

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON FOR THE
FISCAL YEAR ENDED JUNE 30, 2022**



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SPACEPORT AUTHORITY
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**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
OFFICIAL ROSTER (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022**

Board of Directors

<u>Name</u>	<u>Title</u>
Alicia Keyes	Chairperson
Howie Morales	Ex-Officio Member
Laura Conniff	Member
Michelle Coons	Member
Mark J. Greby	Member
Peggy S. Johnson	Member
Eric J. Schindwolf	Member
Ethan Epstein	Member

Management

Scott McLaughlin	Executive Director
Art Trujillo	CFO
Melissa Kemper Force	General Counsel
Dr. Bill Gutman	Director, Aerospace Operations
Chris Lopez	Director, Site Operations

FINANCIAL SECTION



Independent Auditors' Report

Honorable Brian S. Colón, Esq., CFE
New Mexico State Auditor
and
Board of Directors
New Mexico Spaceport Authority
Las Cruces, New Mexico

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparison of the general fund of the State of New Mexico, New Mexico Spaceport Authority (Spaceport or NMSA) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Spaceport's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the budgetary comparison of the general fund of the Spaceport, as of June 30, 2022, and the respective changes in financial position and, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Spaceport, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Spaceport'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Spaceport'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 Spaceport's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As discussed in *Note 1*, the financial statements of the Spaceport are intended to present the financial position and changes in financial position, of only that portion of the governmental activities, each major fund, and the budgetary comparison of the general fund of the State of New Mexico that is attributable to the transactions of the Spaceport. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2022, and the changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified for this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the Spaceport’s internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Spaceport’s internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
October 31, 2022

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

This Management's Discussion and Analysis presents an overview of the financial activities of the New Mexico Spaceport Authority (Spaceport or NMSA) for the year ended June 30, 2022. It is designed to assist the reader in focusing on significant financial issues, provide an overview of NMSA's financial activity, identify changes in NMSA's financial position and identify any financial issues or concerns.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts – (1) Management's Discussion and Analysis, (2) the basic financial statements, and (3) other supplementary information that presents schedules, and other reports. The basic financial statements include two kinds of statements that present different views of the Spaceport. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Spaceport's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Spaceport. The governmental funds statements tell how the general government service was financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statement and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with supporting schedules. The remainder of this overview section of Management's Discussion and Analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The two government-wide statements report information about the Spaceport as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Spaceport's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Spaceport's net position and how it has changed.

Net position - the difference between the Spaceport's assets and liabilities - is one way to measure the Spaceport's financial health or position. Over time, increases or decreases in the Spaceport's net position is an indicator of whether its financial health is improving or deteriorating respectively.

The Spaceport has one primary activity - Spaceport Development- which is a governmental activity. The Spaceport does not have any business-type activities or any component units.

The fund financial statements provide more detailed information about the Spaceport's significant governmental funds. Funds are accounting devices that the Spaceport uses to keep track of specific sources of spending for particular purposes.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

This Spaceport has three types of funds:

- General Fund (87100) - All of the Spaceport's services are reflected in the general fund and provide information to help the user determine whether there are more or fewer financial resources that can be used to finance the Spaceport's program. This fund is a non-reverting fund.
- Debt Service Fund (10570) – Regional Spaceport District Fund – This fund is used to account for debt service activities related to the bonds payable.
- Capital Projects Funds (89200 and 93100) – These funds are used to account for severance tax bond proceeds and general fund appropriations for capital projects.

GOVERNMENT-WIDE HIGHLIGHTS - FINANCIAL ANALYSIS OF THE SPACEPORT AS A WHOLE

Spaceport's Net Position:

	<u>Current Year June 30, 2022</u>	<u>Prior Year June 30, 2021</u>	<u>Increase (Decrease)</u>
Statement of Net Position			
Assets			
Current Assets	\$ 38,961,812	\$ 31,603,618	\$ 7,358,194
Capital Assets, Net	<u>141,801,442</u>	<u>136,486,145</u>	<u>5,315,297</u>
Total Assets	<u><u>\$ 180,763,254</u></u>	<u><u>\$ 168,089,763</u></u>	<u><u>\$ 12,673,491</u></u>
Liabilities			
Current Liabilities	\$ 6,692,538	\$ 4,876,787	\$ 1,815,751
Long-Term Liabilities	<u>29,429,264</u>	<u>31,349,819</u>	<u>(1,920,555)</u>
Total Liabilities	<u><u>36,121,802</u></u>	<u><u>36,226,606</u></u>	<u><u>(104,804)</u></u>
Deferred Inflows of Resources	<u><u>6,342,172</u></u>	<u><u>11,470,578</u></u>	<u><u>(5,128,406)</u></u>
Net Position			
Investment in Capital Assets	102,423,422	101,047,627	1,375,795
Restricted	33,905,676	29,872,373	4,033,303
Unrestricted (Deficit)	<u>1,970,182</u>	<u>(10,527,421)</u>	<u>12,497,603</u>
Total Net Position	<u><u>138,299,280</u></u>	<u><u>120,392,579</u></u>	<u><u>17,906,701</u></u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 180,763,254</u></u>	<u><u>\$ 168,089,763</u></u>	<u><u>\$ 12,673,491</u></u>

The current assets increased by \$7,358,194 and the overall financial position of the Spaceport increased by \$17,906,701. The current liabilities increased by \$1,815,751. Long-term liabilities decreased by \$1,920,555.

