2026	Comcast Business	\$710.33	Internet Service - Customs
* 74681	5/6/2026	Consolidated Electrical Distributors, Inc.	\$274.06	Terminal Maintenance
* 74682	5/6/2026	Ferguson US Holdings, Inc.	\$356.74	Hangar Maintenance
* 74683	5/6/2026	Granite Construction	\$130,777.18	Rehabilitate Runway 12-30
* 74684	5/6/2026	Gsolutionz, Inc.	\$191.20	GPS Cloud Svcs - Phones
* 74685	5/6/2026	Heath, Ray	\$3,575.20	Consulting Svcs - Contingencies
* 74686	5/6/2026	Hilliard, James Scott	\$398.00	Tenant Refund
* 74687	5/6/2026	J B Dewar, Inc	\$6,273.26	Unleaded/Diesel Fuel
* 74688	5/6/2026	MarTeeny Designs	\$1,100.00	Website Maintenance
* 74689	5/6/2026	McMaster-Carr	\$229.97	Shop Supplies
* 74690	5/6/2026	Mission Linen Service	\$181.87	Uniform Service
* 74691	5/6/2026	Napa Auto Parts	\$131.56	Shop Supplies/Vehicle Maint.
* 74692	5/6/2026	Oberon3, Inc	\$50.00	Terminal Maintenance
* 74693	5/6/2026	O'Reilly Automotive, Inc.	\$397.57	Vehicle Maintenance
* 74694	5/6/2026	RA Aviation Services, LLC	\$406.00	Tenant Refund
* 74695	5/6/2026	RB Clean & Sweep	\$500.00	Street Sweeping
* 74696	5/6/2026	Richards, Watson & Gershon	\$12,532.00	Legal Counsel Services
* 74697	5/6/2026	Safety-Kleen	\$348.81	Hangar Maintenance
* 74698	5/6/2026	Santa Maria Valley Crop Service	\$8,214.44	Weed/Wildlife Abatement
* 74699	5/6/2026	Service Star	\$12,489.83	Janitorial Service
* 74700	5/6/2026	Tartaglia Engineering	\$134,482.47	Rehabilitate Runway 12-30
* 74701	5/6/2026	Tower Patrol	\$3,257.07	D3 Trailer
* 74702	5/6/2026	Verizon Wireless	\$3,667.22	Mobile Devices / Equipment Charges
		Subtotal	<u>\$704,529.19</u>	
ACH	4/21/2026	PG&E	\$13,064.09	Terminal/Admin/Hangar Electricity
ACH	4/21/2026	Frontier	\$1,043.41	Telephone Service
ACH	4/21/2026	The Gas Company	\$400.80	Utilities - Gas
ACH	4/23/2026	Paychex	\$31,060.96	Payroll
ACH	4/23/2026	Primo Brands	\$105.21	Water Delivery
ACH	4/23/2026	Home Depot	\$397.12	Shop Supplies/Terminal Maintenance
ACH	4/23/2026	Paychex	\$8,403.25	Payroll Taxes
ACH	4/24/2026	Paychex	\$207.47	Paychex Invoice
ACH	4/27/2026	Columbia Bank	\$15,628.31	Airport Advertising, Pavement Maintenance
ACH	4/28/2026	Empower Retirement	\$5,710.14	Employee Paid Retirement
ACH	4/30/2026	Frontier	\$397.91	Telephone Service
ACH	4/30/2026	Aflac	\$204.24	Employee Voluntary Insurance
ACH	4/30/2026	CalPers	\$19,239.83	Unfunded Liability
ACH	4/30/2026	Amazon Capital Services	\$1,796.11	Fencing&Gates, Shop Supplies

Santa Maria Public Airport District

Demand Register

Check Number	Check Date	Vendor Name	Check Amount	Description
ACH	5/1/2026	Principal	\$2,901.34	Employee Life/Dental/Disability Insurance
ACH	5/4/2026	Flex TG	\$24.07	Equipment Lease - Usage Charge
ACH	5/4/2026	CalPers	\$7,482.94	Employee Retirement
ACH	5/7/2026	Paychex	\$8,403.21	Payroll Taxes
ACH	5/7/2026	Paychex	\$30,521.73	Payroll
ACH	5/8/2026	Paychex	\$207.47	Paychex Invoice
ACH	5/11/2026	Frontier	\$1,143.42	Telephone Service
ACH	5/11/2026	CalPers	\$19,208.55	Employee Health Insurance
ACH	5/11/2026	Advantage Answering Plus	\$457.23	Answering Service
ACH	5/12/2026	De Lage Landen	\$83.74	Copier
ACH	5/12/2026	PG&E	\$10,124.59	Terminal/Admin/Hangar Electricity
		Subtotal	<u>\$178,217.14</u>	
		Total	<u><u>\$882,746.33</u></u>	



TO: President and
Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

FROM: Micheal Flores
Manager of Finance and Administration

MEETING: May 14, 2026

ITEM

Presentation and Acceptance of the Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2025 and 2024

BACKGROUND

The Santa Maria Public Airport District (“District”) is required to prepare and publish audited financial statements for each fiscal year. The Annual Comprehensive Financial Report (“ACFR”) presents the District’s financial position, results of operations, cash flows, required supplementary information, supplementary budgetary schedules, statistical information, and required reports on internal control and compliance for the fiscal years ended June 30, 2025 and 2024.

The District’s ACFR for fiscal year 2024-25 was prepared by the Finance Department and audited by C.J. Brown & Company, CPAs. The report includes the Independent Auditor’s Report, Management’s Discussion and Analysis, Basic Financial Statements, Notes to the Financial Statements, Required Supplementary Information, Supplementary Information, Statistical Section, and the Government Auditing Standards report on internal control and compliance.

C.J. Brown & Company, CPAs issued an unmodified, or “clean,” opinion on the District’s financial statements for the fiscal years ended June 30, 2025 and 2024, stating that the financial statements present fairly, in all material respects, the financial position of the District in accordance with generally accepted accounting principles.

DISCUSSION

The ACFR provides a comprehensive overview of the District’s financial condition and operating results for fiscal year 2024-25. The report reflects that total net position decreased by \$7,450,730, or 17.9%, from \$41,558,446 at June 30, 2024 to \$34,107,716 at June 30, 2025. The decrease was primarily attributable to a net loss from operations and non-operating activities, including the recognition of costs associated with the conservation easement settlement, partially offset by capital contributions.

Operating revenues increased by \$735,781, or 16.5%, from \$4,464,565 in fiscal year 2024 to \$5,200,346 in fiscal year 2025. The increase was primarily due to increases in land usage revenue, hangar area usage revenue, and landing area usage revenue.



Operating expenses before depreciation increased by \$159,220, or 2.3%, from \$6,810,808 in fiscal year 2024 to \$6,970,028 in fiscal year 2025. Total expenses, including depreciation and non-operating expenses, increased by \$6,157,363, largely due to the recognition of the conservation easement settlement expense and increased depreciation expense.

Capital contributions decreased from \$5,276,747 in fiscal year 2024 to \$77,290 in fiscal year 2025, primarily due to the prior-year completion and grant funding associated with the Taxiway Rehabilitation project.

At June 30, 2025, the District reported total assets of \$49,575,799, total liabilities of \$7,885,637, and total net position of \$34,107,716. The District's net position included \$33,081,586 net investment in capital assets, \$416,661 restricted for capital projects, \$3,000,000 restricted for the conservation settlement, and a deficit unrestricted net position of \$2,390,531.

The audit report also includes an emphasis of matter regarding a prior period restatement related to the removal of a multi-year project from construction-in-progress. The District determined that the Specific Plan was not capitalizable and adjusted prior year net position accordingly. The auditor's opinion was not modified with respect to this matter.

In addition to the ACFR, the District's Passenger Facility Charge ("PFC") audit reported that the District complied, in all material respects, with applicable Passenger Facility Charge program requirements for the fiscal year ended June 30, 2025. The PFC report also reported no findings or questioned costs.

AUDIT RESULTS

The results of the fiscal year 2024-25 audit were favorable. The independent auditor issued an unmodified opinion on the financial statements.

The auditor's report on internal control over financial reporting and compliance, issued in accordance with Government Auditing Standards, stated that the audit did not identify any deficiencies in internal control considered to be material weaknesses. The report also stated that the results of the auditor's compliance testing disclosed no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

The District was not required to undergo a Single Audit for fiscal year 2024-25 because total federal award expenditures for the fiscal year did not meet the applicable federal expenditure threshold. Accordingly, no Schedule of Expenditures of Federal Awards or Single Audit reporting package was required for the fiscal year.



FINANCIAL IMPACT

Acceptance of the ACFR has no direct financial impact. The ACFR is a reporting and accountability document that presents the audited financial results of the District for the fiscal years ended June 30, 2025 and 2024.

Key financial results for fiscal year 2024-25 include:

Total operating revenues of \$5,200,346;
Total operating expenses before depreciation of \$6,970,028;
Depreciation expense of \$3,333,877;
Total non-operating revenues, net of expenses, of \$(2,424,461);
Capital contributions of \$77,290; and
Ending net position of \$34,107,716.

ANALYSIS

The FY 2024-25 ACFR reflects the District's continued commitment to financial transparency, accountability, and compliance with applicable financial reporting standards. The unmodified audit opinion demonstrates that the District's financial statements were prepared in accordance with generally accepted accounting principles and fairly present the District's financial position and results of operations.

While the District experienced a decrease in net position during the fiscal year, the decrease was significantly affected by the conservation easement settlement and reduced capital grant activity compared to the prior year. Operating revenues continued to improve, increasing 16.5% over the prior year, with notable growth in land usage, hangar area usage, and landing area usage revenues.

The ACFR also provides important context regarding the District's long-term capital assets, reserves, pension and OPEB obligations, lease receivables, and ongoing capital and grant-related activities. The report will be made available to stakeholders, regulatory agencies, financial institutions, and members of the public as part of the District's annual financial reporting process.

RECOMMENDATION

It is recommended that the Board of Directors receive and accept the Annual Comprehensive Financial Report for the fiscal years ended June 30, 2025 and 2024, as prepared by District staff and audited by C.J. Brown & Company, CPAs.

ATTACHMENTS

Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2025 and 2024
Passenger Facility Charge Audit Report for the Fiscal Year Ended June 30, 2025



SANTA MARIA AIRPORT

SMX

Santa Maria Public Airport District

Santa Maria, California

Annual Comprehensive Financial Report

For the Fiscal Years Ending June 30, 2025 and 2024



Our Mission Statement

"To provide a safe, friendly, attractive and economically sound airport through integrity and efficiency."

Santa Maria Public Airport District Board of Directors as of June 30, 2025

Name	Title	Elected/ Appointed	Current Term
Ignacio Moreno	President	Elected	12/22 - 12/26
Chuck Adams	Vice President	Elected	12/24 - 12/28
Steve Brown	Secretary	Elected	12/24 - 12/28
Tony Guy	Vice Secretary	Elected	12/25 - 12/26
Michael B. Clayton	Director	Elected	12/22 - 12/26

**Santa Maria Public Airport District
Martin Pehl, General Manager
3217 Terminal Drive,
Santa Maria, CA 93455 • (805) 922-1726
www.santamariaairport.com**



Annual Comprehensive Financial Report

For the Fiscal Years Ending

June 30, 2025 and 2024

SANTA MARIA PUBLIC AIRPORT DISTRICT

3217 Terminal Drive

Santa Maria, California 93455

Prepared by:

Finance Department

Mike Flores, Manager of Finance and Administration

**Santa Maria Public Airport District
Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2025 and 2024**

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Working Draft Subject to Review

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Working Draft Subject to Review

Introductory Section

Working Draft Subject to Review



[ISSUE DATE]

Board of Directors
Santa Maria Public Airport District

State law requires that every general-purpose government publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal years ended June 30, 2025 and 2024.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

C.J. Brown & Company, CPAs, have issued an unmodified (“clean”) opinion on the Santa Maria Public Airport District’s financial statements for the years ended June 30, 2025 and 2024. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Government

The District is a special district that was established in 1964. The District encompasses an area of 400 square miles extending from the Cuyama River at the north to a point three miles south of the community of Los Alamos at the south. Then in an east-west direction, the District commences at Point Sal at the Pacific Ocean and extends eastward a distance of 30 miles, or 10 miles east of the dam at Twitchell Reservoir. The District’s approximately 2,598 acres includes two active runways and provides facilities for one regional airline (Allegiant Airlines) and serves as home base for over 222 general aviation aircraft.

The District is governed by a five-member Board of Directors who serve four-year terms and are elected by the District. The District’s Board of Directors meets on the second and fourth Thursday of each month. Meetings are publicly noticed, and citizens are encouraged to attend. The directors entrust the responsibility for the efficient execution of airport policies to their designated representative, the General Manager. The District currently has twelve employees.

In the early 1940’s, during World War II, the U. S. Army Corps of Engineers constructed what was then known as Santa Maria Army Base to provide training facilities for crews of B-25 aircraft. A few years later the B-25 groups left and the facility became a training field for P-38 pilots and ground crews.

In 1946, following the war’s end, the County of Santa Barbara acquired the property by means of an interim permit issued by the War Assets Administration. The County retained control of the facility until 1949, at which time the City of Santa Maria obtained an undivided one-half interest. This dual ownership/management proved cumbersome to administer, and in March of 1964 transfer of the airport to the newly formed Santa Maria Public Airport District was accomplished.

Profile of Government, continued

Since the formation of the District, numerous projects have been accomplished which directly and indirectly benefit each person in the District. Examples of these projects include the design and construction of Skyway Drive from Betteravia Road to the Orcutt Expressway, design, and construction of the planned industrial park east of Skyway Drive, and construction of the new airport terminal building, crash/fire/rescue station, air traffic control tower, new owner-built hangars area, and other facilities adjacent to the primary runway. The District has lengthened the runway 12/30 by 1,700 additional feet which allows for more general aviation activities at the District.

The District's Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis. Each year the District adopts a balanced budget.

Local Economy

The District office is located in the City of Santa Maria in Santa Barbara County. The City of Santa Maria is considered a premier city in the Central Coast communities of California. The community is located approximately eighty miles northwest of Santa Barbara and 180 miles northwest of downtown Los Angeles.

The Consumer Price Index rate for the Los Angeles-Long Beach-Anaheim, CA index ended 2025 at a 3 percent increase which was in line with the Fed's national projections for inflation at 2.9 percent. Gross Domestic Product (GDP) also rose nationally to 2.2 percent for 2025 with California's GDP Ending Q3 2025 at a 4.5 percent increase year over year. With consumer spending up 2.4 percent, these trends show a strong national and state economy.

The housing market in Santa Maria saw median sales prices increase by 3.3 percent over last year, listing the median sale price at \$630,000. Comparatively, the median sale price in California was \$792,500, down 1.4 percent from the prior year. Home sales have also increased by 8.1 percent year over year, with California having a 3.3 percent increase.

Relevant Financial Policies

The District continues its practice of developing a long-term funding strategy to pay for future capital projects identified in its planning efforts. All projects are currently handled on a pay-as-you-go basis; no debt burden has been added to finance capital projects. The funds for these projects will come from the excess operating net revenues, operating reserves, and grants from the Federal Aviation Administration.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Investment Policy

The Board of Directors annually adopts an investment policy that conforms to state law, District ordinances and resolutions, prudent money management, and the "prudent person" standards. The objective of the Investment Policy is safety, liquidity, and yield. District reserve funds are invested in the State of California's Local Agency Investment Fund and California Class A Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law.

Major Initiatives

The activities of the Board and staff of the District are driven by its Mission Statement: “To provide a safe, friendly, attractive, and economically sound airport through integrity and efficiency”.

The reconstruction of taxiway “A” is nearing completion. The District continues to further its plans to develop a business park and is working with developers to that end. The District plans to Rehabilitate Runway 12-30, numerous taxiways, and hangar taxi lanes. A user fee Customs Facility will become operational in 2026. Planes of Fame have leased property and will begin operations in 2026.

Awards and Acknowledgements

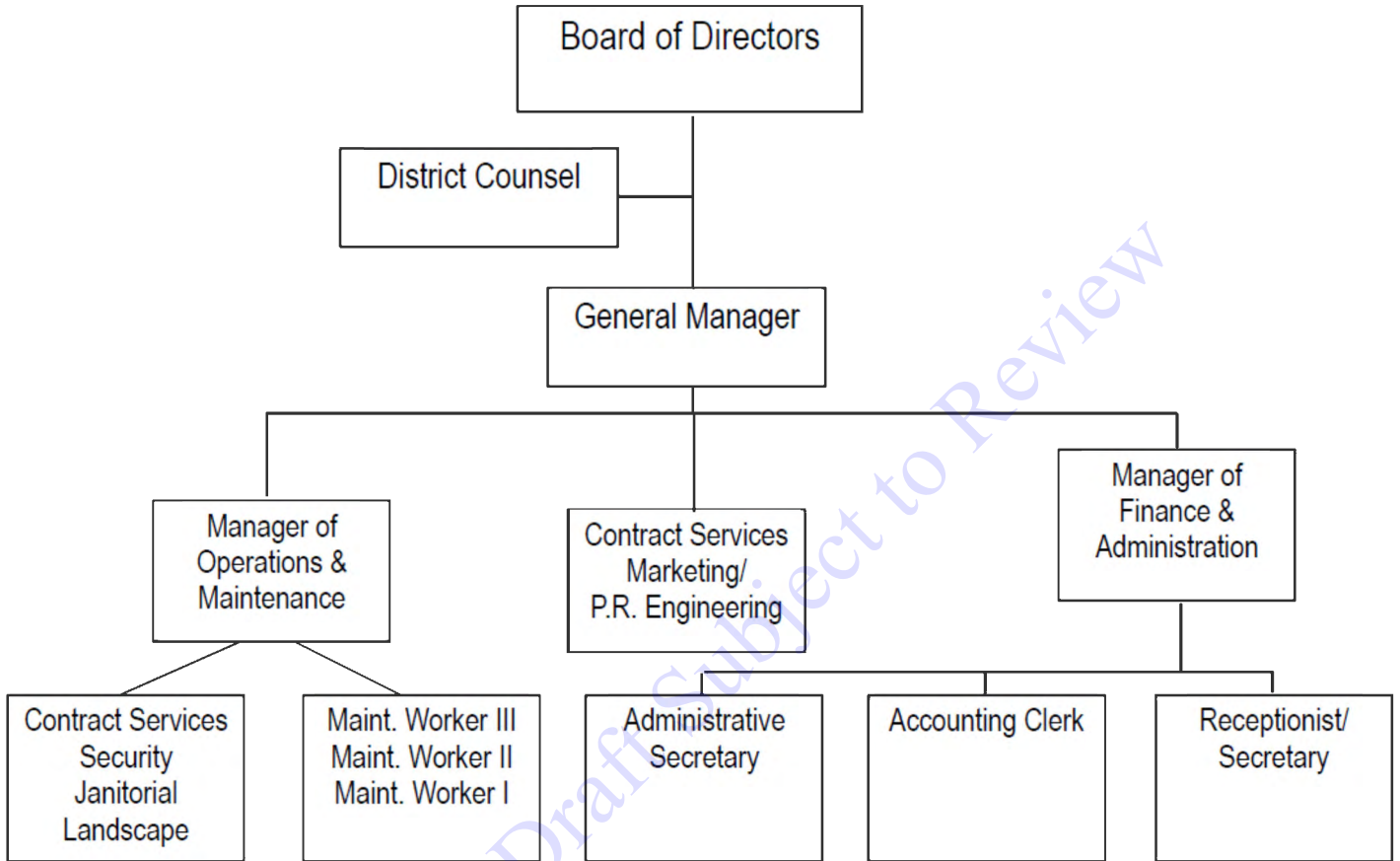
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021, which is the most recent year the District received the award. The District did not apply for the award in the fiscal year 2024. Fiscal year 2021 was the fifteenth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Santa Maria Public Airport District’s fiscal policies.

Mike Flores
Manager of Finance and Administration

SANTA MARIA PUBLIC AIRPORT DISTRICT
Organizational Chart
June 2025



Financial Section

Working Draft Subject to Review

Independent Auditor's Report

Board of Directors
Santa Maria Public Airport District
Santa Maria, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Santa Maria Public Airport District (District), which comprises the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Santa Maria Public Airport District as of June 30, 2025 and 2024, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, in June 30, 2025, the District recorded prior period restatements for the removal of a multi-year project in construction in progress.

As a result, the District has restated its net position to reflect the effects of the change. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 15, and the required supplementary information on pages 53 through 55, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 4, the supplementary information on pages 56 through 59, and the statistical section on pages 60 through 77 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated [ISSUE DATE], on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 78 through 79.

C.J. Brown & Company, CPAs

Cypress, California

[ISSUE DATE]

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Santa Maria Public Airport District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2025 and 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2025, the District's net position decreased 17.9% or \$7,450,730 to \$34,107,716 due to a decrease in net position of \$7,528,020 from ongoing operations, of which, \$5,065,870 sourced from a conservation easement settlement (see note 15 for further information), offset by \$77,290 from capital contributions. In fiscal year 2024, the District's net position increased 8.3% or \$3,178,665 to \$41,558,446 due to a decrease in net position of \$2,098,082 from ongoing operations, which was offset by \$5,276,747 from capital contributions.
- In fiscal year 2025, the District's total revenues (excluding capital contributions) increased by 10.1% or \$727,425 to \$7,917,809. In fiscal year 2024, the District's total revenues (excluding capital contributions) decreased by 7.1% or \$548,909 to \$7,190,384.
- In fiscal year 2025, the District's operating revenues increased by 16.5% or \$735,781 to \$5,200,346. In fiscal year 2024, the District's operating revenues increased by 4.9% or \$209,843 to \$4,464,565.
- In fiscal year 2025, the District's non-operating revenues decreased by 0.3% or \$8,356 to \$2,717,463 as compared to the previous year. In fiscal year 2024, the District's non-operating revenues decreased by 21.8% or \$758,752 to \$2,725,819 as compared to the previous year.
- In fiscal year 2025, the District's total expenses including depreciation increased by 66.3% or \$6,157,363 to \$15,445,829. In fiscal year 2024, the District's total expenses including depreciation increased by 1.9% or \$169,577 to \$9,288,466.
- In fiscal year 2025, the District's operating expenses before depreciation expense increased 2.3% or \$159,220 to \$6,970,028. In fiscal year 2024, the District's operating expenses before depreciation expense increased 9.3% or \$578,883 to \$6,810,808.
- In fiscal year 2025, the District's non-operating expenses increased by 6,640.8% or \$5,065,643 to \$5,141,924. In fiscal year 2024, the District's non-operating expenses decreased by 81.1% or \$326,629 to \$76,281.
- In fiscal year 2025, the District's capital contributions decreased by 98.5% or \$5,199,457 to \$77,290. In fiscal year 2024, the District's capital contributions increased by 91.6% or \$2,522,358 to \$5,276,747.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Required Financial Statements, continued

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and the net change in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in net position. One can think of the District's net position – the difference between assets plus deferred outflows of resources, less liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, new or changed government legislation, and leisure activities.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 21 through 52.

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Statements of Net Position

Condensed Statements of Net Position

Assets:	2025	As Restated 2024	Change	As Restated 2023	Change
Current assets	\$ 6,411,280	9,839,942	(3,428,662)	13,154,241	(3,314,299)
Non-current assets	9,046,962	9,341,236	(294,274)	10,180,864	(839,628)
Capital assets, net	<u>34,117,557</u>	<u>35,261,176</u>	<u>(1,143,619)</u>	<u>30,644,530</u>	<u>4,616,646</u>
Total assets	<u>49,575,799</u>	<u>54,442,354</u>	<u>(4,866,555)</u>	<u>53,979,635</u>	<u>462,719</u>
Deferred outflows of resources:	<u>766,147</u>	<u>955,058</u>	<u>(188,911)</u>	<u>975,715</u>	<u>(20,657)</u>
Liabilities:					
Current liabilities	2,916,369	1,504,255	1,412,114	3,303,485	(1,799,230)
Long-term liabilities	<u>4,969,268</u>	<u>2,994,545</u>	<u>1,974,723</u>	<u>2,867,051</u>	<u>127,494</u>
Total liabilities	<u>7,885,637</u>	<u>4,498,800</u>	<u>3,386,837</u>	<u>6,170,536</u>	<u>(1,671,736)</u>
Deferred inflows of resources:	<u>8,348,593</u>	<u>9,340,166</u>	<u>(991,573)</u>	<u>10,405,033</u>	<u>(1,064,867)</u>
Net position:					
Net investment in capital assets	33,081,586	35,202,087	(2,120,501)	30,562,321	4,639,766
Restricted for capital projects	416,661	414,629	2,032	1,535,237	(1,120,608)
Restricted for conservation settlement	3,000,000	-	3,000,000	-	-
Unrestricted	<u>(2,390,531)</u>	<u>5,941,730</u>	<u>(8,332,261)</u>	<u>6,282,223</u>	<u>(340,493)</u>
Total net position	<u>\$ 34,107,716</u>	<u>41,558,446</u>	<u>(7,450,730)</u>	<u>38,379,781</u>	<u>3,178,665</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$34,107,716 and \$41,558,446 as of June 30, 2025 and 2024, respectively.

Compared to prior year, net position of the District decreased by 17.9% or \$7,450,730. The District's total net position is made up of three components: (1) net investment in capital assets, (2) restricted net position (restricted for capital projects), and (2) unrestricted net position.

By far the largest portion of the District's net position (97% and 85% as of June 30, 2025 and 2024, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending. At the end of fiscal year 2025, the District showed a deficit balance in its unrestricted net position of \$2,390,531 which will be reduced through the collection of future operating revenues in future years. At the end of fiscal year 2024, the District showed a positive balance in its unrestricted net position of \$5,941,730, which may be utilized in future years.

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses, and Changes in Net Position

Revenues:	<u>2025</u>	<u>As Restated 2024</u>	<u>Change</u>	<u>As Restated 2023</u>	<u>Change</u>
Operating revenues	\$ 5,200,346	4,464,565	735,781	4,254,722	209,843
Non-operating revenues	2,717,463	2,725,819	(8,356)	3,484,571	(758,752)
Total revenues	<u>7,917,809</u>	<u>7,190,384</u>	<u>727,425</u>	<u>7,739,293</u>	<u>(548,909)</u>
Expenses:					
Operating expenses	6,970,028	6,810,808	159,220	6,231,925	578,883
Depreciation and amortization	3,333,877	2,401,377	932,500	2,484,054	(82,677)
Non-operating expenses	5,141,924	76,281	5,065,643	402,910	(326,629)
Total expenses	<u>15,445,829</u>	<u>9,288,466</u>	<u>6,157,363</u>	<u>9,118,889</u>	<u>169,577</u>
Net loss before capital contributions	(7,528,020)	(2,098,082)	(5,429,938)	(1,379,596)	(718,486)
Capital contributions	77,290	5,276,747	(5,199,457)	2,754,389	2,522,358
Changes in net position	(7,450,730)	3,178,665	(10,629,395)	1,374,793	1,803,872
Net position, beginning of year	41,558,446	38,379,781	3,178,665	37,066,140	1,313,641
Prior period adjustment	-	-	-	(61,152)	61,152
Net position, beginning of year – as restated	41,558,446	38,379,781	3,178,665	37,004,988	1,374,793
Net position, end of year – as restated	<u>\$ 34,107,716</u>	<u>41,558,446</u>	<u>(7,450,730)</u>	<u>38,379,781</u>	<u>3,178,665</u>

The statements of revenues, expenses, and changes in net position shows how the District's net position changed during the fiscal year. In the case of the District, net position decreased 17.9% or \$7,450,730 to \$34,107,716 due to a decrease in net position of \$7,528,020 from ongoing operations, of which, \$5,065,870 sourced from a conservation easement settlement (see note 15 for further information), which was offset by \$77,290 from capital contributions. In fiscal year 2024, the District's net position increased 8.3% or \$3,178,665 to \$41,558,446 due to a decrease in net position of \$2,098,082 from ongoing operations, which was offset by \$5,276,747 from capital contributions.

A closer examination of the source of changes in net position reveal that:

In 2025, the District's operating revenues increased by 16.5% or \$735,781 to \$5,200,346, primarily due to increases of \$429,058 in land usage, \$264,501 in hangar area usage, \$66,828 in landing area usage, which were offset by a decrease of \$22,724 in other charges and fees as compared to the previous year. In 2024, the District's operating revenues increased by 4.9% or \$209,843 to \$4,464,565, due to increases of \$94,342 in land usage, \$51,994 in main hangar and Fixed Base Operations, \$45,511 in hangar area usage, and \$38,010 in other charges and fees, offset by a decrease of and \$21,802 in terminal area usage revenue as compared to the previous year.

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Statements of Revenues, Expenses, and Changes in Net Position, continued

In 2025, the District's non-operating revenues decreased by 0.3% or \$8,356 to \$2,717,463, due primarily to a decrease of \$147,052 in investment returns, which was offset by an increase of \$142,397 in property taxes as compared to previous year. In 2024, the District's non-operating revenues decreased by 21.8% or \$758,752 to \$2,725,819, due primarily to decreases of \$1,141,941 in gain on land sale from prior year and \$25,986 in CARES Act grant funding, which were offset by increases of \$298,215 in investment returns, \$112,358 in property taxes as compared to previous year..

In 2025, the District's capital contributions decreased by 98.5% or \$5,199,457 to \$77,290, primarily due to a decrease of \$5,193,950 in federal capital grants related to the completion of the Taxiway Rehabilitation project completed in the current year. In 2024, the District's capital contributions increased by 91.6% or \$2,522,358 to \$5,276,747, primarily due to an increase of \$2,624,391 in federal capital grants, offset by a decrease of \$100,249 in tenant improvement contributions.

In 2025, the District's operating expenses, increased 2.3% or \$159,220 to \$6,970,028, primarily due to increases of \$148,428 in terminal area usage, \$93,951 in landing area usage, \$10,287 in hangar area usage, which were offset by a decrease of \$93,642 in public administration expenses as compared to the previous year. In 2024, the District's operating expenses increased 9.3% or \$578,883 to \$6,810,808, due to increases of \$888,302 in public administration, \$21,314 in hangar area usage, and \$17,613 in land usage, which were offset by decreases of \$179,559 in landing area usage, \$146,862 in terminal area usage, and \$21,925 in main hangar and Fixed Base Operations as compared to the previous year.

In 2025, the District's non-operating expenses increased by 6,640.8% or \$5,065,643 to \$5,141,924, due to an increase of \$5,065,870 in conservation easement settlement. In 2024, the District's non-operating expenses decreased by 81.1% or \$326,629 to \$76,281 due to decreases of \$166,218 in note receivable write-off, \$121,123 in airshow expense, net, and \$39,288 in loss on disposal of assets from the previous year.

In 2025, the District's depreciation increased by 38.8% or \$932,500 to \$3,333,877 due primarily to previous year asset additions beginning the depreciation process, offset by the maturation of existing capital assets. In 2024, the District's depreciation decreased by 3.3% or \$82,677 to \$2,401,377 due primarily to the maturation of existing capital assets.

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Total Revenues

Below is a detailed schedule of the District's total revenues segregated between operating revenues and non-operating revenues.

Operating revenues:	2025	As Restated 2024	Change	As Restated 2023	Change
Landing area usage	\$ 209,142	142,314	66,828	140,526	1,788
Hangar area usage	1,091,284	826,783	264,501	781,272	45,511
Main hangar and F.B.O.	696,194	687,285	8,909	635,291	51,994
Terminal area usage	353,572	364,363	(10,791)	386,165	(21,802)
Land usage	2,820,369	2,391,311	429,058	2,296,969	94,342
Other charges and fees	29,785	52,509	(22,724)	14,499	38,010
Total operating revenues	5,200,346	4,464,565	735,781	4,254,722	209,843
Non-operating revenues:					
Property taxes	2,420,814	2,278,417	142,397	2,166,059	112,358
Interest earnings	295,148	442,200	(147,052)	143,985	298,215
CARES Act airport grants	-	-	-	25,986	(25,986)
TSA LEO reimbursement	-	5,202	(5,202)	6,600	(1,398)
Gain on disposal of assets	1,501	-	1,501	-	-
Gain on land sale	-	-	-	1,141,941	(1,141,941)
Total non-operating revenues	2,717,463	2,725,819	(8,356)	3,484,571	(758,752)
Total revenues	\$ 7,917,809	7,190,384	727,425	7,739,293	(548,909)

In 2025 and 2024, the District's total revenues (excluding capital contributions) increased and decreased \$727,425 and \$548,909, respectively.

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Total Expenses

Below is a detailed schedule of the District's total expenses segregated between operating expenses and non-operating expenses.

Operating expenses:	2025	As Restated 2024	Change	As Restated 2023	Change
Landing area usage	\$ 1,129,818	1,035,867	93,951	1,215,426	(179,559)
Hangar area usage	107,709	97,422	10,287	76,108	21,314
Main hangar and F.B.O.	111,290	96,244	15,046	118,169	(21,925)
Terminal area usage	623,077	474,649	148,428	621,511	(146,862)
Land usage	460,805	475,655	(14,850)	458,042	17,613
Public administration	4,537,329	4,630,971	(93,642)	3,742,669	888,302
Total operating expenses	6,970,028	6,810,808	159,220	6,231,925	578,883
Depreciation	3,333,877	2,401,377	932,500	2,484,054	(82,677)
Non-operating expenses:					
Conservation easement	5,065,870	-	5,065,870	-	-
Airshow expense, net	76,054	76,281	(227)	197,404	(121,123)
Note receivable write-off	-	-	-	166,218	(166,218)
Loss on disposal of assets	-	-	-	39,288	(39,288)
Total non-operating expenses	5,141,924	76,281	5,065,643	402,910	(326,629)
Total expenses	\$ 15,445,829	9,288,466	6,157,363	9,118,889	169,577

In 2025 and 2024, total expenses including depreciation increased \$6,157,363 and \$169,577, respectively.

Capital Asset Administration

Changes in capital asset amounts for 2025 were as follows:

Capital assets:	As Restated 2024	Additions/ Transfers	Deletions/ Transfers	Balance 2025
Non-depreciable assets	\$ 6,627,747	4,479,274	(3,059,089)	8,047,932
Depreciable assets	95,599,894	770,075	(35,804)	96,334,165
Accumulated depreciation	(66,966,465)	(3,333,877)	35,802	(70,264,540)
Total capital assets, net	\$ 35,261,176	1,915,472	(3,059,091)	34,117,557

Changes in capital asset amounts for 2024 were as follows:

Capital assets:	As Restated 2023	Additions/ Transfers	Deletions/ Transfers	As Restated 2024
Non-depreciable assets	\$ 10,217,168	7,064,319	(10,653,740)	6,627,747
Depreciable assets	84,992,451	10,607,443	-	95,599,894
Accumulated depreciation	(64,565,089)	(2,401,376)	-	(66,966,465)
Total capital assets, net	\$ 30,644,530	15,270,386	(10,653,740)	35,261,176

Santa Maria Public Airport District
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2025 and 2024

Capital Asset Administration, continued

At the end of fiscal years 2025 and 2024, the District's investment in capital assets (net of accumulated depreciation), amounted to \$34,117,557 and \$35,261,177, respectively. This investment in capital assets includes land, landing area, revenue generating land, owner-builder area, T-hangars, Fixed Based Operations, terminal, administration and equipment, construction-in-process, and etc. Major capital assets additions during the years included terminal and revenue generating land improvements. See note 5 to the basic financial statements for further analysis. In addition, the prior years balances were restated as described in note 11.

Land Improvements Payable

Changes in land improvement payable amounts for 2025 were as follows:

	2024	Additions	Payments	2025
Land improvements payable \$	82,209	-	(23,119)	59,090

Changes in land improvement payable amounts for 2024 were as follows:

	2023	Additions	Payments	2024
Land improvements payable \$	105,439	-	(23,230)	82,209

At the end of fiscal years 2025 and 2024, the District's land improvements payable, amounted to \$59,090 and \$82,209, respectively. See note 7 to the basic financial statements for further analysis.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future periods.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Manager of Finance and Administration at 3217 Terminal Drive, Santa Maria, California 93455-1899 or by phone (805) 922-1726.

Basic Financial Statements

Working Draft Subject to Review

Santa Maria Public Airport District
Statements of Net Position
June 30, 2025 and 2024

	2025	As Restated 2024
Current assets:		
Cash and cash equivalents (note 2)	\$ 2,559,368	7,850,385
Restricted – cash and cash equivalents (note 2)	3,416,661	414,629
Certificate-of-deposit (note 2)	8,000	8,000
Accrued interest receivable	18,873	18,571
Accounts receivable – customers and tenants, net (note 3)	62,951	97,222
Accounts receivable – federal capital grants	-	605,587
Lease receivables (note 4)	334,644	839,627
Prepaid expenses and deposits	10,783	5,921
Total current assets	6,411,280	9,839,942
Non-current assets:		
Lease receivables (note 4)	9,046,962	9,341,236
Capital assets, not being depreciated (note 5)	8,047,932	6,627,747
Depreciable capital assets (note 5)	26,069,625	28,633,429
Total non-current assets	43,164,519	44,602,412
Total assets	49,575,799	54,442,354
Deferred outflows of resources:		
Deferred other post-employment benefits outflows (note 8)	9,450	9,240
Deferred pension outflows (note 9)	756,697	945,818
Total deferred outflows of resources	766,147	955,058

Continued on next page

See accompanying notes to the basic financial statements

Santa Maria Public Airport District
Statements of Net Position, continued
June 30, 2025 and 2024

	2024	As Restated 2023
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,351,323	1,024,000
Accrued wages and related payables	51,057	41,344
Unearned revenue – hangar and other rentals	218,081	158,801
Hangar and other deposits	113,563	113,180
Long-term liabilities – due in one year:		
Compensated absences (note 6)	159,226	143,810
Land improvements payable (note 7)	23,119	23,120
Conservation settlement payable (note 15)	1,000,000	-
Total current liabilities	2,916,369	1,504,255
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	53,075	47,937
Land improvements payable (note 7)	35,971	59,089
Conservation settlement payable (note 15)	2,000,000	-
Total other post-employment benefits liability (note 8)	324,853	321,302
Net pension liability (note 9)	2,555,369	2,566,217
Total long-term liabilities	4,969,268	2,994,545
Total liabilities	7,885,637	4,498,800
Deferred inflows of resources:		
Deferred lease inflows (note 4)	8,249,570	9,220,991
Deferred other post-employment benefits inflows (note 8)	55,136	46,535
Deferred pension inflows (note 9)	43,887	72,640
Total deferred inflows of resources	8,348,593	9,340,166
Net position: (note 10)		
Net investment in capital assets	33,081,586	35,202,087
Restricted for capital projects	416,661	414,629
Restricted for conservation settlement	3,000,000	-
Unrestricted	(2,390,531)	5,941,730
Total net position	\$ 34,107,716	41,558,446

See accompanying notes to the basic financial statements

Santa Maria Public Airport District
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	As Restated 2024
Operating revenues:		
Landing area usage	\$ 209,142	142,314
Hangar area usage	1,091,284	826,783
Main hangar and Fixed Base Operations (FBO)	696,194	687,285
Terminal area usage	353,572	364,363
Land usage	2,820,369	2,391,311
Other charges and fees	29,785	52,509
Total operating revenues	5,200,346	4,464,565
Operating expenses:		
Landing area usage	1,129,818	1,035,867
Hangar area usage	107,709	97,422
Main hangar and Fixed Base Operations (FBO)	111,290	96,244
Terminal area usage	623,077	474,649
Land usage	460,805	475,655
Public administration	4,537,329	4,630,971
Total operating expenses	6,970,028	6,810,808
Operating loss before depreciation expense	(1,769,682)	(2,346,243)
Depreciation expense – capital recovery	(3,333,877)	(2,401,377)
Operating loss	(5,103,559)	(4,747,620)
Non-operating revenue(expense):		
Property taxes	2,384,230	2,242,895
Redevelopment agency property tax increment	36,584	35,522
Interest and investment returns, net of fair value	295,148	442,200
Transportation Security Administration law enforcement officer reimbursement	-	5,202
Conservation settlement (note 15)	(5,065,870)	-
Gain on disposal of assets	1,501	-
Airshow expense, net	(76,054)	(76,281)
Total non-operating revenues, net	(2,424,461)	2,649,538
Net loss before capital contributions	(7,528,020)	(2,098,082)
Capital contributions:		
Federal capital grants	19,545	5,213,495
Passenger facility charges	57,745	63,252
Total capital contributions	77,290	5,276,747
Changes in net position	(7,450,730)	3,178,665
Net position, beginning of year, as restated (note 10)	41,558,446	38,379,781
Net position, end of year, as restated	\$ 34,107,716	41,558,446

See accompanying notes to the basic financial statements

Santa Maria Public Airport District
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	As Restated 2024
Cash flows from operating activities:		
Cash receipts from customers and tenants	\$ 5,294,280	4,483,050
Cash paid to vendors for materials and services	(5,267,199)	(7,289,892)
Cash paid to employees for salaries	(1,187,138)	(1,139,343)
Net cash used in operating activities	(1,160,057)	(3,946,185)
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,384,230	2,242,895
Proceeds from redevelopment agency property tax increment	36,584	35,522
Net cash provided by non-capital financing activities	2,420,814	2,278,417
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,266,312)	(7,089,102)
Conservation settlement	(2,065,870)	-
Proceeds from federal capital grants	625,132	6,550,374
Proceeds from passenger facility charges	57,745	63,252
Payments for land improvements	(23,119)	(23,230)
Net cash used in capital and related financing activities	(3,672,424)	(498,706)
Cash flows from investing activities:		
Interest received on leases receivable	(172,164)	(228,800)
Interest received on cash and cash equivalents	294,846	473,523
Net cash provided by investing activities	122,682	244,723
Net decrease in cash and cash equivalents	(2,288,985)	(1,921,751)
Cash and cash equivalents, beginning of year	8,265,014	10,186,765
Cash and cash equivalents, end of year	\$ 5,976,029	8,265,014
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$ 2,559,368	7,850,385
Restricted assets – cash and cash equivalents	3,416,661	414,629
Total cash and cash equivalents	\$ 5,976,029	8,265,014

Continued on next page

See accompanying notes to the basic financial statements

Santa Maria Public Airport District
Statements of Cash Flows, continued
For the Fiscal Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>As Restated 2024</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ <u>(5,103,559)</u>	<u>(4,747,620)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	3,333,877	2,401,377
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – customers and tenants, net	34,271	4,943
Prepaid expenses and deposits	(4,862)	73,116
(Increase)Decrease in deferred outflows of resources:		
Deferred other post-employment benefits outflows	(210)	(240)
Deferred pension outflows	189,121	20,897
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	327,323	(1,837,110)
Accrued wages and related liabilities	9,713	(8,742)
Compensated absences	20,554	44,254
Unearned revenue	59,280	14,675
Hangar and other deposits	383	(1,133)
Total other post-employment benefits liability	3,551	(16,418)
Net pension liability	(10,848)	155,968
Increase(Decrease) in deferred inflows of resources:		
Deferred other post-employment benefits inflows	8,601	29,112
Deferred pension inflows	<u>(28,753)</u>	<u>(79,264)</u>
Total adjustments	<u>3,943,502</u>	<u>801,435</u>
Net cash used in operating activities	\$ <u><u>(1,160,057)</u></u>	<u><u>(3,946,185)</u></u>
Non-cash investing, capital and financing transactions:		
Change in fair value of funds deposited with LAIF	\$ <u>2,064</u>	<u>(6,064)</u>

Santa Maria Public Airport District
Notes to the Basic Financial Statements
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Santa Maria Public Airport District (District) encompasses an area of 400 square miles extending from the Santa Maria/Cuyama River at the north to a point three miles south of the community of Los Alamos at the south. For the east-west direction, the District commences at Point Sal at the Pacific Ocean and extends eastward 30 miles, or 10 miles east of the dam at Twitchell Reservoir. The District's approximately 2,598 acres include two active runways and provide facilities for one regional airline (Allegiant Airlines), and serve as home base for over 222 general aviation aircraft. The District is governed by a five-member Board of Directors who serve four-year terms and are elected by the District. The directors entrust the responsibility for the efficient execution of airport policies to their designated representative, the General Manager.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, capital and operating grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses are generated and incurred through general airport activities of the District's tenants, and transporting the general public and other goods on commercial aircraft; operating expenses include the repairs and maintenance of the District's facilities and infrastructure, security, airport promotion, and fixed based operations. Public administration expenses of the airport and depreciation expense are also considered and classified as operating expenses. Other revenues, such as property taxes and investment income, and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncements in the current year:

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 101, continued

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. See Note 1 – Compensated Absences, and Note 6 for the impact of this note on the financial statements due to implementation in the current fiscal year.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources, at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less at time of purchase to be cash equivalents.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

3. Investments and Investment Policy

The District has adopted an investment policy directing the Manager of Finance and Administration to deposit funds in financial institutions. Investments are to be made in the following areas:

- a. Securities of the U.S. government or its agencies
- b. Federal agency obligations
- c. Local agency bonds and notes
- d. State registered warrants, notes, and bonds
- e. Banker's acceptances
- f. Medium-term corporate notes and mortgage pass-through securities
- g. Certificates of deposit (negotiable and placed)
- h. Commercial paper (prime)
- i. Money market mutual funds and mutual fund accounts
- j. Passbook savings and demand deposit accounts (collateralized)
- k. State of California Local Agency Investment Fund (LAIF)

Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – This valuation level is based on quoted prices in active markets for identical assets.
- **Level 2** – This valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – This valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

5. Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

6. Federal Capital and Operating Grants

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a federal capital or operating grant receivable on the statements of net position and as a capital grant contribution or operating grant revenue, as appropriate, on the statements of revenues, expenses, and changes in net position.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

7. Prepaids

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

8. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. No depreciation is provided for construction work in process until construction is completed and/or the asset is placed into service. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Landing area – 4 to 50 years
- Revenue generating land – 5 to 30 years
- Owner-Builder area – 10 years
- T-Hangars – 5 to 20 years
- Fixed Based Operations (FBO) – 5 to 20 years
- Terminal – 5 to 25 years
- Administration and equipment – 3 to 20 years

9. Deferred Outflows of Resources

The statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and, therefore, will *not* be recognized as an outflow of resources (expenditure) until that time. The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred outflow which is equal to employer contributions made after the measurement date of the total OPEB liability. This amount will be amortized-in-full against the total OPEB liability in the next fiscal year.