Long-term liabilities decreased, primarily due to the payment of debt. There was an increase in General Fund appropriations of \$1,157,000.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Spaceport's Statement of Activities:

	<u>Current Year June 30, 2022</u>	<u>Prior Year June 30, 2021</u>	<u>Increase (Decrease)</u>
Statement of Activities			
Program Revenue	\$ 7,566,150	\$ 5,675,289	\$ 1,890,861
Program Expenses	<u>15,119,437</u>	<u>18,880,530</u>	<u>(3,761,093)</u>
Net Revenue (Expense)	<u>(7,553,287)</u>	<u>(13,205,241)</u>	<u>(1,870,232)</u>
General Revenues (Expenses)			
State General Fund Appropriation	3,074,500	1,917,500	\$ 1,157,000
Other Financing Sources	<u>10,914,910</u>	<u>7,995,732</u>	<u>2,919,178</u>
Total General Revenues (Expenses)	<u>13,989,410</u>	<u>9,913,232</u>	<u>4,076,178</u>
Change in Net Position	6,436,123	(3,292,009)	9,728,132
Net Position, Beginning	<u>120,392,579</u>	<u>123,712,910</u>	<u>(3,320,331)</u>
Restatement	11,470,578	(28,322)	-
Net Position, As Restated	<u>131,863,157</u>	<u>123,684,588</u>	<u>8,178,569</u>
Net Position, Ending	<u>\$ 138,299,280</u>	<u>\$ 120,392,579</u>	<u>\$ 17,906,701</u>

Overall Financial Position and Results of Operations

Budgetary Analysis

A \$1,000,000 Supplemental Special Appropriation was approved and received under Laws 2022, HB2, Chapter 54, Section 6(17).

Capital Assets and Long-Term Debt

The Spaceport's capital assets consist primarily of buildings, improvements, furniture and equipment, and vehicles. Capital assets, net of accumulated depreciation, equaled \$133,819,198 at June 30, 2022, an decrease of \$2,666,947 from fiscal year 2021 resulting from the capital outlays of \$2,124,047, GASB 87 implementation and depreciation expense for the year of approximately \$4.8M. There were no current asset deletions. The long-term debt consists of bonds payable. In fiscal year 2022, the ending balance of compensated absences payable was \$217,552; that is a decrease of \$9,545 from fiscal year 2021.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Currently Known Facts, Decisions, or Conditions

There are no known facts, decisions or conclusions that are expected to have a significant effect on the financial position, results of operations or other changes in the subsequent year.

Spaceport Overview – NMSA is chartered with the development, operation, maintenance and progress of Spaceport America, the world's first purpose-built commercial spaceport. Spaceport America is situated on 18,000 acres of state land in a remote area of southern New Mexico. Its unique location provides several technical advantages over other spaceports in the United States:

- **Access to 6,000 square miles of restricted airspace.** An important asset of Spaceport America is its access to the restricted airspace controlled by the U.S. Army White Sands Missile Range (WSMR), which is located adjacent to the Spaceport. NMSA and WSMR have a long-standing collaboration agreement that allows NMSA to utilize the restricted air space from ground level to unlimited.
- **Great weather.** Spaceport America enjoys an average of 340 days of sunshine during the year. Extreme weather is not experienced in the area and low levels of humidity and salinity generate minimal corrosive environments.
- **Low population density.** Launching space vehicles requires numerous safety precautions for nearby residents. Because of the low population density around Spaceport America, launch operations do not face the same challenges they would in more populated areas.
- **Remote location and 24/7 security.** Spaceport America provides 24/7 security, fire response, and emergency medical response. Rapid response in a remote location gives launch customers support while offering a high level of privacy.
- **High elevation.** Launches from Spaceport America start in thinner air almost a mile above sea level. This translates to significant performance improvements for vertically launched vehicles.

NMSA was established by the New Mexico Spaceport Development Act in 2005. The purpose of NMSA as defined in the act is to develop economic activity in New Mexico and to create employment within its areas of influence. NMSA is delivering on that promise. Spaceport America and its tenants supported at least 240 full time private-employer jobs in FY21. Increases are driven by the anchor tenant, Virgin Galactic which moved its commercial and space tourism operations to New Mexico, and by two new part time tenants, SpinLaunch and AeroVironment. SpinLaunch has completed 10 launch releases so far, AeroVironment previously constructed a test facility and conducted two high altitude flights of its Sunglider UAV in FY21 and plans more for FY23. Virgin Galactic has not conducted flights since July 2021, but plans to start again beginning in Q1 2023, which will include both revenue flights for private astronauts and payloads. The second spaceship has also been announced by Virgin Galactic to arrive in New Mexico in CY23 with flights following sometime soon afterwards.

The spaceport continues to experience increased aerospace activity, reflecting the growing demand from the Commercial Space Industry. At the end of FY 2022, 400 rockets (or projectiles) have been launched (or released) from Spaceport America. This total includes 321 university student rockets launched during the 2017, 2018, 2019, and 2022 Spaceport America Cup events. Many other system and subsystem tests of rockets and aircraft, and balloon missions also have been hosted. The 2021 Spaceport America Cup was held using a virtual meeting platform that provided for extensive interaction among personnel from Spaceport America and its partner organization, sponsors, and student participants. The 2022 SA Cup had an attendance of over 1,500 students with 89 launches. The Cup is the world's largest university level rocket competition, and hosts teams from colleges and universities from the U.S. and abroad.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

NMSA's current customers include:

- **Virgin Galactic.** Virgin Galactic is Spaceport America's anchor tenant. They conducted their first space flight from New Mexico on May 22, 2021, when the WhiteKnightTwo carrier aircraft lifted SpaceshipTwo to launch altitude and released it onto a suborbital trajectory. Their mission is to develop and operate a new generation of space vehicles to support a vibrant space tourism business. The company's spaceflight system consists of WhiteKnightTwo (WK2), a custom-built carrier aircraft, and the reusable SpaceShipTwo. Since 2013, Virgin Galactic has paid fees for the lease of the Terminal Hangar Facility and for other operational support activities. As noted above, Virgin Galactic significantly increased operations at Spaceport America in FY20 and routinely has 2 shifts operating at the spaceport. The WK2 is scheduled to return to the spaceport by late CY22 with commercial operations beginning in early CY23.
- **UP Aerospace.** Spaceport America's longest tenant is UP Aerospace Inc. (UPA), a space launch services company. UPA flies suborbital payloads for customers as a launch provider under the NASA Flight Opportunities Program and for other customers who require suborbital space access. They completed one launch operation in FY21. This launch was particularly noteworthy for New Mexico because the principal payload on the mission was a developmental payload flown for Los Alamos National Laboratories. UP Aerospace also operates a manufacturing facility at the spaceport where they manufacture and test the rocket motors that they use in their program. They currently have scheduled for late November 2022.
- **EXOS Aerospace Systems & Technologies, Inc.** EXOS is the follow-on company to Armadillo Aerospace, a previous Spaceport America customer. EXOS has conducted four launches, but because the company decided to move on to the next generation of their vehicle, thereby leap-frogging their existing technology, their next launch is not expected until the second quarter of CY23.
- **SpinLaunch.** SpinLaunch is developing technology to accelerate launch vehicles to hypersonic speeds using an electrically powered centrifuge accelerator rather than traditional rocket propulsion. This technology will provide low-cost launch services for the rapidly growing small satellite industry. SpinLaunch broke ground in FY19 and by the end of FY21 the construction of their initial facilities at Spaceport America was complete. They have completed 10 test flights thus far.
- **AeroVironment HAPS.** AeroVironment is developing high-altitude, long-endurance solar-powered unmanned aerial vehicles. AV leased and developed a new facility near the north end of the Spaceport America runway during the second half of FY20. This facility includes a treated dirt runway that is 4000 ft long by 500 ft wide and a hangar large enough to accommodate two of their 265-foot wingspan aircraft. Two flights from Spaceport America took place in early FY21. The remainder of FY21 was used by the company to incorporate lessons learned from those flights into an improved vehicle. Flight activity at Spaceport America is expected to resume in FY23. AeroVironment is also in talks to bring two more UAV programs to Spaceport America.
- **AeroVironment sUAV.** AeroVironment also uses the spaceport for two small unmanned aerial vehicle programs (sUAV), the TUAS and JUMP20 programs. Their almost monthly activities are for training and some testing.
- **Swift Engineering.** Swift Engineering also brought a high altitude, long endurance solar powered unmanned aerial vehicle program to Spaceport America. Swift's requirements did not necessitate development of any new facilities. Their first flight from Spaceport America also took place in early FY21. Additional flights are expected in late FY22.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

- **Sierra Space.** Sierra Space and Spaceport America signed an MOU to work on an FAA reentry license so that the possibility can exist for the *Dream Chaser* vehicle to land at the spaceport. This license is generalized so once obtained, other orbital vehicles could also land at the spaceport.

Spaceport America’s strategic goals are to 1) attract and capture best-fit companies from the emerging commercial suborbital space launch industry; 2) support NASA and DoD space requirements when possible and to the extent that those requirements are compatible with Spaceport America capabilities; and 3) capture additional elements of the aerospace industry’s testing and operations requirements that are compatible with capabilities and availability of airspace and other resources, such as unmanned aerial system testing and rocket engine testing. Significant progress toward these goals continues to be made. Spaceport America is already successful in the suborbital space launch market at least partly enabled by high elevation and access to restricted airspace. One of the top providers of suborbital launch services to NASA, UP Aerospace, has conducted numerous launches to altitudes above the Kármán Line. Virgin Galactic and EXOS Aerospace, both currently active at the spaceport, expect to continue suborbital launches in the near future. Testing of high altitude, long endurance unmanned aircraft for which the groundwork was laid in FY20 and FY21 is expected to continue in FY23. Eventually, it may be possible to launch to orbit from Spaceport America, but that capability must await development of suitable launch systems.