Pensions

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

9. Deferred Outflows of Resources, continued

Pensions, continued

- Deferred outflow for the net difference between the actual and proportionate share of contributions amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference between projected and actual earnings on investments of the pension plans fiduciary net position. This amount is amortized over a 5-year period.

10. Unearned Revenue

Unearned revenue consists of agricultural land, terminal, hangar, and concessionaire rentals and payments received in advance, which will be amortized to revenue on a straight-line basis over the applicable period.

11. Compensated Absences

The District's policy is to permit employees to accumulate earned vacation and sick leave. Sick leave that is not used shall accumulate during subsequent years up to 960 hours per employee. Payment of unused sick leave is payable to an employee only upon termination or retirement of employment.

The District has adopted the provisions of GASB Statement No. 101. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The District has determined that the accrued vested sick liability meets the provisions, as reported above, of GASB Statement No. 101 for reporting. Therefore, a liability for the vested and accrued value of sick leave that will be settled in the future by employees as time off is included in the liability for compensated absences.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation dates: June 30, 2023 and June 30, 2022
- Measurement dates: June 30, 2024 and June 30, 2023
- Measurement periods: July 1, 2023 to June 30, 2024 and July 1, 2022 to June 30, 2023

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

13. Deferred Inflows of Resources

The statements of net position will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

Post-Employment Benefits Other Than Pensions (OPEB)

- Deferred inflow for the net difference between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with other post-employment benefits through the Plan.
- Deferred inflow for the changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with other post-employment benefits through the Plan.

Pensions

- Deferred inflow for the net change due to changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

14. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt applicable to the acquisition, construction, or improvement of those assets.
- **Restricted** – consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

During the fiscal year ended June 30, 2025, the District shows a negative unrestricted net position balance of \$2,390,531 due to current year operating costs exceeding operating revenue. The District intends to reduce the negative unrestricted net position through the collection of operating revenue in future periods.

15. Property Taxes

The County of Santa Barbara Assessor's Office assesses all real and personal property within the County each year. The County of Santa Barbara Tax Collector's Office bills and collects the District's share of property taxes. The County of Santa Barbara Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

15. Property Taxes, continued

Property tax revenue at year-end is related to property taxes collected by the County of Santa Barbara, which have not been transferred to the District as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

16. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by granting agencies or tenants desiring services that require capital items.

17. Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

(2) Cash and Investments

Cash and investments as of June 30 are classified in the accompanying financial statements as follows:

	2025	2024
Cash and cash equivalents	\$ 2,559,368	7,850,385
Restricted cash and cash equivalents	3,416,661	414,629
Certificate-of-deposit	8,000	8,000
Total cash and investments	\$ 5,984,029	8,273,014

Cash and cash investments as of June 30 consist of the following:

	2025	2024
Cash on hand	\$ 1,350	1,350
Deposits with financial institutions	87,464	507,585
Investments	5,895,215	7,764,079
Total cash and investments	\$ 5,984,029	8,273,014

As of June 30, the District's authorized deposits had the following maturities:

	2025	2024
Certificate-of-deposit held with a financial institution	May 2026	May 2025
Deposits with California Cooperative Liquid Assets Securities System (CLASS)	75 days	75 days
Deposits with California Local Agency Investment Fund (LAIF)	248 days	217 days

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Investments, continued

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of 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 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits 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 governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

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 District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investments at June 30, 2025, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months) 12 months or less</u>
Certificates-of-deposit	\$ 8,000	8,000
California Cooperative Liquid Assets Securities System	3,365,905	3,365,905
Local Agency Investment Fund	1,724,666	1,724,666
Money market savings account	796,644	796,644
Total	\$ <u>5,895,215</u>	<u>5,895,215</u>

Investments at June 30, 2024, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months) 12 months or less</u>
Certificates-of-deposit	\$ 8,000	8,000
California Cooperative Liquid Assets Securities System	5,182,559	5,182,559
Local Agency Investment Fund	1,639,864	1,639,864
Money market savings account	933,656	933,656
Total	\$ <u>7,764,079</u>	<u>7,764,079</u>

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 (where applicable) by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings at June 30, 2025, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AAA</u>
Certificates-of-deposit	\$ 8,000	N/A	8,000	-
California Cooperative Liquid Assets Securities System	3,365,905	N/A	3,365,905	-
Local Agency Investment Fund	1,724,666	N/A	1,724,666	-
Money market savings account	796,644	AAA	-	796,644
Total	\$ <u>5,895,215</u>		<u>5,098,571</u>	<u>796,644</u>

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings at June 30, 2024, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AAA</u>
Certificates-of-deposit	\$ 8,000	N/A	8,000	-
California Cooperative Liquid Assets Securities System	5,182,559	N/A	5,182,559	-
Local Agency Investment Fund	1,639,864	N/A	1,639,864	-
Money market savings account	933,656	AAA	-	933,656
Total	<u>\$ 7,764,079</u>		<u>6,830,423</u>	<u>933,656</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Fair Value Measurements

Investments measured at fair value on a recurring and non-recurring basis as of June 30, 2025, are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates-of-deposit	\$ 8,000	-	8,000	-
Money market savings account	796,644	-	796,644	-
Total investments measured at fair value	804,644	-	804,644	-
Investments measured at amortized cost:				
California Cooperative Liquid Assets Securities System	3,365,905			
Local Agency Investment Fund (LAIF)	1,724,666			
Total	<u>\$ 5,895,215</u>			

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Investments, continued

Fair Value Measurements, continued

Investments measured at fair value on a recurring and non-recurring basis as of June 30, 2024, are as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Certificates-of-deposit	\$ 8,000	-	8,000	-
Money market savings account	933,656	-	933,656	-
Total investments measured at fair value	941,656	-	941,656	-
Investments measured at amortized cost:				
California Cooperative Liquid Assets Securities System	5,182,559			
Local Agency Investment Fund (LAIF)	1,639,864			
Total	\$ 7,764,079			

(3) Accounts Receivable – Customers and Tenants, Net

The balance as of June 30 consists of the following:

	<u>2025</u>	<u>2024</u>
Accounts receivable – customers and tenants	\$ 82,486	113,073
Allowance for uncollectible accounts	(19,535)	(15,851)
Accounts receivable – customers and tenants, net	\$ 62,951	97,222

(4) Leases Receivable

The District leases a portion of its property to various third parties who use the space to conduct their operations on the District's grounds, the terms expire 2022 through 2063. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Various other leasing arrangements are in place for District owned buildings, ground, and support spaces. Lease payments are generally based on total square footage being leased at an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Leases Receivable, continued

The District reports leases receivable with carrying amounts of \$9,381,606 and \$10,180,863 as of June 30, 2025 and 2024, respectively, and deferred inflows of resources in the amount of \$8,249,570 and \$9,220,991 as of June 30, 2025 and 2024, respectively, related to this agreement. Revenue recognized under lease contracts during the years ended June 30, 2025, and 2024 was \$1,024,369 and \$1,365,015, respectively, which includes both lease revenue and interest.

The following table summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows and lease interest receivable at estimated District discount rates ranging from 2.40% to 3.22% as of June 30, 2025:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2026	\$ 334,644	295,133	629,777	(553,966)
2027	237,930	287,350	525,280	(460,920)
2028	492,254	276,260	768,514	(458,911)
2029	523,599	259,889	783,488	(453,944)
2030	543,149	242,823	785,972	(449,219)
2031-2035	1,440,919	1,017,024	2,457,943	(1,504,413)
2036-2040	892,733	868,111	1,760,844	(984,708)
2041-2045	930,747	721,177	1,651,924	(864,399)
2046-2050	924,145	568,609	1,492,754	(740,075)
2051-2055	1,063,244	411,026	1,474,270	(716,385)
2056-2060	1,283,526	224,182	1,507,708	(716,380)
2061-2063	714,716	29,126	743,842	(346,250)
	<u>9,381,606</u>	<u>5,200,710</u>	<u>14,582,316</u>	<u>(8,249,570)</u>
Current	<u>(334,644)</u>			
Non-current	<u>\$ 9,046,962</u>			

The following table summarizes total remaining lease payments, GASB 87 lease receivables/deferred lease inflows and lease interest receivable at estimated District discount rates ranging from 2.40% to 3.22% as of June 30, 2024:

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2025	\$ 839,627	315,430	1,155,057	(1,011,610)
2026	331,723	294,405	626,128	(550,190)
2027	234,318	286,615	520,933	(456,570)
2028	481,613	275,639	757,252	(448,246)
2029	516,234	259,479	775,713	(446,654)
2030-2034	1,827,542	1,069,299	2,896,841	(1,742,583)
2035-2039	836,288	895,874	1,732,162	(984,707)
2040-2044	921,335	750,997	1,672,332	(890,460)
2045-2049	937,805	598,594	1,536,399	(767,679)
2050-2054	1,029,597	444,673	1,474,270	(716,385)
2055-2059	1,230,188	264,577	1,494,765	(716,381)
2060-2063	994,593	57,045	1,051,638	(489,526)
Total	10,180,863	5,512,627	15,693,490	(9,220,991)
Current	(839,627)			
Non-current	\$ 9,341,236			

Working Draft Subject to Review

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(4) Leases Receivable, continued

Regulated Leases

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

The District leases parts of its land, terminal building, and hangars to various businesses and individuals under long-term leases with terms from 5 – 60 years. Rental revenues from these regulated leases were \$271,024 and \$279,416 and included in terminal leases and concessions for the years ended June 30, 2025 and 2024, respectively. The cost of property held for leasing is not readily determinable.

Future minimum rentals on regulated leases as of June 30, 2025, are as follows:

Fiscal Year	Principal
2026	\$ 275,483
2027	279,843
2028	301,713
2029	302,734
2030	302,734
2031-2035	1,413,875
2036-2040	896,431
2041-2045	776,467
2046-2050	890,349
2051-2055	688,018
2056-2060	587,922
2061	39,537
Total	\$ 6,755,106

Future minimum rentals on regulated leases as of June 30, 2024, are as follows:

Fiscal Year	Principal
2025	\$ 271,024
2026	275,483
2027	279,843
2028	301,713
2029	302,734
2030-2034	1,482,609
2035-2039	995,533
2040-2044	749,524
2045-2049	870,266
2050-2054	766,798
2055-2059	572,540
2060-2061	158,153
Total	\$ 7,026,220

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(5) Capital Assets

Changes in capital assets for 2025 were as follows:

	<u>As Restated 2024</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2025</u>
Non-depreciable assets:				
Land and land rights	\$ 6,370,747	-	-	6,370,747
Construction-in-process	257,000	4,479,274	(3,059,089)	1,677,185
Total non-depreciable assets	<u>6,627,747</u>	<u>4,479,274</u>	<u>(3,059,089)</u>	<u>8,047,932</u>
Depreciable assets:				
Landing area	58,504,393	713,139	-	59,217,532
Revenue generating land	9,611,017	34,988	-	9,646,005
Owner-Builder area	52,015	-	-	52,015
T-Hangars	6,728,117	15,980	-	6,744,097
Fixed Based Operations (F.B.O.)	2,569,779	-	-	2,569,779
Terminal	14,839,302	-	-	14,839,302
Administration and equipment	3,295,271	5,968	(35,804)	3,265,435
Total depreciable assets	<u>95,599,894</u>	<u>770,075</u>	<u>(35,804)</u>	<u>96,334,165</u>
Accumulated depreciation:				
Landing area	(33,335,310)	(2,430,943)	-	(35,766,253)
Revenue generating land	(6,435,179)	(411,812)	-	(6,846,991)
Owner-Builder area	(39,871)	(3,470)	-	(43,341)
T-Hangars	(6,515,091)	(26,686)	-	(6,541,777)
Fixed Based Operations (F.B.O.)	(2,472,530)	(23,452)	-	(2,495,982)
Terminal	(15,533,489)	(380,327)	-	(15,913,816)
Administration and equipment	(2,634,995)	(57,187)	35,802	(2,656,380)
Total accumulated depreciation	<u>(66,966,465)</u>	<u>(3,333,877)</u>	<u>35,802</u>	<u>(70,264,540)</u>
Total depreciable assets, net	<u>28,633,429</u>	<u>(2,563,802)</u>	<u>(2)</u>	<u>26,069,625</u>
Total capital assets, net	<u>\$ 35,261,176</u>			<u>34,117,557</u>

Major capital assets additions during the year include landing area, T-hangers, and administration and equipment acquisitions. There were no capital asset deletions during the year. In addition, the prior year's balances were restated as described in note 11.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(5) Capital Assets, continued

Changes in capital assets for 2024 were as follows:

	<u>As Restated 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>As Restated 2024</u>
Non-depreciable assets:				
Land and land rights	\$ 6,370,747	-	-	6,370,747
Construction-in-process	3,846,421	7,064,319	(10,653,740)	257,000
Total non-depreciable assets	<u>10,217,168</u>	<u>7,064,319</u>	<u>(10,653,740)</u>	<u>6,627,747</u>
Depreciable assets:				
Landing area	48,069,728	10,434,665	-	58,504,393
Revenue generating land	9,611,017	-	-	9,611,017
Owner-Builder area	52,015	-	-	52,015
T-Hangars	6,568,686	159,431	-	6,728,117
Fixed Based Operations (F.B.O.)	2,569,779	-	-	2,569,779
Terminal	14,839,302	-	-	14,839,302
Administration and equipment	3,281,924	13,347	-	3,295,271
Total depreciable assets	<u>84,992,451</u>	<u>10,607,443</u>	<u>-</u>	<u>95,599,894</u>
Accumulated depreciation:				
Landing area	(31,882,200)	(1,453,110)	-	(33,335,310)
Revenue generating land	(6,002,595)	(432,584)	-	(6,435,179)
Owner-Builder area	(36,401)	(3,470)	-	(39,871)
T-Hangars	(6,488,254)	(26,837)	-	(6,515,091)
Fixed Based Operations (F.B.O.)	(2,447,954)	(24,576)	-	(2,472,530)
Terminal	(15,141,418)	(392,071)	-	(15,533,489)
Administration and equipment	(2,566,267)	(68,728)	-	(2,634,995)
Total accumulated depreciation	<u>(64,565,089)</u>	<u>(2,401,376)</u>	<u>-</u>	<u>(66,966,465)</u>
Total depreciable assets, net	<u>20,427,362</u>	<u>8,206,067</u>	<u>-</u>	<u>28,633,429</u>
Total capital assets, net	<u>\$ 30,644,530</u>			<u>35,261,176</u>

Major capital assets additions during the year include landing area, revenue generating land, owner-build area, and terminal asset acquisitions. There were no capital asset deletions during the year.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(5) Capital Assets, continued

Construction-In-Process

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-process balances at June 30 are as follows:

The balance at June 30 consists of the following projects:

		<u>2025</u>	<u>As Restated 2024</u>	<u>As Restated 2023</u>
Landing area improvements	\$	505,978	-	3,644,486
Revenue generating land		-	-	-
Terminal area		1,171,207	152,527	176,618
Administration		-	104,473	25,317
Construction-in-process	\$	<u>1,677,185</u>	<u>257,000</u>	<u>3,846,421</u>

(6) Compensated Absences

The District recognizes a liability for compensated absences in accordance with GASB Statement No. 101, "Compensated Absences". Compensated absences comprise unpaid vacation leave that accrue when benefits are fully vested and are determined annually. Compensated absences for governmental funds will generally be liquidated through the general fund. The balance in the proprietary fund will be liquidated through the water fund.

As of June 30 2025, the liability for compensated absences was calculated based on employees' pay rates at the fiscal year end and historical usage data, considering employment policies. The liability represents amounts that are more likely than not to used or paid out. The liability is reported in the Statement of Net Position.

The net change in the compensated absence liability for the fiscal years ended June 30, 2025 and 2024, increased by \$20,554 and \$44,254, respectively.

Changes to compensated absences for the year ended June 30, 2025 were as follows:

	<u>Balance 2024</u>	<u>Change</u>	<u>Balance 2025</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$	<u>191,747</u>	<u>20,554</u> *	<u>212,301</u>	<u>159,226</u>	<u>53,075</u>

Changes to compensated absences for the year ended June 30, 2024 were as follows:

	<u>Balance 2023</u>	<u>Change</u>	<u>Balance 2024</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
\$	<u>147,493</u>	<u>44,254</u> *	<u>191,747</u>	<u>143,810</u>	<u>47,937</u>

*The changes in the compensated absence liabilities are presented as a net change.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(7) Land Improvements Payable

In April 2014, the District entered into a zero-interest land improvement payable obligation with Pacific Gas & Electric (PG&E), in the amount \$12,266. The purpose of the payable was to provide funds for the acquisition of energy-efficient capital equipment. Terms of the obligation call for monthly payments of \$111 maturing in May 2023.

In April 2020, the District entered into a zero-interest land improvement payable obligation with Pacific Gas & Electric (PG&E), in the amount \$144,651. The purpose of the payable was to provide funds for the acquisition of energy-efficient terminal lighting upgrades. Terms of the obligation call for monthly payments of \$1,644 maturing in July 2026.

In July 2020, the District entered into a zero-interest land improvement payable obligation with Pacific Gas & Electric (PG&E), in the amount \$31,398. The purpose of the payable was to provide funds for the acquisition of energy-efficient terminal lighting upgrades. Terms of the obligation call for monthly payments of \$233 maturing in July 2031.

Changes in land improvements for 2025 were as follows:

	<u>2024</u>	<u>Additions</u>	<u>Payments</u>	<u>2025</u>
Land improvements payable \$	82,209	-	(23,119)	59,090
Less current-portion	<u>(23,120)</u>			<u>(23,119)</u>
Total non-current	<u>\$ 59,089</u>			<u>35,971</u>

Changes in land improvements for 2024 were as follows:

	<u>2023</u>	<u>Additions</u>	<u>Payments</u>	<u>2024</u>
Land improvements payable \$	105,439	-	(23,230)	82,209
Less current-portion	<u>(23,230)</u>			<u>(23,120)</u>
Total non-current	<u>\$ 82,209</u>			<u>59,089</u>

Future annual payments are as follows:

<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>Payment</u>
2026	\$ 23,119
2027	23,120
2028	8,325
2029	3,394
2030	<u>1,132</u>
Total	59,090
Less: current	<u>(23,119)</u>
Non-current	<u>\$ 35,971</u>

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(8) Other Post-Employment Benefits (OPEB) Plan

Plan Description

The District’s defined benefit OPEB plan (Plan) provides OPEB for all permanent full-time employees. The Plan is a single-employer defined benefit OPEB plan administered by the District. The District’s Board of Directors has the authority to establish and amend the benefit terms and financing requirements of the Plan.

Benefits Provided

For retirees at age of 55 with a minimum of 5 years of service, the District’s contribution toward the CalPERS Medical Program will be 100% of the District’s share of the premium amount for the retiree and their dependents.

	Measurement Date 2024	Measurement Date 2023
Inactive employees or beneficiaries currently receiving benefit payments	5	5
Active employees	12	12
Total Plan membership	17	17

Contributions

The Plan and its contribution requirements for eligible retired employees of the District are established and may be amended by the Board of Directors. The District pays 100% of its share of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District. The District’s cap is \$151 per month which is adjusted each year in accordance with California Government Code Section 22892. The annual contribution is based on the actuarially determined contribution.

As of the fiscal years ended June 30, the contributions were as follows:

	2025	2024
Contributions – employer	\$ 9,450	9,240

As of June 30 2025 and 2024, employer pension contributions of \$9,450 and \$9,240 were reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be and were recognized as a reduction of the total OPEB liability in the fiscal years ended June 30, 2026 and 2025, respectively.

Total OPEB Liability

The District’s total OPEB liability was measured as of June 30, 2024 and 2023, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2023, respectively. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent
Discount rate	2025 – 3.93 percent 2024 – 3.65 percent
Healthcare cost trend rates	4.00 percent per year
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees at age 50 with a minimum 5 years of service

Notes:

The discount rate was based on the Bond Buyer 20-Year Bond Index.

Discount Rate

As of June 30 2025 and 2024, the discount rate used to measure the total OPEB liability was 3.93% and 3.65%, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

	Total OPEB Liability 2024-2025	Total OPEB Liability 2023-2024
Balance at beginning of year	\$ 321,302	337,720
Changes for the year:		
Service cost	16,188	14,738
Interest	11,854	12,049
Employer contributions	(9,240)	(9,000)
Expected minus actual benefits	-	(421)
Experience (gains)/losses	-	(33,508)
Assumption changes	(15,251)	(276)
Net change	3,551	(16,418)
Balance at end of year	\$ 324,853	321,302

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(8) Other Post-Employment Benefits (OPEB) Plan, continued

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

As of June 30, 2025, the discount rate comparison was as follows:

		Discount Rate - 1% (2.93%)	Current Discount Rate (3.93%)	Discount Rate + 1% (4.93%)
District's total OPEB liability	\$	<u>383,303</u>	<u>324,853</u>	<u>279,034</u>

As of June 30, 2024, the discount rate comparison was as follows:

		Discount Rate - 1% (2.65%)	Current Discount Rate (3.65%)	Discount Rate + 1% (4.65%)
District's total OPEB liability	\$	<u>379,924</u>	<u>321,302</u>	<u>274,885</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

As of June 30, 2025, the healthcare cost trend rate comparison was as follows:

		1% Decrease (4.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (4.00% increasing to 5.00%)
District's total OPEB liability	\$	<u>268,419</u>	<u>324,853</u>	<u>397,917</u>

As of June 30, 2024, the healthcare cost trend rate comparison was as follows:

		1% Decrease (4.00% decreasing to 3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (4.00% increasing to 5.00%)
District's total OPEB liability	\$	<u>267,613</u>	<u>321,302</u>	<u>391,981</u>

For the years ended June 30, 2025 and 2024, the District recognized OPEB expense of \$21,392 and \$21,694, respectively.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(8) Other Post-Employment Benefits (OPEB) Plan, continued

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

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

Description	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 9,450	-	9,240	-
Differences between actual and expected experience	-	(37,756)	-	(42,965)
Changes in assumptions	-	(17,380)	-	(3,570)
Total	\$ 9,450	(55,136)	9,240	(46,535)

At June 30, 2025, the District recognized other amounts reported by the Plan actuary as deferred outflows of resources and deferred inflows of resources related to the OPEB liability. OPEB related amounts will be recognized as expense as follows.

Actuarially Determined Deferred Outflows (Inflows) - OPEB Plan

Fiscal Year Ending June 30:	Net Change in Assumptions	Net Difference between Expected and Actual Experience	Total
2026	\$ (1,441)	(5,209)	(6,650)
2027	(1,441)	(5,209)	(6,650)
2028	(1,441)	(5,209)	(6,650)
2029	(1,441)	(5,209)	(6,650)
2030	(1,441)	(5,209)	(6,650)
Thereafter	(10,175)	(11,711)	(21,886)
Total	\$ (17,380)	(37,756)	(55,136)

Schedules of Changes in the District's Total OPEB Liability and Related Ratios

See page 53 for the Required Supplementary Information.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Risk Pool, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District’s CalPERS 2.0% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013 are eligible for the District’s CalPERS 2.0% at 62 Retirement Plan under PEPRA. New employees that have previously participated in the Classic Plan are eligible for the District’s CalPERS 2.0% at 55 Retirement Plan.

The Plans’ provision and benefits in effect at June 30, 2025 are summarized as follows:

Description	Miscellaneous Plan	
	Tier 1	Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Fiscal year 2025:		
Required employee contribution rates	6.930%	7.750%
Required employer contribution rates	12.520%	7.870%
Fiscal year 2024:		
Required employee contribution rates	6.920%	7.750%
Required employer contribution rates	12.470%	7.680%

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Benefits Provided, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1, following notice of the change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal years ended June 30, the contributions to the Plan were as follows:

		Miscellaneous Plan	
		<u>2025</u>	<u>2024</u>
Contributions – employer	\$	316,184	264,631
Contributions – employee (paid by employer)		<u>43,076</u>	<u>41,356</u>
Total employer paid contributions	\$	<u>359,260</u>	<u>305,987</u>

Net Pension Liability

As of the fiscal years ended June 30, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

		Proportionate Share of Net Pension Liability	
		<u>2025</u>	<u>2024</u>
Miscellaneous Plan	\$	<u>2,555,369</u>	<u>2,566,217</u>

The District's net pension liability is measured as the proportionate share of the net pension liability for the Plan. The net pension liability of the Plan is measured as of June 30, 2024 and 2023, 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, 2023 and 2022, respectively, rolled forward to June 30, 2024 and 2023, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's change in the proportionate share of the net pension liability for the Plan as of the fiscal years ended June 30 were as follows:

<u>Proportion</u>	<u>Miscellaneous Plan</u>	<u>Proportion</u>	<u>Miscellaneous Plan</u>
June 30, 2024	0.02057%	June 30, 2023	0.02087%
June 30, 2025	<u>0.02107%</u>	June 30, 2024	<u>0.02057%</u>
Change	<u>0.00050%</u>	Change	<u>-0.00030%</u>

As a result of the implementation of the GASB 68 pronouncement at June 30, 2025 and 2024, the District recognized pension income and expense of \$465,704 and \$362,232, respectively.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources

As of June 30, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>June 30, 2025</u>		<u>June 30, 2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 316,184	-	264,631	-
Net difference between actual and expected experience	212,315	-	110,760	-
Net change in assumptions	65,678	-	154,934	-
Net difference between projected and actual earnings on plan investments	147,110	-	415,493	-
Net difference between actual contribution and proportionate share of contribution	15,410	-	-	(17,159)
Net adjustment due to differences in proportions of net pension liability	-	(43,887)	-	(55,481)
Total	<u>\$ 756,697</u>	<u>(43,887)</u>	<u>945,818</u>	<u>(72,640)</u>

As of June 30, 2025 and 2024, employer pension contributions reported as deferred outflows of resources related to contributions subsequent to the measurement date of \$316,184 and \$264,631, respectively, will be and were recognized as a reduction of the net pension liability in the fiscal years ended June 30, 2026 and 2025, respectively.

The District will recognize other amounts of deferred outflows of resources and deferred inflows of resources related to pension as follows.

<u>Fiscal Year Ending June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ 91,552
2027	364,663
2028	(5,835)
2029	(53,754)
2030	-
Thereafter	-

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2023 and 2022, actuarial valuation reports were determined using the following actuarial assumptions:

Valuation dates	June 30, 2023 and 2022
Measurement dates	June 30, 2024 and 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Investment rate of return	2024 and 2023 – 6.90 % net of pension plan investment and administrative expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' membership data for all funds
Period upon which actuarial Experience Survey assumptions were based	2020 – 1997–2015
Post retirement benefit	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies; 2.30% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, the amortization and smoothing periods recently adopted by CalPERS were utilized. The crossover test was performed for a miscellaneous agent plan and a safety agent plan, selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

As of June 30, 2025, the long-term expected real rate of return by asset class was as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1–10*</u>
Global Equity - cap-weighted	30.00%	4.45%
Global Equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

* An expected inflation of 2.3% used for this period

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

The following tables present the District's proportionate share of the net position liability for the Plan calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

As of June 30, 2025, the discount rate comparison was the following:

	<u>Discount Rate – 1% (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>Discount Rate + 1% (7.90%)</u>
District's net pension liability	\$ 3,760,127	2,555,369	1,563,675

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(9) Defined Benefit Pension Plan, continued

As of June 30, 2024, the discount rate comparison was the following:

	Discount Rate – 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
District's net pension liability	\$ 3,701,504	2,566,217	1,631,777

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 54 through 55 for the Required Supplementary Information.

Payable to the Pension Plan

As of June 30, 2025 and 2024, the District reported no payables for the outstanding amount of contribution to the pension plan.

(10) Net Position

Calculation of net position as of June 30, was as follows:

	2025	As Restated 2024
Net investment in capital assets:		
Capital assets, not being depreciated	\$ 8,047,932	6,627,747
Depreciable capital assets	26,069,625	28,633,429
Land improvements payable – current	(1,000,000)	-
Land improvements payable – non-current	(35,971)	(59,089)
Total net investment in capital assets	33,081,586	35,202,087
Restricted net position:		
Restricted – capital projects	416,661	-
Restricted – conservation settlement payable	3,000,000	414,629
Total restricted net position	3,416,661	414,629
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and deposits	10,783	5,921
Total non-spendable net position	10,783	5,921
Spendable net position are designated as follows:		
Total spendable net position	(2,401,314)	5,935,809
Total unrestricted net position	(2,390,531)	5,941,730
Total net position	\$ 34,107,716	41,558,446

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(11) Adjustments to Net Position

Capital Assets Construction-in-Progress – Specific Plan

During the fiscal year ending June 30, 2025, the District determined that its Specific Plan project was not a capitalizable project within its construction-in-progress category. Following industry best practices, the District has determined not to capitalize plans and studies. Accordingly, the District has adjusted its net position. Please see Note 5 for further information.

The adjustments to net position are as follows:

Net position at June 30, 2021, as previously stated	<u>36,287,695</u>
Effect of adjustments to remove Specific Plan from additions in June 30, 2022	(61,152)
Change in net position at June 30, 2022, as previously stated	<u>778,445</u>
Total adjustment to net position	<u>717,293</u>
Net position at June 30, 2022, as restated	<u>37,004,988</u>
Effect of adjustments to remove Specific Plan from additions in June 30, 2023	(185,419)
Change in net position at June 30, 2023, as previously stated	<u>1,560,212</u>
Total adjustment to net position	<u>1,374,793</u>
Net position at June 30, 2023, as restated	<u>38,379,781</u>
Effect of adjustments to remove Specific Plan from additions in June 30, 2024	(40,095)
Change in net position at June 30, 2024, as previously stated	<u>3,218,760</u>
Total adjustment to net position	<u>3,178,665</u>
Net position at June 30, 2024, as restated	<u>41,558,446</u>

(12) Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Fair value of all plan assets held in trust by Mass Mutual at June 30, 2025 and 2024, was \$1,875,750 and \$1,717,276, respectively.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(12) Deferred Compensation Savings Plan, continued

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position.

(13) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District, as a member of the Special District Risk Management Authority (SDRMA), has purchased various insurance policies to manage the potential liabilities that may occur from the previously named sources. SDRMA's purpose is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2025, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions, and employment practices liability: Total risk financing limits of \$10,000,000, combined single limit at \$10,000,000 per occurrence, subject to the following deductibles – \$500/\$1,000 per occurrence for third party general/auto liability property damage – 50% co-insurance of cost expended by SDRMA, in excess of \$10,000 up to \$110,000, per occurrence, for employment related claims. However, 100% of the obligation will be waived if certain criteria are met.
- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration, theft, disappearance, and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1 billion per occurrence (pool limit), subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence (pool limit), subject to a \$1,000 deductible.
- Comprehensive collision coverage on selected vehicles, with deductibles of \$250/\$500 as elected; ACV limits; fully self-funded by the SDRMA.
- Public officials' personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions, and exclusions as provided in the Memorandum of Coverages, with a deductible of \$1,000 per claim.
- Workers' Compensation Coverage and Employer's Liability: Statutory limits per occurrence for Workers' Compensation and \$5.0 Million for Employer's Liability Coverage, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverage.

Also, the District has purchased aviation commercial general liability insurance coverage up to \$20 million from a commercial insurance carrier.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ended June 30, 2025, 2024, and 2023. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2025, 2024, and 2023.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(14) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2025, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 103

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 104

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 105

In December 2025, the GASB issued Statement No. 105 – *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

Santa Maria Public Airport District
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(15) Commitments and Contingencies

Conservation Settlement Liability

On June 12, 2025, the District entered into an agreement for the Sale of Conservation Credits with Rancho Purisima, LLC (Bank Sponsor). Bank Sponsor has developed the La Purisima Conservation Bank. The Bank was approved by the Wildlife Agencies on March 13, 2014.

The United States Fish and Wildlife Service (USFWS) alleged that certain actions by the District resulted in impacts to habitat, including alleged take, of California tiger salamander, and the District and Wildlife Agencies, without any admission of liability by the District, entered into that certain Settlement Agreement dated August 15, 2024. Pursuant to the Settlement Agreement, the District agreed to provide for the conservation of California tiger salamander by contributing funds to the California Tiger Salamander Mitigation and Conservation Account held by the National Fish and Wildlife Foundation (“NFWF”).

Terms of the Settlement Agreement include a \$2,000,000 payment within sixty days of the effective date of the Settlement Agreement. Grant and convey a perpetual conservation easement to approximately 365 acres of District property to a FWS and CDFW approved non-profit third party. An additional \$1,000,000 payment within one year of the effective date of the Settlement Agreement. An additional \$1,000,000 payment within two years of the effective date of the Settlement Agreement. An additional \$1,000,000 payment within three years of the effective date of the Settlement Agreement. On October 18, 2024, the District paid the first \$2,000,000 payment. As of June 30, 2025, the District accrued the remaining \$3,000,000 Settlement Agreement liability. Accordingly, the District has allocated restricted cash and net position in the amount of the remaining liability.

Construction Contracts

The District has a variety of agreements with private parties relating to construction contracts at the District. The financing of such construction contracts is being provided primarily from the District’s restricted capital reserves and federal capital grants. As of June 30, 2025 and 2024, the District had outstanding construction contracts in the amount of \$718,074 and \$881,047, respectively.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Grant Awards

Grant funds received by the District are subject to audit by grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

(16) Subsequent Events

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statements or disclosure as of [ISSUE DATE], which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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Working Draft Subject to Review

Required Supplementary Information

Working Draft Subject to Review

Santa Maria Public Airport District
Schedules of Changes in the District Total OPEB Liability and Related Ratios
As of June 30, 2025
Last Ten Years*

Fiscal year ending	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability								
Service cost	\$ 16,188	14,738	20,636	23,160	15,610	13,545	13,182	12,829
Interest	11,854	12,049	8,908	8,468	9,950	9,685	9,544	8,261
Employer contributions	(9,240)	(9,000)	(8,760)	(7,282)	(7,434)	(6,434)	(6,434)	(6,187)
Expected minus actual benefits	-	(421)	-	-	572	(338)	-	-
Experience (gains)/losses	-	(33,508)	-	(17,311)	-	(804)	-	-
Assumption changes	(15,251)	(276)	(89,532)	26,108	74,724	12,756	(12,594)	-
Net change in total OPEB liability	3,551	(16,418)	(68,748)	33,143	93,422	28,410	3,698	14,903
Total OPEB liability – beginning	321,302	337,720	406,468	373,325	279,903	251,493	247,795	232,892
Total OPEB liability – ending	\$ 324,853	321,302	337,720	406,468	373,325	279,903	251,493	247,795
Covered payroll	\$ 948,823	911,013	901,339	829,257	846,782	830,037	735,356	794,904
Total OPEB liability as a percentage of covered payroll	34.24%	35.27%	37.47%	49.02%	44.09%	33.72%	34.20%	31.17%
Notes to Schedule								
Valuation dates	June 30, 2023	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Single and agent employers	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Investment rate of return	3.93%	3.65%	3.54%	6.25%	6.25%	6.25%	6.25%	6.25%
Mortality, retirement, disability								
Termination	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Other information	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)

- (1) Level percentage of payroll, closed
(2) Pre-retirement mortality based on RP-2014 Employee Mortality Tables, Post-retirement mortality rates based on RP-2014 Health Annuitant Mortality Table
(3) CalPERS 1997-2015 Experience Study
(4) CalPERS 2000-2019 Experience Study
(5) Mortality projected fully generational with Scale MP-2019
(6) Mortality projected fully generational with Scale MP-2021

*The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Santa Maria Public Airport District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2025
Last Ten Years

Description	Measurement Date June 30, 2024	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
District's proportion of the net pension liability	0.02107%	0.02057%	0.02087%	0.02393%	0.01890%	0.01849%	0.01795%	0.01761%	0.01728%	0.01618%
District's proportionate share of the net pension liability	\$ 2,555,368	2,566,217	2,410,249	1,294,203	2,056,379	1,894,820	1,729,838	1,746,160	1,495,222	1,110,736
District's covered payroll	\$ 911,013	901,339	829,257	846,782	830,037	735,356	794,904	768,476	766,034	691,152
District's proportionate share of the net pension liability as a percentage of its covered payroll	280.50%	284.71%	290.65%	152.84%	247.75%	257.67%	217.62%	227.22%	195.19%	160.71%
District's fiduciary net position as a percentage of the District's total pension liability	71.38%	69.43%	70.00%	83.36%	72.47%	73.95%	75.06%	74.95%	76.90%	82.41%

Notes to Schedule:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

From fiscal year June 30, 2024 to June 30, 2025:

There were no changes in assumptions.

**Santa Maria Public Airport District
Schedules of Pension Plan Contributions
As of June 30, 2025
Last Ten Years**

Schedule of Pension Plan Contributions:	Fiscal Year June 30, 2025	Fiscal Year June 30, 2024	Fiscal Year June 30, 2023	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Fiscal Year June 30, 2020	Fiscal Year June 30, 2019	Fiscal Year June 30, 2018	Fiscal Year June 30, 2017	Fiscal Year June 30, 2016
Actuarially determined contribution	\$ 304,533	274,175	263,100	242,796	220,666	189,769	165,139	140,757	120,811	108,198
Contributions in relation to the actuarially determined contribution	(304,533)	(274,175)	(263,100)	(242,796)	(220,666)	(189,769)	(165,139)	(140,757)	(120,811)	(108,198)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 948,823	911,013	901,339	829,257	846,782	830,037	735,356	794,904	768,476	766,034
Contributions as a percentage of covered payroll	32.10%	30.10%	29.19%	29.28%	26.06%	22.86%	22.46%	17.71%	15.72%	14.12%
Notes to schedule:										
Valuation date	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	6.90% (3)	7.15% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level of percentage payroll, closed.
(2) Depending on age, service, and type of employment.
(3) Net of pension plan investment expense, including inflation.
(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study, adopted by the CalPERS Board.

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Working Draft Subject to Review

Supplementary Information

Working Draft Subject to Review

Santa Maria Public Airport District
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
For the Fiscal Year Ended June 30, 2025

	Adopted Original Budget	Board Approved Changes	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:					
Landing area usage	\$ 218,500	-	218,500	209,142	(9,358)
Hangar area usage	1,131,412	-	1,131,412	1,091,284	(40,128)
Main hangar and F.B.O.	636,600	-	636,600	696,194	59,594
Terminal area usage	366,000	-	366,000	353,572	(12,428)
Land usage	2,845,440	-	2,845,440	2,820,369	(25,071)
Other charges and fees	22,000	-	22,000	29,785	7,785
Total operating revenues	5,219,952	-	5,219,952	5,200,346	(19,606)
Operating expenses:					
Landing area usage	1,253,000	8,000	1,261,000	1,129,818	131,182
Hangar area usage	104,983	-	104,983	107,709	(2,726)
Main hangar and Fixed Base Operations	97,900	-	97,900	111,290	(13,390)
Terminal area usage	437,389	-	437,389	623,077	(185,688)
Land usage	484,000	-	484,000	460,805	23,195
Public administration	4,057,188	274,429	4,331,617	4,537,329	(205,712)
Total operating expenses	6,434,460	282,429	6,716,889	6,970,028	(253,139)
Operating loss before depreciation	(1,214,508)	(282,429)	(1,496,937)	(1,769,682)	(272,745)
Depreciation expense	(2,725,000)	-	(2,725,000)	(3,333,877)	(608,877)
Operating loss	(3,939,508)	(282,429)	(4,221,937)	(5,103,559)	(881,622)
Non-operating revenue(expense)					
Property taxes	2,426,000	-	2,426,000	2,420,814	(5,186)
Interest and investment earnings	250,000	-	250,000	295,148	45,148
TSA LEO reimbursement	7,000	-	7,000	-	(7,000)
Conservation easement	-	(2,075,264)	(2,075,264)	(5,065,870)	(2,990,606)
Gain on disposal of assets	-	-	-	1,501	1,501
Airshow income (expense), net	(75,000)	-	(75,000)	(76,054)	(1,054)
Total non-operating revenues, net	2,608,000	(2,075,264)	532,736	(2,424,461)	(2,957,197)
Net loss before capital contributions	(1,331,508)	(2,357,693)	(3,689,201)	(7,528,020)	(3,838,819)
Capital contributions:					
Federal capital grants	-	-	-	19,545	19,545
Passenger facility charges	65,000	-	65,000	57,745	(7,255)
Capital contributions	65,000	-	65,000	77,290	12,290
Change in net position	(1,266,508)	(2,357,693)	(3,624,201)	(7,450,730)	(3,826,529)
Net position, beginning of year, as restated	41,558,446		41,558,446	41,558,446	
Net position, end of year	\$ 40,291,938		37,934,245	34,107,716	

Santa Maria Public Airport District
Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual
For the Fiscal Year Ended June 30, 2024

	Adopted Original Budget	Board Approved Changes	Final Budget	Actual Budgetary Basis	Variance Positive (Negative)
Operating revenues:					
Landing area usage	\$ 232,178	-	232,178	142,314	(89,864)
Hangar area usage	794,066	-	794,066	826,783	32,717
Main hangar and F.B.O.	692,471	-	692,471	687,285	(5,186)
Terminal area usage	363,516	-	363,516	364,363	847
Land usage	2,152,398	-	2,152,398	2,391,311	238,913
Other charges and fees	20,000	-	20,000	52,509	32,509
Total operating revenues	<u>4,254,629</u>	<u>-</u>	<u>4,254,629</u>	<u>4,464,565</u>	<u>209,936</u>
Operating expenses:					
Landing area usage	1,020,941	30,837	1,051,778	1,035,867	15,911
Hangar area usage	77,324	13,340	90,664	97,422	(6,758)
Main hangar and Fixed Base Operations	81,658	6,416	88,074	96,244	(8,170)
Terminal area usage	469,504	12,150	481,654	474,649	7,005
Land usage	487,837	6,921	494,758	475,655	19,103
Public administration	4,455,527	71,277	4,526,804	4,630,971	(104,167)
Total operating expenses	<u>6,592,791</u>	<u>140,941</u>	<u>6,733,732</u>	<u>6,810,808</u>	<u>(77,076)</u>
Operating loss before depreciation	(2,338,162)	(140,941)	(2,479,103)	(2,346,243)	132,860
Depreciation expense	(2,484,988)	-	(2,484,988)	(2,401,377)	83,611
Operating loss	<u>(4,823,150)</u>	<u>(140,941)</u>	<u>(4,964,091)</u>	<u>(4,747,620)</u>	<u>216,471</u>
Non-operating revenue(expense)					
Property taxes	2,050,125	-	2,050,125	2,278,417	228,292
Interest and investment earnings	120,000	-	120,000	442,200	322,200
TSA LEO reimbursement	12,900	-	12,900	5,202	(7,698)
Airshow income (expense), net	(90,000)	-	(90,000)	(76,281)	13,719
Total non-operating revenues, net	<u>2,093,025</u>	<u>-</u>	<u>2,093,025</u>	<u>2,649,538</u>	<u>556,513</u>
Net loss before capital contributions	<u>(2,730,125)</u>	<u>(140,941)</u>	<u>(2,871,066)</u>	<u>(2,098,082)</u>	<u>772,984</u>
Capital contributions:					
Federal capital grants	7,014,600	-	7,014,600	5,213,495	(1,801,105)
Passenger facility charges	46,235	-	46,235	63,252	17,017
Capital contributions	<u>7,060,835</u>	<u>-</u>	<u>7,060,835</u>	<u>5,276,747</u>	<u>(1,784,088)</u>
Change in net position	<u>4,330,710</u>	<u>(140,941)</u>	<u>4,189,769</u>	<u>3,178,665</u>	<u>(1,011,104)</u>
Net position, beginning of year, as restated	<u>38,379,781</u>		<u>38,379,781</u>	<u>38,379,781</u>	
Net position, end of year, as restated	<u>\$ 42,710,491</u>		<u>42,569,550</u>	<u>41,558,446</u>	

Santa Maria Public Airport District
Schedule of Operating & Non-Operating Expenses – Budget to Actual
For the Fiscal Year Ended June 30, 2025

	Final Budget	Actual	Variance Positive (Negative)
Operating expenses:			
Landing area usage:			
ARFF Services	\$ 993,000	993,280	(280)
Utilities	30,000	37,894	(7,894)
Repairs and maintenance	238,000	98,644	139,356
Total	<u>1,261,000</u>	<u>1,129,818</u>	<u>131,182</u>
Hangar area usage:			
Utilities	44,300	49,399	(5,099)
Repairs and maintenance	56,683	58,310	(1,627)
Owner build area	4,000	-	4,000
Total	<u>104,983</u>	<u>107,709</u>	<u>(2,726)</u>
Main hangar and Fixed Base Operations (FBO)			
Utilities	74,100	84,113	(10,013)
Repairs and maintenance	23,800	27,177	(3,377)
Total	<u>97,900</u>	<u>111,290</u>	<u>(13,390)</u>
Terminal area usage:			
Utilities	107,900	163,628	(55,728)
Repairs and maintenance	329,489	459,449	(129,960)
Total	<u>437,389</u>	<u>623,077</u>	<u>(185,688)</u>
Land usage:			
Utilities	56,800	6,163	50,637
Mobile home park	401,200	435,875	(34,675)
Repairs and maintenance	26,000	18,767	7,233
Total	<u>484,000</u>	<u>460,805</u>	<u>23,195</u>
Public administration			
Salaries and wages	1,067,800	1,071,944	(4,144)
Benefits	739,675	885,814	(146,139)
Utilities	180,975	179,493	1,482
Supplies	142,846	128,882	13,964
Repairs and maintenance	121,000	112,375	8,625
Contractual services	1,041,685	1,177,210	(135,525)
Office supplies, postage and stationary	239,400	207,511	31,889
Dues and subscriptions	79,000	78,019	981
Advertising	50,000	16,028	33,972
Insurance	464,949	464,949	-
Bad debt expense (recovery)	-	3,684	(3,684)
Election expense	30,623	30,623	-
Travel	30,000	25,123	4,877
Fire training	27,000	27,486	(486)
Consulting services	116,664	128,188	(11,524)
Total	<u>4,331,617</u>	<u>4,537,329</u>	<u>(205,712)</u>
Depreciation of capital assets	<u>2,725,000</u>	<u>3,333,877</u>	<u>(608,877)</u>
Total operating expenses	\$ <u>9,441,889</u>	<u>10,303,905</u>	<u>(862,016)</u>
Non-operating expense:			
Conservation easement	\$ 2,075,264	5,065,870	(2,990,606)
Airshow (income) expense, net	\$ 75,000	76,054	(1,054)
Total non-operating expenses	\$ <u>2,150,264</u>	<u>5,141,924</u>	<u>(2,991,660)</u>

Santa Maria Public Airport District
Schedule of Operating & Non-Operating Expenses – Budget to Actual
For the Fiscal Year Ended June 30, 2024

	Final Budget	Actual	Variance Positive (Negative)
Operating expenses:			
Landing area usage:			
ARFF Services	\$ 900,000	901,683	(1,683)
Utilities	30,268	31,244	(976)
Repairs and maintenance	121,510	102,940	18,570
Total	<u>1,051,778</u>	<u>1,035,867</u>	<u>15,911</u>
Hangar area usage:			
Utilities	37,566	41,455	(3,889)
Repairs and maintenance	46,958	55,967	(9,009)
Owner build area	6,140	-	6,140
Total	<u>90,664</u>	<u>97,422</u>	<u>(6,758)</u>
Main hangar and Fixed Base Operations (FBO)			
Utilities	76,827	78,348	(1,521)
Repairs and maintenance	11,247	17,896	(6,649)
Total	<u>88,074</u>	<u>96,244</u>	<u>(8,170)</u>
Terminal area usage:			
Utilities	112,581	126,441	(13,860)
Repairs and maintenance	369,073	308,113	60,960
Total	<u>481,654</u>	<u>434,554</u>	<u>47,100</u>
Land usage:			
Utilities	34,812	17,330	17,482
Mobile home park	401,276	408,461	(7,185)
Repairs and maintenance	58,670	49,864	8,806
Total	<u>494,758</u>	<u>475,655</u>	<u>19,103</u>
Public administration			
Salaries and wages	992,341	1,013,243	(20,902)
Benefits	681,461	745,146	(63,685)
Utilities	121,015	118,003	3,012
Supplies	98,946	136,711	(37,765)
Repairs and maintenance	121,105	82,768	38,337
Contractual services	1,113,514	1,109,152	4,362
Office supplies, postage and stationary	25,689	39,415	(13,726)
Dues and subscriptions	77,000	79,420	(2,420)
Advertising	120,000	112,134	7,866
Insurance	472,976	472,976	-
Bad debt expense (recovery)	22,757	16,625	6,132
Election expense	-	-	-
Travel	85,000	86,831	(1,831)
Fire training	27,000	30,075	(3,075)
Consulting services	568,000	562,486	5,514
Total	<u>4,526,804</u>	<u>4,630,971</u>	<u>(104,167)</u>
Depreciation of capital assets	<u>2,484,988</u>	<u>2,401,377</u>	<u>83,611</u>
Total operating expenses	\$ <u>9,218,720</u>	<u>9,172,090</u>	<u>46,630</u>
Non-operating expense:			
Airshow (income) expense, net	\$ 90,000	76,281	13,719
Total non-operating expenses	\$ <u>90,000</u>	<u>76,281</u>	<u>13,719</u>

Statistical Section

Working Draft Subject to Review

**Santa Maria Public Airport District
Statistical Section
June 30, 2025**

This part of the District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health.

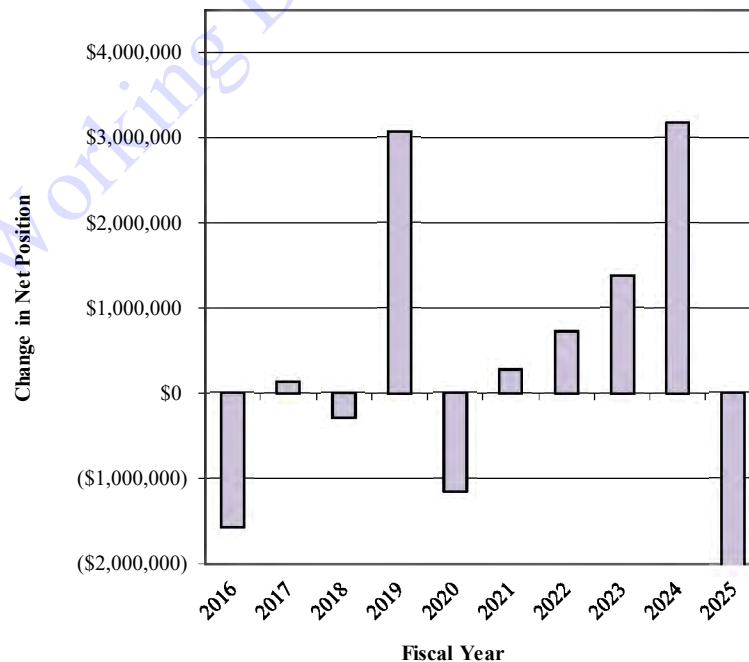
Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District’s financial performance and well-being have changed over time.	61-64
Revenue Capacity These schedules contain information to help the reader assess the District’s most significant own-source revenue, land usage.	65-68
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District’s financial activities take place.	69
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the service the District provides.	70-77

Note: The District is not presenting Debt Capacity information as the District has not had long-term debt instruments outstanding in the past ten fiscal years and is not subject to a debt limit.

Santa Maria Public Airport District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years

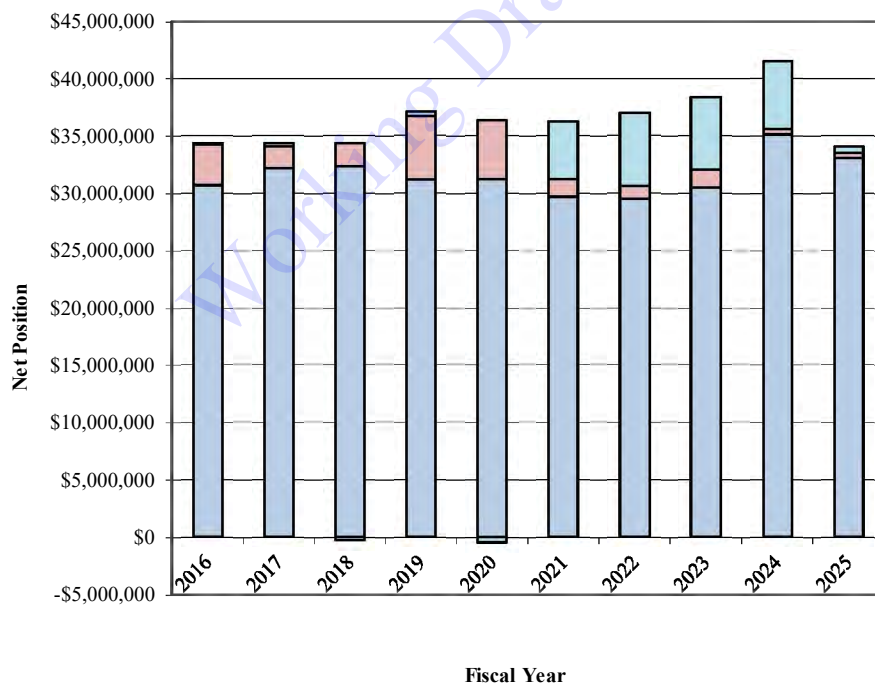
	Fiscal Year				
	As Restated 2016	2017	2018	2019	As Restated 2020
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 3,226,304	3,310,143	3,294,618	3,255,743	3,236,291
Operating expenses (see Schedule 3)	(3,813,171)	(4,458,946)	(4,156,325)	(4,560,690)	(4,749,934)
Depreciation expense – capital recovery	(2,441,538)	(2,288,269)	(2,263,682)	(2,102,526)	(2,300,323)
Operating income(loss)	(3,028,405)	(3,437,072)	(3,125,389)	(3,407,473)	(3,813,966)
Non-operating revenues(expenses)					
Property taxes	1,498,359	1,522,529	1,663,981	1,713,791	1,794,941
Interest and investment earnings	30,371	36,311	56,218	128,533	183,905
CARES Act airport grants	-	-	-	-	-
TSA law enforcement officer reimbursement	-	-	-	-	10,140
Conservation easement settlement	-	-	-	-	-
Airshow income (expense), net	-	-	(1,133)	(210,108)	(330,132)
Revenue guaranty expense	(387,922)	(722,260)	(184,603)	-	-
Note receivable write-off	-	-	-	-	-
Gain/(Loss) on sale/disposition of assets	-	(14,794)	1,850	-	-
Gain on land sale	-	-	-	2,611,263	-
Other revenue/(expense), net	-	226	4,448	(192)	-
Total non-operating revenues(expenses), net	1,140,808	822,012	1,540,761	4,243,287	1,658,854
Net income before capital contributions	(1,887,597)	(2,615,060)	(1,584,628)	835,814	(2,155,112)
Capital contributions	327,120	2,755,237	1,300,824	2,223,601	1,004,186
Changes in net position	\$ (1,560,477)	140,177	(283,804)	3,059,415	(1,150,926)
Net position by component:					
Net investment in capital assets	\$ 30,657,372	32,136,697	32,334,335	31,134,708	31,254,843
Restricted	3,590,388	1,967,435	1,967,435	5,573,255	5,081,682
Unrestricted	113,917	236,348	(245,094)	408,128	(371,360)
Total net position	\$ 34,361,677	34,340,480	34,056,676	37,116,091	35,965,165



Source: Santa Maria Public Airport District - Finance Department

Schedule 1

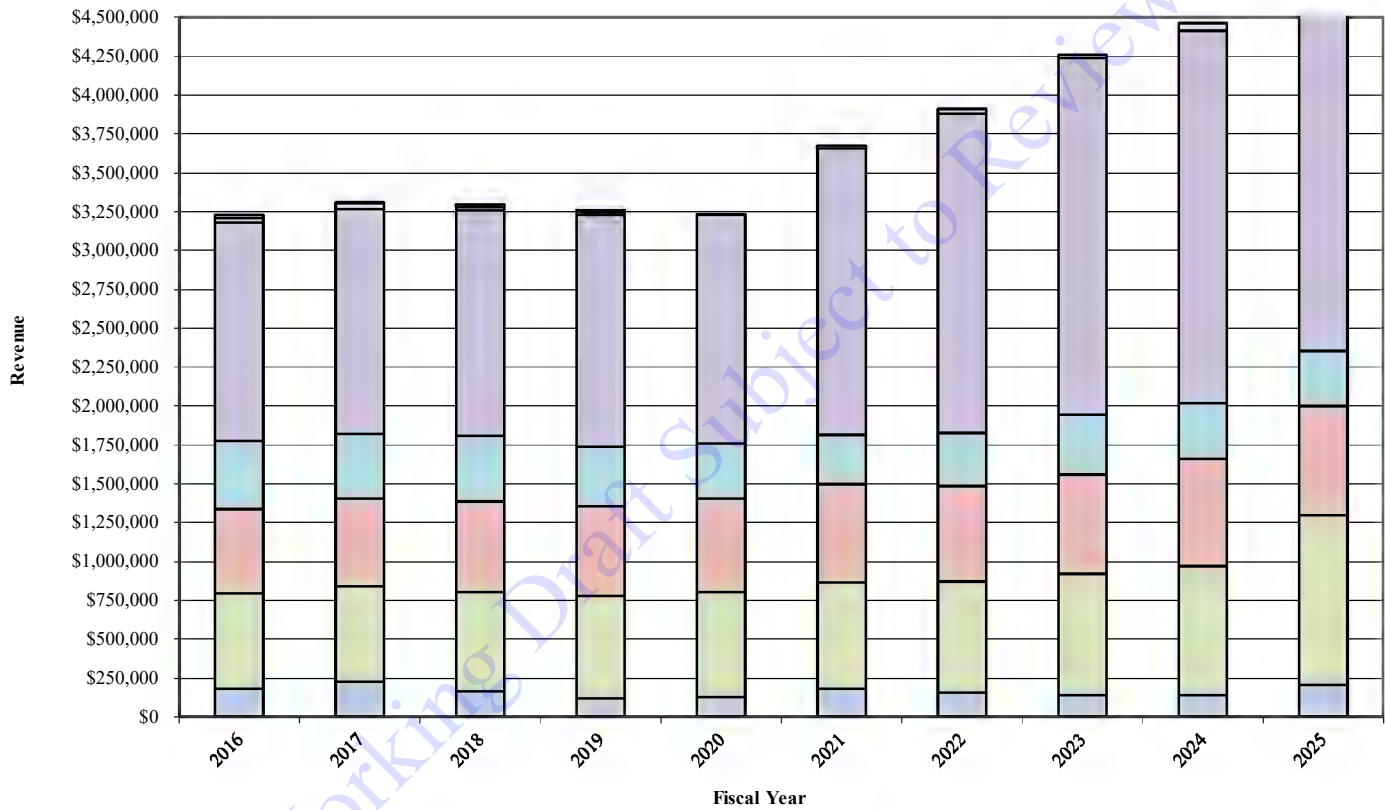
Fiscal Year				
As Restated 2021	As Restated 2022	As Restated 2023	As Restated 2024	2025
3,675,210	3,912,062	4,254,722	4,464,565	5,200,346
(5,091,464)	(6,006,995)	(6,231,925)	(6,810,808)	(6,970,028)
<u>(2,448,511)</u>	<u>(2,457,052)</u>	<u>(2,484,054)</u>	<u>(2,401,377)</u>	<u>(3,333,877)</u>
<u>(3,864,765)</u>	<u>(4,551,985)</u>	<u>(4,461,257)</u>	<u>(4,747,620)</u>	<u>(5,103,559)</u>
1,892,474	1,997,321	2,166,059	2,278,417	2,420,814
33,282	(31,483)	143,985	442,200	295,148
1,945,753	1,276,792	25,986	-	-
11,520	12,740	6,600	5,202	-
-	-	-	-	(5,065,870)
(8,538)	(2,028)	(197,404)	(76,281)	(76,054)
(500,000)	-	-	-	-
-	-	(166,218)	-	-
-	-	(39,288)	-	1,501
-	-	1,141,941	-	-
5,150	-	-	-	-
<u>3,379,641</u>	<u>3,253,342</u>	<u>3,081,661</u>	<u>2,649,538</u>	<u>(2,424,461)</u>
(485,124)	(1,298,643)	(1,379,596)	(2,098,082)	(7,528,020)
763,911	2,015,936	2,754,389	5,276,747	77,290
<u>278,787</u>	<u>717,293</u>	<u>1,374,793</u>	<u>3,178,665</u>	<u>(7,450,730)</u>
29,665,309	29,475,402	30,539,091	35,178,967	33,081,586
1,558,854	1,144,471	1,535,237	414,629	416,661
5,063,532	6,385,115	6,305,453	5,964,850	609,469
<u>36,287,695</u>	<u>37,004,988</u>	<u>38,379,781</u>	<u>41,558,446</u>	<u>34,107,716</u>



**Santa Maria Public Airport District
Operating Revenue by Source
Last Ten Fiscal Years**

Schedule 2

Fiscal Year	Landing Area	Hangar Area	Main Hangar and F.B.O.	Terminal Area	Land Usage	Operating Grant Revenue	Other Operating Revenue	Total Operating Revenue
2016	\$ 180,445	616,514	538,999	439,979	1,399,132	31,050	20,185	3,226,304
2017	225,764	614,150	563,435	417,380	1,445,718	33,925	9,771	3,310,143
2018	165,798	634,733	582,949	423,074	1,452,920	16,540	18,604	3,294,618
2019	119,890	657,934	576,634	387,435	1,488,181	9,840	15,829	3,255,743
2020	127,015	676,435	600,496	352,027	1,472,697	- *	7,621	3,236,291
2021	183,952	682,188	629,132	318,951	1,841,187	- *	19,800	3,675,210
2022	157,826	710,459	614,392	344,778	2,050,642	- *	33,965	3,912,062
2023	140,526	781,272	635,291	386,165	2,296,969	- *	14,499	4,254,722
2024	142,314	826,783	687,285	364,363	2,391,311	- *	52,509	4,464,565
2025	209,142	1,091,284	696,194	353,572	2,820,369	- *	29,785	5,200,346



Note:

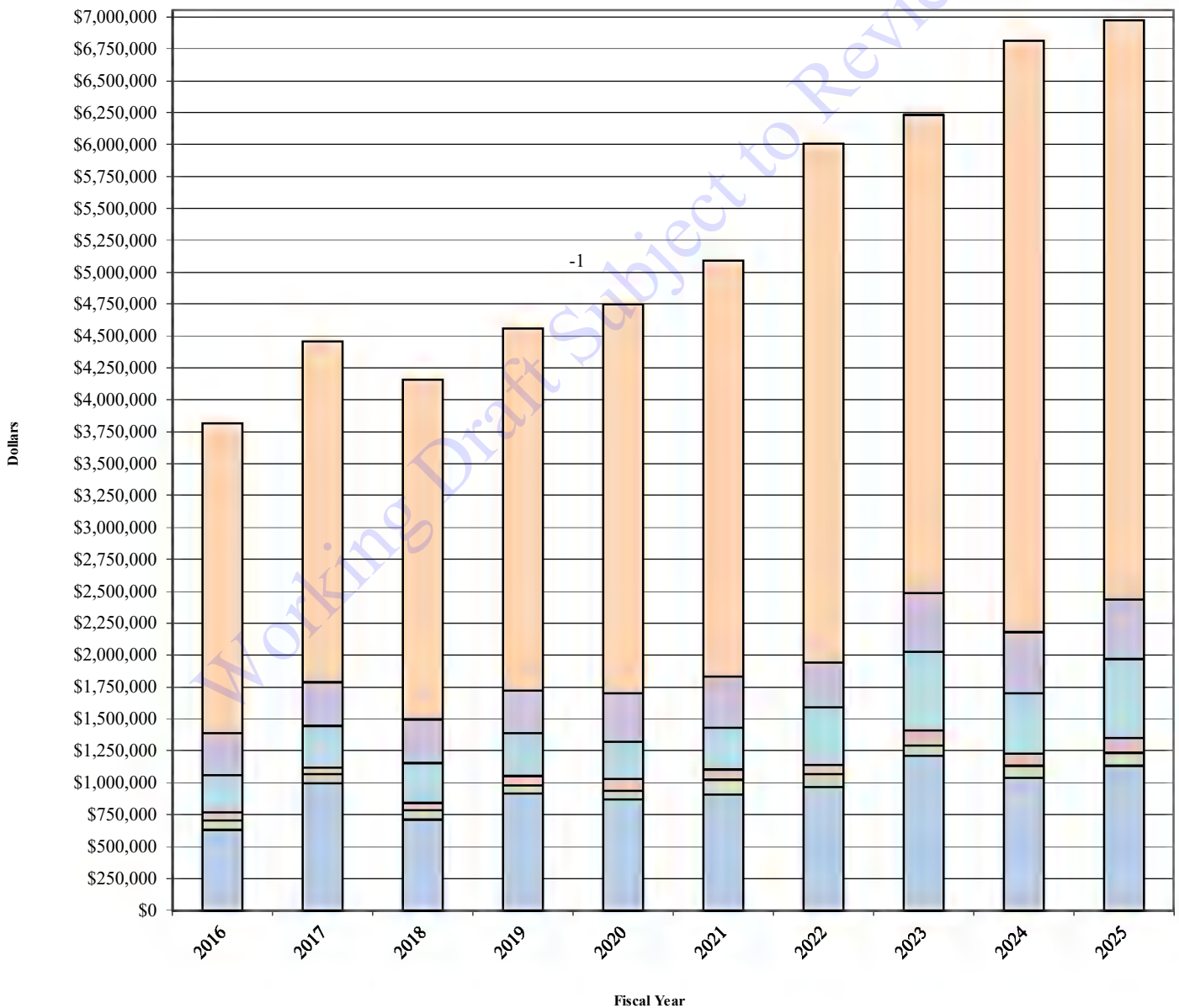
* Operating grant revenue is reported with Non-Operating Revenue (Expenses).

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Operating Expenses by Activity
Last Ten Fiscal Years**

Schedule 3

Fiscal Year	Landing Area	Hangar Area	Main Hangar and F.B.O.	Terminal Area	Land Usage	Public Administration	Total Operating Expenses
2016	\$ 633,750	71,705	64,438	287,554	328,038	2,427,686	3,813,171
2017	998,105	66,423	57,013	326,014	340,656	2,670,735	4,458,946
2018	712,196	68,880	62,767	310,253	342,706	2,659,523	4,156,325
2019	916,249	66,917	72,334	330,312	335,591	2,839,287	4,560,690
2020	872,122	68,149	91,529	293,515	375,752	3,048,867	4,749,934
2021	909,124	114,715	82,643	325,866	396,424	3,262,692	5,091,464
2022	967,458	98,853	75,199	452,768	345,734	4,066,983	6,006,995
2023	1,215,426	76,108	118,169	621,512	458,042	3,742,668	6,231,925
2024	1,035,867	97,422	96,244	474,649	475,655	4,630,971	6,810,808
2025	1,129,818	107,709	111,290	623,077	460,805	4,537,329	6,970,028

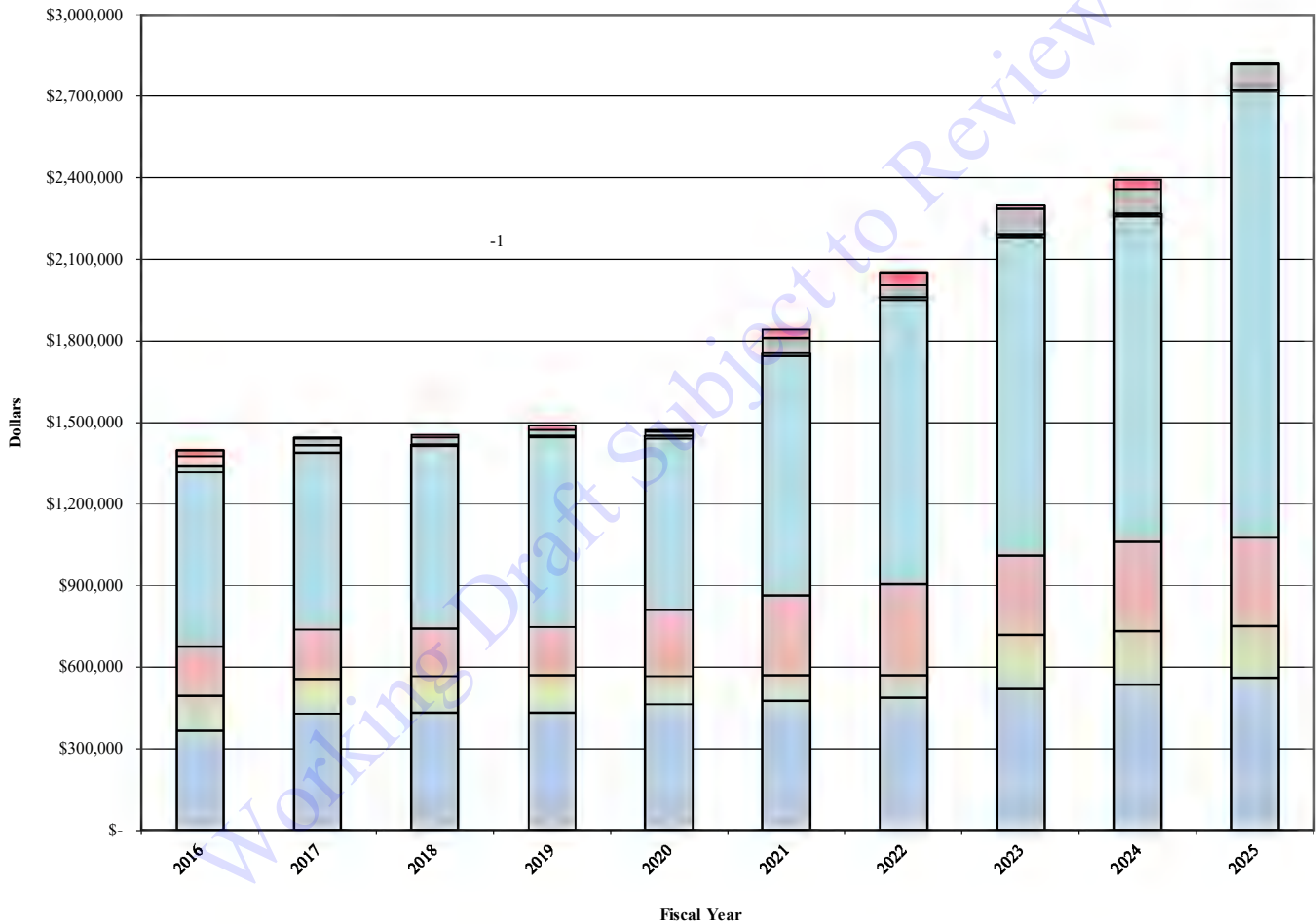


Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Revenue Base – Land Usage
Last Ten Fiscal Years**

Schedule 4

Fiscal Year	Mobile Home Park	Business Park	Hotel	Agricultural	Recreation Golf Course	Recreation Karting	Cellular Land Lease	Other Revenue Generating Land	Total Land Usage Revenue
2016	\$ 365,964	128,700	181,132	641,700	21,616	36,588	-	23,432	1,399,132
2017	429,222	128,700	180,196	650,457	-	26,592	26,000	4,551	1,445,718
2018	431,449	134,260	176,826	671,601	-	6,800	24,000	7,984	1,452,920
2019	431,101	139,200	178,141	694,880	-	6,600	24,000	14,259	1,488,181
2020	462,580	103,285	245,369	630,718	-	7,777	16,404	6,564	1,472,697
2021	476,495	92,212	295,293	882,402	-	7,379	58,096	29,310	1,841,187
2022	487,320	81,066	334,014	1,049,856	-	6,982	45,362	46,042	2,050,642
2023	519,220	198,564	291,108	1,175,119	-	7,885	92,846	12,227	2,296,969
2024	534,663	197,089	327,086	1,200,128	-	7,674	92,146	32,525	2,391,311
2025	559,131	190,770	326,479	1,640,997	-	7,456	91,302	4,234	2,820,369

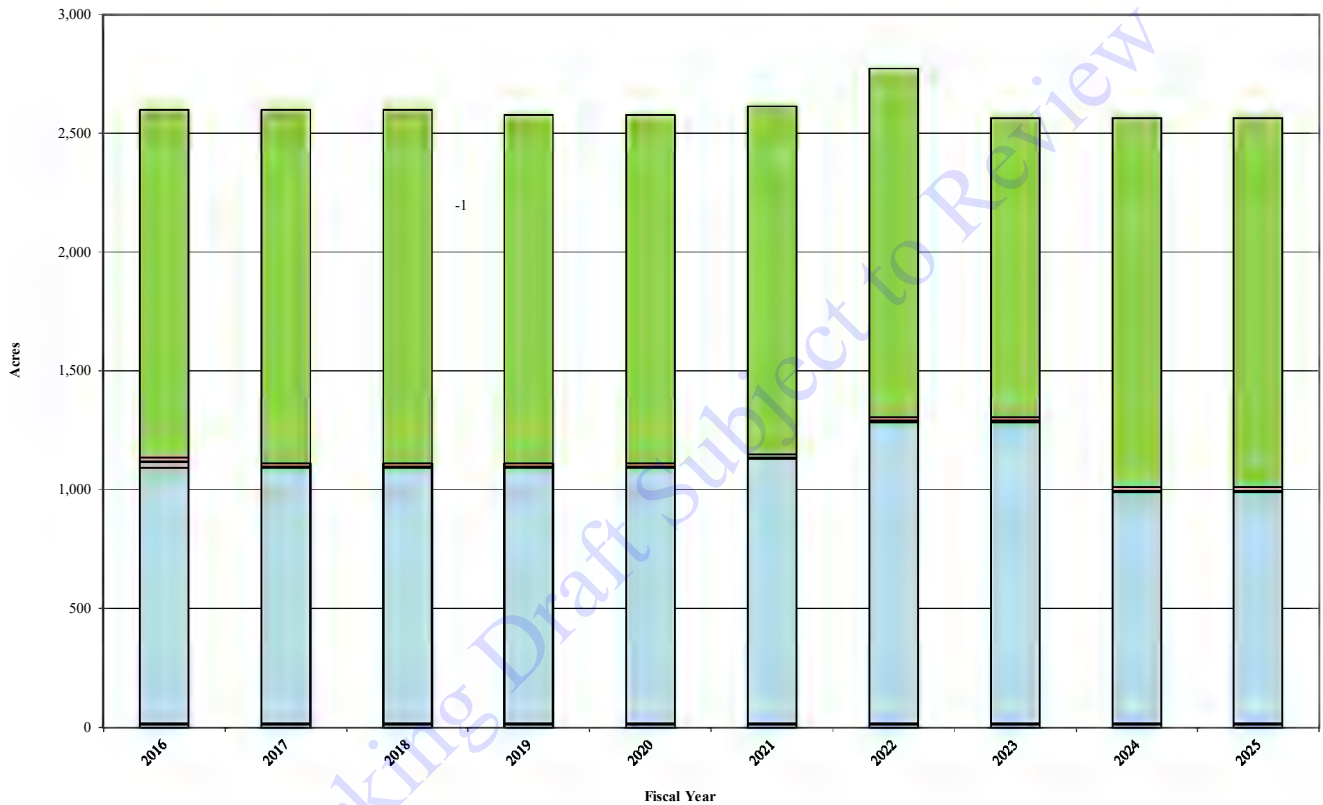


Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Land Usage
Last Ten Fiscal Years**

Schedule 5

Total Land Acres										
Fiscal Year	Mobile Home Park	Business Park	Hotel	Agricultural	Recreation Golf Course	Recreation Karting	Verizon Land Lease	Other Revenue Generating Land	Other Land Use	Total Land Area
2016	10	3	5	1,074	24	4	-	14	1,464	2,598
2017	10	3	5	1,074	-	4	1	14	1,487	2,598
2018	10	3	5	1,074	-	4	1	14	1,487	2,598
2019	10	3	5	1,074	-	4	1	14	1,466	2,577
2020	10	3	5	1,074	-	4	1	14	1,466	2,577
2021	10	3	5	1,111	-	4	1	14	1,466	2,614
2022	10	3	5	1,268	-	4	1	14	1,466	2,771
2023	10	3	5	1,268	-	4	1	14	1,260	2,565
2024	10	3	5	973	-	4	1	14	1,555	2,565
2025	10	3	5	973	-	4	1	14	1,555	2,565



Source: Santa Maria Public Airport District - Finance Department

- Notes:
 (1) Excludes overhead absorption.
 (2) Water treatment began in fiscal year 2000 with the completion of the District's water treatment plant.

**Santa Maria Public Airport District
Land Usage Revenue Rates⁽¹⁾
Last Ten Fiscal Years**

Schedule 6

Land Use	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mobile Home Park	42,922	43,145	43,110	46,258	47,650	48,732	51,922	53,466	55,913	55,913
Business Park	42,900	44,753	46,400	34,428	30,737	27,022	66,188	65,696	63,590	63,590
Hotel	36,039	35,365	35,628	49,074	59,059	66,803	58,222	65,417	65,296	65,296
Agricultural	606	625	647	587	794	828	927	946	1,687	1,687
Recreation – Golf Course	-	-	-	-	-	-	-	-	-	-
Recreation – Karting	6,648	1,700	1,650	1,944	1,845	1,746	1,971	1,919	1,864	1,864
Verizon Land Lease	-	-	-	-	-	-	-	92,146	91,302	91,302
Other Land	325	570	1,019	4	2,094	3,289	10	2,323	302	302

Notes:

(1) Land usage is rated per acre per year based on actual land usage and revenue generated by that land

Source: Santa Maria Public Airport District - Finance Department

Working Draft Subject to Review

**Santa Maria Public Airport District
Principal Leaseholders
Current Fiscal Year and Nine Years Ago**

Schedule 7

Name	Type of Land Usage	Land Leased (Acres)	Percentage of Total Land	Land Leased (Acres)	Percentage of Total Land
Gresser	Agricultural	607.00	44.86%	449.26	39.62%
C J J Farming dba Better Produce (previously Castellanos)	Agricultural	337.56	24.95%	131.09	11.56%
Velarde, Denis & Charmaine	Grazing	293.00	21.66%	-	0.00%
Mahoney Leasing, LLC	Agricultural	28.79	2.13%	-	0.00%
Planes of Fame Air Museum	Other Land	22.50	1.66%	-	0.00%
Hunt Building Corporation	Other Land	16.00	1.18%	-	0.00%
Pioneer Park c/o Santa Maria Parks	Other Land	14.00	1.03%	-	0.00%
Village Mobile Home Park	Mobile Home Park	10.00	0.74%	10.00	0.88%
Airport RV & Boat Storage, LLC	Other Land	6.80	0.50%	-	0.00%
Radisson Santa Maria Hotel	Hotel	5.19	0.38%	5.19	0.46%
G3, LLC	Other Land	5.00	0.37%	-	0.00%
Airport Business Park	Other Land	-	0.00%	2.98	0.26%
Corporate Hangar FBO 3940 Mitchell	Other Land	-	0.00%	0.69	0.06%
Corporate Hangar Row	Other Land	-	0.00%	0.51	0.04%
Corporate Hangar FBO 3409 Corsair	Other Land	-	0.00%	0.39	0.03%
Terminal Concessions – Avis	Other Land	-	0.00%	0.08 ⁽¹⁾	0.01%
Terminal Concessions – Hertz	Other Land	-	0.00%	0.08 ⁽¹⁾	0.01%
Terminal - Transportation Safety Administration	Other Land	-	0.00%	0.03	0.00%
Total attributable to ten largest lease holders		<u>1345.84</u>	<u>99.47%</u>	<u>600.30</u>	<u>52.94%</u>
Total land leased		<u>1,353</u>	<u>100.00%</u>	<u>1,134</u>	<u>100.00%</u>

Note:

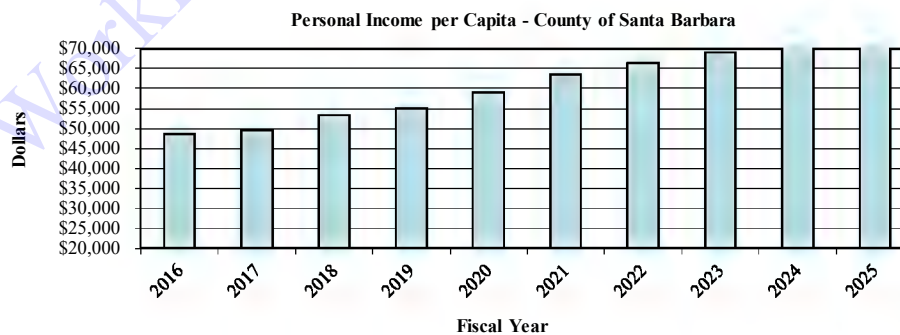
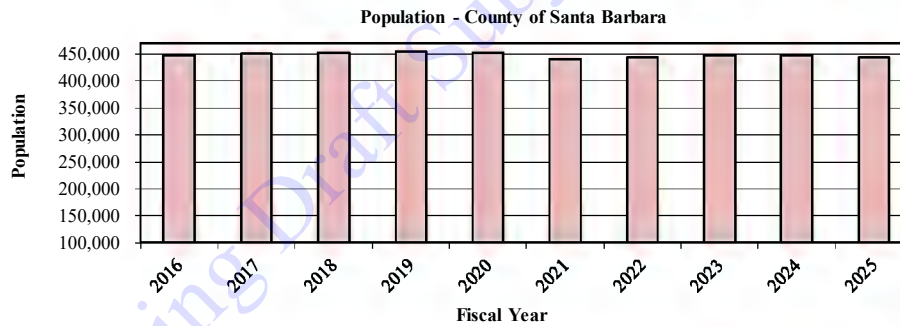
⁽¹⁾ Reported as acreage is equal.