STEM education initiatives are an important component of the mission of Spaceport America. STEM activities continue with the goal to inspire the next generation of students, and build the workforce needed to support spaceport operations. NMSA conducts numerous STEM events, directly reaching over 2,000 sixth graders throughout New Mexico through in-school programs. Staff members visit classrooms in person to inspire students about science through space videos and science demonstrations. Virtual classroom programs connect classrooms through an online portal with questions and answers and provides the students with a virtual tour of the spaceport. Spaceport America also hosts field trips of student groups to the spaceport.

The Visitor Experience spaceport tours are provided via shuttle bus from the Spaceport America Visitor Center in Truth or Consequences. New tours departing from Las Cruces were started in FY19.

Visits to the site might be for each of our customers, for servicing facilities, for tours, or other meetings. In aggregate, visits to the site indicate overall activity related to the site. Overwhelmingly entrants to the site are focused on customers entering the site to do aerospace business with Spaceport. The below table shows monthly entrants since September 2020 to the Horizontal Launch Area: (*Please note SpinLaunch conclusions below table.)

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Entrants to Horizontal Launch Area

	<u>FY2020</u>	<u>FY2021</u>	<u>FY 2022</u>	<u>FY2023</u>
July	-	3,548	6,050	3,572
August	-	4,120	2,956	3,299
September	2,207	4,385	3,078	3,227
October	4,778	4,130	3,505	-
November	4,174	2,030	1,891	-
December	3,815	2,585	1,444	-
January	4,528	3,203	3,622	-
February	12,172	3,100	3,391	-
March	6,020	2,683	3,563	-
April	3,864	2,913	3,901	-
May	4,074	3,878	2,829	-
June	<u>3,527</u>	<u>3,738</u>	<u>4,451</u>	<u>-</u>
Monthly Average	<u>4,916</u>	<u>3,359</u>	<u>3,390</u>	<u>3,366</u>

*SpinLaunch and other various customers continue operation on the south campus. It's estimated in FY23 the south campus will add another 200 – 500 entrants per month compared to the monthly averages above.

**Covid pandemic began affecting entrants to the site in April of 2020 as authorized entrants were significantly constrained from entering the site.

Aircraft (including rocket launches) since January 2021 have been averaging 58 aircraft operations per month. Below is table capturing the aircraft operations. (Of note; one aircraft may have multiple take offs and touch downs in a day, but each aircraft is counted as one aircraft activity per its respective operating day.

	<u>Aircraft Activity (as of Sep. 2022)</u>	
	<u>2021</u>	<u>2022</u>
January	57	8
February	62	6
March	36	14
April	30	12
May	90	20
June	50	28
July	94	36
August	66	30
September	36	46
October	34	N/A
November	26	N/A
December	4	N/A

The following projects, totaling an estimated \$41.5 million budget, are still in progress:

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

- **Ongoing Improvements.** Spaceport America facilities are now 10+ years old and require regular capital investment. This capital outlay project addresses immediate needs for capital improvements at Spaceport America. This program started in FY19 and is expected to continue into FY25.
- **General Spaceport Improvements.** Included here are a planned Spaceport Technology And Reception Center (STARC), a new building that will house the funded IT center, act as a visitor reception area, a triage and security area, a package drop-off area, and a public-facing interface to the spaceport. (Currently visitors must come to the SOC, which presents certain security risks, since the SOC is behind the aviation operations area). Other improvements and needed upgrades under consideration Utility Improvements (power, water, communications); HLA Runway Upgrades; associated Environmental Studies.
- **Vertical Launch Area (VLA) Improvements.** Various upgrades are underway in this area, including upgraded and new internal roads, parking lots, and utilities (water, power, telecommunications), and launch concrete pads. These facility upgrades will help attract new customers and improve operational and safety considerations for all events in the area. Also included in this program is the installation of a new **Rocket Launch Rail**. This new vertical launch rail will support more and safer launches from the (VLA). The 40' rail has elevation and azimuth controls and can be pointed in real-time to compensate for wind. It will allow customers to come to Spaceport America and launch without the added expense and complication of developing and transporting their own rail.
- **Master and Strategic Plan.** The RFP for Master and Strategic Plan is under way and a vendor will be selected soon. This year-long study and report will inform NMSA on plans and strategies for future growth.
- **SOC Repair.** The Spaceport Operations Center (SOC) has suffered superficial damage due to shifting of the foundations, due to poor water drainage. A contract was awarded early in FY23 to complete repairs and realign all water flows and drainage.

Other Spaceport Projects. Improvement of the Main Access Gate; and design and construction of additional internal roads, parking lots, spectator areas, restroom facilities. In addition, various projects are in the early planning stages for future development. These include the Spaceway Taxiway, Warehouses and Light Duty Shops, Range Instrumentation, Rocket Motor Test Stands and Launch Pads.

FINANCIAL CONTACT

NMSA's financial statement is designed to present users with the general overview of NMSA's finances and to demonstrate NMSA's accountability. If you have any questions about the report or need additional information, please contact:

New Mexico Spaceport Authority: 4605 Research Park Circle, Suite A, Las Cruces, New Mexico 88001.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 19,019,998
Cash Held at Trustee	11,118,399
Accounts Receivable, Net	7,590,422
Lease Receivable, Current	899,749
Prepaid Expenses	294,777
Inventory	38,467
Total Current Assets	38,961,812
Noncurrent Assets:	
Lease Receivable, Noncurrent	5,442,423
Capital Assets, Net	133,819,198
Lease Right to Use Assets, Net	2,539,821
Total Assets	\$ 180,763,254
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 1,400,469
Accrued Payroll	91,215
Due to State General Fund	11,716
Unearned Revenue	446,721
Accrued Interest Payable	18,532
Bonds Payable, Current	4,399,148
Lease Liability, Current	107,185
Compensated Absences Payable, Current	217,552
Total Current Liabilities	6,692,538
Noncurrent Liabilities:	
Bonds Payable, Noncurrent	26,950,671
Lease Liability, Noncurrent	2,478,593
Total Liabilities	36,121,802
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows, Leases	6,342,172
Total Liabilities and Deferred Inflows of Resources	42,463,974
NET POSITION	
Net Investment in Capital Assets	102,423,422
Restricted	33,905,676
Unrestricted	1,970,182
Total Net Position	138,299,280
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 180,763,254

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Governmental Activities
Expenses	
Spaceport Development	\$ 15,119,437
Total Expenses	15,119,437
 Program Revenues	
Rental Revenue	6,054,688
Tours and Launch Revenue	1,409,589
Lease Interest Revenue	51,424
Interest Revenue on Deposits	50,449
Total Program Revenues	7,566,150
 Net Program Revenues (Expenses)	(7,553,287)
 General Revenues, Reversions and Transfers	
Gross Receipts Tax	10,826,272
State General Fund Appropriation	3,074,500
Severance Tax Bond Appropriation	62,538
Other Financing Sources	26,100
Total General Revenues, Reversions and Transfers	13,989,410
Change in Net Position	6,436,123
Net Position - Beginning of Year	120,392,579
Restatement (<i>Note 18</i>)	11,470,578
Net Position - As Restated	131,863,157
Net Position - End of Year	\$ 138,299,280

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund (87100)	Regional Spaceport District Fund (10570)	STB Capital Projects Fund (89200)	GF Capital Projects Fund (93100)	Total Governmental Funds
ASSETS					
Current Assets					
Investments in State General Fund					
Investment Pool	\$ 3,511,295	\$ 1,612,408	\$ -	\$ 13,941,635	\$ 19,065,338
Cash Held at Trustee	-	11,118,399	-	-	11,118,399
Accounts Receivable, Net	278,356	7,312,066	-	-	7,590,422
Prepaid Expenses	294,777	-	-	-	294,777
Inventory	38,467	-	-	-	38,467
Total Assets	\$ 4,122,895	\$ 20,042,873	\$ -	\$ 13,941,635	\$ 38,107,403
LIABILITIES AND FUND BALANCES					
Liabilities					
Current Liabilities					
Deficit Investment in State General Fund	\$ -	\$ -	\$ 45,340	\$ -	\$ 45,340
Accounts Payable	1,092,654	-	17,447	290,368	1,400,469
Accrued Payroll	91,215	-	-	-	91,215
Due to State General Fund	11,716	-	-	-	11,716
Unearned Revenue	446,721	-	-	-	446,721
Total Liabilities	1,642,306	-	62,787	290,368	1,995,461
FUND BALANCES					
Nonspendable	333,244	-	-	-	333,244
Restricted	-	20,042,873	-	13,651,267	33,694,140
Assigned	2,147,345	-	-	-	2,147,345
Unassigned (Deficit)	-	-	(62,787)	-	(62,787)
Total Fund Balances	2,480,589	20,042,873	(62,787)	13,651,267	36,111,942
Total Liabilities and Fund Balances	\$ 4,122,895	\$ 20,042,873	\$ -	\$ 13,941,635	\$ 38,107,403