Source: Santa Maria Public Airport District – Finance Department

Santa Maria Public Airport District Demographics and Economics Statistics Last Ten Fiscal Years

Schedule 8

County of San Barbara ⁽²⁾						
Year	City of Santa Maria Population ⁽¹⁾	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita	
2016	105,093	4.9%	447,000	\$ 21,700,000	\$ 48,546	
2017	106,280	4.3%	451,000	22,300,000	49,446	
2018	108,470	3.9%	453,000	24,200,000	53,422	
2019	107,356	3.9%	455,000	25,000,000	54,945	
2020	107,407	4.4%	452,000	26,700,000	59,071	
2021	107,445	5.9%	441,000	28,000,000	63,492	
2022	110,125	4.0%	443,837	29,500,000	66,466	
2023	109,477	4.1%	448,230	30,900,000 ⁽³⁾	68,938	
2024	109,707	5.0%	448,230	37,084,757	82,736	
2025	112,208	7.7%	444,500	36,507,933	82,133	



Sources: California Department of Finance and California Labor Market Info

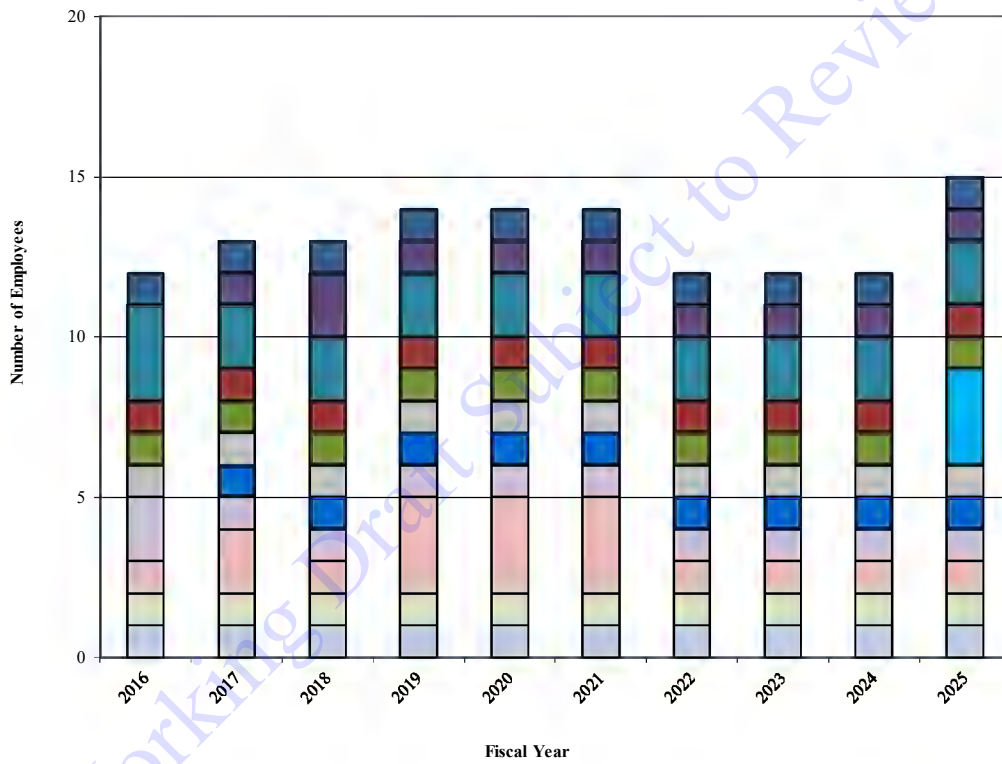
Notes:

- (1) Separate data is not prepared for the District, therefore, the District has used data for the City of Santa Maria. A substantial portion of the District lies within the City, and therefore, is a reasonable basis for determining the demographic and economic statistics of the District.
- (2) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.
- (3) Estimated, as 2023 data was not readily available.

**Santa Maria Public Airport District
District Employees
Last Ten Fiscal Years**

Schedule 9

Position	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Manager	1	1	1	1	1	1	1	1	1	1
Mgr. of Finance & Admin	1	1	1	1	1	1	1	1	1	1
Accounting Clerk	1	2	1	3	3	3	1	1	1	1
Administrative Secretary	2	1	1	1	1	1	1	1	1	1
Secretary Receptionist	-	1	1	1	1	1	1	1	1	1
Mgr. of Maint. & Ops.	1	1	1	1	1	1	1	1	1	1
Operations Officer	1	1	1	1	1	1	1	1	1	1
Maintenance Supervisor	1	1	1	1	1	1	1	1	1	1
Maintenance Worker I	3	2	2	2	2	2	2	2	2	2
Maintenance Worker II	-	1	2	1	1	1	1	1	1	1
Maintenance Worker III	1	1	1	1	1	1	1	1	1	1
Maintenance Worker IV	-	-	-	-	-	-	-	-	-	3
	12	13	13	14	14	14	12	12	12	15



Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Operational Information**

Schedule 10

Location:	3 miles south of downtown Santa Maria, California	
Land Area:	2,565 acres	
Elevation:	261 feet	
Airport Code:	SMX	
Runways:	12/30	8,004 x 150 ft., paved, lighted
	2/20	5,130 x 75 ft., paved
Tower:	118.3 (0600 to 2000)	

Source: Santa Maria Public Airport District - Finance Department

Working Draft Subject to Review

**Santa Maria Public Airport District
Flight Tower – Tracking of Flight Operations – Last Ten Fiscal Years**

Schedule 11

Flight Tower - Tracking of Flight Operations During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2016	3,188	3,474	3,517	3,062	2,930	2,709	2,414	3,450	2,866	2,651	3,234	3,918	37,413
2017	3,635	3,728	3,388	2,892	3,453	2,887	1,885	2,274	3,438	3,431	3,122	2,934	37,067
2018	3,702	3,997	3,321	3,202	3,465	3,018	2,738	2,705	2,857	2,493	2,872	3,078	37,448
2019	3,284	3,491	3,038	3,094	2,897	2,870	2,352	2,182	2,790	3,006	2,831	3,123	34,958
2020	3,203	3,343	3,164	3,529	3,182	2,596	3,055	3,389	2,092	2,275	2,511	3,343	35,682
2021	3,010	3,184	2,815	2,894	2,571	2,577	2,532	2,445	2,709	2,791	2,926	3,262	33,716
2022	3,077	3,086	2,943	3,010	2,729	1,942	2,661	2,844	2,472	2,718	2,822	3,290	33,594
2023	2,798	3,307	2,874	2,764	3,079	2,639	2,757	2,853	2,132	2,819	2,480	2,404	32,906
2024	2,791	2,623	2,385	2,768	2,383	2,066	2,066	1,914	2,371	2,487	2,506	2,805	29,165
2025	3,397	2,673	2,503	2,650	2,207	2,053	2,436	2,357	2,231	2,522	2,668	2,661	30,358
Average	3,209	3,291	2,995	2,987	2,890	2,536	2,490	2,641	2,596	2,719	2,797	3,082	34,231

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Flight Tower – Tracking of Flight Landings – Last Ten Fiscal Years**

Schedule 12

Flight Tower - Tracking of Flight Landings During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2016	175	229	174	208	156	188	155	151	173	164	180	483	2,436
2017	373	505	431	199	213	231	273	197	199	164	173	206	3,164
2018	548	200	222	195	172	325	115	109	123	109	132	126	2,376
2019	138	181	133	106	159	137	139	127	140	133	145	141	1,679
2020	153	147	131	153	236	145	138	132	134	125	130	138	1,762
2021	142	126	123	126	110	145	101	92	109	107	97	97	1,375
2022	163	161	156	255	118	143	115	100	128	113	122	112	1,686
2023	107	117	108	101	110	122	102	101	114	104	106	107	1,299
2024	117	113	100	128	103	99	101	93	101	95	143	148	1,341
2025	407	106	151	134	138	116	117	96	100	103	144	112	1,724
Average	232	189	173	161	152	165	136	120	132	122	137	167	1,884

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Enplaned and Deplaned Passengers – Last Ten Fiscal Years**

Schedule 13

Enplaned and Deplaned Passengers During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2016	9,856	8,267	7,609	7,723	7,420	7,282	6,076	5,370	6,543	6,756	6,907	10,822	90,631
2017	9,579	8,072	7,635	4,844	4,673	4,478	3,918	3,302	4,079	4,022	3,872	4,372	62,846
2018	4,252	5,016	3,833	4,339	3,958	3,519	3,659	3,091	3,758	3,762	3,443	4,101	46,731
2019	3,986	3,970	3,679	4,139	4,509	3,997	3,871	3,171	3,557	3,065	3,789	4,525	46,258
2020	4,858	4,471	4,348	4,196	4,356	4,057	3,556	3,005	1,461	-	387	1,075	35,770
2021	1,075	1,847	1,090	2,121	2,289	1,726	1,783	1,839	2,297	3,805	4,838	6,944	31,654
2022	7,732	6,059	4,272	4,294	5,425	4,138	2,618	1,443	4,646	4,020	1,670	1,742	48,059
2023	2,577	2,119	2,395	2,038	2,846	2,631	1,797	1,782	2,219	2,256	1,854	2,875	27,389
2024	2,705	2,494	2,131	2,531	2,923	3,920	1,883	1,701	2,172	1,878	2,706	2,471	29,515
2025	2,326	2,401	2,241	2,073	1,959	2,222	1,822	1,305	2,026	1,852	2,455	2,337	25,019
Average	4,895	4,472	3,923	3,830	4,036	3,797	3,098	2,601	3,276	3,142	3,192	4,126	44,387

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Gross Revenue Car Rental Agencies – Last Ten Fiscal Years**

Schedule 14

Gross Revenue Car Rental Agencies During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2016	248,697	265,869	208,684	229,740	209,245	201,469	196,263	198,157	194,431	197,770	219,632	215,492	2,585,449
2017	277,114	254,350	251,188	211,844	192,381	188,167	172,129	156,134	204,102	180,445	203,634	207,456	2,498,944
2018	250,638	245,115	207,675	212,266	207,223	204,039	194,258	171,913	211,885	203,600	215,434	217,749	2,541,797
2019	253,574	225,761	179,781	173,711	154,394	159,795	155,647	151,490	150,433	154,173	179,341	176,695	2,114,794
2020	205,339	187,499	161,088	182,529	149,461	197,056	154,887	151,536	131,191	66,869	80,846	136,203	1,804,504
2021	154,514	166,665	120,106	105,845	101,856	89,786	73,822	78,136	104,132	122,173	145,179	182,862	1,445,074
2022	189,523	183,189	152,527	140,236	144,956	132,624	109,065	107,235	119,702	143,278	162,452	139,069	1,723,856
2023	172,176	190,851	162,499	163,521	168,440	176,854	122,939	146,258	148,400	153,603	174,232	223,032	2,002,805
2024	164,782	155,202	114,505	127,417	112,483	126,640	98,205	102,360	110,215	118,425	132,516	137,192	1,499,941
2025	181,592	153,117	145,344	148,197	125,272	135,498	119,903	127,436	132,655	118,393	135,696	163,356	1,686,459
Average	209,795	202,762	170,340	169,531	156,571	161,193	139,712	139,065	150,715	145,873	164,896	179,911	1,990,362

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Fuel Flowage Reports in Gallons – Last Ten Fiscal Years**

Schedule 15

Fuel Flowage Reports in Gallons During Each Period													
	July	August	September	October	November	December	January	February	March	April	May	June	Totals
2016	113,096	111,244	160,277	118,877	79,719	79,909	76,532	72,136	63,825	64,161	88,717	324,451	1,352,944
2017	336,183	342,974	462,506	63,947	48,315	64,001	40,039	50,119	44,087	67,333	55,789	81,670	1,656,963
2018	331,939	67,169	74,307	72,241	51,775	240,012	82,376	41,907	51,355	40,632	63,096	59,216	1,176,025
2019	53,883	87,197	45,007	88,094	116,017	56,023	31,724	55,482	55,866	47,755	63,981	47,865	748,894
2020	39,347	55,633	98,632	115,147	125,916	56,386	71,612	207,176	64,384	-	63,797	218,066	1,116,096
2021	177,639	231,831	233,974	64,233	56,456	55,776	40,547	57,006	47,572	47,870	71,667	118,262	1,202,833
2022	104,657	161,224	137,368	199,816	67,193	57,254	73,265	41,631	65,946	82,189	80,997	113,343	1,184,883
2023	99,815	102,992	188,149	161,469	139,029	171,983	48,599	88,601	47,682	174,052	95,762	143,546	1,461,679
2024	80,876	183,434	184,531	168,057	129,018	137,379	49,406	56,891	66,697	91,827	113,681	251,413	1,513,210
2025	378,064	439,362	140,208	198,287	87,790	56,249	72,011	84,031	143,571	111,458	127,571	111,323	1,949,925
Average	171,550	178,306	172,496	125,017	90,123	97,497	58,611	75,498	65,099	72,728	82,506	146,916	1,336,345

Source: Santa Maria Public Airport District - Finance Department

**Santa Maria Public Airport District
Demographic Information – Principal Employers Prior Fiscal Year and Ten Fiscal Years Ago***

Schedule 16

City of Santa Maria Northern Santa Barbara County/Santa Maria Employer	Fiscal Year 2021*			Fiscal Year 2012*		
	Employees	Rank	Percentage of	Employees	Rank	Percentage of
			Total City			Total City
Employer	Employees	Rank	Employment	Employees	Rank	Employment
#Vandenberg Airforce Base	3047	1	6.25%	4300	1	8.75%
CommonSpirit Health	2170	2	4.45%	1450	3	2.95%
Santa Maria-Bonita School District	2050	3	4.20%	1400	2	2.85%
Allan Hancock College	950	5	1.95%	890	4	1.81%
Santa Maria Joint Union High School District	880	4	1.80%	871	5	1.77%
Community Health Centers	810	6	1.66%			
Windset Farms	750	7	1.54%			
Various Federal Agencies	674	8	1.38%			
City of Santa Maria	648	9	1.33%	622	6	1.27%
Safran Aerospace	622	10	1.28%	491	8	1.00%
Wal-Mart (3 locations)	440	11	0.90%			
Agro-Jal Farms						
Betteravia Farms				533	7	1.08%
Den-Mat Corporation				361	9	0.73%
Vocational Training Center				340	10	0.69%
Total	13,041		26.74%	11,258		22.90%

Note:

* Only 2021 data was available at time of District ACFR publishing

Although outside the City limits, Northern Santa Barbara County Economic Outlook considered Vandenberg Air Force base as a principal employer; whereas the more current survey condu

Source - City of Santa Maria - Annual Comprehensive Financial Report 2021

Report on Compliance and Internal Controls

Working Draft Subject to Review

**Independent Auditor’s Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Santa Maria Public Airport District
Santa Maria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Maria Public Airport District (District) as of and for the years ended June 30, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Project’s basic financial statements and have issued our report thereon dated [ISSUE DATE].

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on Audits of Financial Statements
Performed in Accordance with Government Auditing Standards, continued**

Purpose of this Report

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

C.J. Brown & Company, CPAs

Cypress, California

[ISSUE DATE]

Working Draft Subject to Review

Santa Maria Public Airport District

Management Report

June 30, 2025

Working Draft Subject to Review

Santa Maria Public Airport District

Management Report

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Working Draft Subject to Review

Board of Directors
Santa Maria Public Airport District
Santa Maria, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Santa Maria Public Airport District (District) as of and for the years ended June 30, 2025 and 2024, 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, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2025.

Prior Year Comments and Recommendations

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the audit begins. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process, we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2024.

* * * * *

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

C.J. Brown & Company, CPAs

Cypress, California

[ISSUE DATE]

APPENDIX

Santa Maria Public Airport District

Audit/Finance Committee Letter

June 30, 2025

Working Draft Subject to Review

Board of Directors
Santa Maria Public Airport District
Santa Maria, California

We have audited the financial statements of the business-type activities of the Santa Maria Public Airport District (District) for the years ended June 30, 2025 and 2024 and have issued our report thereon dated [ISSUE DATE]. Professional standards require that we advise you of the following matters relating to our audits.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 12, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

If any, we have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated [ISSUE DATE].

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

An auditor that is not involved in the engagement performed an independent review of the financial statements that was prepared by us based on the information provided by management. This safeguard reduces the threat of self-review risk to an acceptable level.

Required Risk Assessment Procedures per Auditing Standards:

As auditors of the District, we are required per AU-C Section 240, "Consideration of Fraud in a Financial Statement Audit", to "ordinarily" presume and consider the following risks in designing our audit procedures:

- Management override of controls
- Revenue recognition

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As of and for the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101 – *Compensated Absences*. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for delinquent/doubtful accounts is based on historical write-offs of past due delinquent/doubtful customer accounts, customer creditworthiness, and calculated assumptions of expected future write-offs. We evaluated the key factors and assumptions used to develop the allowance for delinquent/doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits (OPEB) plan: deferred outflows of resources, total OPEB liability, and deferred inflows of resources are based on the alternative measurement method to determine the liability balance. This alternative measurement method was determined and prepared by the District's third-party actuary. We evaluated the basis, methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Qualitative Aspects of the Entity's Significant Accounting Practices, continued

Significant Accounting Estimates, continued

Management's estimate of the defined benefit pension plan's: deferred outflows of resources, net pension liability, and deferred inflows of resources are based on an actuarial evaluation of these amounts which was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate these amounts for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of the District's allowance for delinquent/doubtful accounts in Note 3 to the basic financial statements represents amounts susceptible to external factors the District has no control over, such as, the state of the economy in the District's service area.

The disclosure of capital assets, net in Note 5 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits plan, in Note 8 to the basic financial statements is based on information which could differ from those in future periods.

The disclosure of the District's defined benefit pension plan in Note 9 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified as a result of our audit procedures that were brought to the attention of management:

Identified or Suspected Fraud

We have not identified or have not obtained information that indicates that fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected and Corrected Misstatements, continued

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached schedule on pages 6 through 10 discloses all material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated [ISSUE DATE].

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the District's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Other Information Included in Annual Reports, continued

We applied certain limited procedures to the management discussion and analysis, schedules of the District's changes in the total other post-employment benefits liability and related ratios, proportionate share of net pension liability, and the schedule of pension plan contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on schedules of revenues, expenses, and changes in net position budget to actual on a budgetary basis and operating and non-operating expenses compared to budget, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical information sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Conclusion

We appreciate the cooperation extended to us by Martin Pehl, General Manager, Veroneka Reade, Manager of Finance and Administration, Mike Flores, Manager of Finance and Administration, Katya Haussler, Accounting Clerk, and Kerry Fenton, Administrative Assistant in the performance of our audit testwork. We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

C.J. Brown & Company, CPAs

Cypress, California

[ISSUE DATE]

Santa Maria Public Airport District
Schedule of Audit Adjusting Journal Entries
June 30, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
AJE - To capitalize missed invoice for project 22037-000 Drainage Taxiway C and Main Hangar at June 30, 2025.			
21100-000	Fixed Assets - Landing Area	97,505.05	
23100-000	Depreciation - Landing Area	13,595.91	
86025-700	Depreciation - Landing Area	2,437.63	
22037-000	Drainage Taxiway C and Main Hangar		97,505.05
23100-000	Depreciation - Landing Area		16,033.54
Total		113,538.59	113,538.59
Adjusting Journal Entries JE # 2			
AJE - To expense project 22029-000 Open Space Rezoning Plan capitalized in account 21600 and related depreciation recorded per Best Practice to reduce risk of asset impairment at June 30, 2025.			
23600-000	Depreciation - RGL	2,135.32	
23600-000	Depreciation - RGL	6,405.95	
86002-700	Consulting Professional	128,118.92	
21600-000	Fixed Assets - RGL		128,118.92
86045-700	Depreciation - Revenue Gen Land		8,541.27
Total		136,660.19	136,660.19
Adjusting Journal Entries JE # 3			
GASB 68 Entry #1 - To reclassify 2024 contributions to NPL at June 30, 2025.			
47000-000	Net Pension Liability	264,631.00	
30000-000	Deferred Outflows		264,631.00
Total		264,631.00	264,631.00
Adjusting Journal Entries JE # 4			
GASB 68 Entry #2 - To reclassify 2025 contributions to Deferred Outflows of Resources at June 30, 2025.			
30000-000	Deferred Outflows	316,184.00	
87015-700	GASB 68 Adjustment Contra to PERS		316,184.00
Total		316,184.00	316,184.00
Adjusting Journal Entries JE # 5			
GASB 68 Entry #3 - To record changes in pension liability during FY23/24 at June 30, 2025.			
30000-000	Deferred Outflows	3,267.00	
30000-000	Deferred Outflows	203,172.00	
30000-000	Deferred Outflows	21,385.00	
46000-000	Deferred Inflows	17,159.00	
87015-700	GASB 68 Adjustment Contra to PERS	326,251.00	
30000-000	Deferred Outflows		17,159.00
30000-000	Deferred Outflows		268,774.00
46000-000	Deferred Inflows		31,518.00
47000-000	Net Pension Liability		253,783.00
Total		571,234.00	571,234.00
Adjusting Journal Entries JE # 6			
GASB 68 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) during FY23/24 at June 30, 2025.			
30000-000	Deferred Outflows	11,184.00	
30000-000	Deferred Outflows	391.00	
46000-000	Deferred Inflows	43,112.00	
87015-700	GASB 68 Adjustment Contra to PERS	139,453.00	
30000-000	Deferred Outflows		92,523.00
30000-000	Deferred Outflows		101,617.00
Total		194,140.00	194,140.00

**Santa Maria Public Airport District
Schedule of Audit Adjusting Journal Entries
June 30, 2025**

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 7			
GASB 75 Entry #1 - To reclassify 2024 contributions to a reduction in Net OPEB Liability at June 30, 2025.			
48000-000	OPEB Liability	9,240.00	
31000-000	Deferred Outflows- OPEB		9,240.00
Total		<u>9,240.00</u>	<u>9,240.00</u>
Adjusting Journal Entries JE # 8			
GASB 75 Entry #2 - To contra reclassify 2025 contributions for retiree benefits to deferred outflows of resources from expense at June 30, 2025.			
31000-000	Deferred Outflows- OPEB	9,450.00	
87020-700	GASB 75 Adjustment Contra OPEB		9,450.00
Total		<u>9,450.00</u>	<u>9,450.00</u>
Adjusting Journal Entries JE # 9			
GASB 75 Entry #3 - To record changes in OPEB liability during FY23/24 at June 30, 2025.			
87020-700	GASB 75 Adjustment Contra OPEB	28,042.00	
48000-000	OPEB Liability		12,791.00
49000-000	Deferred Inflows - OPEB		15,251.00
Total		<u>28,042.00</u>	<u>28,042.00</u>
Adjusting Journal Entries JE # 10			
GASB 75 Entry #4 - To record changes in the deferred outflows and deferred inflows (amortization) at June 30, 2025.			
49000-000	Deferred Inflows - OPEB	1,441.00	
49000-000	Deferred Inflows - OPEB	5,209.00	
87020-700	GASB 75 Adjustment Contra OPEB		6,650.00
Total		<u>6,650.00</u>	<u>6,650.00</u>
Adjusting Journal Entries JE # 11			
PPA - To remove Specific Plan project 22028 expenses capitalized in fiscal year 21/22 due to recognition of Best Practice to not capitalize plans and studies as these costs are typically expensed as sunk costs (proprietary in nature and cannot be sold).			
51200-000	Fixed Assets Fund	61,151.84	
22028-000	Specific Plan		61,151.84
Total		<u>61,151.84</u>	<u>61,151.84</u>
Adjusting Journal Entries JE # 12			
PPA - To remove Specific Plan project 22028 expenses capitalized in fiscal year 22/23 due to recognition of Best Practice to not capitalize plans and studies as these costs are typically expensed as sunk costs (proprietary in nature and cannot be sold).			
51200-000	Fixed Assets Fund	185,418.99	
22028-000	Specific Plan		165,668.29
22028-000	Specific Plan		19,750.70
Total		<u>185,418.99</u>	<u>185,418.99</u>
Adjusting Journal Entries JE # 13			
PPA - To remove Specific Plan project 22028 expenses capitalized in fiscal year 23/24 due to recognition of Best Practice to not capitalize plans and studies as these costs are typically expensed as sunk costs (proprietary in nature and cannot be sold).			
51200-000	Fixed Assets Fund	40,094.50	
22028-000	Specific Plan		40,094.50
Total		<u>40,094.50</u>	<u>40,094.50</u>
Adjusting Journal Entries JE # 14			
AJE - To remove Specific Plan project 22028 expenses capitalized in fiscal year 24/25 due to recognition of Best Practice to not capitalize plans and studies as these costs are typically expensed as sunk costs (proprietary in nature and cannot be sold).			
86002-500	Consulting Professional	157,497.28	
22028-000	Specific Plan		157,497.28
Total		<u>157,497.28</u>	<u>157,497.28</u>

Santa Maria Public Airport District
Schedule of Audit Adjusting Journal Entries
June 30, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 15			
AJE - To reverse Accrued Payroll entry as of June 30, 2025.			
43000-000	Accrued Payroll	44,264.80	
43100-000	Dental Insurance Withholding	171.05	
43200-000	Disability Insurance Withholding	241.13	
43300-000	Medical Insurance Withholding	825.10	
43400-000	Vision Insurance Withholding	31.56	
43500-000	Pers Retirement Withholding	1,362.18	
43600-000	Pretax Aflac Withholding	102.12	
80100-700	Salaries- Administration		19,742.40
80101-700	Salaries - Maintenance & Operations		20,625.04
80102-700	Employee Benefits - Other		1,565.23
80104-700	Employee Benefits - Medical		4,412.37
80105-700	Medicare Tax		652.90
Total		46,997.94	46,997.94
Adjusting Journal Entries JE # 16			
AJE - To remove stale Accrued Payroll balances as of June 30, 2025.			
43200-000	Disability Insurance Withholding	77.78	
43300-000	Medical Insurance Withholding	825.10	
43500-000	Pers Retirement Withholding	174.76	
43100-000	Dental Insurance Withholding		42.38
43400-000	Vision Insurance Withholding		17.29
43600-000	Pretax Aflac Withholding		65.46
80100-700	Salaries- Administration		465.84
80101-700	Salaries - Maintenance & Operations		486.67
Total		1,077.64	1,077.64
Adjusting Journal Entries JE # 17			
AJE - To accrue Accrued Payroll balances as of June 30, 2025.			
80100-700	Salaries- Administration	21,793.93	
80101-700	Salaries - Maintenance & Operations	22,687.54	
80102-700	Employee Benefits - Other	1,091.20	
80102-700	Employee Benefits - Other	630.55	
80104-700	Employee Benefits - Medical	4,853.61	
43000-000	Accrued Payroll		33,512.07
43001-000	Employee Benefits - Deferred Income		6,052.76
43002-000	Taxes Payable - Federal		5,664.52
43003-000	Taxes Payable - State		2,095.69
43004-000	Taxes Payable - Medicare		720.52
43100-000	Dental Insurance Withholding		188.16
43200-000	Disability Insurance Withholding		265.70
43300-000	Medical Insurance Withholding		907.61
43400-000	Vision Insurance Withholding		34.72
43500-000	Pers Retirement Withholding		1,502.75
43600-000	Pretax Aflac Withholding		112.33
Total		51,056.83	51,056.83
Adjusting Journal Entries JE # 18			
GASB 87 - To record new non-regulated leases for Pioneer Park and MOF at June 30, 2025.			
12500-000	Leases Receivable - GASB 87	66,150.00	
49100-000	Def Inflows Leases - GASB 87		66,150.00
Total		66,150.00	66,150.00
Adjusting Journal Entries JE # 19			
GASB 87 - To record removal of SM Karting lease terminated in 2025 at June 30, 2025.			
49100-000	Def Inflows Leases - GASB 87	13,204.00	
66200-600	Non Aviation Land Leases	641.00	
12500-000	Leases Receivable - GASB 87		13,845.00
Total		13,845.00	13,845.00

Santa Maria Public Airport District
Schedule of Audit Adjusting Journal Entries
June 30, 2025

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 20			
GASB 87 - To record adjustment for 2025 to lease receivables, deferred inflows, rental income, interest income, and lease income at June 30, 2025.			
12500-000	Leases Receivable - GASB 87	84.00	
49100-000	Def Inflows Leases - GASB 87	1,024,369.00	
64300-400	Land Lease - Commercial Aviation	2,670.00	
65100-500	Terminal Space Lease	37,560.00	
66100-600	Agricultural Lease	650,230.00	
66200-600	Non Aviation Land Leases	417,741.00	
66300-600	Cell Tower Lease	60,240.00	
12500-000	Leases Receivable - GASB 87		851,646.00
49100-000	Def Inflows Leases - GASB 87		2.00
64300-400	Land Lease - Commercial Aviation		2,630.00
64300-400	Land Lease - Commercial Aviation		82.00
64301-400	Land Lease - Commercial Aviation - Interest		287.00
65100-500	Terminal Space Lease		32,130.00
65101-500	Terminal Space Lease - Interest		8,601.00
66100-600	Agricultural Lease		627,009.00
66101-600	Agricultural Lease - Interest		42,418.00
66200-600	Non Aviation Land Leases		308,937.00
66201-600	Non Aviation Land Leases - Interest		228,330.00
66300-600	Cell Tower Lease		53,663.00
66301-600	Cell Tower Lease - Interest		37,159.00
Total		2,192,894.00	2,192,894.00
Adjusting Journal Entries JE # 21			
AJE - To accrue Settlement Agreement liability per terms of Settlement Agreement to be paid over next 3 years at June 30, 2025.			
88609-700	Conservation Easement	3,000,000.00	
42500-000	Settlement Payable		1,000,000.00
42500-000	Settlement Payable		1,000,000.00
42500-000	Settlement Payable		1,000,000.00
Total		3,000,000.00	3,000,000.00
Total Adjusting Journal Entries		7,465,953.80	7,465,953.80
Proposed Journal Entries			
Proposed Journal Entries JE # 100			
PAJE - To accrue 5/31/2025 Tartaglia invoice (check 73852) related to US Customs Building Remodel and Roof Repair for the period 5/1/24 through 5/31/24. Two months are related to FY23/24.			
22004-000	Customs Facilities	9,948.13	
51600-000	Retained Earnings	9,948.13	
22004-000	Customs Facilities		9,948.13
51600-000	Retained Earnings		9,948.13
Total		19,896.26	19,896.26

**Santa Maria Public Airport District
Schedule of Audit Adjusting Journal Entries
June 30, 2025**

Account	Description	Debit	Credit
Proposed Journal Entries JE # 101			
PAJE - To accrue 6/30/2025 Tartaglia invoice (check 74137) related to two Earth Systems Invoices in the amount \$30,000 and \$5,600 dated 10/31/21 and 12/15/21, respectively. Invoices are related to FY21/22.			
22040-000	Runway Rehab 12-30	30,000.00	
22040-000	Runway Rehab 12-30	5,600.00	
51600-000	Retained Earnings	35,600.00	
22040-000	Runway Rehab 12-30		35,600.00
51600-000	Retained Earnings		35,600.00
Total		<u>71,200.00</u>	<u>71,200.00</u>
Total Proposed Journal Entries		<u>91,096.26</u>	<u>91,096.26</u>
Total All Journal Entries		<u>7,557,050.06</u>	<u>7,557,050.06</u>

Legend:

AJE	Audit Adjusting Journal Entry
PPA	Prior Period Adjusting Journal Entry
CPE	District Prepared Adjusting Journal Entry
GASB 68 Entry	GASB 68 (Pension) Adjusting Journal Entry
GASB 75 Entry	GASB 75 (OPEB) Adjusting Journal Entry
GASB 87 Entry	GASB 87 (Leases) Adjusting Journal Entry
PAJE	Proposed Audit Adjusting Journal Entry (Not Recorded to District's Books / Records)

Working Draft Subject to Review



SANTA MARIA AIRPORT

SMX

**Santa Maria Public Airport District
Schedules of Passenger Facility Charges
Fiscal Year Ended June 30, 2025
(With Independent Auditor's Reports Thereon)**

Working Draft Subject to Review

Santa Maria Public Airport District

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**Independent Auditor’s Report on Compliance with Requirements of the
Passenger Facility Charge Program and on Internal Control Over Compliance in
Accordance with the Passenger Facility Charge Audit Guide for Public Agencies**

Board of Directors
Santa Maria Public Airport District
Santa Maria, California

Report on Compliance for the Passenger Facility Charge Program

We have audited the compliance of the Santa Maria Public Airport District (District) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (FAA Guide) that could have a direct and material effect on the District’s passenger facility charge program for the year ended June 30, 2025.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its passenger facility charge program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the District’s passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the FAA Guide, *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards and the FAA Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the District’s compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2025.

Report on Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations of the passenger facility charge program.

In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on its passenger facility charge program, to determine the auditing procedures that are appropriate in the circumstances, for the purpose of expressing an opinion on compliance for the passenger facility charge program, and to test and report on internal control over compliance in accordance with the FAA Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

**Independent Auditor’s Report on Compliance with Requirements of the
Passenger Facility Charge Program and on Internal Control Over Compliance in
Accordance with the Passenger Facility Charge Audit Guide for Public Agencies, continued**

Report on Internal Control over Compliance, continued

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

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

Schedules of Passenger Facility Charges Collected and Expended and Interest Credited

We have audited the basic financial statements of the District as of and for the fiscal year ended June 30, 2025, and have issued our report thereon dated [ISSUE DATE], which contained an unmodified opinion on those basic financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedules of Passenger Facility Charges Collected and Expended (Schedules) of the Santa Maria Public Airport District (District) for the fiscal year and each quarter during the fiscal year from July 1, 2024 to June 30, 2025, is presented for purposes of additional analysis as required by the Passenger Facility Charge Audit Guide for Public Agencies and is not a required part of the basic financial statements. Such information is the responsibility of the District’s management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As described in Note 1, the Schedules were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

C.J. Brown & Company, CPAs
Cypress, California
[ISSUE DATE]

**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
Santa Maria Public Airport District
Santa Maria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying Schedules of Passenger Facility Charges Collected and Expended (Schedules) of the Santa Maria Public Airport District (District) for the fiscal year and each quarter during the fiscal year from July 1, 2024 to June 30, 2025, and have issued our report thereon dated [ISSUE DATE].

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**Independent Auditor’s Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

Purpose of this Report

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

C.J. Brown & Company, CPAs
Cypress, California
[ISSUE DATE]

Working Draft Subject to Review

Santa Maria Public Airport District
Schedule of Passenger Facility Charges Collected and Expended
Fiscal Year Ended June 30, 2025

	2025
Passenger facility charges collected	\$ <u>57,745</u>
Total	<u>57,745</u>
Expenditures for passenger facility charge approved projects	<u>-</u>
Total	<u>-</u>
Change in unexpended passenger facility charges	57,745
Expended passenger facility charges as of July 1, 2024	<u>(2,996,919)</u>
Expended passenger facility charges as of June 30, 2025	\$ <u><u>(2,939,174)</u></u>

See the accompanying notes to the schedules of passenger facility charges collected and expended.

Working Draft Subject to Review

Santa Maria Public Airport District
Schedule of Passenger Facility Charges Collected and Expended
Quarters Ended September 30, 2024, December 31, 2024, March 31, 2025, and June 30, 2025

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2025</u>	<u>June 30,</u> <u>2025</u>	<u>Total</u>
Passenger facility charges collected	\$ 15,038	13,164	13,744	15,799	57,745
Total	<u>15,038</u>	<u>13,164</u>	<u>13,744</u>	<u>15,799</u>	<u>57,745</u>
Expenditures for passenger facility charge approved projects	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in expended passenger facility charges	15,038	13,164	13,744	15,799	<u>57,745</u>
Expended passenger facility charges at beginning of quarter	<u>(2,996,919)</u>	<u>(2,981,881)</u>	<u>(2,968,717)</u>	<u>(2,954,973)</u>	
Expended passenger facility charges at end of quarter	<u>\$ (2,981,881)</u>	<u>(2,968,717)</u>	<u>(2,954,973)</u>	<u>(2,939,174)</u>	

See the accompanying notes to the schedules of passenger facility charges collected and expended.

Santa Maria Public Airport District
Notes to the Schedules of Passenger Facility Charges Collected and Expended
Fiscal Year Ended June 30, 2025

(1) Basis of Accounting

The schedule of passenger facility charges (PFC) collected and expended and interest credited are prepared on the basis of cash receipts and disbursements, as prescribed by Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration of the United States Department of Transportation, which is a comprehensive basis of accounting other than United States generally accepted accounting principles.

Passenger facility charges collected include amounts collected by the airlines and transferred to the District. Expenditures for passenger facility charge approved projects are presented on a cash basis and include only the expenditures for approved PFC projects.

(2) Cumulative PFC Collections

The District has collected \$2,441,173 in PFC charges since the inception of the program.

As of June 30, 2025, the amount of PFC use approval expenditures is \$5,380,346.

Working Draft Subject to Review

Santa Maria Public Airport District
Schedule of Passenger Facility Charges – Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025

No matters reported.

Working Draft Subject to Review

Santa Maria Public Airport District
Schedule of Passenger Facility Charges – Status of Prior Year Findings and Questioned Costs
Fiscal Year Ended June 30, 2024

No matters were reported.

Working Draft Subject to Review

RESOLUTION NO. 963
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT
AMENDING THE JOB SPECIFICATIONS MANUAL TO ADD THE
POSITION OF BUSINESS DEVELOPMENT MANAGER AND ADOPTING
A SALARY RANGE FOR THE NEW POSITION

WHEREAS, the Santa Maria Public Airport District (“District”) operates a complex aviation and non-aviation enterprise requiring strategic business development, commercial property management, marketing, public relations, and air service development activities; and

WHEREAS, the Board of Directors desires to strengthen the District’s organizational capacity to support aviation and non-aviation revenue growth, strategic partnerships, air service development, and long-term economic sustainability; and

WHEREAS, District staff has identified the need for a Business Development Manager position to plan, organize, and manage airport business development, commercial agreements, marketing, public relations, air service development initiatives, and coordination of development-related capital projects; and

WHEREAS, the proposed Business Development Manager position will report to the General Manager and will perform duties as set forth in the job specification presented to the Board of Directors; and

WHEREAS, the job specification for the Business Development Manager position includes a general description of the position, typical tasks to be performed, and employment standards, including education, experience, licenses, certificates, and physical demands; and

WHEREAS, the Official Administrative Code of the District provides that the General Manager shall prepare a job specifications manual and submit it to the Board of Directors for approval, and further provides that requests to add or delete a position shall be approved or disapproved by the Board of Directors; and

WHEREAS, the Official Administrative Code of the District provides that the General Manager shall prepare and submit to the Board of Directors a list of classified positions and recommended salary range for each position, and that the Board of Directors shall adopt a salary range for each classified position; and

WHEREAS, the job specification establishes the position as a full-time, exempt classification with a proposed salary range of \$92,916 to \$112,944 annually; and

WHEREAS, the Personnel Manual provides that employees are appointed by the General Manager or designee, that vacancies may be filled by re-employment, promotion, transfer, demotion, appointment of hourly employees, or from an appropriate eligible list, and that the General Manager or designee shall decide in what manner a vacancy is to be filled; and

WHEREAS, the Personnel Manual further provides that announcements of all open and promotional openings shall be posted and shall include the title and pay for the position, the nature of work to be performed, minimum qualifications, method of applying, closing date if established, and other information deemed desirable by the General Manager or designee; and

WHEREAS, the Board of Directors finds that adding this position is in the best interests of the District and supports the District's strategic goals, operational needs, and personnel administration policies.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Maria Public Airport District, as follows:

1. The Job Specifications Manual of the Santa Maria Public Airport District is hereby amended to add the position of Business Development Manager, consistent with the job specification presented to the Board and incorporated by this reference.
2. The salary range for the Business Development Manager position is hereby adopted as \$92,916 to \$112,944 annually, and the position is designated as full-time and exempt.
3. Recruitment, selection, and appointment for the Business Development Manager position shall be administered by the General Manager or designee in accordance with the Personnel Manual, including the District's policies concerning job announcements, application procedures, selection process, appointments, Equal Employment Opportunity, and related employment policies.
4. Initial salary placement and future compensation administration for the Business Development Manager position shall be administered in accordance with the District's Official Administrative Code, Personnel Manual, and any applicable salary schedule adopted by the Board of Directors.
5. Nothing in this Resolution shall be construed to create an employment contract or modify the District's at-will employment policies as set forth in the Personnel Manual.
6. The General Manager is authorized to take all actions necessary to implement this Resolution consistent with District policies and procedures.
7. If any provision, clause, sentence, paragraph, or application of this Resolution is held invalid, such invalidity shall not affect the remaining provisions of this Resolution which can be given effect without the invalid provision or application. To this end, the provisions of this Resolution are declared severable.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Santa Maria Public Airport District held on May 14, 2026, on Motion of _____, and carried by the following roll call vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Steve Brown, President

ATTEST:

Tony Guy, Secretary

RESOLUTION NO. 964
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT
ADOPTING THE SALARY SCHEDULE FOR FISCAL YEAR
2026-2027 AND APPROVING A COST-OF-LIVING ADJUSTMENT
OF 3% BASED ON THE LOS ANGELES-LONG BEACH-ANAHEIM
CONSUMER PRICE INDEX

WHEREAS, the Santa Maria Public Airport District (“District”) maintains a salary schedule for classified positions of the District; and

WHEREAS, the Official Administrative Code of the District provides that the General Manager shall prepare and submit to the Board of Directors a list of classified positions and recommended salary ranges for each position, and that the Board of Directors shall adopt a salary range for each classified position; and

WHEREAS, the Board of Directors periodically reviews and updates the District’s salary schedule in order to maintain appropriate compensation levels, support recruitment and retention, and provide for the efficient operation of the District; and

WHEREAS, the proposed salary schedule for Fiscal Year 2026-2027 includes a cost of living adjustment of 3% based on the Los Angeles-Long Beach-Anaheim Consumer Price Index; and

WHEREAS, the Fiscal Year 2026-2027 salary schedule shall be effective July 1, 2026 and includes monthly Step A through Step E salary amounts for District positions as set forth in Annex “A,” attached hereto and incorporated by this reference; and

WHEREAS, the Board of Directors finds that adoption of the Fiscal Year 2026-2027 salary schedule is in the best interests of the District and is consistent with District personnel administration and compensation policies.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Maria Public Airport District, as follows:

1. The Fiscal Year 2026-2027 Salary Schedule is hereby adopted as set forth in Exhibit “A,” attached hereto and incorporated by this reference.
2. The salary schedule shall be effective July 1, 2026.
3. A cost of living adjustment of 3% is hereby approved and incorporated into the Fiscal Year 2026-2027 Salary Schedule.
4. The General Manager is authorized to administer the salary schedule in accordance with the District’s Official Administrative Code, Personnel Manual, adopted budget, and applicable District policies and procedures.
5. Initial salary placement, salary step movement, promotion, demotion, transfer, reclassification, and other compensation administration matters shall be handled in accordance with the District’s Personnel Manual and Official Administrative Code.

6. In no event shall this Resolution be construed to create an employment contract, guarantee employment for any specific term, or modify the District's at-will employment policies as set forth in the Personnel Manual.
7. If any provision, clause, sentence, paragraph, rate, or application of this Resolution is held invalid, such invalidity shall not affect the remaining provisions of this Resolution which can be given effect without the invalid provision or application. To this end, the provisions of this Resolution are declared severable.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Santa Maria Public Airport District held on May 14, 2026, on Motion of Director _____, and carried by the following roll call vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Steve Brown, President

ATTEST:

Tony Guy, Secretary

ANNEX "A"
SANTA MARIA PUBLIC AIRPORT DISTRICT
FISCAL YEAR 2026-2027 SALARY SCHEDULE
Effective July 1, 2026

Position	Step A Monthly	Step B Monthly	Step C Monthly	Step D Monthly	Step E Monthly
General Manager	\$14,184	\$14,893	\$15,637	\$16,420	\$17,241
Manager of Operations and Maintenance	\$8,816	\$9,257	\$9,719	\$10,205	\$10,716
Manager of Finance and Administration	\$8,396	\$8,817	\$9,257	\$9,720	\$10,205
Business Development Manager	\$7,975	\$8,377	\$8,794	\$9,235	\$9,694
Foreman	\$6,690	\$7,024	\$7,375	\$7,744	\$8,131
Accounting Technician II	\$5,638	\$5,919	\$6,215	\$6,526	\$6,854
Administrative Assistant	\$5,484	\$5,757	\$6,045	\$6,347	\$6,665
Administrative Secretary	\$5,319	\$5,586	\$5,865	\$6,157	\$6,465
Operations Officer	\$5,035	\$5,288	\$5,552	\$5,830	\$6,120
Airport Maintenance Worker IV	\$4,796	\$5,036	\$5,287	\$5,552	\$5,829
Accounting Clerk	\$4,717	\$4,953	\$5,202	\$5,461	\$5,734
Airport Maintenance Worker III	\$4,474	\$4,698	\$4,933	\$5,179	\$5,438
Receptionist/Secretary	\$4,335	\$4,553	\$4,780	\$5,019	\$5,271
Airport Maintenance Worker II	\$3,997	\$4,197	\$4,407	\$4,628	\$4,860
Airport Maintenance Worker I	\$3,669	\$3,852	\$4,045	\$4,247	\$4,459

Note: Salary amounts shown are monthly salary amounts by position and step.

RESOLUTION NO. 965

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SANTA MARIA PUBLIC AIRPORT DISTRICT
AMENDING THE SCHEDULE OF RATES AND CHARGES
FOR FISCAL YEAR 2026-2027**

WHEREAS, the Santa Maria Public Airport District (“District”) maintains and periodically updates its Schedule of Rates and Charges for the use of District facilities, services, property, and airport operations; and

WHEREAS, the Board of Directors desires to amend the District’s Schedule of Rates and Charges for Fiscal Year 2026-2027; and

WHEREAS, the proposed amendments include revisions to certain aviation and administrative rates and charges, including landing fees and the Hangar Waitlist Application Fee, as set forth in Exhibit “A”; and

WHEREAS, Exhibit “A” identifies the specific rates and charges to be amended, including the applicable effective dates; and

WHEREAS, all other rates and charges not expressly amended by this Resolution or Exhibit “A” shall remain unchanged and in full force and effect.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Santa Maria Public Airport District as follows:

1. The Schedule of Rates and Charges for Fiscal Year 2026-2027 is hereby amended as set forth in Exhibit “A,” attached hereto and incorporated herein by this reference.
2. The rates and charges identified in Exhibit “A” shall become effective on the dates stated therein.
3. The General Manager, or designee, is authorized and directed to incorporate the amendments set forth in Exhibit “A” into the District’s Schedule of Rates and Charges and to take all actions reasonably necessary to implement this Resolution.
4. Except as specifically amended by this Resolution and Exhibit “A,” all other provisions of the District’s Schedule of Rates and Charges shall remain unchanged.
5. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Santa Maria Public Airport District held May 14, 2026, on motion of Director _____, seconded by Director _____, and carried by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

President
Board of Directors
Santa Maria Public Airport District

ATTEST:

Secretary
Board of Directors
Santa Maria Public Airport District

EXHIBIT "A"

**AMENDMENT TO SCHEDULE OF RATES AND CHARGES
FISCAL YEAR 2026-2027**

The following rates and charges are amended. All other rates and charges remain unchanged.

AVIATION

Landing Fees

Charge	Unit of Measure	Rate Effective 7/1/26	Rate Effective 7/1/27	Rate Effective 7/1/28
USFS, Including Contract Aircraft	Per 1,000 lbs MGLW	\$1.30	\$2.00	\$2.50

Administrative Fees

Charge	Unit of Measure	Rate Effective 7/1/26
Hangar Waitlist Application Fee	Per Application	\$75.00

All other rates and charges in the Schedule of Rates and Charges remain unchanged.

ANNEX A

**SANTA MARIA PUBLIC AIRPORT DISTRICT
Schedule of Rates & Charges - FY 2026-27**

AVIATION

Charge		Unit of Measure	Rate Effective 7/1/26
Landing			
	Scheduled Air Carriers	Per 1,000 lbs MGLW	\$1.00
	Non-Scheduled Air Carriers	Per 1,000 lbs MGLW	\$2.50
	Freight Forwarding	Per 1,000 lbs MGLW	\$2.50
	USFS (Including Contract Aircraft)	Per 1,000 lbs MGLW	\$1.30
Fuel Flowage			
	Jet A	Per Gallon	\$0.12
	100 LL	Per Gallon	\$0.12
Hangar Rental		Per Month (Includes Electricity)	See Exhibit "A"
Storage Units		Per Month (Includes Electricity)	See Exhibit "B"
Security Deposit			
	Hangars	Upon Execution of Lease	1 Month Rent
	Storage Units	Upon Execution of Lease	\$250.00
	Special Event Badge	Based on Group Size	\$150.00 x Group
Tie Down			
	Single Engine	Per Month	\$125.00
	Single Engine	Overnight (More than 12 hours per day)	\$12.50
	Multi-Engine Piston	Per Month	\$150.00
	Multi-Engine Piston	Overnight (More than 12 hours per day)	\$15.00
	Turboprop (Group I)	Per Month	\$150.00
	Turboprop (Group I)	Overnight (More than 12 hours per day)	\$15.00
	Turboprop (Group II)	Per Month	\$175.00
	Turboprop (Group II)	Overnight (More than 12 hours per day)	\$17.50
	Jet (Group I)	Per Month	\$150.00
	Jet (Group I)	Overnight (More than 12 hours per day)	\$15.00

	Jet (Group II)	Per Month	\$175.00
	Jet (Group II)	Overnight (More than 12 hours per day)	\$17.50
	Helicopter	Per Month	\$125.00
	Helicopter	Overnight (More than 12 hours per day)	\$12.50
	Freight and Mooring	Overnight (More than 12 hours per day)	\$175.00
Airport Access Card			
	AOA Access Badge	Each	\$75.00
	AOA Renewal	Each	\$50.00
	AOA Re-Activation	Each	\$125.00
	SIDA Access Badge	Each	\$200.00
	SIDA Renewal	Each	\$150.00
	SIDA Re-Activation	Each	\$200.00
	SIDA Lost/Replacement	Each	\$400.00
	AOA Lost/Replacement	Each	\$400.00
District Issued Keys			
	Key Replacement	Per Key	\$35.00
Operator Permit Fee			
		Per permit	
	Fixed Base Operator	Annual	\$1,000.00
	Aircraft Maintenance Operator	Annual	\$750.00
	Avionics or Instrument Maintenance Operator	Annual	\$750.00
	Aircraft Rental or Flight Training Operator	Annual	\$750.00
	Aircraft Charter or Aircraft Management Operator	Annual	\$750.00
	Aircraft Sales Operator	Annual	\$750.00
	Other Commercial Aeronautical Activities	Annual	\$750.00
	Temporary Specialized Aviation Service Operator	Annual	\$500.00
	Self-Fueling Permittee	Annual	\$1,000.00
Administrative Fees			
	Non-Airworthy Aircraft Storage		3 times monthly rent after 90 days (unless previously approved)
	Through-the-Fence Access		Off-airport land used for aeronautical purposes by land rental rate
	Abandoned Vehicle Removal Fee		Cost + Admin Fee
	Concession Fee Rental Car		10% of gross receipts
	Concession Fee Restaurant		10% of gross receipts
	Conference Room Rental		\$100 (3 hours) and \$50 every additional hour - \$250 cleaning fee
	Film Permit (Aero Impact and Non-Aero Impact)		\$350 application fee - Daily Permit Fee to be set by Airport Management
	Hangar Waitlist Application Fee		\$75.00

	Late Charges (Monthly)		10%
		Administrative Fee	25%
	Percentage of Gross Receipts (Vending)		10% of gross receipts
	Special Event Fee		\$150 application review - \$630 per day or as negotiated
	Staff Hourly Rate		Cost + Admin Fee
	Tenant Employee Parking		\$37.50 (Monthly) or as negotiated
	TNC Permit (Per Trip)		\$3.50 per trip
	Use Permit		\$150 per application
Any requested services not covered by the Schedule of Rates & Charges will be charged actual costs based on time and materials. A deposit may be required			

SMPAD Hangars

Hangar Row/Unit	Lease Type	Sq Ft	Current PPSF	Current Rent	% Increase	New PPSF	New Rent	Increase
3001- A, D, H	Corp Hgr	2,119	\$0.41264	\$874	3%	\$0.4250	\$901	\$27
3001- B, G	Corp Hgr	2,064	\$0.41269	\$852	3%	\$0.4251	\$877	\$25
3001-C, F	Corp Hgr	2,027	\$0.41250	\$836	3%	\$0.4249	\$861	\$25
3001-E	Corp Hgr	2,109	\$0.41295	\$871	3%	\$0.4253	\$897	\$26
3005	T-Hgr	1,078	\$0.41282	\$445	3%	\$0.4252	\$458	\$13
3009	T-Hgr	1,040	\$0.41286	\$429	3%	\$0.4252	\$442	\$13
3011	T-Hgr	1,000	\$0.41199	\$412	3%	\$0.4243	\$424	\$12
3019	T-Hgr	1,000	\$0.41199	\$412	3%	\$0.4243	\$424	\$12
3023	T-Hgr	1,040	\$0.41286	\$429	3%	\$0.4252	\$442	\$13
3027	T-Hgr	1,026	\$0.41341	\$424	3%	\$0.4258	\$437	\$13
3029-A, F	Corp Hgr	3,098	\$0.41242	\$1,278	3%	\$0.4248	\$1,316	\$38
3029-B-E	Corp Hgr	3,040	\$0.41229	\$1,253	3%	\$0.4247	\$1,291	\$38
3031	T-Hgr	1,026	\$0.41341	\$424	3%	\$0.4258	\$437	\$13
3035-A	Corp T-Hgr	1,982	\$0.41222	\$817	3%	\$0.4246	\$842	\$25
3035-B-D, G-J	Corp T-Hgr	1,839	\$0.41214	\$758	3%	\$0.4245	\$781	\$23
3039	T-Hgr	994	\$0.41273	\$410	3%	\$0.4251	\$423	\$13
3043	Corp Hgr	3,040	\$0.41229	\$1,253	3%	\$0.4247	\$1,291	\$38
3103	T-Hgr	1,043	\$0.41167	\$429	3%	\$0.4240	\$442	\$13
3105-A	Corp Hgr	3,115	\$0.45649	\$1,422	3%	\$0.4702	\$1,465	\$43
3105-B-G	Corp Hgr	3,115	\$0.41240	\$1,285	3%	\$0.4248	\$1,323	\$38
3107	T-Hgr	870	\$0.41161	\$358	3%	\$0.4240	\$369	\$11
3109	T-Hgr	940	\$0.41424	\$389	3%	\$0.4267	\$401	\$12
3111	T-Hgr	963	\$0.41338	\$398	3%	\$0.4258	\$410	\$12

EXHIBIT "A"

SMPAD Storage Units						
Hangar Row/Unit	Lease Type	Sq Ft	Current Rent	% Increase	New Rent	Increase
3005-A, I	Storage	537	\$ 454	3%	\$ 467	\$ 13.00
3009-F, G	Storage	180	\$ 151	3%	\$ 156	\$ 5.00
3011-F, G	Storage	190	\$ 160	3%	\$ 165	\$ 5.00
3019-F	Storage	190	\$ 160	3%	\$ 165	\$ 5.00
3023-F	Storage	180	\$ 151	3%	\$ 156	\$ 5.00
3027-F, G	Storage	176	\$ 149	3%	\$ 154	\$ 5.00
3031-F, G	Storage	176	\$ 149	3%	\$ 154	\$ 5.00
3035-E	Storage	363	\$ 306	3%	\$ 315	\$ 9.00
3039-A, I	Storage	537	\$ 454	3%	\$ 467	\$ 13.00
3107-J, K	Storage	180	\$ 151	3%	\$ 156	\$ 5.00
3109-F	Storage	155	\$ 132	3%	\$ 136	\$ 4.00
3111-F, G	Storage	176	\$ 149	3%	\$ 154	\$ 5.00
EXHIBIT "B"						

ANNEX A

**SANTA MARIA PUBLIC AIRPORT DISTRICT
Schedule of Rates & Charges - FY 2026-27**

TERMINAL

Charge		Unit of Measure	Current Rate	New Rate
Air Carrier Space				
	Counter Space	Per Sq. Ft./Per Month	\$1.37	\$1.37
	Office Space	Per Sq. Ft./Per Month	\$1.37	\$1.37
	Baggage Make-Up Area	Per Sq. Ft./Per Month	\$1.37	\$1.37
	Storage & Other Spaces	Per Sq. Ft./Per Month	\$1.37	\$1.37
	Other	Per Sq. Ft./Per Month	\$1.37	\$1.37
Rental Cars				
	Counter Space (Minimum)	Per Sq. Ft./Per Month	\$2.38	\$2.45
	Office Space (Minimum)	Per Sq. Ft./Per Month	\$2.38	\$2.45
	Storage Space (Minimum)	Per Sq. Ft./Per Month	\$2.38	\$2.45
	Ready Parking (Minimum)	Per Space/Per Month	\$31.17	\$32.11
	Concession	Monthly % of Sales	8%	10%
TNC's				
	Pickup/Dropoff	Per Trip	\$3.50	\$3.50
District Facilities				
	Boardroom Use (1)	Per Meeting	\$50.00	\$100 (3 hours) and \$50 every additional hour - \$250 cleaning fee
Miscellaneous				
	Terminal Restaurant (Minimum)	Per Sq. Ft./Per Month	\$0.4549	\$0.4549
		Monthly % of Sales	4%	10%
	Vending	10% of Gross Monthly Receipts		
	Shuttle Space Rent	Per Sq. Ft./Per Month	\$1.98	\$2.04
	TSA Facilities	Per Sq. Ft./Per Month	\$5.36	\$5.36
	Administrative Fee		25%	25%
(1) Aviation related and/or community orientated one-time events considered to be of public interest, non-profit, and/or having a value to the aviation community, may request in writing a waiver of fees, which may be approved at the discretion of the General Manager				

Any requested services not covered by the Schedule of Rates & Charges will be charged actual costs based on time and materials. A deposit may be required.

ANNEX A

**SANTA MARIA PUBLIC AIRPORT DISTRICT
Schedule of Rates & Charges - FY 2026-27**

NON-AVIATION

Effective 7/1/26

Charge	Unit of Measure	Last Increase	Current Rate	New Rate
Mobile Home Park	Per Space/Per Month	7/1/2025	\$468.00 - \$488.00	\$482.00 - \$502.00
Outside Storage	Per Sq. Ft./Per Month	7/1/2024	\$0.353	\$0.364
Agriculture				
AG Lease (Outside Water)	Per Acre/Per Year	9/1/2017	Grazing Rate + 50% of Sublease	Grazing Rate + 50% of Sublease
AG Lease (District Water)	Per Acre/Per Year	9/1/2024	Market Rate	Market Rate
Grazing	Per Acre/Per Year	7/1/2014	\$11.00	\$11.00
Miscellaneous				
Special Event Permit		7/1/2017	\$630.00	\$150 application review - \$630 per event or as negotiated
Use Permit		7/1/2009	\$150.00	\$150.00
Filming Permit (Impact on Operations)		7/1/2009	\$5,000.00	\$350 application fee - Daily Permit Fee Set by Management
Filming Permit (No Impact on Operations)		7/1/2009	\$1,000.00	\$350 application fee - Daily Permit Fee Set by Management
Abandoned Vehicle Removal	Each Incident	7/1/2009	\$200.00	Cost + Admin Fee
Copy Fee	Per Page	7/1/2009	\$0.25	\$0.25
	Per USB	7/1/2017	\$10.00	\$10.00
Personnel				
Operations/Maintenance Worker	Hourly	7/1/2024	\$100.00	Cost + Admin Fee
Security Escort	Hourly (Minimum 2 Hours)	7/1/2024	\$50.00	Cost + Admin Fee
Administrative Fee			25%	25%

Any requested services not covered by the Schedule of Rates & Charges will be charged actual costs based on time and materials. A deposit may be required

Tenant Rent Summary Table										
Address	Tenant and/or Unit Identification	Component	Component Size (SF)	Current Rent		Market Rent Opinion			% Increase	
				PSF/YR	Annual	PSF/YR	Annual	Monthly		
3115 Airpark Drive	A	Hangar	2,160	\$5.10	\$11,016.00	\$5.80	\$12,528.00	\$1,044.00	13.73%	
	B	Hangar	2,160	\$5.27	\$11,376.00	\$5.80	\$12,528.00	\$1,044.00	10.13%	
	C	Hangar	2,160	\$4.93	\$10,656.00	\$5.80	\$12,528.00	\$1,044.00	17.57%	
	Total			\$5.10	\$33,048.00	\$5.80	\$37,584.00	\$3,132.00	13.73%	
3117 Liberator Street	A	Office	1,287	\$6.18	\$7,956.00	8.75	\$11,261.25	\$938.44		
	Total			\$6.18	\$7,956.00	8.75	\$11,261.25	\$938.44	41.54%	
	B	Office	742	\$5.18	\$3,840.00	8.75	\$6,492.50	\$541.04		
	Total			\$5.18	\$3,840.00	8.75	\$6,492.50	\$541.04	69.08%	
	C	Hangar		2,306	\$4.88	\$12,084.00	\$5.80	\$13,374.80	\$1,114.57	
		Office		169			\$8.75	\$1,478.75	\$123.23	
		Total			\$4.88	\$12,084.00	\$6.00	\$14,853.55	\$1,237.80	22.92%
	D	Hangar		2,479	\$5.07	\$13,416.00	\$5.80	\$14,378.20	\$1,198.18	
		Office		169			\$8.75	\$1,478.75	\$123.23	
		Total			\$5.07	\$13,416.00	\$5.99	\$15,856.95	\$1,321.41	18.19%
	E	Hangar		2,461	\$4.86	\$12,780.00	\$5.80	\$14,273.80	\$1,189.48	
		Office		169			\$8.75	\$1,478.75	\$123.23	
Total			\$4.86	\$12,780.00	\$5.99	\$15,752.55	\$1,312.71	23.26%		
3119 Liberator Street	North	Hangar	2,400			\$5.25	\$12,600.00	\$1,050.00		
		Office	720	\$1.43	\$10,800.00	\$7.90	\$5,688.00	\$474.00		
		Shop/Storage	720			\$4.90	\$3,528.00	\$294.00		
	South	Hangar	3,690			\$5.50	\$20,295.00	\$1,691.25		
	Total			\$1.43	\$10,800.00	\$5.59	\$42,111.00	\$3,509.25	289.92%	
3121 Liberator Street		Hangar	2,100	\$4.92	\$10,332.00	\$5.50	\$11,550.00	\$962.50	11.79%	
3123 Liberator Street		Office	1,056	N/A	N/A	\$7.90	\$8,342.40	\$695.20	N/A	
3125 Liberator Street		Hangar	8,930	\$4.58	\$46,152.00	\$5.50	\$49,115.00	\$4,092.92		
		Office	1,154			\$9.65	\$11,136.10	\$928.01		
	Total			\$4.58	\$46,152.00	\$5.97	\$60,251.10	\$5,020.93	30.55%	
		Paint Hangar		3,278	N/A	N/A	\$5.80	\$19,012.40	\$1,584.37	N/A
3203 Lightning Street		Hangar (Units 108/128)	23,597			\$4.40	\$103,826.80	\$8,652.23		
		Office (East Units 101 - 104 and All West)	7,061	\$4.60	\$144,948.00	\$8.30	\$58,606.30	\$4,883.86		
		Shop/Storage (East Units 106 - 107)	875			\$4.75	\$4,156.25	\$346.35		
		Total			\$4.60	\$144,948.00	\$5.89	\$185,601.75	\$15,466.81	28.05%
		Office (West Units 211 - 219)		3,223	N/A	N/A	\$7.45	\$24,011.35	\$2,000.95	N/A
		Office (East Units 202 - 204)		2,662	\$6.66	\$17,720.00	\$8.75	\$23,292.50	\$1,941.04	31.45%
3409 Corsair Circle		Office (Unit 105)	575	\$7.87	\$4,524.00	\$8.30	\$4,772.50	\$397.71	5.49%	
		Hangar	10,800			\$5.80	\$62,640.00	\$5,220.00		
		Office	4,301	\$4.00	\$81,624.00	\$8.75	\$37,633.75	\$3,136.15		
		Shop/Storage	823			\$5.90	\$4,855.70	\$404.64		
		Apron		4,500			\$1.00	\$4,500.00	\$375.00	
Total			\$4.00	\$81,624.00	\$5.37	\$109,629.45	\$9,135.79	34.31%		
3940 Mitchell Road		Hangar	21,700			\$4.95	\$107,415.00	\$8,951.25		
		Office	5,821			\$7.90	\$45,985.90	\$3,832.16		
	Total			N/A	N/A	N/A	\$153,400.90	\$12,783.41	N/A	
3944 Mitchell Road		Hangar	6,400			\$4.40	\$28,160.00	\$2,346.67		
		Office	1,120	\$2.65	\$22,920.00	\$8.30	\$9,296.00	\$774.67		
		Shop/Storage	1,120			\$4.65	\$5,208.00	\$434.00		
	Total			\$2.65	\$22,920.00	\$4.94	\$42,664.00	\$3,555.33	86.14%	
3950 Mitchell Road		Hangar	5,594	\$4.59	\$25,656.00	\$5.50	\$30,767.00	\$2,563.92	19.92%	

BUILDING SPACE LEASE

THIS BUILDING SPACE LEASE, dated June 1, 2026, by and between the SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "Landlord" or "District"), a Public Airport District of the State of California, and ENGLISH AIR SERVICE, INC., a California corporation (herein called "Tenant").

WITNESSETH:

For and in consideration of the conditions, covenants and agreements herein contained, the parties agree as follows:

1. Definitions. Unless the context otherwise requires, the following terms shall for all purposes of this lease have the meanings specified as follows:

- (a) "Airport" means the Santa Maria Public Airport at Santa Maria, California.
- (b) "FAA" means the Federal Aviation Administration or its successor organization or department.
- (c) "Improvements" include buildings, structures, fixtures, partitions, counters, and other property affixed to the realty in any manner.
- (d) "Leased Premises" or "Premises" mean and include the building, consisting of approximately 18,828 square feet of hangar and office space, together with approximately 50,064 square feet of aircraft ramp, vehicle parking, and landscaping areas, all located at 3940 Mitchell Road on the property of the Santa Maria Public Airport, all as depicted on Exhibit "A" attached hereto and made a part hereof.
- (e) "Party" or "Parties" mean the District and/or Tenant.

2. Leased Premises. District hereby leases to Tenant and Tenant leases from District the Leased Premises for the term and rent and on the terms and conditions hereinafter set forth.

3. Lease Term and Option.

(a) The Term of this Lease shall be for a thirty (30) year period commencing June 1, 2026 (the "Effective Date") and expiring, unless sooner terminated, on May 31, 2056 (the "Termination Date").

(b). Tenant shall, if not in default under this Lease, have the option, exercisable upon the terms and conditions and in the manner hereinafter provided, to extend the Term of this Lease from the Termination Date for two (2) additional five (5) year periods (each an "Extended Term") on the same terms, covenants and conditions herein contained, except that the rent for the Extended Term shall be as provided below and except as

otherwise specifically provided in this Lease. The option to extend the Initial Term shall be exercised only by Tenant delivering to District not later than six (6) months prior to the Termination Date, written notice of Tenant's election to extend the Initial Term or Extended Term, as applicable. Tenant's right to exercise the option is contingent upon the Lease being in effect, and Tenant not being in default under the Lease at the time of giving notice, and at the time the Extended Term is to begin. At commencement of the Extended Term, "Term" or "Term of this Lease" shall mean and include the Extended Term. Should Tenant fail to provide notice to District of Tenant's election to extend the Term, District shall have no obligation to provide notice to Tenant, and the Lease will terminate at the end of the Initial Term.

4. Rent. Beginning December 1, 2026 ("Rent Commencement Date") Tenant agrees to pay to District, in advance and without being billed or invoiced by the District, the monthly rent as follows:

(a) Monthly Rent During Initial Term. Beginning on the Rent Commencement Date, Tenant shall pay as monthly rent to District for and during the term of this lease the sum of \$8,000 per month, subject to annual and decade adjustments, as set forth below (the "Monthly Rent").

(b) Free Rent Period. In consideration of Tenant's investment of at least \$2,000,000 to make the improvements to the Leased Premises listed on Exhibit B (the "Improvements"), the period between the Effective Date and the Rent Commencement Date shall be rent free for Tenant.

(c) Annual CPI Adjustment of Monthly Rent. On each anniversary of the Rent Commencement Date the then-current Monthly Rent amount shall be automatically increased upward, but not downward, in the percentage proportion that the Consumer Price Index, Los Angeles-Long Beach-Anaheim, All Items, 1982-84=100 base, All Urban Consumers (CPI-U) (the "**CPI Index**") published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, increases for the month of June the immediately preceding calendar year to June of the current calendar year. District shall use best efforts to provide notice of the adjusted monthly rent to Tenant in advance of the date the adjustment is due, but failure to provide notice shall not excuse Tenant's obligation to pay the adjusted Monthly Rent.

(d) Monthly Rent For Each Subsequent Decade of the Lease to be Set by Appraisal. The term "**decade**" means each period of ten (10) years during the term of this Lease or any Extended Term. The "**first decade**" is the ten-year period beginning on the Commencement Date of the lease term; the "**second decade**" is the ten-year period beginning on the first day following the first decade, and so on. A new Monthly Rent for the Leased Premises shall be determined every decade by appraisal as hereinafter provided, including during any Extended Term. District shall select the appraiser, and shall pay the cost and expense of the appraisal. The Monthly Rent shall be re-established at the start of the second and subsequent decades at an amount obtained by multiplying (x) a decimal factor of .006667 by (y) the Fair Market Rent of the Leased Premises determined by appraisal as of the one hundred twentieth (120th) day prior to the commencement date of the particular decade for which the new Monthly Rent is to be

determined (the "**Valuation Date**"); provided, however, in no event shall the new Monthly Rent determined by appraisal exceed the Monthly Rent for the prior year by more than eight percent (8%). The foregoing decimal factor of .006667 is a monthly capitalization rate applied to the Fair Market Rent of the Leased Premises so as to yield an imputed annual return of 8% per annum on the Fair Market Rent of the Leased Premises as appraised. and is computed by the following formula:

$$\begin{aligned} A / B &= .006667 \\ A &= .08 \text{ (annual return of 8\%)} \\ B &= 12.0 \text{ (12 calendar months)} \end{aligned}$$

For the purposes of this Lease, the new Monthly Rent amount shall be determined by District based on an appraisal, in its reasonable, good faith discretion based upon: (A) the annual base rental rates then being charged in comparable Airport property for land only, as encumbered with easements and reservations, without taking into account the value of any improvements thereon, which comparison land is utilized in a manner comparable to the then-applicable utilization of the Leased Premises; (B) for a lease term commencing on or about the commencement date of the applicable Extension Term and equal in duration to the applicable Extension Term; and (C) taking into consideration: (i) the geographic location of the Leased Premises; (ii) the extent of services to be provided to the proposed Tenant thereunder; (iii) the creditworthiness and quality of Tenant; (iv) leasing commissions; incentives being provided to Tenant by lessors of comparable land in the geographic area in which the Leased Premises is located; and (vi) any other relevant term or condition in making such evaluation, all as reasonably determined by District.

If Tenant does not concur with the new Monthly Rent as set by District's appraisal, and District and Tenant are unable to agree on a Monthly Rent, then Tenant shall, within thirty (30) days after receipt of District's appraisal, have an appraisal conducted by an appraiser selected by and paid for by Tenant. If District does not concur with the Monthly Rent as set by Tenant's appraisal, and District and Tenant are unable to concur on the Fair Market Rent of the Leased Premises, then the new Monthly Rent, for purposes of this section, shall be the average of the two appraisals, subject to the provision that the rent shall not be less than the rent in effect prior to the appraisal.

Each appraiser shall certify that he/she has personally inspected the Leased Premises and all properties used as comparisons, that he/she has no past, present or contemplated future interest in the Leased Premises or any part thereof, that the compensation to be received by him/her from any source for making the appraisal is solely in accordance with this Lease, that he/she has followed the instructions as set forth in this Section 3 for valuing the Leased Premises, that neither his/her employment to make the appraisal nor his/her compensation therefore is contingent upon reporting a predetermined value or a value within a predetermined range of values, that he/she has had at least seven (7) years full-time professional experience as a commercial real estate appraiser in Santa Barbara and/or San Luis Obispo Counties, including experience valuing properties within the aviation industry, that he/she is a member of the American Institute of Real Estate Appraisers or successor thereto or the Society of Real Estate Appraisers or successor

thereto (or, if neither such institute nor society nor a successor is in existence, a disinterested real estate appraiser having appropriate qualifications to appraise commercial real estate), and that his/her appraisal was prepared in conformity with the standards of professional practice of the institute or society or successor thereto.

(e) Monthly Rent During Extended Term. The decade and annual adjustments to the Monthly Rent set forth in this Section 4 shall be applicable to the Monthly Rent during any Extended Term.

(f) Payment. All rent is payable in advance commencing on the Rent Commencement date of the lease term and on the first day of each calendar month thereafter during the term of this lease, without prior notice or demand, or without deduction or offset, except as otherwise expressly permitted in this lease, at the address where notices are to be delivered to District in accordance with Paragraph 28, or at such other address or wiring instruction as District shall direct Tenant in writing.

(g) Late Payment Penalty. Tenant acknowledges that late payment by Tenant to District of rent will cause the District to incur costs not contemplated by this lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges. Therefore, if any installment of rent due from Tenant is not received by District on or before the date it is due (or on the next business day of the District that is not a Saturday, Sunday or holiday on which the administrative office of the District is closed for a whole day, if the date the rent installment is due falls on a Saturday, Sunday, or holiday on which the administrative office of the District is closed for a whole day), Tenant shall pay to District an additional sum of ten percent (10%) of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that District will incur by reason of late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the rights and remedies available to District.

(h) Security Deposit. On or before the Effective Date, Tenant shall deposit with District and maintain on deposit an amount equivalent of two months' rent (\$16,000 for the Initial Term) as a security deposit for the performance by Tenant of the provisions of this lease. If Tenant is in default, District may use the security deposit, or any portion of it, to cure the default or to compensate District for all damage sustained by District resulting from Tenant's default. Tenant shall immediately upon demand pay to District a sum equal to the portion of the security deposit expended or applied by District as provided in this section so as to maintain the security deposit in the sum required by the District. If Tenant is not in default at the expiration or termination of this lease, District shall return the security deposit to Tenant. District's obligations with respect to the security deposit are those of a debtor and not a trustee. District shall deposit into an account in the name of District, subject to withdrawal and retention by District of all or any part of the amount on deposit to cure the default of Tenant or to compensate District for all damage sustained by District resulting from Tenant's default.

(i) Additional Rent; "Triple Net". The rent shall be absolutely net to District. Tenant shall pay all costs, fees, taxes, liens, interest, insurance, utility costs, charges, expenses, assessments, reimbursements, maintenance and obligations of

every kind and nature whatsoever relating to the Leased Premises or the improvements to be constructed thereon that may arise or become due during the Term or any Extended Term of, or arising out of the provisions of, this Lease ("Additional Rent"). Notwithstanding the foregoing, District agrees to pay the following expenses related to the Leased Premises: (a) any expenses expressly agreed to be paid by District in this Lease; (b) debt service and other payments with respect to any financing obtained by District, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement or other instruments, and secured by the interest of District in the Property; (c) expenses incurred by District to monitor and administer this Lease; (d) expenses incurred by District prior to the Commencement Date; and (e) expenses relating that are personal to the District. Tenant shall indemnify and save District harmless from and against any Additional Rent. Should Tenant fail to pay any Additional Rent when due, District shall have all of the rights, powers and remedies provided for in this Lease in the event of nonpayment of rent or other event of default. District shall at all times have the right (at its sole election and without any obligation to do so) to advance on behalf of Tenant any amount payable under the terms hereof by Tenant, or to otherwise satisfy any of Tenant's obligations hereunder deemed necessary to protect the interests of District under this Lease. No advance by District shall operate, as a waiver of any of District's rights under this Lease and Tenant shall remain fully responsible for the performance of its obligations under this Lease. Any sums so paid by District shall constitute Additional Rent and shall be immediately due and payable from Tenant.

5. Permitted Uses of Leased Premises. Tenant may use the Leased Premises only for:

- (a) Offices for aviation-related businesses.
- (b) Aircraft repair and maintenance.
- (c) Sale of aircraft and aircraft components and parts.
- (d) Aircraft charter operations
- (e) Aircraft flight instructions.
- (f) Storage of aircraft.
- (g) Parking of Automobiles including trucks to support agricultural spraying operations (incidental to the business)
- (h) Air taxi services.

Tenant shall not use the Leased Premises, or any portion thereof, for any other purposes, unless the use is approved in advance in writing by the District's General Manager. Nothing contained herein shall be deemed to give Tenant exclusive rights at the Airport in connection with any of the permitted uses herein.

6. Prohibited Uses. Tenant shall not use or permit use of the Leased Premises or the Airport, or any portion thereof, for any of the following purposes or uses:

(a) Sale of gasoline or other fuels.

(b) Use any portion of the Premises contrary to or in violation of the directives, rules or regulations of the District as they exist now or in the future.

(c) Store on the Premises any property or articles, or conduct any activities or operations which are not directly related or incident to the permitted uses in paragraph 8(b) of this Lease.

(d) Store any flammable liquids or substances or explosives within the building, except for aviation fuel in parked aircraft, and properly stored supplies incidental to the business.

(e) Use or locate on the Premises any material which would cause sunlight to be reflected toward an aircraft on initial climb or final approach.

(f) Any use, activity or improvement which will generate smoke affecting aircraft visibility or attract large concentrations of birds or which may otherwise affect safe air navigation.

(g) Any use or activity which would direct steady or flashing lights at aircraft during initial climb or final approach or otherwise interfere with or create a hazard to the operation of the Airport.

(h) Locate, erect or construct any structure, which penetrates any FAR part 77 (Objects affecting Navigable Airspace) imaginary surfaces.

(i) Spray painting within the building using flammable paints or liquids without proper, approved suppression and protection equipment, or without required permits, or in a manner which is prohibited by any applicable law, ordinance or governmental order or regulation or in a manner that does not meet the requirements of District's fire and liability insurance carriers.

7. Tenant's Agreements. In addition to the requirements of this Lease and applicable law, Tenant shall do all of the following:

(a) Comply with the rules, regulations and directives of District related to use of the Premises, Airport and its facilities.

(b) Comply with all laws, regulations, ordinances, and orders of federal, state and local governments as they relate to Tenant's use of the Premises, the Airport, and Airport facilities, and the construction of the Improvements. Tenant acknowledges and agrees that the construction of the Improvements and any other construction, alteration, demolition, installation, or repair of the Premises is a "public work" under

Labor Code Section 1720, and subject to the payment of prevailing wages under Labor Code Section 1770, *et seq.*

(c) Keep the Premises in good order and condition, free of trash and debris, at Tenant's expense.

(d) Neither be required nor permitted to make any changes or alterations affecting the structural integrity of the building of which the Premises forms a part.

(e) Deliver possession of the Premises to District on termination or expiration of this Lease in at least as good condition as it is at the Commencement of this lease, broom clean, ordinary wear and tear excepted, and free of any personal property.

(f) Store and maintain all of Tenant's equipment and personal property entirely within the footprint of the Premises in a neat and orderly condition, compliant with any requirements of the Santa Maria Municipal Code relating to outdoor storage. None of Tenant's equipment or property shall be deposited or stored on Airport property outside the Premises, and District may remove improperly stored equipment and property following reasonable notice to Tenant, and charge Tenant for any costs of removal or storage.

(g) Cooperate with the District in a calendar quarterly audit of the progress of Tenant's construction of the Improvements, and permit District to inspect the Premises, all upon at least two (2) business days' written notice from District to Tenant.

8. Tenant Obligations to Construct.

(a) Construction of Improvements. Tenant leases the Premises with the obligation of constructing the Improvements in an amount equal to at least \$2,000,000 within the initial term at Tenant's sole cost and expense. The Improvements specified in Exhibit B are approved by the District, subject to the Tenant obtaining all building and other permits. Any additional Improvements not included on Exhibit B shall first be submitted for advance approval in writing by the District's General Manager. Tenant shall obtain any governmental approval legally required to improve or alter the Premises. Tenant shall construct the improvements free of claims against District and the Premises, shall obtain the prior written approval of the final design of the improvements by District's General Manager, and upon completion shall provide District with "as-built" drawings in such format as District requests, along with copies of all applicable building and other permits for the Improvements. Tenant shall comply with the provisions of Section 18.

(b) Conditions to Construction of Improvements. Tenant shall have the right to construct the Improvements within the Leased Premises. All of such Improvements shall be constructed in accordance with the requirements of any and all laws, ordinances, regulations and governmental restrictions applicable thereto, including zoning requirements and building code requirements of the City of Santa Maria and any municipal or other governmental agency having jurisdiction over the Leased Premises at the time said Improvements are constructed. All Improvements will comply with the

District's minimum investment level requirements (at least \$10,000 per acre per year). Before Tenant begins construction of any Improvements on the Leased Premises, Tenant shall have obtained (and delivered insurance certificates therefor to District) all insurance coverage required under Section 16 of this Lease, and shall give District fifteen (15) days prior written notice prior to the commencement of any and all construction at the Leased Premises so that appropriate notices of non-responsibility may be posted and recorded by District. If during the term of this Lease the use, or continued use of the Leased Premises by Tenant results in or otherwise requires the upgrade, renovation or improvement (collectively "**upgrades**") of any portion of the Leased Premises or the Improvements constructed thereupon, in order to conform with any new or amended governmental regulation, code or similar requirements, including by way of example and not limitation, potentially upgraded Americans With Disabilities Act (ADA) requirements, Tenant shall always be responsible for costs and expenses of such upgrades.

(c) Completion of Improvements and Other Work: Compliance with Law and Quality. Tenant covenants that the Improvements to be constructed on the Leased Premises, and all other construction thereon, when undertaken, while in progress and as completed, will comply with all laws and ordinances necessary to permit the development, completion and lease of the Leased Premises pursuant to this Lease, and will comply in all material respects with the site plan approved by the District and all provisions of this Lease. All work performed on the Leased Premises pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner. The interior architectural design and appearance and the interior Improvements and finish of each of the structures on the Leased Premises shall not be subject to the review and approval of District.

(d) Mechanic's, Materialman's, Contractor's, or Subcontractor's Liens.

(i) Subject to Tenant's right to contest as hereinafter provided, at all times during the Term of this Lease, Tenant shall keep the Leased Premises, including all buildings and Improvements now or hereafter located on the Leased Premises, free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Leased Premises. Tenant shall (1) promptly pay and discharge, or cause the Leased Premises to be released from, any such lien or claim of lien, or, (2) if Tenant decides to contest said lien, furnish District such bond as may be required by law to free the Leased Premises from the effect of such a lien and to secure District against payment of such lien, or provide District with other assurances with respect thereto which are satisfactory to District, in its good faith discretion.

(ii) Should Tenant fail to pay and discharge; or cause the Leased Premises to be released from any such lien or claim of lien or to provide a bond or other assurance as permitted hereunder within thirty (30) days after service on Tenant by District of a written request to do so, District may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and in such manner as District may deem appropriate. In such event, Tenant shall, following any such payment by District, and after receiving not less than thirty (30) days' written notice and reasonable evidence of payment from District reimburse District for the full amount so

paid by District, including any reasonable attorneys' fees or other costs expended by District, together with interest thereon at the legal rate from the date of payment by District to the date of Tenant's reimbursement of District, and such amount shall constitute additional Rent and become a part of Tenant's obligation to pay Rent hereunder.

(e) Notice of Non-Responsibility. At least ten (10) days prior to initiation of any improvement, or delivery of any materials to the Leased Premises, Tenant shall notify District of same. District shall have the right to post, and/or publish, and record a Notice of Non-responsibility.

(f) Permits. Tenant shall procure and comply with all then applicable codes, ordinances, regulations and requirements for permits and approvals, including but not restricted to a grading permit, building permits, zoning, environmental and planning requirements, subdivision and parcel maps, and approvals from various governmental agencies and bodies having jurisdiction.

(g) Builder's Risk Insurance. Prior to commencing construction, Tenant shall deliver to District certificate of insurance evidencing coverage for "builder's risk" and "course of construction" insurance on the Improvements then in place or under way, including coverage against collapse, vandalism and malicious mischief.

(h) Soil & Environmental Conditions. District is not aware of any hazardous materials or contamination therefrom existing on the Leased Premises as of the Effective Date and District has not received notice of any violations of any relevant environmental laws relating to the Leased Premises. Tenant may enter onto the land before the commencement date of the lease term to make surveys and soil and structural engineering tests that Tenant considers necessary. All such surveys and tests made by or on behalf of Tenant shall be at Tenant's sole expense, without liability or expense to District. Copies shall be furnished to District upon request.

(i) With respect to any and all Pre-existing Environmental Conditions (as hereinafter defined) discovered before or after the Effective Date, District, at its sole expense, shall conduct and complete all investigations, studies, samplings, and testing, and all remedial, removal, and other response actions necessary to clean up, remove and/or abate all hazardous materials on, from, or affecting the Property (i) in accordance with all then applicable federal, state and local laws, ordinances, rules, regulations, and policies, and (ii) in accordance with the orders and directives of all federal, state, and local governmental authorities. Alternatively, District may elect to request Tenant, at District's sole expense, to directly oversee the response contractor's work. "Pre-existing Environmental Conditions" means the presence of any hazardous materials existing as of the Effective Date in the air, soil, surface water or groundwater, and in, on and under any structure on the Property.

In the event that estimated expenses related to Pre-existing Environmental Conditions are extraordinarily expensive, as to create a hardship for the District, the District may decide not to conduct remedial actions to the extent in which it is legally allowed. The Tenant may elect to pursue response actions related to Pre-existing Environmental

Conditions at the Tenant's sole expense and shall have the right to modify Preliminary Plans and/or Final Plans in response. The District and Tenant shall pursue solutions related to Pre-existing Environmental Conditions in good faith and do all things reasonably within their power that are necessary or desirable to give effect to the spirit and intent of this Agreement.

(j) Diligence. Tenant shall with reasonable diligence prosecute to completion all construction of Improvements, additions or alterations. All work shall be performed in a good and workmanlike manner, shall substantially comply with plans and specifications submitted to District as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

9. Landlord Improvements. District shall not be responsible for making any improvements to the Premises.

10. Security. District shall have no obligation to provide additional security that is greater than the normal operations of the Airport or lighting for the Leased Property.