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balances for Governmental Funds	\$	36,111,942
Amounts reported for governmental activities in the statement of net position are different as follows:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as asset in governmental funds:		
Capital Assets, Net		133,819,198
Lease Right to Use Assets (RUA) used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Lease Right to Use Assets, Net		2,539,821
Lease Receivables used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Lease Receivable		6,342,172
Some liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds:		
Compensated Absences Payable		(217,552)
Bonds Payable		(31,349,819)
Accrued Interest Payable		(18,532)
Lease Liability		(2,585,778)
Deferred Inflows of resources are related to lease revenues that will be received and recognized in future periods and therefore not required to be reported in the funds.		
Deferred Inflows, Leases		(6,342,172)
Net Position of Governmental Activities	\$	<u>138,299,280</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund (87100)	Regional Spaceport District Fund (10570)	STB Capital Projects Fund (89200)	GF Capital Projects Fund (93100)	Total Governmental Funds
REVENUES					
Gross Receipts Tax	\$ -	\$ 10,826,272	\$ -	\$ -	\$ 10,826,272
Interest Revenue	-	50,449	-	-	50,449
Rental Revenue	6,054,688	-	-	-	6,054,688
Tours and Launch Revenue	1,409,589	-	-	-	1,409,589
Lease Interest Revenue	51,424	-	-	-	51,424
Total Revenues	<u>7,515,701</u>	<u>10,876,721</u>	<u>-</u>	<u>-</u>	<u>18,392,422</u>
EXPENDITURES					
Current:					
Personnel Services & Employee Benefits	2,320,403	-	-	-	2,320,403
Contractual Services	5,090,324	-	93,495	210,758	5,394,577
Other Costs	2,134,186	30,384	-	-	2,164,570
Capital Outlay	44,164	-	-	2,079,883	2,124,047
Lease Principal Payment	104,152	-	-	-	104,152
Lease Interest Expense	45,975	-	-	-	45,975
Debt Services Principal	-	4,088,699	-	-	4,088,699
Debt Services Interest	-	224,732	-	-	224,732
Total Expenditures	<u>9,739,204</u>	<u>4,343,815</u>	<u>93,495</u>	<u>2,290,641</u>	<u>16,467,155</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,223,503)</u>	<u>6,532,906</u>	<u>(93,495)</u>	<u>(2,290,641)</u>	<u>1,925,267</u>
OTHER FINANCING SOURCES (USES)					
State General Fund Appropriations	3,074,500	-	-	-	3,074,500
Severance Tax Bond Appropriation	-	-	62,538	-	62,538
Other Financing Sources	26,100	-	-	-	26,100
Total Other Financing Sources (Uses)	<u>3,100,600</u>	<u>-</u>	<u>62,538</u>	<u>-</u>	<u>3,163,138</u>
Net Change in Fund Balance	877,097	6,532,906	(30,957)	(2,290,641)	5,088,405
Fund Balance - Beginning of Year	<u>1,603,492</u>	<u>13,509,967</u>	<u>(31,830)</u>	<u>15,941,908</u>	<u>31,023,537</u>
Fund Balance - End of Year	<u>\$ 2,480,589</u>	<u>\$ 20,042,873</u>	<u>\$ (62,787)</u>	<u>\$ 13,651,267</u>	<u>\$ 36,111,942</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 5,088,405

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation Expense	(4,790,994)	
Capital Outlay	<u>2,124,047</u>	
Excess (deficiency) of capital outlay over depreciation expense		(2,666,947)

In the Statement of Activities, certain operating expenses including compensated absences and long term debt payments are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used.

Debt Service Principal		4,088,699
(Increase) Decrease in Net Lease Activity		(45,957)
(Increase) Decrease in Compensated Absences Payable		(9,545)
(Increase) Decrease in Accrued Interest Payable		<u>(18,532)</u>

Change In Net Position - Governmental Activities \$ 6,436,123

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS) –
GENERAL FUND (87100)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variances Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State General Fund Appropriation	\$ 3,090,900	\$ 3,090,900	\$ 3,074,500	\$ (16,400)
Other Financing Sources	9,700	9,700	26,100	16,400
Rental Revenue	6,250,700	6,250,700	6,054,688	(196,012)
Lease Interest Revenue	-	-	51,424	51,424
Tours and Launch Revenue	<u>3,831,000</u>	<u>3,831,000</u>	<u>1,409,589</u>	<u>(2,421,411)</u>
Total Revenues	<u>13,182,300</u>	<u>13,182,300</u>	<u>10,616,301</u>	<u>(2,565,999)</u>
Budgeted Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues & Budgeted Fund Balance	<u>13,182,300</u>	<u>13,182,300</u>	<u>10,616,301</u>	<u>(2,565,999)</u>
Expenditures				
Current				
Personal Services & Benefits	3,761,700	3,761,700	2,320,403	1,441,297
Contractual Services	6,316,200	6,316,200	5,090,324	1,225,876
Other Costs	<u>3,104,400</u>	<u>3,104,400</u>	<u>2,328,477</u>	<u>775,923</u>
Total Expenditures	<u>13,182,300</u>	<u>13,182,300</u>	<u>9,739,204</u>	<u>3,443,096</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>877,097</u>	<u>\$ (6,009,095)</u>
Net Change in Fund Balance			<u>\$ 877,097</u>	

For the Spaceport, Budget Basis is GAAP Basis

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The reporting entity is the New Mexico Spaceport Authority (NMSA or Spaceport).

NMSA was established by the Laws of 2005, Chapter 128, "New Mexico Spaceport Development Act" (Act). The purpose of NMSA is to:

- Encourage and foster development of the State and its cities and counties by developing spaceport facilities in New Mexico.
- Actively promote and assist public and private sector infrastructure development to attract new industries and businesses, thereby creating new job opportunities in the State.
- Create the statutory framework that will enable the State to design, finance, construct, equip and operate spaceport facilities necessary to ensure the timely, planned and efficient development of a southwest regional spaceport.
- Promote educational involvement in spaceport activities and education, and training of the workforce to develop the skills needed for spaceport operations.

The NMSA Board of Directors shall consist of seven voting and two nonvoting members, six of whom shall be appointed by the Governor with the consent of the senate; provided that one of the appointed members shall be a resident of Sierra County. No more than three appointed members shall belong to the same political party. The seventh member shall be the secretary of Economic Development or the Secretary's designee. The Lieutenant Governor shall serve as a nonvoting ex-officio member. The Executive Director of NMSA shall serve as a nonvoting member. The Chair may appoint a nonvoting advisory committee to provide advice and recommendations on NMSA matters. The members appointed by the Governor shall be residents of the State and shall serve for terms of four years, except for the initial appointees who shall be appointed so that the terms are staggered after initial appointment. Initial appointees shall serve terms as follows: two members for two years, two members for three years and two members for four years. The Secretary of Economic Development or the Secretary's designee shall serve as the Chair of NMSA.