11. Utilities. Tenant shall timely pay all costs, charges and deposits for all utilities and services furnished to or used by Tenant, including without limitation, gas, water, electricity, telephone service, trash collection and for all connection charges. District shall have no obligation to extend utility services to the Premises.

12. Taxes, Licenses. Tenant shall pay before delinquency any and all taxes, assessments, fees or charges, including possessory interest taxes, which may be imposed, levied or assessed upon any leasehold or possessory interests of Tenant, and personal property, improvements or fixtures owned, controlled or installed by Tenant and used or located on the Airport or Tenant's business. By entering into this Lease, a possessory interest subject to property taxation may be created, and Tenant may be subject to payment of property taxes levied on such interest. Tenant shall pay before delinquency all such taxes. Tenant shall also secure and maintain in force during the term of this lease all licenses and permits necessary or required by law for the conduct of Tenant's business or operations, and the construction of any improvements.

13. Assumption of Risks; No Warranty. Tenant represents that Tenant has inspected the portion of the Airport property wherein the Leased Premises are located, and the Leased Premises, accepts the Leased Premises in an "as is, where is" condition, and fully assumes all risks incidental to use of the Airport and Leased Premises. District shall not be liable to Tenant for any damages or injury to persons or property of any of Tenant's agents, employees, visitors, guests or invitees from any cause or condition whatsoever. District has made no, and expressly disclaims any, warranty as to the fitness of the Leased Premises for any particular use or business.

14. Indemnity. Tenant shall defend (with counsel acceptable to District), indemnify and hold harmless District, its directors, officers, employees, agents and representatives and the Premises (collectively herein "District") at all times from and against any and all liability, suits, proceedings, liens, actions, penalties, damages, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever

character which District may incur, sustain or be subject to (collectively "Liability") sustained by anyone in, on or about the Premises or arising out of or in any way connected with: the acts or omissions of Tenant or its officers, agents, employees, guests, customers, visitors or invitees; or Tenant's operations on, or use or occupancy of the Premises. The forgoing indemnification excludes only Liability caused by the sole active negligence of District or its willful misconduct. Tenant shall also defend (with counsel acceptable to District), indemnify and hold District harmless from and against, all Liability, including third party claims, environmental requirements and environmental damages (as defined in Exhibit "C", Hazardous Material Definitions), costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Premises or the Airport or the improvements thereon or District's property or improvements in the vicinity of the Premises) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal (collectively "Release") of any toxic or hazardous materials (defined in Exhibit "C") which occurs in, on or about the Premises or the Airport as the result of any activities of Tenant or Tenant's agents, employees, invitees, licensees, guests, successors or assigns, or subtenants. Tenant shall notify District and responsible legal authorities immediately of any Release of any toxic or hazardous material on the Premises.

15. Indemnity Against Claims. Tenant shall keep the Premises and improvements thereon free and clear of all mechanic's liens and other liens. Tenant shall defend, indemnify and save harmless District and the Premises from and harmless against any and all liability, loss, damage, claims, costs, attorneys' fees and other expenses of any type arising out of work performed on the Premises or in easements and rights-of-way for or by Tenant, or on account of claims for liens of contractors, subcontractors, materialmen, laborers, architects, engineers or other design professionals, for work performed or materials or supplies furnished by Tenant or persons claiming under it. District shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any judgment or lien, or both. Tenant shall reimburse District for all sums paid by District under this paragraph, together with all of District's reasonable attorneys' fees and costs, plus interest on all sums expended at the rate of ten percent (10%) per annum from the date paid by District to the date paid by Tenant.

16. Default. The occurrence of any of the following shall constitute a default and breach of this Lease by Tenant:

(a) Any failure by Tenant to pay the rent or to make any other payment required to be made by Tenant under this Lease (when that failure continues for ten (10) days after written notice of the failure is given by District to Tenant);

(b) The abandonment or vacation of the Premises by Tenant (the absence of Tenant from or the failure by Tenant to conduct business on the Premises for a period in excess of thirty (30) consecutive days shall constitute an abandonment or vacation for purposes of this Lease).

(c) A failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, when that failure continues for thirty (30) days after written notice of Tenant's failure is given by District to Tenant; provided, however, that if the nature of that default is such that it cannot reasonably be cured within a 30-day period, Tenant shall not

be deemed to be in default if Tenant commences that cure within the 30-day period and thereafter diligently prosecutes it to completion.

(d) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, it is dismissed within 60 days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, when possession is not restored to Tenant within 30 days; or the attachment, execution, or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, when that seizure is not discharged within 30 days.

(e) Dissolution or liquidation of Tenant of all or substantially all of its assets.

The notices provided for in subsections (a) through (c) of this Section 15 are not intended to replace, but rather are in addition to, any required statutory notices for unlawful detainer proceedings under Code of Civil Procedure Section 1161 et seq.

17. Insurance. Tenant shall secure and maintain, without cost to District, in full force and effect at all times during the term of this lease the following types and amounts of insurance:

(a) Commercial general liability insurance, including bodily injury and death liability, property damage liability, completed operations and products liability coverage, contractual liability, public liability, and owners and contractors protective coverage with a combined single limit of liability of at least \$3,000,000 for each accident or occurrence; and

(b) Hangar keeper's liability insurance coverage with limits of not less than \$500,000 for any one accident or occurrence with \$3,000 maximum deductible for each accident or occurrence;

(c) Aircraft and airport operations insurance, including passengers, products and completed operations, with a combined single limit for bodily injury and property damage of \$3,000,000 for each occurrence.

(d) For and during the time Tenant has vehicles or mobile equipment which are used in Tenant's business or used in, on or about the Premises or anywhere on District property, automobile and mobile equipment liability insurance covering all vehicles and mobile equipment used by Tenant on the Airport providing bodily injury, personal injury and death liability limits of not less than \$1,000,000 per person per occurrence and property damage of not less than \$500,000 for each accident or occurrence.

(e) Prior to commencing, and during the construction of, the Improvements, "builder's risk" and "course of construction" insurance on the

Improvements then in place or under construction, including (without limitation) coverage against collapse, vandalism, and malicious mischief.

(f) District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District.

(g) Tenant shall provide District with copies of all insurance policies, endorsements, and certificates issued by the insurer(s), including in each instance an endorsement or certificate providing that such insurance shall not be cancelled or coverage reduced except after thirty (30) days' written notice to District.

(h) All required policies of insurance shall be obtained from insurers admitted to do business in the State of California, with current A.M. Best ratings of A:VII or better.

18. Insurance Premium Increase. Tenant shall not do or permit to be done any act or thing upon the Premises which will invalidate or be in conflict with the fire insurance or liability policies covering the Premises or which shall or might subject District to any unreasonable risks or exposure to liability or responsibility for injury to any person or persons or to any property by reason of any business activity or operation being carried on by Tenant upon the Premises. Tenant shall pay for any additional premiums of District's fire and liability insurance policies charged by reason of Tenant's use or operations on the Premises.

19. Alterations; Removal of Tenant-Installed Property. Other than the Improvements, Tenant shall make no alterations, additions or improvements to the Leased Premises or otherwise at the Airport without District's prior written consent. Such alterations, additions or improvements shall be Tenant's property during the Lease, but shall become District's property at the expiration or termination of the Lease unless District elects (upon written notice to Tenant of such election) that all or a designated portion of the alterations, additions, or improvements made by Tenant shall be removed by and at the expense of Tenant. If District so elects, then Tenant shall at Tenant's expense remove (within 30 days after termination or expiration of this lease or such other time specified in the notice) such alterations, additions or improvements, or such portion thereof designated by District, restore District's property to at least its former condition, normal wear and tear excepted, and repair any damage resulting from such removal. Machinery, equipment and trade fixtures installed by Tenant in the Leased premises shall not be considered "alterations, additions or improvements" subject to the foregoing provisions and may be removed from the Airport by Tenant on or before expiration or termination of this lease, providing any damage to District's property resulting from such removal shall be repaired or restored at Tenant's expense. All alterations, additions and improvements made by Tenant shall be done in a workmanlike manner, with good materials, and in full compliance with all applicable building codes, laws, ordinances, regulations and directions or public agencies having jurisdiction.

20. Airport Facilities. All equipment used by Tenant on the Airport Property shall be parked only in locations on the Leased Premises designated by District. Tenant agrees to observe, obey and abide by all directives, rules and regulations for the common and joint use of Airport facilities and for maintenance and conduct of Tenant's business at the Airport, which may hereafter be imposed by District's Board of Directors, FAA, City of Santa Maria, or any other governmental agency having jurisdiction over the subject matter. District has no obligation to

provide security guards, lighting or fencing or to provide any services and utilities not expressly set forth in this Lease. In conducting its operations, Tenant shall avoid any conflict on the tarmac, runway, or apron with Airport operations.

21. FAA Restrictions and Reservations. The Rider marked Exhibit "D" attached hereto, consisting of four pages of provisions required by the Federal Aviation Administration, is incorporated herein and made a part hereof. Tenant agrees to comply with all of the terms and conditions of said Rider. If there should be a substantial interference with access to Tenant's business for a period more than 15 days, a just and proportionate part of the rent shall be abated from the fifteenth day following the access restriction.

22. Compliance with Laws/Payment of Costs of Compliance. Tenant shall at all times comply with, and shall pay all costs and expenses which may be incurred or required to be paid in order to comply with, all applicable laws, statutes, ordinances, rules, regulations and orders of federal, state and local governments, and other public agencies ("laws") which apply to Tenant's operation and/or use of the Premises. These laws include, but are not limited to, all laws concerning air and/or water quality, fire and/or occupational safety or handicapped accessibility, as well as those requiring alterations or additions to be made to, or safety devices or appliances to be maintained or installed in, on, or about the premises under any laws now or hereafter adopted, enacted or made applicable to the Premises. Tenant shall pay any fees, charges or assessments arising out of or in any way related to the Premises as a source of adverse environmental impacts or effects. It is expressly understood that this section shall apply to laws that may be enacted and/or changed in the future in addition to laws existing at the time of the execution of the Lease.

23. Repairs and Maintenance. Except as otherwise provided herein, Tenant shall, at Tenant's sole cost, keep and maintain the Leased Premises and every part thereof in good and sanitary order, condition and repair. Tenant shall not make any repairs which are the responsibility of District without District's prior written consent. Tenant waives all rights to make repairs at District's expense. District will, at District's expense, repair and maintain the roof and exterior walls, if needed, as need is determined by District's Board of Directors, except for damage caused by Tenant or Tenant's employees, contractors or invitees. District will, at District's expense, replace fixtures owned by District and that are a part of the Leased Premises as of the Effective Date once such fixtures reach the end of their natural life and are no longer repairable, provided that: (i) Tenant has fulfilled its obligations set forth in this section regarding repair and maintenance; and (ii) subject to the provisions of Section 24 below. Provided, however, that Landlord's duty to replace fixtures pursuant to this shall not apply to improvements made pursuant to Section 8 above. The parties also acknowledge and agree that District has no liability for failure to replace fixtures that do not work due to any act or neglect of Tenant or Tenant's employees, agents, customers, invitees or licensees. Tenant agrees to keep the Leased Premises, at Tenant's expense, clean and free from litter and dust at all times.

24. Acceptance; Surrender. By entry hereunder, Tenant accepts the Leased Premises as being in good and sanitary order, condition and repair, and agrees on the last day of the term hereof or sooner termination to surrender to District forthwith the Leased Premises in the same condition as when received, reasonable use and wear excepted, and subject to the provisions of Paragraph 18.

25. Damage or Destruction.

(a) Partial Destruction - Insured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause, (ii) the Premises are not thereby rendered totally untenable, (iii) the loss is covered by insurance, and (iv) the destruction can be repaired within sixty (60) days from the date of destruction, this lease shall not terminate, but District shall repair or rebuild the same from and to the extent of the insurance proceeds payable for the loss.

(b) Total Destruction - Uninsured Loss. If (i) the Premises or any portion thereof are damaged or destroyed by fire or other cause and are thereby rendered wholly untenable or are more than fifty percent (50%) damaged or destroyed, or (ii) the damage or destruction of the Premises is not covered by insurance, then, in either event, District, if District so elects, may repair or rebuild the building within a reasonable time after such destruction or damage, or District may give notice terminating this lease as of a date not later than thirty (30) days after such damage or destruction. If District elects to repair or rebuild the Premises, District shall, within thirty (30) days after such damage or destruction, give Tenant notice of District's intention to repair or rebuild and shall proceed with reasonable speed to make the repairs or to rebuild. Unless District elects to terminate this lease, this lease shall remain in full force and effect, and the parties waive the provision of any law to the contrary. If there should be a substantial interference with Tenant's business, a just and proportionate part of the rent shall be abated from the fifteenth day following the damage or destruction until the Premises are repaired or rebuilt. In the event of termination under this subparagraph, rent will be prorated to the date of termination and surrender of possession of the Premises to District.

(c) Extent of Rebuilding. If District should elect or be obligated to repair or rebuild the building because of any damage or destruction, District's obligation shall be limited to the basic building. Tenant shall at Tenant's expense fully repair or replace all fixtures, equipment, and other installations installed by or for Tenant at its expense.

26. Termination By District. District, in addition to any right of termination as a matter of law or any other right herein given to District, may at its option cancel and terminate this lease and agreement, by written notice thereof given to Tenant, upon or after the occurrence of any of the following events:

(a) Filing by or against Tenant of a voluntary or involuntary petition in bankruptcy or for reorganization, or taking of Tenant's assets pursuant to a proceeding under the Federal Reorganization Act, or the adjudication of Tenant as a bankrupt, or the appointment of a receiver of Tenant's assets, or divestiture of Tenant's assets or estate herein by operation of law or otherwise or assignment by Tenant of its assets for the benefit of creditors.

(b) The breach by Tenant or failure of Tenant to keep, observe or perform any of the covenants, conditions or provisions herein contained on the part of Tenant to be observed, kept or performed.

(c) Dissolution or liquidation of Tenant of all or substantially all of its assets.

(d) The transfer, in whole or in part, of Tenant's interest in this lease or in the Leased Premises, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means.

27. Termination By Tenant. Tenant may at its option cancel and terminate this lease and agreement, by written notice thereof given to District at any time prior to the Delivery Date. Any alterations made by Tenant prior to the written notice shall become property of the District at no cost.

28. Additional Remedies of District. In addition to any other remedy District may have under this agreement or by operation of law, District shall have the right, in the event of Tenant's nonpayment of rent required under this lease, or in the event of default of any of the terms or conditions of this lease, or if Tenant shall abandon or vacate the Leased Premises, to terminate this lease upon written notice to Tenant and reenter the Leased Premises and eject all persons, or eject some but not all, and remove all property, other than District's property, from the Leased Premises or any part of the Leased Premises. Any property removed from the Leased Premises upon reentry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and District shall have no liability therefor. No waiver by District of a default by Tenant of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. On such termination, District may recover from Tenant:

(a) The worth at the time of award of the unpaid rent, which had been earned at the time of termination;

(b) The worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided.

(c) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Tenant proves could be reasonably avoided; and

(d) Any other amount necessary to compensate District for all the detriment proximately caused by Tenant's failure to perform its obligations under this lease, or which in the ordinary course of things would be likely to result therefrom; and

(e) At District's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California.

(f) The "worth at the time of award" of the amounts referred to in subparagraphs (a) and (b) above is computed by allowing interest at the maximum legal interest rate. The worth at the time of

award of the amount referred to in subparagraph (c) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

29. Notices. All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and to Tenant at 3409 Corsair Circle, Santa Maria, CA 93455. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

30. Contact Personnel. Tenant shall designate and furnish District with the names, telephone numbers and addresses of two employees of Tenant who have authority to provide access to the Premises by District's personnel for emergency purposes.

31. Attorneys' Fees. If either party brings any action or proceeding to interpret, enforce, protect, or establish any right or remedy under this lease, the prevailing party shall be entitled to recover reasonable attorney's fees, costs and expenses. In the event that, following the Tenant's breach of the Lease, the District commences an unlawful detainer action that is dismissed before entry of judgment, the cost incurred by the District, including but not limited to attorney's fees and service fees, shall be paid by Tenant on the next date rent is due.

32. Advances. In the event of Tenant's breach of any covenant or condition of this lease, District may, but shall not be obligated to at any time, with prior notice, cure such breach for the account and at the expense of Tenant, and in such event the amount thereof shall be immediately due and payable by Tenant to District upon demand in writing and shall bear interest at the maximum rate an individual is permitted by law to charge from the date such expenses were incurred until repaid in full. Notwithstanding the forgoing prior notice shall not be required in cases of emergency.

33. Signs. No sign, advertisement, notice or other lettering shall be inscribed, painted or affixed by Tenant on any part of the Leased Premises or on any portion of the Airport without the prior written consent of the District's General Manager or their designee. Any such sign, advertisement, notice or other lettering must be removed by Tenant at Tenant's expense before the end of the term of this lease, including repair of any damage in such removal. Any sign not removed at the end of the term shall be deemed abandoned and may be retained as property of the District or may be removed by District, in which case Tenant shall pay District the cost of removal thereof. All signs shall be kept in good repair and condition by Tenant. All signs must conform to the ordinances and regulations of the City of Santa Maria and approval of the District.

34. Parking. Tenant and its invitees shall have non-exclusive use of existing public parking areas, subject to any then-current parking rates or charges.

35. Vehicles. Any motor vehicles of Tenant permitted to operate on any aircraft movement area at the Airport shall be equipped with two-way radios capable of two-way communication with the control tower at the Airport.

36. Nuisance. Tenant shall not commit, or suffer or permit waste, excessive noise, excessive accelerations of air, obnoxious odors, excessive dust or any other nuisance on or adjacent to the Leased Premises or on the Airport constituting an unreasonable interference with other District tenants or persons using the Airport.

37. Assignment, Subletting and Encumbering. Tenant shall not assign, mortgage, encumber or grant control of this lease or any interest, right or privilege herein or sublet the whole or any portion of the Leased Premises or license or grant concessions for use of the Leased Premises or any part thereof, or transfer a controlling interest in Tenant without prior written consent of the District, such consent shall not be unreasonably withheld. Any such action taken without the District's prior written consent shall be voidable and, at the option of District, shall terminate this lease.

38. Fire Safety. Tenant shall furnish and keep adequate fire extinguishers in sufficient numbers and in convenient and accessible places upon the Premises; said fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Tenant receives an inspection notice or a deficiency or correction notice following an inspection by the City of Santa Maria Fire Department, Tenant agrees to make any and all corrections immediately in the manner required by the fire department, but in no event later than five (5) days after receipt of the notice.

39. General.

(a) Each term and each provision of this lease agreement, including, without limitation, the obligation to pay rent, performable by Tenant shall be construed to be both a covenant and a condition. Time is of the essence of each term, condition and provision of this lease agreement.

(b) One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by Tenant requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent similar act by Tenant. No act or thing done by District or District's employees or agents shall be deemed an acceptance or a surrender of the Leased Premises, and no agreement to accept such surrender shall be valid unless in writing signed by District. Delivery of keys to any agent or employee of District shall not operate as a termination of this lease or a surrender of the Leased Premises.

(c) This lease and Tenant's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights of way, and encumbrances affecting the Leased Premises now of record or hereafter granted, caused or suffered by District.

(d) Captions appearing herein are for convenience of reference only and shall not govern the construction of this lease. All Exhibits attached hereto are incorporated herein and made a part hereof.

(e) This lease contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this lease.

(f) No provision of this lease shall be deemed to have been waived by District unless such waiver be in writing signed by District.

(g) This lease is made subject to any approval or consent of the Federal Aviation Administration which may be required.

40. Entry By District. District reserves the right to enter the Premises at any reasonable time, with notice, to make inspections or repairs, and at any time without notice in case of an emergency.

41. Interpretation and Venue. This lease is entered into and is to be performed in the County of Santa Barbara. This lease is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this lease shall be brought in the California Superior Court of appropriate jurisdiction in the County of Santa Barbara, State of California.

42. Severability. If any term or provision of this lease, other than the obligation of Tenant to pay rent, shall be held by a court of competent jurisdiction to be invalid, the remainder of this lease shall continue in full force and effect and shall in no way be affected or invalidated thereby.

43. Integration. This lease, together with the exhibits and documents incorporated herein by reference, constitutes the entire agreement between the parties. Any modification or amendment hereto shall be in writing, signed by the parties.

44. Holding Over. If Tenant shall hold over the Premises after the expiration of the term hereof with the consent of District, either expressed or implied, such holding over shall be construed to be only a tenancy from month-to-month, subject to all the covenants, conditions and obligations contained in this lease, including the obligation to pay rent monthly in advance, in an amount equal to the current rent or the rent as determined by the District's most recent approved rates and charges for commercial hangar and office space whichever is higher.

45. Quitclaim. At the expiration or earlier termination of this lease, Tenant shall execute, acknowledge and deliver to District within thirty (30) days after written demand from District to Tenant any quitclaim deed or other document required by any reputable title company to remove the cloud of this lease from the real property subject to this lease.

46. Tenant's Authority. Tenant shall furnish to District a copy of its Articles of Incorporation as a California corporation and a current listing of its officers, directors and agent for service of process filed with the California Secretary of State. At all terms during the Term of this Lease, Tenant shall remain a California corporation in good standing. Two authorized corporate officers shall sign this Lease on behalf of Tenant,

unless Tenant supplies a duly-adopted corporate resolution evidencing different authority to bind the corporation.

IN WITNESS WHEREOF, the Parties have duly executed this Lease.

DATED: _____, 2026

Approved as to content
for District:

General Manager

SANTA MARIA PUBLIC AIRPORT DISTRICT

By _____
Steve Brown, President

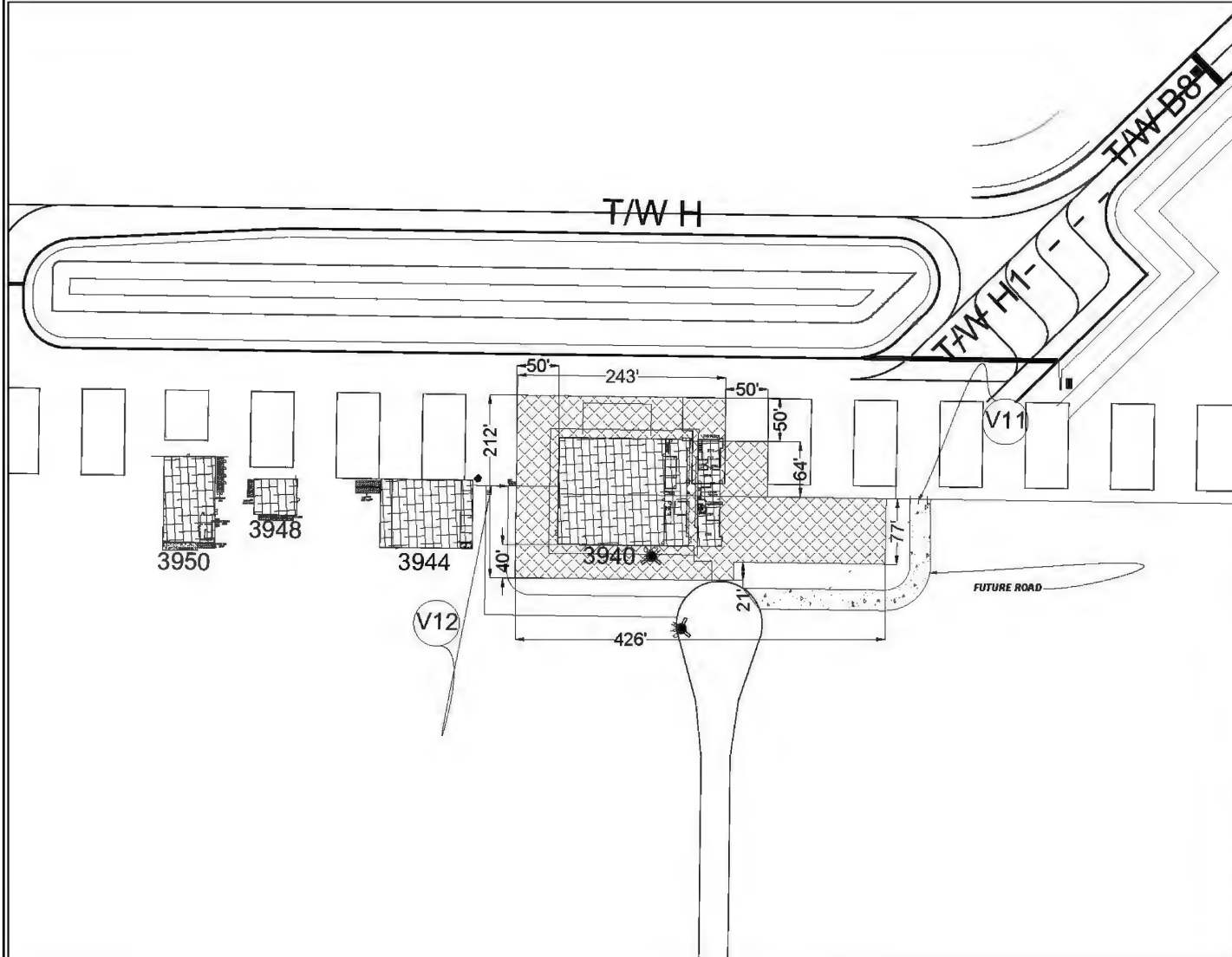
Approved as to form
for District:

District Counsel

By _____
Tony Guy, Secretary

ENGLISH AIR SERVICE, LLC

By _____
Tracy English, CEO





3217 TERMINAL DR. SANTA MARIA, CA 93455 (805) 922-1726	
	18,828 SQFT
	50,064 SQFT
3940 MITCHELL RD.	
DRAWN BY: RAY HEATH:	
REVISIONS	
DATE	BY:
12/10/25	RM
04/08/26	RT
DRAWING	
3940 MITCHELL RD.	
1 OF 1	

EXHIBIT "A" - 3940 Mitchell Road

EXHIBIT "B" - IMPROVEMENTS TO BE MADE BY TENANT



Per the terms and discussions surrounding the lease agreement for the English Air Service, LLC hangar facility located at 3940 Mitchell Road, Santa Maria, CA 93455, we would like to formally outline the requested renovations and facility improvements necessary to support ongoing operations and bring the property to the required operational and safety standards.

The requested renovations include the following:

- Asphalt and restriping of the parking lot
- Installation of a new 40-year TPO roofing system
- Replacement and installation of new gutters and downspouts
- Building insulation upgrades
- Replacement of all doors
- Replacement of all windows
- New flooring and carpet throughout applicable areas
- Interior and exterior painting
- Drywall repair and replacement as needed
- New countertops and tile work
- Bathroom renovations and upgrades
- Repair and replacement of exterior wood trim and siding
- Installation and/or replacement of heating, HVAC, and air conditioning systems
- Complete rewiring and electrical upgrades as needed
- Demolition of approximately 120 feet of existing door concrete
- Concrete repair with installation of new door guides
- Straightening and repair of existing bent hangar doors
- Installation of new TSA-required security fencing

These improvements are important to ensure the facility meets operational, safety, security, and maintenance requirements necessary for aviation use and continued tenancy.

Please review the above items and advise on the anticipated schedule, coordination process, and any additional information required from our team to move forward.

We appreciate your attention to these matters and look forward to working together toward the successful improvement of the facility.

3409 Corsair Circle
Santa Maria, CA 93455

Office: (805) 937 - 9652
Fax: (805) 287 - 9942

EXHIBIT “C”

Hazardous Materials Definitions

A. HAZARDOUS MATERIAL

Hazardous Material means any substance:

(I) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

(ii) which is or becomes defined as a “**hazardous waste**”, “**hazardous substance**”, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

(iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

(iv) the presence of which on the Premises or the Airport causes or threatens to cause a nuisance upon the Premises or the Airport or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises or Airport; or

(v) the presence of which on adjacent properties could constitute a trespass by; or

(vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons;
or

(vii) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or

(viii) without limitation radon gas.

B. ENVIRONMENTAL REQUIREMENTS

Environmental Requirements means all applicable present and future statutes, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of “**Hazardous Materials**”, chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or

land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

2. All requirements pertaining to the protection of the health and safety of employees or the public.

C. ENVIRONMENTAL DAMAGES

Environmental Damages means all claims, judgments, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs, and expenses of investigation and defense of any claims, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time caused by "**Hazardous Materials**" upon, about, beneath the Premises or Airport or migrating or threatening to migrate from the Premises or the Airport, or the existence of a violation of "**Environmental Requirements**" pertaining to the Premises or the Airport as the result of "**Tenant's**" use or occupancy of the Premises or the Airport or as the result of any of "**Tenant's**" (or "**Tenant's**" agents, employees, invitees or officers') actions or omissions, regardless of whether the existence of such "**Hazardous Materials**" or the violation of "**Environmental Requirements**" arose prior to the present ownership or operation of the Premises, and including without limitation:

(vi) Damages for personal injury, or injury to property or natural resources occurring upon or off of the Premises or the Airport, (foreseeable or unforeseeable), including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

(vii) Fees incurred for the services of attorneys, consultants, "**Tenant's**", experts, laboratories and all other costs incurred in connection with the investigation or remediation of such "**Hazardous Materials**" or violation of "**Environmental Requirements**" including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, and including without limitation any attorney's fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder; and

(viii) Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph 2 herein;

(ix) Diminution in the value of the Premises or the Airport, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Premises or the Airport.

EXHIBIT "D" - FAA RIDER

Rider to Lease Agreement dated June 1, 2026 (herein called "this lease") between SANTA MARIA PUBLIC AIRPORT DISTRICT (herein called "District") and joint tenants ENGLISH AIR SERVICE, INC., a California corporation (herein called "Tenant") covering use of 3940 Mitchell Road, (herein called the "leased premises") at Santa Maria Public Airport (herein called the "Airport").

LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION

1. Lessee, for themselves, their heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased property described in this lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. Lessee for themselves, their personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the leased property and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that Lessee shall use the leased property in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. That in the event of breach of any of the above nondiscrimination covenants, District shall have the right to terminate this lease and to reenter and repossess the leased property and the facilities thereon and hold the same as if this lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED THAT Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Noncompliance with Provision 4 above shall constitute a material breach thereof and in the event of such noncompliance District shall have the right to terminate this lease and the estate hereby created without liability therefor or at the election of the District or the United

States either or both said governments shall have the right to judicially enforce Provision 4 above.

6. Lessee agrees that it shall insert the above five provisions in any lease agreement, contract, license, permit or other instrument by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the leased property.

7. Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participation in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Lessee assures that it will require that its covered sub organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

8. District reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance.

9. District reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Lessee in this regard.

10. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between District and the United States relative to the development, operation or maintenance of the Airport.

11. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased property, or in the event of any planned modification or alterations of any present or future building or structure situated on the leased property.

12. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

13. There is hereby reserved to District, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased property. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Airport.

(Continued on Next Page)

14. Lessee by accepting this lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the leased property above the mean sea level elevation of 300 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased property and to remove the offending structure of object and cut the offending tree, all of which shall be at the expense of Lessee.

15. Lessee by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased property in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, District reserves the right to enter upon the leased property and cause the abatement of such interference at the expense of Lessee.

16. This lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

**SANTA MARIA PUBLIC AIRPORT DISTRICT BOARD OF DIRECTORS
HANGAR LEASE ELIGIBILITY AND USE POLICY**

1. Eligibility. To be eligible for an aircraft storage hangar, a potential tenant must provide one of the following documents at the time of application:

- a. Individual Ownership: Federal Aviation Administration (FAA) Certificate of Aircraft Registration with the aircraft owner's name listed, or:
- b. Co-ownership/Partnership: FAA Certificate of Aircraft Registration with co-owners/partners names listed. All members of any co-ownership shall also be listed as such in the hangar lease agreement, or:
- c. **LLC's & Corporations: The name on the Hangar Rental Agreement must match the name on the FAA aircraft registration and the Certificate of Insurance. If the aircraft is registered with LLC, the lease must be in LLC's name. Additional documentation required:**
 - i. **LLC:**
 1. **Articles of organization or articles of incorporation.**
 2. **Document listing authorized signer(s) for the entity and members.**
 - ii. **Corporation:**
 1. **Two (2) officers must sign the Agreement. The first signature must be the chairperson of the board, president, or any vice president, and the second signature must be the secretary, assistant secretary, chief financial officer or any assistant treasurer.**
- d. Flying Club or Corporate Ownership: FAA Certificate of Aircraft Registration with the Flying Club or Corporate name listed, and a current membership roster submitted to the Airport annually, or:
- e. Leased Aircraft: FAA Certificate of Aircraft Registration with the rightful owner listed and a copy of the lease demonstrating exclusive possession by the lessee from the lessor. The lease shall be submitted for review to the General Manager, Finance and Administration or designee and approved prior to occupancy. Aircraft leased or transferred from one individual to another with the intent to gain occupancy of a District owned hangar will be considered a sublease and is not permitted under the Hangar Lease Eligibility & Use Policy, or:
- f. **Managed Aircraft: Requires proof of exclusive use or management agreement of an airworthy aircraft and insurance coverage for pilot or aircraft manager.**
- g. A copy of an Aircraft Bill of Sale and an application for Aircraft Registration that has been submitted to the FAA, **purchase receipt, or a lease agreement** will satisfy this requirement for a period of ninety (90) days or until the official FAA Aircraft Registration is received.
- h. Show proof that the potential tenant intends to construct an aircraft. District requires a build

plan for the project. Applicant can submit a plan that is mutually agreed upon by the District or applicant can agree to the Homebuilt Aircraft Progress Goals Clause. The plan will be added as an exhibit to the lease. District will inspect the progress of completion on a yearly basis.

- a. Homebuilt Aircraft are not eligible for the Corporate or Corporate T waitlist until the build is completed.

2. Use Policy. Applicant agrees to the stipulations that the potential tenant:

- a. Will not store any flammable fluids, welding, spray painting or flame producing equipment inside the hangar, except in accordance with current Santa Maria Fire Department fire safety regulations, and;
- b. Will permit no activity within the premises involving fuel transfer, welding, torch cutting, torch soldering, doping (except with nonflammable dope), or spray painting, and;
- c. Will perform no maintenance, nor cause to have performed, any maintenance on aircraft while it is stored within the hangar beyond the “preventive maintenance” described in FAR Part 43, Appendix A, except “major repairs or major alterations” of an aircraft under the direct supervision of a mechanic, properly and appropriately certificated by the Federal Aviation Administration and in compliance with Santa Maria Fire Department fire safety regulations and having a fixed place of business on the airport or holding a Commercial Use Permit from the District for aircraft maintenance services (per paragraph 16 of the Santa Maria Public Airport Rules and Regulations as amended through 6/24/04). This restriction does not relieve the operator, or pilot in command, of the requirement to ensure the airworthiness of the aircraft as required by appropriate Federal Aviation Regulations, and;
- d. Will not use the premises for construction of an aircraft, except in strict compliance with the applicable provisions of FAR Part 21 and the direction of the type certificate holder and under the supervision of a Designated Airworthiness Representative of the FAA, and;
- e. Will store only such additional material within the hangar as may be necessary for the proper maintenance and care of the aircraft, and, after written notice, will immediately remove any material judged by District’s General Manager to be inappropriate or hazardous, and;
- f. Will allow automobiles to be parked within the hangar temporarily, and then only while the aircraft is out of the hangar, and;
- g. Will not install any lock, except the one provided by the District, and;
- h. Will maintain each aircraft stored in a hangar in operating and airworthy condition, except active restoration by Tenant of his or her aircraft or building of a “homebuilt” type aircraft which is subject to periodic inspection. Inspection is to ensure demonstratable progress toward completion is being made and to ensure the hangar is not being used to merely store aircraft parts. Supervision by a mechanic as described in paragraph 1, subparagraph e (3) or e (4) is required, and;
- i. Will not have been previously evicted from any premises on the airport. If such eviction has occurred Tenant may appeal to the Board of Directors and be allowed on the waitlist upon a

four-fifths favorable vote of the Board. Tenant must also reimburse District for all legal fees incurred due to the previous eviction prior to entering into a new lease or taking possession of the premises. This provision shall also apply to any applicant that is affiliated with any previously evicted tenant including, but not limited to, an Applicant that is or was an owner, officer, partner, shareholder, member, manager of a previous tenant, and;

- j. Will not conduct a commercial activity on the premises. The District has hangars that have been specifically established for commercial activity. Please contact District to determine which premises are currently available for commercial use.

3. Retention of Hangar. To be eligible to retain a hangar currently under lease:

- a. A potential tenant must continue to meet the requirements of 2 (a) through 2 (j). A tenant, who is not in default under his or her lease, shall not be evicted to make the hangar available for a larger aircraft.
- b. A tenant, who sells an aircraft which qualifies him for a hangar space lease, has ninety (90) days to replace that aircraft in order to retain the lease. At the end of ninety (90) days, if the aircraft has not been replaced, the District will give thirty (30) days' written notice to vacate, as provided in paragraph 3 of the lease.
- c. The sublease of a hangar unit is specifically prohibited, except when authorized by the General Manager or their designee pursuant to a hangar space sublease. General Manager or designee may make such authorization on a case-by-case basis, upon written request. In no case shall a sublease exceed six consecutive months.

4. Waiting Lists: Apply via email to airport@santamariaairport.com or at District's office (if no vacant hangars are available) for placement on the Hangar Waiting List. All applications will be subject to a Hangar Waitlist Application Fee.

- a. Hangar Waitlist Application Fee is set by the Santa Maria Public Airport District's Board of Directors Annually. Please see the [rates and charges](#).
- b. Separate waiting lists will be maintained for applicants for T-hangars and Corporate hangars.
- c. As a hangar becomes available, the Applicant who has been on the list the longest, and who has selected the hangar type (as discussed below) will be contacted and offered the hangar. Upon the second refusal or failure to respond, applicant will be removed from the waiting list. After removal, individual must wait 6 months before filling out a new application. The Lease will commence no later than 30 days following the availability of the hangar. Upon the commencement of the lease, a security deposit of an amount equal to first month's rent and the first month's rent will be due.

5. General. The District reserves the right to establish, from time to time, rules and regulations that will apply to hangar tenants in their use of the leased premises and in their use of the rest of the airport facilities. The District agrees to give three-(3) weeks' advance written notice to tenants and hold a public hearing, prior to adopting such rules and regulations. Tenant agrees to comply with such rules and regulations.

SANTA MARIA PUBLIC AIRPORT DISTRICT HANGAR WAITING LIST RULES

Applicants will be added to the Hangar Waiting List on a first-come, first-served basis. Applicants will be added to the list only after signing a copy of the Hangar Waiting List Rules and indicating the desired hangar from the "List of District Hangars". **All applications will be subject to a hangar waitlist application fee as set forth in the rates and charges set by the Santa Maria Public Airport District Board of Directors. It is the responsibility of the applicant to keep this information current with Airport Administration.**

- To prove eligibility for a hangar, an aircraft owner must provide one of the following documents at the time of application:
 - Individual Ownership: Federal Aviation Administration (FAA) Certificate of Aircraft Registration with the aircraft owner's name listed, or:
 - Co-ownership/Partnership: FAA Certificate of Aircraft Registration with co-owners/partners names listed. All members of any co-ownership shall also be listed as such in the hangar lease agreement, or:
 - LLC's & Corporations: The name on the Hangar Rental Agreement **must match** the name on the FAA aircraft registration and the Certificate of Insurance. If the aircraft is registered with LLC, the lease must be in LLC's name. Additional documentation required:
 - LLC:
 - Articles of organization or articles of incorporation.
 - Document listing authorized signer(s) for the entity and members.
 - Corporation:
 - Two (2) officers must sign the Agreement. The first signature must be the chairperson of the board, president, or any vice president, and the second signature must be the secretary, assistant secretary, chief financial officer or any assistant treasurer.
 - Flying Club or Corporate Ownership: FAA Certificate of Aircraft Registration with the Flying Club or Corporate name listed, and a current membership roster submitted to the Airport annually, or:
 - Leased Aircraft: FAA Certificate of Aircraft Registration with the rightful owner listed and a copy of the lease demonstrating exclusive possession by the lessee from the lessor. The lease shall be submitted for review to the General Manager, Finance and Administration or designee and approved prior to occupancy. Aircraft leased or transferred from one individual to another with the intent to gain occupancy of a District owned hangar will be considered a sublease and is not permitted under the Hangar Lease Eligibility and Use Policy, or:

- **Managed Aircraft: Requires proof of exclusive use or management agreement of an airworthy aircraft and insurance coverage for pilot or aircraft manager.**
- A copy of an Aircraft Bill of Sale and an application for Aircraft Registration that has been submitted to the FAA, **purchase receipt, or a lease agreement** will satisfy this requirement for a period of ninety (90) days or until the official FAA Aircraft Registration is received.
- Show proof that the potential tenant intends to construct an aircraft. District requires a build plan for the project. Applicant can submit a plan that is mutually agreed upon by the District or applicant can agree to the Homebuilt Aircraft Progress Goals Clause. The plan will be added as an exhibit to the lease. District will inspect the progress of completion on a yearly basis.
 - Homebuilt Aircraft are not eligible for the Corporate or Corporate T waitlist until build is completed.
- Position on the waiting list will be determined by the date and time of the request.
- Separate waiting lists will be maintained for the T, Corporate T, and Corporate, Hangars.
 - Aircraft must be airworthy to be eligible for all Corporate type hangars.
- Current tenants who wish to lease additional hangars must be in good financial standing with the District before signing a new lease.
- When a hangar becomes available, the Airport Administration will notify the individual at the top of the appropriate waiting list. Offers shall be made chronologically (oldest to newest). The Lease will commence no later than 30 days following the availability of the hangar. Upon the commencement of the lease, a security deposit of an amount equal to the first month's rent and first month's rent will be due.
- Applicant must respond to the offer made within three (3) business days. A "pass" response or failure to respond in three (3) business days will be considered a decline.
- Airport Administration will attempt to contact individuals on the list by two different means. Each applicant is permitted one (1) refusal or pass-over. Upon the second refusal or failure to respond, applicant will be removed from the waiting list. *After removal, individual must wait 6 months before filling out a new application.*

Hangar occupancy is dependent on the applicant's ability to meet all conditions specified in the Santa Maria Public Airport District Hangar Lease Eligibility and Use Policy and the Hangar Space Lease Agreement and does not guarantee a lease commitment.

Any Applicant previously evicted from District property is not eligible to be placed upon the waitlist. Applicant can appeal this decision and be placed on the waitlist if the Board of Directors approves the request by a four-fifth favorable vote of the Board. All legal fees associated with the

previous eviction must be reimbursed to the District prior to being placed on the waitlist. This provision shall also apply to any applicant that is affiliated with any previously evicted tenant including, but not limited to, an Applicant that is or was an owner, officer, partner, shareholder, member, manager of a previous tenant.

Hangar swaps will be evaluated on a case-by-case basis by incorporating the hangar waiting list as priority. If a tenant wishes to obtain a different hangar, he/she may establish a position on the waitlist. Tenant will not be eligible to obtain a different hangar within the first three months of the start of a new lease.

The attached form is a listing and description of the hangars owned by the Santa Maria Public Airport District. The Applicant will only be assigned a hangar, which has been previously selected on the List of District Hangars form by the Applicant. An Applicant must select at least one size/type of hangar but may select any and all available hangars. Forms may **only** be modified by the Applicant at any time **prior** to the offer of a hangar. Any additional hangars selected will be added to bottom of waitlist **and an additional waitlist application fee will be applied.**

The Applicant, by signing this document, certifies receipt of an agreement with these rules.

I, the applicant, agree to pay first month's rent of the assigned hangar I have selected on the attached form, and an additional security deposit upon commencement of the lease.

A written decline to accept the hangar is required which will begin the forfeiture process as described. However, should the applicant fail to provide a written decline, Airport Administration can write in the file the date and time of the verbal decline.

I acknowledge receipt of the Santa Maria Public Airport District's Hangar Lease Eligibility and Use Policy.

I authorize the Santa Maria Public Airport District to prepare the necessary Hangar Space Lease Agreement when a hangar, which I have selected, becomes available.

Name

Date

Signature

May 14, 2026



TO:

President and
Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, CA 93455

FROM:

Mike Flores
Manager of Finance and Administration

MEETING:

May 14, 2026

ITEM

Presentation of the Fiscal Year 2026–27 Proposed Budget and Budget-in-Brief

BACKGROUND

The Santa Maria Public Airport District (“District”) prepares and adopts an annual budget before the beginning of each fiscal year. The annual budget serves as the District’s financial plan, operating guide, policy document, and communication tool for the Board of Directors, airport tenants and users, residents, funding partners, and the public.

The Fiscal Year (“FY”) 2026–27 Proposed Budget has been prepared in accordance with the District’s adopted financial policies and is designed to support the District’s mission to provide a safe, friendly, attractive, and economically sound airport through integrity and efficiency. The budget also represents the District’s first formal budget document prepared for submission to the Government Finance Officers Association Distinguished Budget Presentation Award Program.

In addition to the full Proposed Budget Book, staff has prepared a FY 2026–27 Budget-in-Brief. The Budget-in-Brief is a public-facing summary intended to clearly communicate the major elements of the proposed budget, including revenues, expenditures, reserves, capital investment, staffing, major initiatives, and long-range financial outlook.



DISCUSSION

The FY 2026–27 Proposed Budget projects total operating revenues of \$6,702,338.85 and total operating expenditures of \$8,175,808.32, resulting in a projected operating loss of \$1,473,469.47. While operating expenditures continue to exceed operating revenues, the operating gap improves significantly from the FY 2025–26 estimated operating loss of approximately \$4.28 million.

The Proposed Budget includes \$2,708,998.61 in non-operating revenues, primarily consisting of property tax allocations, investment earnings, and Passenger Facility Charge revenue. These recurring non-operating revenues provide essential support to the airport and help maintain service levels, safety obligations, and infrastructure investment.

The budget also includes \$3,099,190.05 in capital expenditures for airport infrastructure improvements, including runway, taxiway, hangar taxilane, and facility-related capital improvement activity aligned with the Airport Capital Improvement Plan.

Projected ending reserves for FY 2026–27 are \$2,142,049.60, equal to 26% of operating expenditures. This places the District within its adopted reserve policy range of 20% to 35%. FY 2025–26 estimated reserves were projected at 42%, above the policy maximum, largely reflecting timing of one-time grant reimbursement and capital activity. The FY 2026–27 proposed reserve level normalizes reserves back into the adopted policy range.

The Proposed Budget adds one new authorized position, a Business Development Manager, increasing total authorized positions from 12 to 13. The new position is intended to strengthen tenant relationships, business attraction, air service support, aviation-compatible land use, and lease revenue development..

MAJOR BUDGET PRIORITIES

The FY 2026–27 Proposed Budget is organized around five major strategic priorities:

- **Air Service Development** — Maintaining airline-ready facilities, supporting commercial service partnerships, and monitoring passenger and market opportunities.
- **Economic Development** — Strengthening tenant retention, aviation-compatible land use, business attraction, and lease revenue development, including the addition of the Business Development Manager position.
- **Safety and Security** — Funding Aircraft Rescue and Firefighting services, security services, airfield maintenance, regulatory compliance, and pavement preservation.
- **Infrastructure Stewardship** — Advancing runway, taxiway, hangar taxilane, and airport facility capital improvement projects.
- **Stronger Financial Foundations** — Monitoring structural balance, reserve policy compliance, recurring revenues and expenses, and long-range financial sustainability.

FINANCIAL IMPACT

Presentation of the FY 2026–27 Proposed Budget and Budget-in-Brief has no immediate financial impact. The item is intended to present the proposed financial plan for Board review, discussion, and direction prior to final adoption.

Key FY 2026–27 Proposed Budget figures include:

- Operating Revenue: \$6,702,338.85
- Operating Expenditures: \$8,175,808.32



- Operating Income / Loss: (\$1,473,469.47)
- Non-Operating Revenue: \$2,708,998.61
- Capital Expenditures: \$3,099,190.05
- Projected Ending Reserve / Cash: \$2,142,049.60
- Reserves as a Percentage of Operating Expenditures: 26%
- Authorized Positions: 13 FTE

ANALYSIS

The FY 2026–27 Proposed Budget reflects continued progress toward transparent, long-range financial planning. The budget clearly identifies the District’s operating gap, distinguishes recurring non-operating revenues from one-time and project-based revenues, and aligns capital expenditures with available resources and infrastructure priorities.

The improvement in the operating loss from approximately \$4.28 million in FY 2025–26 to approximately \$1.47 million in FY 2026–27 reflects stronger operating revenue assumptions and the normalization of expenditures following significant current-year activity.

The budget maintains reserves within the District’s adopted reserve policy range and continues investment in critical airport infrastructure. The long-range forecast shows reserves remaining within policy through FY 2030–31, with FY 2031–32 projected at 19%, slightly below the 20% minimum. This is presented as a planning signal rather than an immediate fiscal concern and will require continued monitoring through future budget cycles.

The Budget-in-Brief supports public transparency by presenting the major budget themes in an accessible format. It highlights where District resources come from, where they are spent, what changed from the prior year, the major initiatives funded in the budget, and the long-range reserve outlook.

Overall, the FY 2026–27 Proposed Budget supports continued airport operations, safety and security obligations, infrastructure stewardship, business development, and financial policy compliance while providing the Board and public with a clear financial roadmap for the coming fiscal year.

RECOMMENDATION

It is recommended that the Board of Directors receive the presentation of the FY 2026–27 Proposed Budget and Budget-in-Brief, provide direction to staff as appropriate, and direct staff to return with the final FY 2026–27 Budget for consideration and adoption at a subsequent publicly noticed Board meeting.

ATTACHMENTS

1. Fiscal Year 2026–27 Proposed Budget
2. Fiscal Year 2026–27 Budget-in-Brief



SANTA MARIA AIRPORT

SMX

FY 2026–27 Budget-in-Brief



\$6.70M

Operating Revenue

\$8.18M

Operating Expenditures

26%

Reserve Level

\$3.10M

Capital Investment

Airport Code: SMX | Santa Maria, California | SantaMariaAirport.com

The full FY 2026–27 Budget Book is available at SantaMariaAirport.com and at the District office.

About Santa Maria Public Airport District

The Santa Maria Public Airport District (SMPAD) is a California special district established in 1964. Located approximately three miles south of downtown Santa Maria, the airport serves as the primary commercial and general aviation gateway for the Five Cities, Santa Maria Valley, and Santa Barbara County region.

The District encompasses approximately 2,516 acres including the airfield, terminal, hangars, commercial tenants, and revenue-generating land. Two runways serve commercial, business, and general aviation users.

Mission: *To provide a safe, friendly, attractive and economically sound airport through integrity and efficiency.*



SkyWest Airlines commercial service at SMX

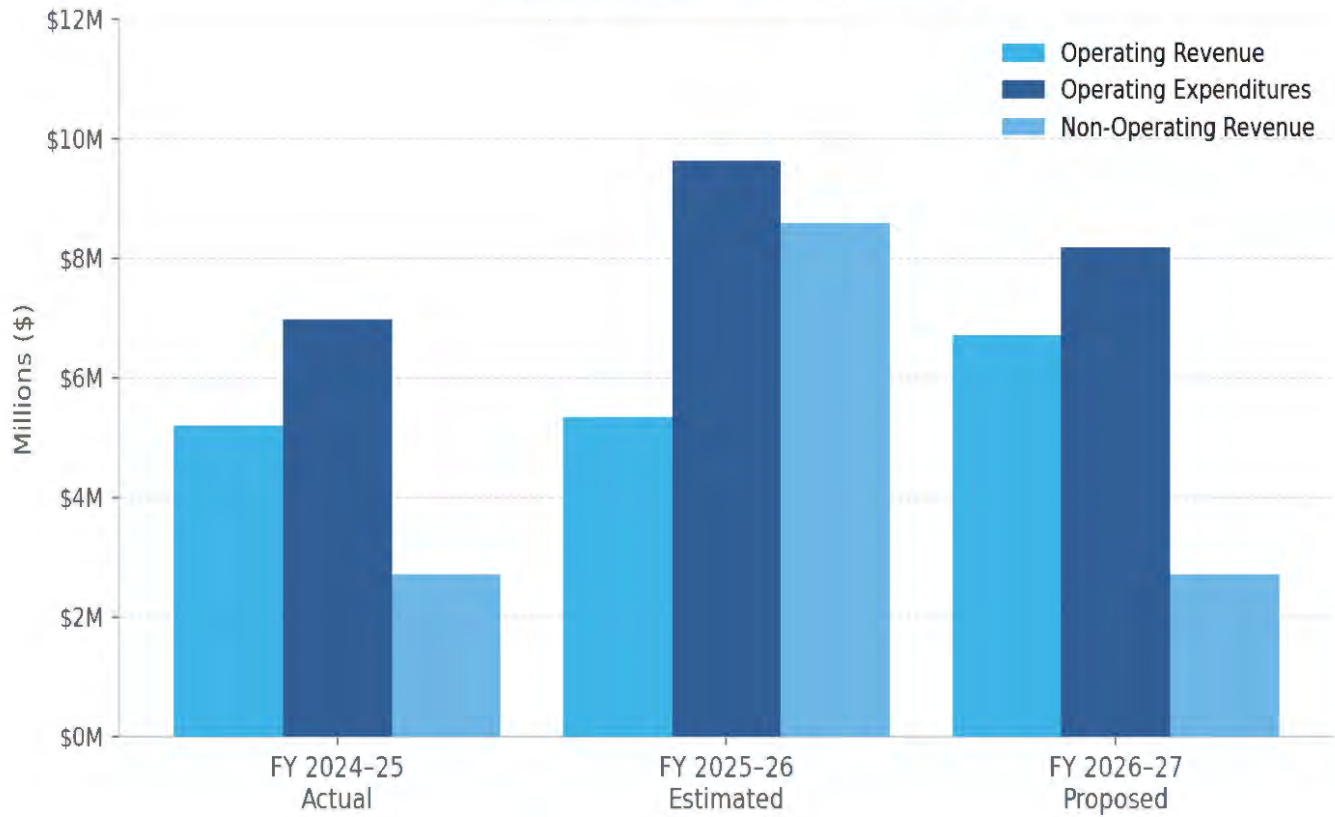
Airport Code	SMX
Elevation	261 ft MSL
Primary Runway	8,004 x 150 ft
Land Area	~2,516 acres
Based Aircraft	222+ GA aircraft
Annual Operations	30,358 (FY25)

FY 2026–27 Budget at a Glance

\$6,702,339 Total Operating Revenue	\$8,175,808 Total Expenditures	(\$1,473,469) Operating Loss	\$2,708,999 Non-Operating Revenue
\$3,099,190 Capital Expenditures	\$2,142,050 Projected Ending Reserve	26% Reserve % of Operations	13 Authorized Positions

The FY 2026–27 budget maintains reserves within the District's adopted 20% to 35% policy range while continuing major airport infrastructure investment and business development initiatives. The operating loss narrows significantly from the FY 2025–26 estimated actual, and non-operating revenues including tax revenues and investment earnings continue to support the airport enterprise.

Three-Year Financial Summary



Three-Year Financial Summary: Operating Revenue, Expenditures, and Non-Operating Revenue

What Changed from the Prior Year

Change	Budget Impact
Operating revenue grows to \$6.70M	Revenue increases supported by land, hangar, FBO/commercial aviation, landing/tiedown, and terminal activity.
Operating gap narrows significantly	Operating loss improves from an estimated (\$4.28M) in FY 2025–26 to (\$1.47M) in FY 2026–27.
Non-operating revenue normalizes	FY 2025–26 included large one-time AIP reimbursements. FY 2026–27 returns to recurring tax, investment, and PFC revenue.
Capital spending continues at \$3.10M	Capital program advances runway, taxiway, and hangar taxilane rehabilitation aligned with the Airport Capital Improvement Plan.
Reserves move into policy range	FY 2025–26 estimated reserves were 42% (above maximum); FY 2026–27 reserves are 26% (within the 20%-35% range).
One new position added	A Business Development Manager is added, bringing total authorized positions from 12 to 13.

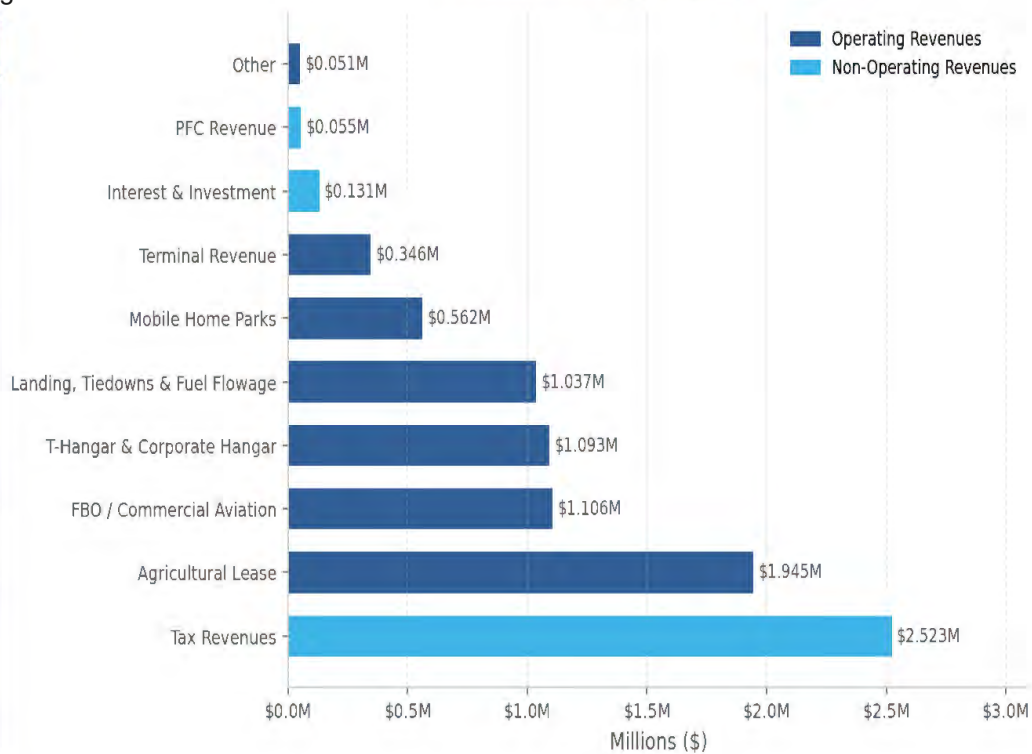
Where the Money Comes From

Total FY 2026–27 Revenues: \$9,411,338

Operating Revenue (\$6,702,339) comes from airport leases, aviation activity, and tenant services. Non-Operating Revenue (\$2,708,999) includes property tax allocations, investment earnings, and passenger facility charges.

Revenue Source	FY 2026–27
Agricultural Lease	\$1,944,995
Tax Revenues	\$2,522,849
T-Hangar & Corp. Hangar	\$1,093,130
FBO / Commercial Aviation	\$1,106,104
Landing, Tiedowns & Fuel	\$1,036,534
Mobile Home Parks	\$562,163
Terminal Revenue	\$345,896
Investment Earnings	\$131,000
PFC Revenue	\$55,150
Administrative / Other	\$51,036
TOTAL	\$9,411,338

FY 2026-27 Revenue by Category



Where the Money Goes

Operating expenditures total \$8,175,808. The Administrative/Districtwide category is the largest because it includes all centralized personnel costs, ARFF, insurance, pension, legal, security, software, consulting, conservation/easement settlement obligations, and other shared airport operating costs.

Expenditure Category	FY 2026–27 Amount	% of Budget
Conservation Easement / Settlement	\$1,325,000	16.9%
Salaries and Wages	\$1,212,339	14.8%
ARFF Services	\$1,022,790	12.5%
Employee Benefits / Retirement	\$765,969	9.4%
Maintenance, Supplies & Equipment	\$645,193	7.9%
Insurance	\$594,365	7.3%
Security Services	\$541,662	6.6%
Utilities and Communications	\$515,727	6.3%
Consulting, Legal & Professional	\$391,826	4.8%
Customs Facility	\$250,000	3.0%
Software & Technology	\$274,877	3.4%
Mobile Home Park Operations	\$242,422	3.0%
Other Admin / Operating	\$318,639	3.9%
Airfest	\$75,000	0.9%
TOTAL	\$8,175,808	100%

FY 2026–27 Major Initiatives

Air Service Development	Maintain airline-ready facilities, support commercial service partnerships, and monitor passenger and market opportunities.
Economic Development	Strengthen tenant retention, aviation-compatible land use, and lease revenue development. A new Business Development Manager position is added in FY 2026–27.
Safety and Security	Fund Aircraft Rescue and Firefighting (ARFF), airfield maintenance, security services, regulatory compliance, and pavement preservation activities.
Infrastructure Stewardship	Advance runway, taxiway, hangar taxilane, and airport facility capital improvement projects. \$3.10M in capital spending is budgeted, aligned with the FAA Airport Capital Improvement Plan.
Stronger Financial Foundations	Monitor structural balance, reserve policy compliance (20%-35%), and long-range sustainability. Reserves are projected at 26% in FY 2026–27 — within policy.

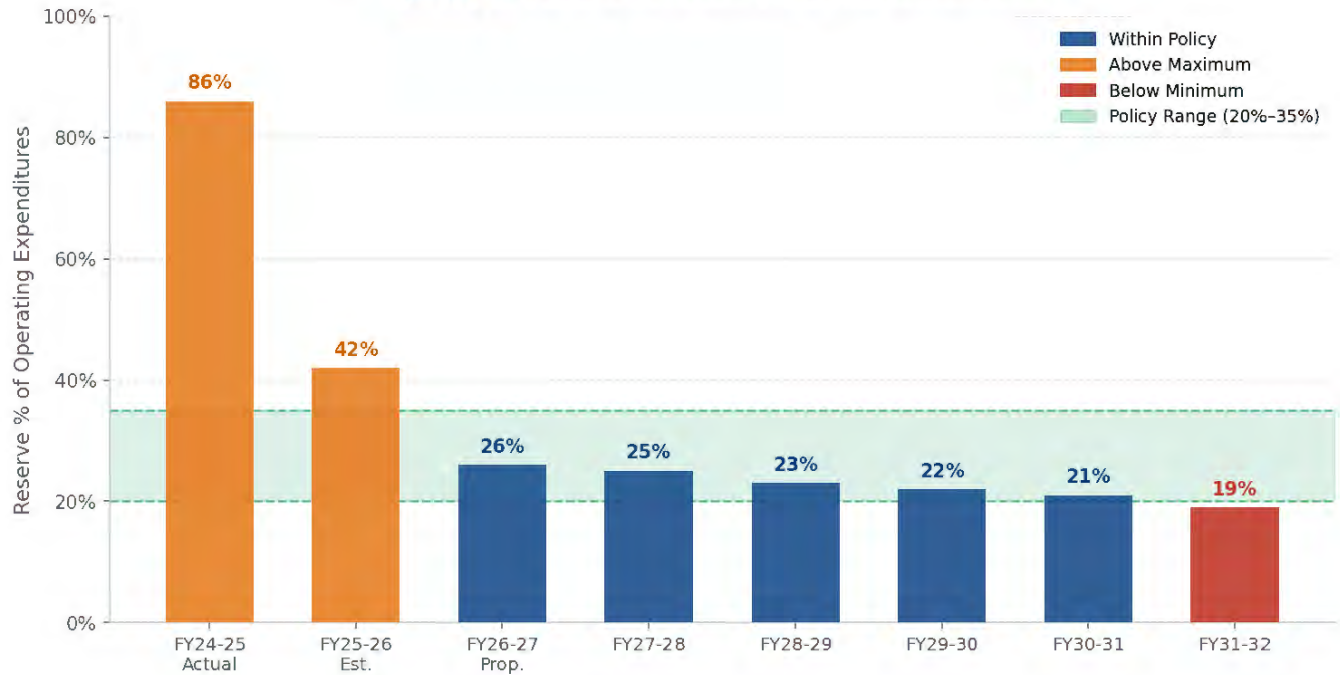
Aircraft ramp services at SMX



Long-Range Financial Outlook

The long-range financial plan extends through FY 2031–32. Reserves are projected within the District's 20%-35% policy range from FY 2026–27 through FY 2030–31. The FY 2031–32 forecast shows reserves at 19% — below the minimum — which is a forward-looking planning signal. The District will monitor operating results, capital timing, and reserve levels through each annual budget cycle.

Reserve Levels vs. Policy Range (20%-35%)



Reserve Levels vs. Policy Range (20% - 35%)

Fiscal Year	Reserve Amount	Reserve %	Policy Status
FY 2025–26 Estimated	\$4,005,711	42%	Above maximum (>35%)
FY 2026–27 Proposed	\$2,142,050	26%	✓ Within policy range
FY 2027–28	\$2,084,576	25%	✓ Within policy range
FY 2028–29	\$2,025,377	23%	✓ Within policy range
FY 2029–30	\$1,964,403	22%	✓ Within policy range
FY 2030–31	\$1,901,600	21%	✓ Within policy range
FY 2031–32	\$1,836,912	19%	⚠ Below minimum (<20%) — planning signal

Budget Process and Public Involvement

The District prepares and adopts an annual budget before the start of each fiscal year. Board meetings are publicly noticed and open to the public. The proposed and adopted budget documents are made available at the District office and on the District’s website.

Milestone	Typical Timing
Develop forecasts and budget assumptions	January–March
Review rates, fees, and major operating assumptions	March–April
Management review and draft budget preparation	April–May
Board budget review / workshop	May–June
Budget adoption at public meeting	June
Mid-year budget review and amendments as needed	January–February

Key Budget Facts

Capital Program	The FY 2026–27 budget includes \$3,099,190 in total capital expenditures for airport infrastructure and ACIP-aligned activity.
Debt Status	The District has no outstanding bonds, loans, or budgeted debt service in FY 2026–27.
Reserve Policy	The FY 2026–27 proposed reserve equals 26% of operating expenditures, within the adopted 20% to 35% policy range.
Structural Balance	Operating revenues alone do not fully cover operating expenditures. Recurring non-operating revenues — including property tax allocations and investment earnings — support the airport enterprise.

For more information, contact the Santa Maria Public Airport District

3217 Terminal Drive | Santa Maria, CA 93455 | (805) 922-1726 | SantaMariaAirport.com
The full FY 2026–27 Budget Book, is available at the District office and at SantaMariaAirport.com.



SANTA MARIA AIRPORT

SMX

Santa Maria Public Airport District FY 2026–27 Budget



Santa Maria Public Airport District | SMX | 3217 Terminal Drive, Santa Maria, CA 93455

Ph: 805.922.1726 | SantaMariaAirport.com

Adopted by the Board of Directors | Fiscal Year July 1, 2026 – June 30, 2027

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SANTA MARIA PUBLIC AIRPORT DISTRICT | 3217 TERMINAL DRIVE | SANTA MARIA, CA 93455 | 805.922.1726

May 14, 2026

President Brown and Members of the Board of Directors
Santa Maria Public Airport District
3217 Terminal Drive
Santa Maria, California 93455

Subject: Transmittal of the Proposed Fiscal Year 2026–27 Budget

Dear President Brown and Members of the Board:

We are pleased to present the Proposed Fiscal Year 2026–27 Budget for the Santa Maria Public Airport District. This budget serves as the District’s annual financial plan, policy document, operating guide, and communication tool for the fiscal year beginning July 1, 2026, and ending June 30, 2027.

The Proposed FY 2026–27 Budget reflects the District’s continued commitment to providing a safe, friendly, attractive, and economically sound airport through integrity and efficiency. It also reflects the District’s responsibility to manage public resources prudently while maintaining airport facilities, supporting aviation activity, investing in infrastructure, and advancing long-term financial sustainability.

Santa Maria Public Airport is an important international transportation and economic asset. The airport serves the Santa Maria region, Santa Barbara County, the Five Cities area, and the broader Central Coast. Through commercial passenger service, general aviation, business aviation, emergency response readiness, tourism, agricultural commerce, goods movement, tenant activity, and airport-compatible land use, the airport supports residents, businesses, visitors, and aviation users throughout the region.

The District also recognizes the importance of regional connectivity and international travel. Through its facilities, aviation services, tenants, customs-related activity, and business aviation operations, the airport helps connect the Central Coast to domestic and international markets. These services support business travel, agricultural producers, tourism, commercial activity, and the broader economic vitality of the region.

The FY 2026–27 Proposed Budget is organized around five core priorities:

1. Maintaining safe, reliable, and compliant airport operations;
2. Supporting commercial aviation, general aviation, business aviation, and regional economic development;
3. Investing in airport infrastructure through the capital improvement program;
4. Strengthening long-term revenue opportunities through tenant retention, lease development, and airport-compatible land use; and
5. Protecting the District’s financial position through prudent reserve management, ongoing budget monitoring, and long-range financial planning.

The proposed budget includes total operating revenues of approximately \$6.70 million and total operating expenditures of approximately \$8.18 million. Operating revenues alone do not fully cover operating expenditures. However, the District's financial plan includes recurring non-operating revenues, including property tax allocations, investment earnings, and passenger facility charge revenues, which help support the continued operation of the airport enterprise.

The operating gap remains an important financial issue for the District. While the proposed budget shows significant improvement from the prior-year estimated operating loss, the District will continue to monitor revenue performance, operating cost trends, contractual obligations, staffing levels, and opportunities to improve recurring revenues. This approach is intended to preserve service levels while maintaining transparency about the financial structure of the airport enterprise.

The proposed budget also includes approximately \$3.10 million in capital expenditures for airport infrastructure projects. These investments support runway, taxiway, hangar taxilane, pavement, and facility-related improvements that preserve the long-term safety, utility, and reliability of the airport. The capital program is aligned with the District's Airport Capital Improvement Plan and positions the District to pursue eligible federal and state funding opportunities, including FAA Airport Improvement Program funding where available.

Infrastructure stewardship remains one of the District's most important responsibilities. Airport assets require ongoing maintenance, rehabilitation, and renewal to support safe operations and avoid larger future costs. The FY 2026–27 capital program reflects a continued focus on preserving existing assets, maintaining regulatory readiness, supporting aviation users, and protecting the long-term value of District facilities.

Economic development is also a major focus of the FY 2026–27 Proposed Budget. The proposed addition of a Business Development Manager position is intended to strengthen tenant retention, lease revenue development, aviation-compatible land use, business outreach, and long-term revenue opportunities. This position supports the District's role as an economic engine for the Santa Maria Valley, Santa Barbara County, the Five Cities area, and the broader Central Coast.

The District continues to prioritize financial sustainability. The FY 2026–27 Proposed Budget projects ending reserves of approximately \$2.14 million, or 26% of operating expenditures. This level is within the District's adopted reserve policy range of 20% to 35% of operating expenditures. Maintaining reserves within policy is important to support operating stability, manage cash flow, respond to unforeseen events, and preserve flexibility for future capital and operating needs.

Long-range financial planning remains essential. Current forecasts indicate that reserve levels remain within policy in the near term, but future years will require continued attention to operating results, capital project timing, grant reimbursement timing, revenue development, and expenditure control. The District will continue to evaluate these factors through each annual budget cycle and will recommend adjustments as needed to maintain financial stability.

The FY 2026–27 budget process included management review of operating assumptions, revenue projections, staffing needs, capital priorities, reserve levels, and long-range financial trends. The proposed budget is presented for Board review and public consideration. Following Board direction, public discussion, and any approved modifications, the final adopted budget will be updated to reflect Board-approved changes.

We appreciate the Board’s leadership and continued commitment to the District’s mission. We also acknowledge the work of District staff, airport partners, tenants, aviation users, and community stakeholders whose efforts support the airport’s operations and long-term success. The Proposed FY 2026–27 Budget provides a responsible financial plan for the coming year while continuing to invest in the airport’s role as a regional transportation gateway, economic development asset, and connection point to domestic and international markets.

Respectfully submitted,

Martin Pehl
General Manager

Mike Flores
Manager of Finance and Administration

SECTION 1 BUDGET MESSAGE

FY 2026–27 Budget Message

The FY 2026–27 Budget for the Santa Maria Public Airport District is presented as a policy document, financial plan, operations guide, and communication tool. The budget supports the District's mission to provide a safe, friendly, attractive, and economically sound airport through integrity and efficiency.

The budget continues the District's focus on airport infrastructure preservation, air service and business development, safety and security, prudent reserve management, and transparent long-range financial planning. The District operates as an enterprise fund and relies on operating revenues, recurring non-operating revenues, passenger facility charges, capital grant reimbursements when available, and reserves to support airport operations and infrastructure renewal.



Santa Maria Public Airport Terminal — Gateway to the Central Coast

Budget at a Glance

Measure	FY 2025–26 Estimated Actual	FY 2026–27 Budget
Beginning Cash Balance	\$5,713,320.00	\$4,005,710.51
Operating Revenue	\$5,346,445.31	\$6,702,338.85
Operating Expenditures	\$9,626,661.69	\$8,175,808.32
Operating Income (Loss)	(\$4,280,216.39)	(\$1,473,469.47)
Non-Operating Revenue	\$8,590,451.65	\$2,708,998.61
Cash Available Before Capital	\$10,023,555.27	\$5,241,239.65
Less: Capital Expenditures	\$6,017,844.76	\$3,099,190.05
Projected Ending Reserve / Cash	\$4,005,710.51	\$2,142,049.60
Reserves as % of Operating Expenditures	42%	26%

Major Budget Issues and Responses

Issue	FY 2026–27 Budget Response
Operating revenues remain below operating expenditures	The budget discloses the operating gap and uses recurring non-operating revenues to support airport operations while monitoring the structural balance.
Current-year non-operating revenue normalizes after one-time activity	FY 2025–26 includes significant one-time and project-based resources. FY 2026–27 returns to a more recurring non-operating revenue base.
Capital infrastructure needs remain significant	The budget includes \$3,099,190.05 in total capital spending aligned with the Airport Capital Improvement Plan and Airport Master Plan.
Reserve levels normalize into the policy range	FY 2025–26 estimated reserves are above the policy maximum at 42%. FY 2026–27 reserves are 26%, within the 20%–35% policy range.
Business and air service development require focused capacity	The budget adds one Business Development Manager position to strengthen revenue development, tenant relationships, and air service support.

What Changed from FY 2025–26

Change	Explanation
Operating loss improves	The operating loss improves from an estimated \$(4.28) million to \$(1.47) million.

Change	Explanation
Non-operating revenue decreases	FY 2025–26 included significant AIP reimbursement and project-related activity. FY 2026–27 non-operating revenue is primarily tax revenues, interest earnings, and PFC revenue.
Capital spending continues at a lower level	Total capital spending decreases from an estimated \$6.02 million to \$3.10 million, while continuing infrastructure investment.
Reserves move into policy range	Estimated FY 2025–26 reserves were 42%, above the 35% maximum, related to one-time AIP grant funds. FY 2026–27 reserves are projected at 26%, within policy.
Staffing increases by one position	The budget adds one Business Development Manager, increasing authorized positions from 12 to 13.

Proposed-to-Adopted Changes

The FY 2026–27 Adopted Budget was approved without material changes from the Proposed Budget. The following table confirms that the major budget totals remained unchanged between the proposed and adopted versions.

Item	Proposed	Adopted	Change	Explanation
Operating Revenue	\$6,702,338.85	\$6,702,338.85	\$0	No material changes occurred
Operating Expenditures	\$8,175,808.32	\$8,175,808.32	\$0	No material changes occurred
Capital Expenditures	\$3,099,190.05	\$3,099,190.05	\$0	No material changes occurred
Projected Ending Reserve	\$2,142,049.60	\$2,142,049.60	\$0	No material changes occurred

SECTION 2 DISTRICT OVERVIEW & GOVERNANCE

District Overview and Governance

The Santa Maria Public Airport District (SMPAD) is a California special district established in 1964, dedicated to providing public airport facilities and services that support the Santa Maria region, the Five Cities area, and northern Santa Barbara County. The District's jurisdiction encompasses approximately 400 square miles, managing a vital regional asset that includes terminal facilities, hangars, and revenue-generating land. As the federally designated commercial service airport (SMX) for the Santa Maria Valley, the District serves as a critical transportation and economic link for the entire Central Coast.



Ramp operations at Santa Maria Public Airport — Commercial service in action

Airport and District Facts

Airport / District Fact	Detail
Mission	To provide a safe, friendly, attractive and economically sound airport through integrity and efficiency.
Airport Code (IATA)	SMX
Location	Approximately three miles south of downtown Santa Maria, California
Land Area	Approximately 2,516 acres
Elevation	261 feet above mean sea level
Primary Runway (12/30)	8,004 × 150 feet, paved and lighted
Secondary Runway (2/20)	5,199 × 75 feet, paved
Governance	Five-member elected Board of Directors; meetings are publicly noticed and open
Airport Role	Primary NPIAS airport supporting commercial air service, general aviation, business aviation, tenant activity, and regional economic development
District Established	1964 — California special district under the California Airport District Act, Public Utilities Code §22001 et seq
Service Area	Santa Maria Valley and surrounding Central Coast communities
General Aviation Aircraft	Over 222 based general aviation aircraft

Governance and Organization

The District is governed by a five-member Board of Directors elected by voters within the District boundaries. The Board provides policy direction, adopts the annual budget, and ensures public accountability. The General Manager is responsible for executive leadership and day-to-day implementation of Board policy.

Governing Body / Division	Function / Responsibility
Board of Directors	Policy direction, budget adoption, and public accountability. Five elected members serving staggered four-year terms.
General Manager	Executive leadership, strategic direction, and implementation of Board policy.
Finance & Administration	Budget, accounting, procurement, contracts, records, public information, and customer service.
Operations & Maintenance	Airfield operations, facility maintenance, safety support, tenant service, and regulatory compliance.
Business Development	Air service development, economic development, tenant outreach, and revenue development. (New in FY 2026–27)
Contracted / Partner Services	ARFF, legal counsel, engineering, external audit, security, law enforcement, and specialized support services.

Organization Chart



**SECTION 3
STRATEGIC PRIORITIES**

Strategic Priorities

Strategic priorities are informed by the District's mission, Board direction, airport operational requirements, audited financial results, FAA grant assurance obligations, the Airport Master Plan, tenant and community needs, and long-range capital infrastructure planning.

Strategic Priority	FY 2026–27 Strategies	Action Measures / Time Frame
Air Service Development	Maintain airline-ready facilities, support commercial service partnerships, and monitor passenger and market opportunities.	Quarterly airline/market outreach and terminal readiness review.
Economic Development	Strengthen tenant retention, aviation-compatible land use, and lease revenue development.	Annual tenant outreach plan; lease opportunity pipeline maintained.
Safety and Security	Fund ARFF, airfield maintenance, security, compliance, and pavement preservation.	Track ARFF continuity, airfield inspection findings, and security-related work items.
Infrastructure Stewardship	Advance runway, taxiway, hangar taxilane, and facility capital improvements aligned with the Airport Master Plan and ACIP.	Track CIP milestones, grant status, and budget-to-actual spending.
Stronger Financial Foundations	Maintain reserves, monitor recurring revenues and expenses, and separate one-time resources from recurring resources.	Monthly and Quarterly financial review; Annual long-range forecast update; reserve policy monitoring; Implementation of new enterprise resource planning (ERP) software

Connection to Budget

Each strategic priority is supported by specific budget allocations. The table below summarizes the primary budget resources aligned with each priority.

Strategic Priority	Primary Budget Alignment	FY 2026–27 Amount
Air Service Development	Terminal operations, airline marketing, and business development capacity	See Operating Budget
Economic Development	New Business Development Manager position; Business, land, and tenant management	\$1,212,339 (salaries and benefits)
Safety and Security	ARFF services, Law Enforcement, security services, airfield maintenance, and compliance activities	\$1,022,790 + \$541,662 = \$1,564,452
Infrastructure Stewardship	Capital Improvement Program — taxiway, hangar taxilane, and runway projects	\$3,099,190 (capital improvement projects)
Stronger Financial Foundations	Reserve management, financial reporting, auditing, and long-range planning	Reflected in reserve level: 26%

**SECTION 4
FUND STRUCTURE & BASIS OF BUDGETING**

Fund Structure and Basis of Budgeting

The District reports and budgets its activities as an enterprise fund. Enterprise fund accounting is appropriate because the District operates airport facilities and services in a manner similar to a business activity, with costs supported by user charges, leases, grants, taxes, and other resources.

The budget is prepared for planning, control, and evaluation purposes on an accrual-oriented enterprise basis. Depreciation is excluded from the annual operating budget for budgetary control because depreciation is a non-cash expense; capital outlay is budgeted separately as a use of resources.

Functional Unit / Program	Enterprise Operating Budget	Capital Program	Notes
Board / Executive	Yes	Oversight	Policy, governance, and executive direction
Finance & Administration	Yes	Support	Budget, accounting, procurement, and financial reporting
Operations & Maintenance	Yes	Implementation	Airfield, facilities, safety, and tenant support
Business Development	Yes	Support	Air service, tenant, and economic development (new FY 2026–27)
Capital Improvements	No	Yes	Runway, taxiway, hangar taxilane, and infrastructure renewal projects

Budget Basis vs. ACFR Basis

The annual budget is prepared on an enterprise/cash-flow basis for planning and control purposes. The Annual Comprehensive Financial Report (ACFR) is prepared on a full accrual basis of accounting in conformance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). Differences between the budget basis and ACFR basis are primarily attributable to depreciation, accrual-basis adjustments, and timing differences in grant reimbursements.

**SECTION 5
FINANCIAL POLICIES**

Financial Policies

The District maintains stringent financial policies to support transparency, accountability, internal control, and long-term sustainability. The budget complies with these policies by identifying recurring and one-time resources, presenting reserve levels, summarizing procurement controls, and disclosing debt status.

Policy	Summary and Budget Compliance
Structurally Balanced Budget Policy	Ongoing expenses should be supported by ongoing revenues. One-time or short-term revenues should fund one-time or short-term expenses. The policy recognizes the District's FAA self-sustainability obligation. The FY 2026–27 budget discloses the recurring operating gap and uses recurring non-operating revenues to support airport enterprise operations.
Reserve Policy	Reserve target is 20% to 35% of operating expenses. FY 2026–27 reserves are 26%, within policy. The FY 2031–32 forecast shows reserves at 19%, below the minimum — a planning signal requiring monitoring.
Investment Policy	Investment objectives are safety, liquidity, and yield, in that order. The District uses prudent investment controls, diversification, liquidity management, and periodic reporting to the Board.
Purchasing Policy	Purchases ≤\$5,000: no bidding required. \$5,001–\$50,000: informal quotes generally required. \$50,001–\$100,000: formal RFB/RFP process with General Manager approval. >\$100,000: Board approval required.
Debt Management Policy	Debt may be used for appropriate long-lived capital assets when affordable and legally permissible. Debt should not be used for ongoing operations. The District has no bonded debt or budgeted debt service in FY 2026–27.

Policy Compliance Statement

The FY 2026–27 budget is balanced on a cash-flow basis through the use of beginning cash, recurring non-operating revenues, and planned capital spending. **Operating revenues alone do not cover operating expenditures**; however, recurring non-operating revenues help support airport enterprise operations. Capital expenditures are funded from available cash reserves and grant reimbursement resources. The budget remains within the District's reserve policy for FY 2026–27, with projected reserves equal to 26% of operating expenditures.

FY 2025–26 estimated reserves are projected at 42% of operating expenditures — above the 35% maximum reserve target. This above-policy position reflects timing of one-time grant reimbursements from capital expenditures in FY 2024-25. In FY 2026–27, planned capital expenditures reduce reserves to 26%, within the adopted policy range. Consistent with the Reserve Policy, excess reserves are treated as one-time resources and prioritized for one-time capital and infrastructure needs.

**SECTION 6
FINANCIAL OVERVIEW**

Financial Overview

The financial overview summarizes current-year estimated actual results, the budget, and the long-range forecast through FY 2031–32. Operating revenues have improved over time, but operating expenditures continue to exceed operating revenues. The District uses recurring non-operating revenues and long-range planning to maintain service levels and infrastructure renewal.