NMSA is a governmental entity in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by GASB 39 and 61). NMSA is a governmental entity because it was established by statute; its relationship with other governmental entities; the governmental make-up of NMSA's governing board; sources of tax revenue; and its ability to issue tax-exempt debt.

Financial Reporting Entity and Component Units

The financial reporting entity as defined by GASB No. 39 consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity and Component Units (continued)

The Spaceport is part of the primary government of the State of New Mexico and its financial data is included with the financial data in the State of New Mexico's Annual Comprehensive Financial Report. These financial statements present financial information that is attributable to the Spaceport and does not purport to present the financial position of the State of New Mexico.

NMSA Office of the Executive Director / CEO

The Executive Director / Chief Executive Officer is empowered to organize NMSA and its divisions and may transfer or merge functions between divisions in the interest of efficiency and economy.

Regional Spaceport District

The Regional Spaceport District of the State of New Mexico was created under local government laws under the Regional Spaceport District Act, Section 5-16-1 et.seq., NMSA 1978. The Spaceport Authority is not considered to be a component unit of the district as described by GASB 14 (as amended by GASB 39 and 61). The Regional Spaceport District was created to monitor bonds supported by Gross Receipts tax collected in Dona Ana and Sierra counties. During fiscal years 2009 and 2010, the Spaceport District pledged the GRT revenue for the issuance of Spaceport Revenue Bonds and NMSA issued bonds (through the New Mexico Finance Authority) in FY 2010 and 2011. During fiscal year 2021, the Spaceport District pledged the GRT revenue for the issuance of Spaceport Revenue Bonds. The gross receipt tax activity is accounted for in fund 10570, Regional Spaceport District Fund.

The Spaceport implemented GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in fiscal year 2002. The Spaceport is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, but would be included in a state-wide Annual Financial Report.

In evaluating how to define the Spaceport for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, including the existence of financial benefit or burden condition. Based upon the application of these criteria, the Spaceport does not have any component units.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity and Component Units (continued)

The Spaceport is responsible for the fair presentation of the accompanying financial statements in conformity with generally accepted accounting principles. The Spaceport's significant accounting policies are described below.

The financial statements of the Spaceport have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of NMSA's accounting policies are described below.

Basis of Accounting – GASB Statement No. 34

The basic financial statements include both government-wide and fund financial statements. The reporting model focus is on either NMSA as a whole or on major individual funds. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

Government-Wide Statements

The statement of net position and the statement of activities display information about the Spaceport, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The Spaceport has no business-type activities; therefore, these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how NMSA's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliations that briefly explain the adjustments necessary to transform the fund based financial statements into the government-wide statements are presented on the page following each fund statement.

The accounts of NMSA are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled.

Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements.

Governmental Fund Types

All governmental fund types are accounted for on a spending or financial measurement focus. Only current assets and liabilities are generally included on their balance sheets. Their reported fund balance (net current position) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (continued)

NMSA uses the following funds:

General Fund (87100) The general fund is the chief operating fund of NMSA. The General Fund is funded through earned revenue from sales, rentals, launches, gross receipts bond proceeds, and appropriations from the State of New Mexico General Fund. The majority of fund balances are from cash received at the end of fiscal year (FY) 2022 that is assigned to fund operations in FY 2023.

Regional Spaceport District Fund (10570) This fund was established in FY 2009 when Dona Ana and Sierra Counties passed a gross receipts tax. The Regional Spaceport District Fund includes bonds issued by the New Mexico Finance Authority on behalf of NMSA and services the debt from receipt of gross receipts tax revenue. This is a major debt service fund.

Severance Tax Bonds (STB) Capital Projects Fund (89200) This fund was established at the beginning of FY 2012 to track capital projects funded by NM Severance Tax Bonds. This is a major capital projects fund.

General Fund (GF) Capital Projects Fund (93100) This fund was established in FY 2019 and is used for capital outlay projects funded by NM State General Fund Appropriations. This is a major capital projects fund.

Budgets and Budgetary Accounting

The State Legislature makes annual appropriations to the Spaceport which generally lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget and financial control system which permits a budget-to-actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation program level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the annual General Appropriations Act. The budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

These procedures are followed in establishing the budgetary data reflected in the financial statements:

1. No later than September 1, the Spaceport submits to the Legislative Finance Committee (LFC) and the Budget Division of the Department of Finance and Administration (DFA), an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the source of funding.
2. Appropriation request hearings are scheduled by the DFA. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (continued)

3. No later than May 1, the Spaceport submits to the DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA Budget Division reviews and approves the operating budget which becomes effective on July 1. All subsequent budgetary adjustments must be approved by the Director of the DFA Budget Division and by the LFC.
4. Legal level of budgetary control for expenditures is at the program appropriation level. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.

Budgets are prepared in accordance with accounting principles generally accepted in the United States of America.

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, Item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the Department of Finance and Administration."

The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget.