Fiscal Year	Op. Revenue	Op. Expenditures	Op. Income/(Loss)	Non-Op. Revenue	Cash Avail. Before Capital	Capital Expend.	Ending Reserve	Reserve %
FY25-26 Est.	\$5,346,445	\$9,626,662	(\$4,280,216)	\$8,590,452	\$10,023,555	\$6,017,845	\$4,005,711	42%
FY26-27 Prop.	\$6,702,339	\$8,175,808	(\$1,473,469)	\$2,708,999	\$5,241,240	\$3,099,190	\$2,142,050	26%
FY27-28	\$6,903,409	\$8,421,083	(\$1,517,674)	\$2,790,269	\$3,414,645	\$1,330,069	\$2,084,576	25%
FY28-29	\$7,110,511	\$8,673,715	(\$1,563,204)	\$2,873,977	\$3,395,348	\$1,369,971	\$2,025,377	23%
FY29-30	\$7,323,827	\$8,933,927	(\$1,610,100)	\$2,960,196	\$3,375,473	\$1,411,070	\$1,964,403	22%
FY30-31	\$7,543,541	\$9,201,944	(\$1,658,403)	\$3,049,002	\$3,355,002	\$1,453,402	\$1,901,600	21%
FY31-32	\$7,769,848	\$9,478,003	(\$1,708,155)	\$3,140,472	\$3,333,917	\$1,497,004	\$1,836,912	19%

10-Year Operating Revenue vs. Expenditures

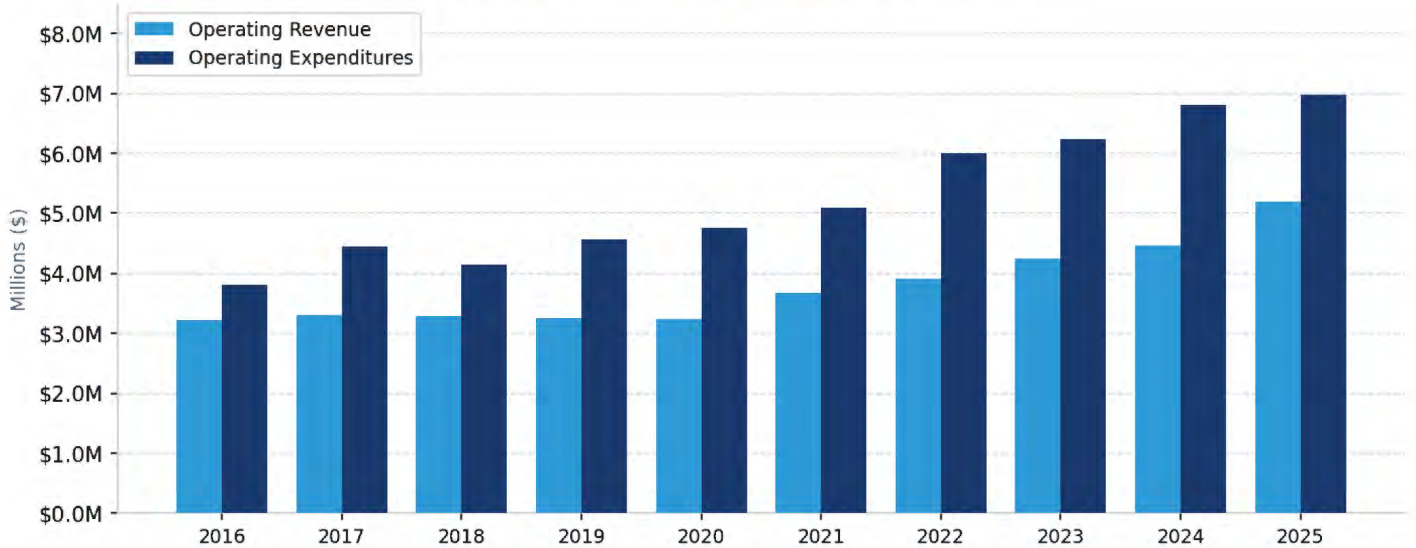


Figure 1: 10-Year Operating Revenue vs. Expenditures (FY 2016–FY 2025)

Reserve Level Forecast vs. Policy Range (20%–35%)

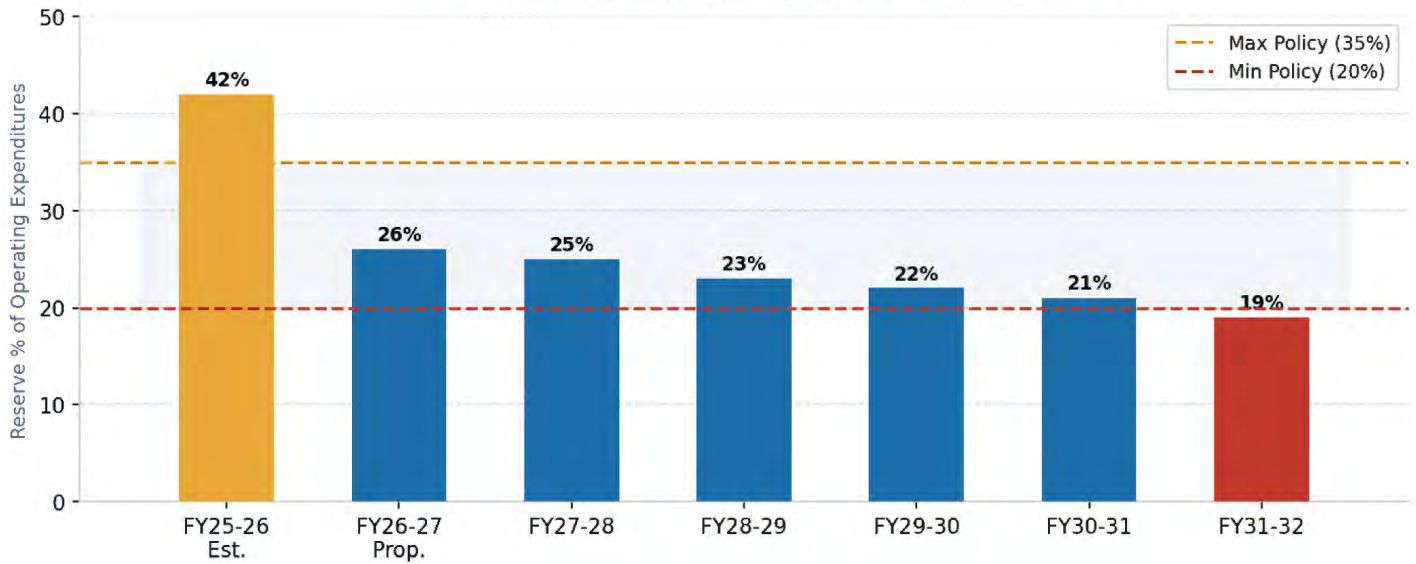


Figure 2: Reserve Level Forecast vs. Policy Range (FY 2025–26 through FY 2031–32)

**SECTION 7
REVENUE BUDGET**

Revenue Budget

FY 2026–27 total resources include \$6,702,338.85 in operating revenues and \$2,708,998.61 in non-operating revenues. Revenue-generating land is the largest operating revenue category, reflecting the airport's substantial agricultural and mobile home park lease portfolio. Non-operating revenues are primarily property tax allocations, investment earnings, and Passenger Facility Charge (PFC) revenue.

FY 2026–27 Operating Revenue by Source

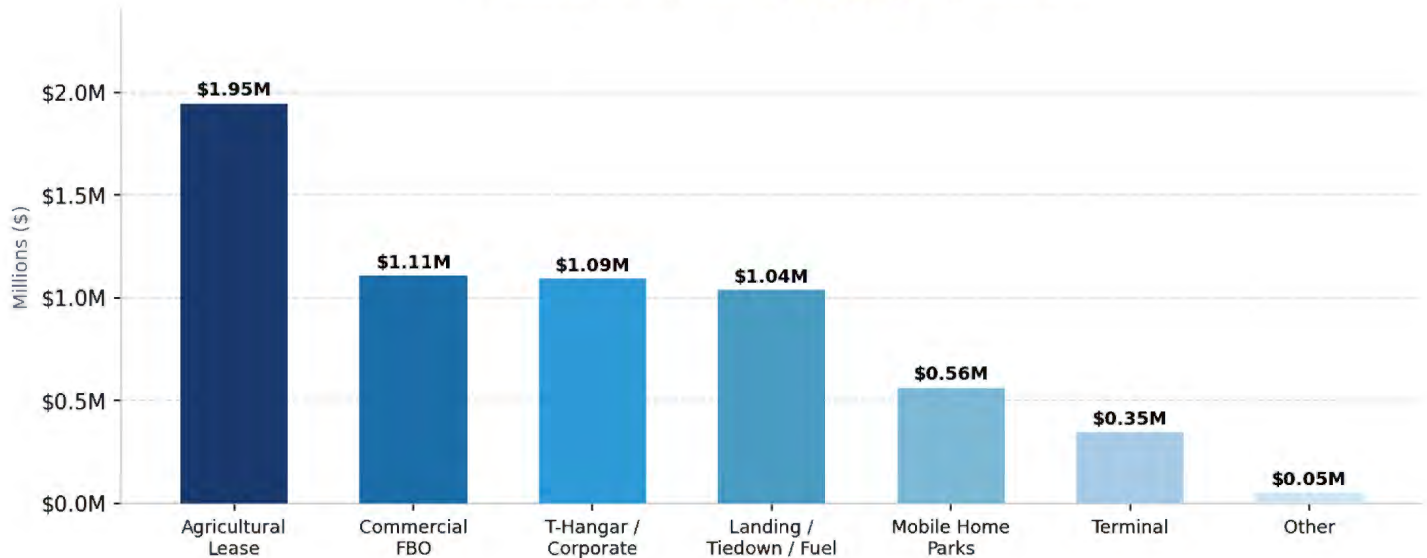


Figure 3: FY 2026–27 Operating Revenue by Source

Revenue Summary by Program

Revenue Type / Program	Operating Revenue	Non-Operating Revenue	Total Revenue
Revenue Generating Land	\$3,016,068.30	\$0.00	\$3,016,068.30
Misc / Non-Operating	\$0.00	\$2,708,998.61	\$2,708,998.61
Hangar	\$1,146,700.71	\$0.00	\$1,146,700.71
FBO / Commercial Aviation	\$1,106,104.37	\$0.00	\$1,106,104.37
Landing / Tiedown / Fuel Flowage	\$1,036,534.00	\$0.00	\$1,036,534.00
Terminal	\$345,895.83	\$0.00	\$345,895.83

Revenue Type / Program	Operating Revenue	Non-Operating Revenue	Total Revenue
Administrative / Districtwide	\$26,352.74	\$0.00	\$26,352.74
Owner Build	\$24,682.92	\$0.00	\$24,682.92
TOTAL	\$6,702,338.85	\$2,708,998.61	\$9,411,337.46

Recurring and One-Time Revenue Classification

Revenue Source	Recurring / One-Time	FY 2026–27 Amount	Notes
Tax Revenues	Recurring	\$2,522,849.04	Property tax allocation per adopted budget.
Interest & Investment Earnings	Recurring / market-sensitive	\$131,000.00	Depends on cash balances and interest rates.
PFC Revenue	Restricted / activity-driven	\$55,149.57	Passenger facility charge revenue for eligible uses.
AIP Reimbursement	One-time / project-based	\$0.00	No FY 2026–27 amount in the recurring budget.
Administrative Income	Operating / recurring	\$26,352.74	Classified as operating revenue per final budget treatment.

Major Revenue Assumptions

Revenue Source	FY 2026–27 Amount	Primary Assumption / Method
Agricultural Lease	\$1,944,995.39	Existing lease terms, acreage, and known lease rates.
Mobile Home Parks	\$562,162.82	Existing lease and activity levels; budgeted MHP revenue.
T-Hangar and Corporate Hangar	\$1,093,129.72	Hangar occupancy, adopted rates, and tenant agreements.
Commercial Aviation / FBO	\$1,106,104.37	Agreement terms, activity assumptions, and aviation business activity.
Landing, Tiedowns, Fuel Flowage	\$1,036,534.00	Aviation activity, adopted rates and charges, and historical trends.
Terminal Revenue	\$345,895.83	Car rental agreements and terminal space lease assumptions.

**SECTION 8
EXPENDITURE BUDGET**

Expenditure Budget

FY 2026–27 operating expenditures total \$8,175,808.32. Administrative/Districtwide support is the largest expenditure category because it includes centralized personnel, ARFF, insurance, CalPERS retirement, security, law enforcement, legal, software, consulting, conservation/easement – settlement costs, and other shared operating costs. The expenditure budget reflects the District's commitment to safety, infrastructure preservation, and prudent resource management.

FY 2026–27 Major Expenditure Categories

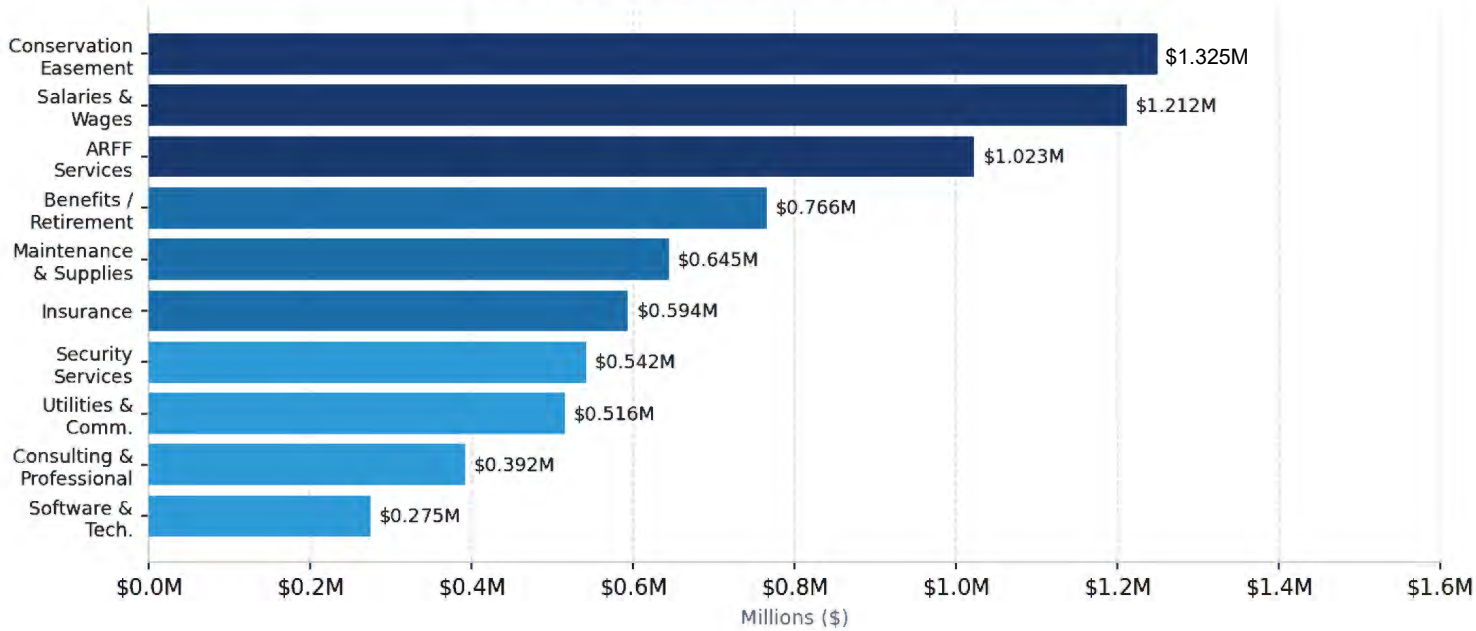


Figure 4: FY 2026–27 Major Expenditure Categories

Expenditures by Program

Program / Type	FY 2026–27 Operating Expenditures	Revenue	Net Income / (Loss)
Administrative / Districtwide	\$6,729,821.96	\$26,352.74	(\$6,703,469.22)
Terminal	\$525,290.35	\$345,895.83	(\$179,394.52)
Mobile Home Park Operating costs (revenue is	\$359,174.08	\$0.00	(\$359,174.08)

Program / Type	FY 2026–27 Operating Expenditures	Revenue	Net Income / (Loss)
reported in Revenue Generating Land)			
Landing	\$349,617.87	\$1,036,534.00	\$686,916.13
FBO / Commercial Aviation	\$100,213.16	\$1,106,104.37	\$1,005,891.21
Hangar	\$86,992.79	\$1,146,700.71	\$1,059,707.92
Revenue Generating Land	\$17,761.82	\$3,016,068.30	\$2,998,306.48
Owner Build	\$6,936.31	\$24,682.92	\$17,746.61
TOTAL	\$8,175,808.32	\$6,702,338.85	(\$1,473,469.47)

Administrative / Districtwide expenditures include centralized costs that support all airport programs, including ARFF, personnel, insurance, security, legal, software, settlement obligations, and other shared costs.

Revenues are shown in operating programs and are not allocated across Districtwide support

Object-Level Expenditure Summary

Object Category	FY 2026–27 Amount	% of Total
Conservation Easement - Settlement	\$1,325,000.00	16.2%
Salaries and Wages	\$1,212,339.00	14.8%
ARFF Services	\$1,022,790.00	12.5%
Employee Benefits / Retirement / Payroll Taxes	\$765,968.70	9.4%
Maintenance, Supplies and Equipment	\$645,192.98	7.9%
Insurance	\$594,364.51	7.3%
Security Services	\$541,662.03	6.6%
Utilities and Communications	\$515,726.65	6.3%
Consulting, Legal and Professional Services	\$391,826.00	4.8%
Other Administrative / Operating Support	\$318,639.34	3.9%
Software and Technology	\$274,876.68	3.4%
Customs Facility	\$250,000.00	3.0%
Mobile Home Park / Land Use Operations	\$242,422.45	3.0%
Airfest Sponsorship	\$75,000.00	0.9%
TOTAL	\$8,175,808.32	100%

**SECTION 9
PERSONNEL & STAFFING**

Personnel and Staffing

Authorized positions increase from 12 in FY 2025–26 to 13 in FY 2026–27 with the addition of one Business Development Manager. The new position supports air service development, economic development, tenant relations, and revenue opportunity development. Total personnel costs, including salaries, wages, benefits, and retirement contributions, represent approximately 24% of FY 2026–27 operating expenditures.

Multi-Year Position Summary

Position	FY 23–24	FY 24–25	FY 25–26	FY 26–27
General Manager	1	1	1	1
Manager of Finance & Administration	1	1	1	1
Accounting Clerk	1	1	1	1
Administrative Assistant	1	1	1	1
Receptionist / Secretary	1	1	1	1
Manager of Maintenance & Operations	1	1	1	1
Operations Officer	1	1	1	1
Maintenance Foreman	1	1	1	1
Maintenance Worker I	2	—	—	—
Maintenance Worker II	1	—	—	—
Maintenance Worker III	1	1	1	1
Maintenance Worker IV	—	3	3	3
Business Development Manager (NEW)	—	—	—	1
TOTAL AUTHORIZED POSITIONS	12	12	12	13

Personnel Cost Summary

Cost Category	FY 2026–27 Amount	Notes
Salaries and Wages	\$1,212,339.00	Includes all 13 authorized FTE, reflecting the new Business Development Manager.

Cost Category	FY 2026–27 Amount	Notes
Employee Benefits (Health, Dental, Vision)	Included in benefits total	District-provided health and welfare benefits.
CalPERS Retirement	Included in benefits total	Public employee pension contributions at District and employee rates per PERS actuarial valuation.
Total Benefits / Retirement / Payroll Taxes	\$765,968.70	Combined employer-side payroll taxes, CalPERS normal cost, and benefit premiums.
Total Personnel Costs	\$1,978,307.70	Salaries, wages, and all associated benefits and employer contributions.

**SECTION 10
DEPARTMENT & PROGRAM SUMMARIES**

Department and Program Summaries

The District organizes its activities into four primary program areas: Finance & Administration, Operations & Maintenance, Business Development, and the Capital Program. Each program summary below includes a description of responsibilities, FY 2026–27 objectives, and key performance measures.

Finance & Administration

The Finance & Administration program provides budgeting, accounting, procurement, contract management, financial reporting, records management, public information, and customer service. The Manager of Finance and Administration oversees these functions and serves as the primary point of contact for financial policy compliance, audit coordination, budget monitoring, and financial reporting.

Element	Detail
FY 2026–27 Objectives	Maintain timely budget monitoring; implement financial policy controls; complete GFOA budget award submission; coordinate annual audit; support Board financial reporting.
FY 2026–27 Operating Expenditures	See Administrative / Districtwide total: \$6,729,821.96 (centralized, includes all shared costs)
Key Performance Measures	Budget adoption by June; monthly budget-to-actual review; quarterly financial review; reserve policy compliance at 26%; unmodified audit opinion.

Operations & Maintenance

The Operations & Maintenance program encompasses airfield operations, facility maintenance, safety support, regulatory compliance, and tenant service. Staff respond to maintenance requests, conduct required airfield inspections, coordinate with FAA and Cal/OSHA, and ensure facilities meet operational standards.



Element	Detail
FY 2026–27 Objectives	Maintain safe, functional facilities; support regulatory readiness; complete ACIP-aligned capital projects on schedule; maintain ARFF contractual compliance.
Key Performance Measures	Airfield inspection findings resolved within target timeframes; work order tracking; pavement and project milestones; ARFF contractual compliance.
ARFF Services	\$1,022,790 contracted ARFF services supporting 24/7 emergency response capability.

Business Development (New in FY 2026–27)

The Business Development program is newly established in FY 2026–27 with the addition of one Business Development Manager. This program focuses on air service development, tenant retention and outreach, aviation-compatible land use, economic development, and revenue opportunity identification. The position will work closely with the General Manager and the Manager of Finance & Administration.

Element	Detail
FY 2026–27 Objectives	Launch business development function; establish tenant outreach pipeline; develop air service and economic development contacts; identify lease revenue opportunities.
Key Performance Measures	Number of tenant and business contacts; lease opportunities advanced; air service and economic development contacts tracked; baseline established for future-year comparison.

Capital Program

Element	Detail
FY 2026–27 Objectives	Advance FY 2026–27 capital spending within budget and grant constraints; maintain ACIP alignment; track project milestones and grant reimbursement status.
Key Performance Measures	Capital project milestones achieved; budget-to-actual capital spending; grant reimbursement status; project cost control.
FY 2026–27 Capital Budget	\$3,099,190.05 in total capital expenditures for airport infrastructure renewal.

**SECTION 11
CAPITAL IMPROVEMENT PROGRAM**

Capital Improvement Program

Capital expenditures are one-time costs for acquiring, constructing, rehabilitating, or improving assets with useful lives extending beyond one fiscal year. FY 2026–27 capital expenditures total \$3,099,190.05. The District's capital planning is informed by the Airport Master Plan and Airport Capital Improvement Plan (ACIP), which identifies projects eligible for FAA Airport Improvement Program (AIP) funding.

Capital Expenditure Forecast by Fiscal Year

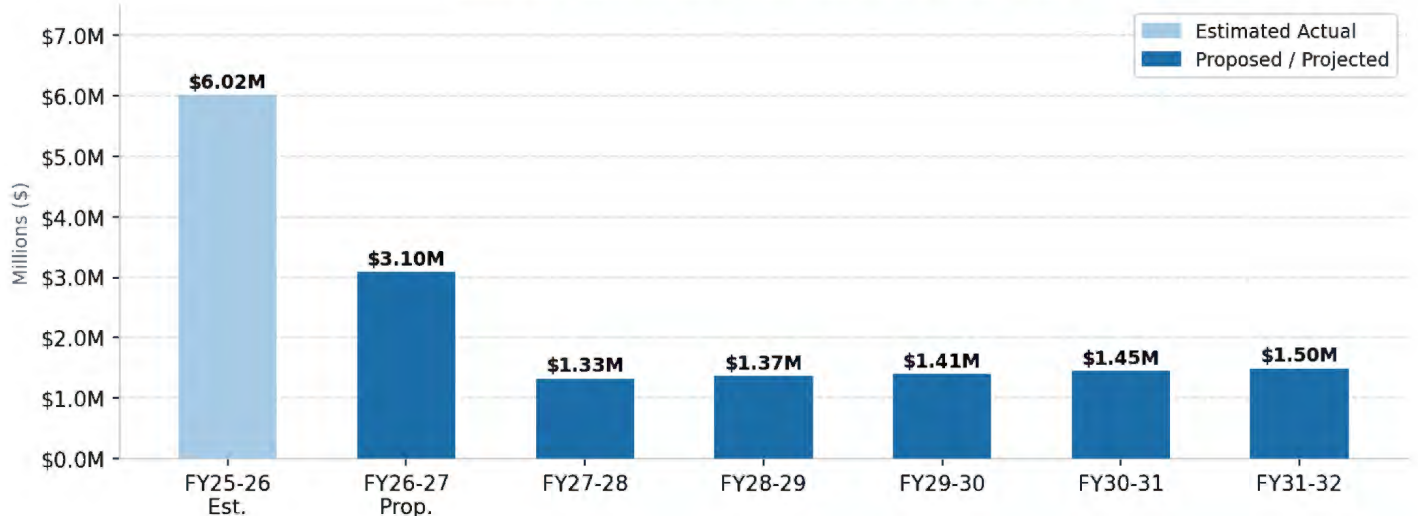


Figure 5: Capital Expenditure Forecast by Fiscal Year

FY 2026–27 Capital Projects

Project	Total ACIP Project Cost	Funding Split	Timing / Status	Operating Budget Impact
Rehabilitate Hangar Taxilanes – Construct & Reimburse Design	\$1,907,100	\$1,811,728 AIP / \$95,372 sponsor	Start 3/2026; completion 3/2028	Preserves taxilane pavement and hangar access.
Rehabilitate Taxiways A, S, T, U – Construct	\$15,700,000	\$14,915,000 federal /	Start 3/2026; completion 4/2028	Improves airfield pavement condition; may reduce

Project	Total ACIP Project Cost	Funding Split	Timing / Status	Operating Budget Impact
		\$785,000 sponsor		emergency repair risk.
Rehabilitate Taxiway A (A2 to A6) – Design	\$1,100,000	\$997,260 federal / \$102,740 sponsor	CATEX required; future sponsor fiscal year	Supports future construction project readiness.
Rehabilitate Taxiway A (A2 to A6) – Construct	\$14,000,000	\$12,692,400 federal / \$1,307,600 sponsor	Start 3/2030; completion 4/2032	Major pavement rehabilitation; reduces future maintenance risk.

Capital Expenditure by Fiscal Year

Fiscal Year	Budgeted Capital Expenditures	Primary Budget Emphasis
FY 2025–26 Est.	\$6,017,844.76	Airport infrastructure improvement and ACIP-aligned capital activity
FY 2026–27 Prop.	\$3,099,190.05	Hangar taxilane and taxiway rehabilitation (ACIP-aligned)
FY 2027–28	\$1,330,069.06	Supporting ACIP-Aligned Project needs
FY 2028–29	\$1,369,971.14	Supporting ACIP-Aligned Project needs
FY 2029–30	\$1,411,070.27	Supporting ACIP-Aligned Project needs
FY 2030–31	\$1,453,402.38	Supporting ACIP-Aligned Project needs
FY 2031–32	\$1,497,004.45	Supporting ACIP-Aligned Project needs

Capital Project Selection Process

Projects are identified and prioritized based on safety, regulatory compliance, pavement and facility condition, grant eligibility, operational need, tenant and user impacts, local funding capacity, and alignment with the Airport Master Plan and ACIP. The General Manager and management team review project priorities annually in conjunction with the budget process, with final capital budget approval by the Board of Directors.

Budget and ACIP Reconciliation: The District budget presents total capital spending by fiscal year. The ACIP presents FAA-eligible project funding, including federal shares, sponsor portions, and reimbursement timing. Because grant reimbursements may occur in a different fiscal year than project spending, budgeted capital expenditures may not equal ACIP funding totals in a given year.

**SECTION 12
DEBT & LONG-TERM OBLIGATIONS**

Debt and Long-Term Obligations

The District has no outstanding bonded debt, bank loans, or budgeted debt service payments for FY 2026–27. Bond ratings, debt service coverage ratios, and bond maturity schedules are therefore not applicable. The District does report other long-term obligations in its Annual Comprehensive Financial Report (ACFR), including land improvements payable and conservation/easement- settlement obligations, which are disclosed separately from bonded debt.

Debt / Obligation Topic	FY 2026–27 Disclosure
Bonded debt / bank loans	No outstanding bonded debt, bank loans, or budgeted debt service for FY 2026–27.
Land improvements payable	Disclosed in the ACFR as a long-term obligation; not presented as bonded debt service in the operating budget.
Conservation/easement - settlement obligations	Disclosed in the ACFR and reflected in budget planning (conservation easement line: \$1,325,000). Not a bond or loan obligation.
Debt policy — affordability threshold	Annual debt service should not exceed 15% of general expenditures; overlapping debt divided by market value should not exceed 10%.
Future debt use	Debt may be considered for appropriate long-lived capital assets when consistent with the Debt Management Policy.

Debt Management Policy Summary

The District maintains an adopted Debt Management Policy to guide any future use of debt. Key policy provisions include: (1) debt may only be used for long-lived capital assets, not ongoing services; (2) debt affordability is evaluated prior to issuance; (3) annual debt service should not exceed 15% of general expenditures; and (4) the Board must approve any debt issuance.

**SECTION 13
LONG-RANGE FINANCIAL PLAN**

Long-Range Financial Plan

The long-range financial plan extends through FY 2031–32 and is used to evaluate operating gaps, non-operating revenue support, capital spending, cash balances, and reserve policy compliance. The plan assumes moderate operating revenue growth of approximately 3% annually, inflationary expenditure growth of approximately 3% annually, recurring non-operating revenue support, and continued capital investment.

Fiscal Year	Reserve Amount	Reserve %	Policy Status	Management Response
FY 2025–26 Est.	\$4,005,710	42%	Above 35% maximum	Continue monitoring; align capital projects with available resources.
FY 2026–27 Prop.	\$2,142,050	26%	Within policy range	Continue monitoring; align capital projects with available resources.
FY 2027–28	\$2,084,576	25%	Within policy range	Continue monitoring; align capital projects with available resources.
FY 2028–29	\$2,025,377	23%	Within policy range	Continue monitoring; align capital projects with available resources.
FY 2029–30	\$1,964,403	22%	Within policy range	Continue monitoring; align capital projects with available resources.
FY 2030–31	\$1,901,600	21%	Within policy range	Continue monitoring; align capital projects with available resources.
FY 2031–32	\$1,836,912	19%	BELOW 20% minimum	Monitor and update long-range plan; develop replenishment strategy.

Key Forecast Assumptions

Assumption Category	Basis / Method
Operating Revenue Growth	Approximately 3% per year, reflecting lease escalations, aviation activity growth, and known contractual adjustments.
Operating Expenditure Growth	Approximately 3% per year, reflecting inflationary cost increases, CalPERS cost trends, utility escalations, and known contract obligations.
Non-Operating Revenue	Tax revenues grow modestly with assessed valuation growth; investment earnings are market-sensitive; PFC revenue is activity-driven.

Assumption Category	Basis / Method
Capital Expenditures	Based on ACIP project schedule, sponsor share requirements, and annual capital needs.
Reserve Projection	Ending reserve equals prior year balance plus net operating income (loss) plus non-operating revenue less capital expenditures.

Long-Range Planning Signal — FY 2031–32

The FY 2031–32 forecast shows reserves at 19%, below the 20% reserve policy minimum. This is a forward-looking planning signal, not an immediate fiscal crisis. The Reserve Policy requires the District to develop a replenishment or corrective strategy when the long-range forecast shows reserves projected below the minimum. Strategies available include revenue development, expenditure management, capital timing adjustments, and reserve replenishment plans to be incorporated into future budget cycles.

SECTION 14
BUDGET PROCESS & PUBLIC INVOLVEMENT

Budget Process and Public Involvement

The District prepares and adopts an annual budget before the start of the fiscal year. The process includes forecast development, review of major assumptions, management analysis, Board review, public consideration, adoption, and mid-year monitoring. Board meetings are publicly noticed and open to the public in compliance with the California Ralph M. Brown Act.

Budget Calendar

Milestone	Typical Timing	Description
Develop forecasts and budget assumptions	January – March	Long-range forecast updated; major revenue and expenditure assumptions developed by Finance & Administration and management.
Review rates, fees, and major assumptions	March – April	Management review of major operating assumptions, lease revenue projections, utility costs, and service contract renewals.
Management review and draft budget preparation	April – May	Draft budget prepared and reviewed internally; General Manager review and approval of proposed budget document.
Board budget review / workshops	May – June	Board reviews proposed budget; public workshop or budget discussion held at publicly noticed meeting.
Budget adoption at public meeting	June	Budget formally adopted by the Board of Directors at a publicly noticed meeting with opportunity for public comment.
Mid-year budget review and amendments	January – February	Management reviews budget-to-actual results; Board receives mid-year financial report; amendments processed as needed.

Public Involvement

All Board meetings at which the budget is presented or discussed are publicly noticed and open to the public. The District welcomes public comment during the budget process. Budget documents are available for public review at the District office and on the District's website. Community members may attend any Board meeting or contact the Finance & Administration office with questions about the budget.

Budget Amendments

After adoption, the District may amend the budget through Board action when changes in revenues, expenditures, capital timing, grants, emergencies, or operating needs require revision. Management monitors budget-to-actual activity and presents amendments to the Board when policy-level changes are required. Minor administrative reallocations within program totals that do not change overall budget totals may be made administratively as authorized by Board policy.

**SECTION 15
PERFORMANCE MEASURES**

Performance Measures

Performance measures connect budget resources to results and provide the Board and public with indicators of operational effectiveness, financial health, and program progress. FY 2026–27 measures use available historical data from the ACFR where possible and identify new management measures to be tracked and baselined during the year. Measures will be expanded in future budget cycles as data collection systems mature.

Program	Measure	FY 2024–25 Actual	FY 2025–26 Estimate	FY 2026–27 Target
Operations	Total flight operations	30,358	~32,000 (est.)	34,231 (10-yr avg.)
Operations	Commercial flight landings	1,724	~1,800 (est.)	1,884 (10-yr avg.)
Finance	Reserve % of operating expenditures	N/A (pre-policy)	42% (above max)	26% (within policy)
Finance	Budget adoption by June	Yes	Yes	Yes
Finance	Unmodified audit opinion	Yes	Expected Yes	Yes
Capital Program	Capital budget-to-actual ratio	Per ACFR	\$6,017,845 est.	\$3,099,190 budgeted
Business Development	Tenant / business contacts	Not tracked	Establish baseline	Track contacts and pipeline
Business Development	Lease opportunities advanced	Not tracked	Establish baseline	Track pipeline and closings
Operations & Maint.	Work orders completed	Not tracked in budget	Establish baseline	Track volume and response time
Operations & Maint.	Airfield inspection findings resolved	Not tracked in budget	Establish baseline	Track findings and closure rate

Performance Measure Development

As this is the District's first formal GFOA budget submission, several performance measures are being established for the first time. The Finance & Administration and Operations & Maintenance departments will work during FY 2026–27 to develop consistent data collection processes for work order tracking,

inspection findings, and business development activity metrics. These baseline measures will be incorporated into the FY 2027–28 budget with prior-year actuals for comparison.

SECTION 16
STATISTICAL & SUPPLEMENTAL INFORMATION

Statistical and Supplemental Information

The statistical section provides context for understanding the District's financial condition and service environment. Information is drawn from the most recent Annual Comprehensive Financial Report (ACFR) and publicly available demographic sources. Ten-year trend data allows readers to evaluate long-term financial and operational patterns.

Community and Regional Profile

Statistic	Most Recent Data
City of Santa Maria Population	112,208 (2025)
Santa Barbara County Population	~450,000 (est. 2025)
Santa Barbara County Unemployment Rate	7.7% (2025)
County Personal Income per Capita	\$82,133 (2025)
Regional Economic Base	Agriculture, oil and gas, retail trade, healthcare, education, and military
Key Regional Employers	Vandenberg Space Force Base, Marian Regional Medical Center, Santa Maria Joint Union High School District, Allan Hancock College

Airport Operations Profile

Statistic	Data
Airport Land Area	Approximately 2,516 acres
Flight Operations (FY 2025)	30,358 operations
Flight Operations (10-Year Average)	34,231 annual operations
Commercial Landings (FY 2025)	1,724 landings
Commercial Landings (10-Year Average)	1,884 annual landings

Statistic	Data
Based General Aviation Aircraft	Over 222 aircraft
Runways	Two active runways (8,004 ft primary; 5,199 ft secondary)
Terminal Facilities	Modern terminal with hold room, baggage claim, car rental concessions
Hangars	T-hangars and corporate hangars supporting based aircraft and business aviation
Revenue-Generating Land	Agricultural leases, mobile home parks, and aviation-compatible commercial uses

10-Year Financial Trend

Fiscal Year	Operating Revenue	Operating Expenses	Flight Operations	Commercial Landings
FY 2016	\$3,226,304	\$3,813,171	37,413	2,436
FY 2017	\$3,310,143	\$4,458,946	37,067	3,164
FY 2018	\$3,294,618	\$4,156,325	37,448	2,376
FY 2019	\$3,255,743	\$4,560,690	34,958	1,679
FY 2020	\$3,236,291	\$4,749,934	35,682	1,762
FY 2021	\$3,675,210	\$5,091,464	33,716	1,375
FY 2022	\$3,912,062	\$6,006,995	33,594	1,686
FY 2023	\$4,254,722	\$6,231,925	32,906	1,299
FY 2024	\$4,464,565	\$6,810,808	29,165	1,341
FY 2025	\$5,200,346	\$6,970,028	30,358	1,724
10-Year Average	\$3,982,900	\$5,689,029	34,231	1,884

**SECTION 17
GLOSSARY**

Glossary of Terms and Acronyms

Term / Acronym	Definition
ACFR	Annual Comprehensive Financial Report; the District's audited annual financial report prepared in conformance with GAAP.
ACIP	Airport Capital Improvement Plan; airport capital planning and FAA grant programming document.
AIP	Airport Improvement Program; federal aviation capital grant program administered by the FAA.
ARFF	Aircraft Rescue and Firefighting; required emergency response capability for commercial service airports.
BIL / AIG	Bipartisan Infrastructure Law / Airport Infrastructure Grant funding program.
CalPERS	California Public Employees' Retirement System; the District's pension provider.
CATEX	Categorical Exclusion; an environmental review category used for certain federally funded airport projects.
CIP	Capital Improvement Program; multi-year plan for capital projects and infrastructure investments.
Enterprise Fund	A proprietary fund used for operations financed and operated similarly to private business enterprises, with costs recovered through user fees and charges.
FAA Grant Assurance	Federal grant conditions that apply to airport sponsors receiving FAA AIP grant funding.
FBO	Fixed Base Operator; aviation service provider offering fuel, aircraft maintenance, charter, and related services.
GASB	Governmental Accounting Standards Board; establishes financial accounting and reporting standards for state and local governments.
GFOA	Government Finance Officers Association; professional organization that administers the Distinguished Budget Presentation Award program.
MHP	Mobile Home Park; a revenue-generating land use operated on District property.
Net Position	Assets and deferred outflows minus liabilities and deferred inflows; the government-wide measure of financial position.
NPIAS	National Plan of Integrated Airport Systems; the FAA's plan identifying airports important to national air transportation.

Term / Acronym	Definition
PCI	Pavement Condition Index; a numerical rating of pavement condition used for maintenance and capital planning.
PFC	Passenger Facility Charge; a per-enplanement fee collected from airline passengers for eligible airport capital projects.
Reserve Policy	The District's adopted policy establishing a target reserve range of 20% to 35% of operating expenditures.
Sponsor Share	The local or sponsor funding share of an airport capital project not covered by federal AIP grant funds.
UAL	Unfunded Accrued Liability; the portion of pension obligations not yet funded, often associated with CalPERS obligations.
Unrestricted Net Position	Net position not restricted by external parties or legally constrained; available for general use by the entity.

Appendix A
GFOA CRITERIA CROSSWALK

GFOA Distinguished Budget Presentation Award — Criteria Crosswalk

The table below maps each GFOA Distinguished Budget Presentation Award criterion to the corresponding section(s) of this budget document. This crosswalk is provided to assist reviewers in locating required content.

Policy Document Criteria

GFOA Criterion	Criterion Description	Budget Book Location
P1	Strategic Goals and Strategies	Section 3: Strategic Priorities
P2	Priorities and Issues	Section 1: Budget Message (Major Issues and Responses)
P3	Financial Policies	Section 5: Financial Policies
P4	Budget Process	Section 14: Budget Process and Public Involvement

Financial Plan Criteria

GFOA Criterion	Criterion Description	Budget Book Location
F1	Fund Structure	Section 4: Fund Structure and Basis of Budgeting
F2	Basis of Budgeting	Section 4: Fund Structure and Basis of Budgeting
F3	Consolidated Financial Schedules	Section 6: Financial Overview
F4	Reserve / Fund Balance	Sections 6 and 13: Financial Overview and Long-Range Financial Plan
F5	Revenue and Expenditure Schedules	Sections 7 and 8: Revenue Budget and Expenditure Budget
F6	Revenue Assumptions	Section 7: Revenue Budget (Major Revenue Assumptions)
F7	Long-Range Operating Plan	Section 13: Long-Range Financial Plan
F8	Capital Program	Section 11: Capital Improvement Program
F9	Debt	Section 12: Debt and Long-Term Obligations

Operations Guide Criteria

GFOA Criterion	Criterion Description	Budget Book Location
O1	Organization Chart	Section 2: District Overview and Governance
O2	Staffing Levels	Section 9: Personnel and Staffing
O3	Position Summary	Section 9: Personnel and Staffing (Multi-Year Position Summary)
O4	Program / Department Descriptions	Section 10: Department and Program Summaries
O5	Program Goals and Objectives	Sections 3 and 10: Strategic Priorities and Department Summaries
O6	Performance Measures	Section 15: Performance Measures

Communications Device Criteria

GFOA Criterion	Criterion Description	Budget Book Location
C1	Table of Contents	Table of Contents (preceding Section 1)
C2	Budget Overview / Summary	Section 1: Budget Message; Budget-in-Brief (Attachment)
C3	Statistical / Supplemental Information	Section 16: Statistical and Supplemental Information
C4	Glossary	Section 17: Glossary of Terms and Acronyms
C5	Charts and Graphs	Figures 1–5 distributed throughout the document
C6	Usability (Navigation, Design, Accessibility)	Table of Contents with hyperlinks; consistent section structure; glossary; GFOA crosswalk

ATTACHMENT
FY 2026–27 BUDGET-IN-BRIEF
 Public Summary | Santa Maria Public Airport District

At a Glance

Measure	FY 2026–27 Budget
Operating Revenue	\$6,702,338.85
Operating Expenditures	\$8,175,808.32
Operating Income (Loss)	(\$1,473,469.47)
Non-Operating Revenue	\$2,708,998.61
Capital Expenditures	\$3,099,190.05
Ending Cash / Reserve	\$2,142,049.60
Reserves as % of Operating Expenditures	26% — Within Policy (20%–35%)
Authorized Positions	13 FTE

What Changed in FY 2026–27

Change	Budget Impact
Operating revenue growth	Operating revenue increases to \$6.70 million, supported by land, hangar, FBO, landing, and terminal revenues.
Operating gap narrows	Operating loss improves from an estimated \$(4.28) million to \$(1.47) million.
Capital spending continues	The budget includes \$3.10 million in infrastructure capital spending.
Reserves normalize into policy range	FY 2025–26 estimated reserves were 42% (above maximum); FY 2026–27 reserves are 26% (within policy).
New business development capacity	One Business Development Manager added; authorized positions increase from 12 to 13.

Major Initiatives

Initiative	Purpose
Air Service Development	Support commercial air service readiness and market opportunities at SMX.
Economic Development	Strengthen tenant retention, business attraction, and revenue development.
Safety and Security	Maintain ARFF, airfield maintenance, security, and regulatory readiness.

Initiative	Purpose
Infrastructure Stewardship	Advance runway, taxiway, hangar taxilane, and airport facility capital projects.
Stronger Financial Foundations	Monitor structural balance, reserve policy compliance, and long-range sustainability.

Long-Range Outlook

Fiscal Year	Reserve %	Policy Status
FY 2025–26 Est.	42%	Above 35% maximum — normalizing in FY 2026–27
FY 2026–27 Prop.	26%	Within policy range (20%–35%)
FY 2027–28 through FY 2030–31	21%–25%	Within policy range
FY 2031–32 (Forecast)	19%	Below 20% minimum — forward-looking planning signal

This Budget-in-Brief is a public summary. The full Budget Book contains the complete GFOA criteria crosswalk, financial policies, revenue assumptions, expenditure detail, capital program, debt disclosure, staffing plan, performance measures, and statistical section. Copies are available at the District office: 3217 Terminal Drive, Santa Maria, CA 93455 or online at SantaMariaAirport.com.