In accordance with the requirements of Section 2.2.2 10.A (2) (b) of 2.2.2. NMAC *Requirements for Contracting and Conducting Audits of Agencies* and the requirements established by GASB 34, the budgetary comparison statement for the general fund has been included as part of the basic financial statements.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance

Investment in the State General Fund Investment Pool (SGFIP)

All governmental funds allotted to NMSA are held on deposit with the State Treasurer General Fund Investment Pool (SGFIP). *Note 2* describes the carrying value of the investment. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits. Petty and other cash are held by the NMSA as reported in *Note 2*.

Receivables and Payables

All receivables are considered collectible and are expected to be collected within one year. As a result, NMSA has not established an allowance for doubtful accounts. Payables represent obligations at year end for goods received or services rendered prior to year-end that were not yet paid.

Lease Receivable

NMSA recognized a lease receivable in 2022 pursuant to the implementation of GASB 87, Leases. The lease receivable was calculated based on the present value of the lease payments that the Spaceport will receive in future periods using an incremental borrowing rate of 0.75% based on the following scale:

<u>Lease Term</u>	<u>IBR</u>
>1 year to 5 years	0.50%
>5 years to 10 years	0.75%
Over 10 years	1.75%

See corresponding deferred inflows in “Deferred Outflows / Inflows of Resources” section at *Note 11*.

Inventory

Items held for resale are valued at the lower of cost, using the average cost, or market. The average cost is estimated using the last-in, first-out (LIFO) method. Other costs associated with acquiring, storing and transporting merchandise inventories are expensed as incurred and included in Cost of Goods Sold (COGS). Physical inventory counts are taken on an annual basis at the end of each fiscal year to ensure that the inventory reported in the financial statements is properly stated. A portion of the amount reported in non-spendable fund balance represents inventories and indicates that supplies inventories are not available expendable resources for Spaceport programs.

Prepaid Expenses

Prepaid expenses represent a prepaid airspace usage agreement with White Sands Missile Range (WSMR). Because of the proximity to WSMR coupled with their mission, NMSA from time to time has to encroach this airspace and has entered into an agreement with the U.S. Army to facilitate this. A portion of the amount reported in non-spendable fund balance represents prepaid expenses and indicates that prepaid expenses are not available expendable resources for Spaceport programs.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Capital Assets, Net

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Computer software is included in equipment. The NMSA does not have any internally developed software. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State's capitalization policy per Section 12-6-10 NMSA 1978, i.e., the dollar value above which asset acquisitions are added to the capital accounts, is \$5,000. Items on the capital asset listing that were capitalized under previous lower thresholds will remain on the inventory list and continue to be depreciated.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The estimated useful lives are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	40
Equipment and Furniture	5-10
Vehicles	10
Improvements other than building	20-50

GASB 34 requires the recording and depreciation of infrastructure assets, such as road, bridges, etc. The Spaceport depreciates its infrastructure assets in accordance with GASB 34 accordingly.

Lease Right to Use Asset

A lease right to use asset (RUA) has been recognized as an intangible asset on the Statement of Net Position, net of accumulated amortization as a result of the implementation of GASB 87. The net RUA was calculated at \$2,539,821. Amortization is calculated on a straight-line basis over the term of the lease(s).

Due To/From Other Funds

Internal balances due to/from in the governmental funds are netted as part of the reconciliation to the government-wide columnar presentation, as such eliminating internal activity in the Statement of Activities. There were no internal balances.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Debt

Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Debt does not include leases, except for contracts reported as a financed purchase of the underlying asset or accounts payable.

Compensated Absences Payable

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50% of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50% hourly rate. The compensated absences payable is included in the government-wide financial statements.

Leases

During the year ended June 30, 2022, the Spaceport implemented GASB 87 which required them to capitalize lease liabilities. The lease liability is reported in the Statement of Net Position as a liability. Pursuant to the State of New Mexico Manual of Model of Accounting Practices (MAPS), the incremental borrowing rate (IBR) of .5% was used to calculate the present value of the future payments (see Note 12).

<u>Lease Term</u>	<u>IBR</u>
>1 year to 5 years	0.50%
>5 years to 10 years	0.75%
Over 10 years	1.75%

Non-Reverting Funds

All funds which are either appropriated to or earned by NMSA and, by law or statute, are not required to be reverted to the State Treasury upon completion of a fiscal period or project are non-reverting funds. NMSA currently classifies the following revenues and sources as non-reverting:

General Fund (Fund 87100) – The source of these funds includes, but is not limited to, general fund appropriations, gross receipts tax bond proceeds, interest earned upon any money in the Fund; and revenues earned by the Agency as described in the Spaceport Development Act [Section 58-31-17 NMSA 1978].

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Fund Balance Classification

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, NMSA considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, NMSA considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as appropriate opportunities arise. However, NMSA reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding debt. The net related debt is the debt less outstanding liquid assets and any associated unamortized cost. The Spaceport did have related debt during the year ended June 30, 2022 as reported on statement of net position. In addition, the lease right to use asset less the related lease liability are included.

Restricted net position - consists of net asset with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - are all other net assets that do not meet the definition of "restricted" or "net investment in capital assets".

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COVID-19 (Coronavirus) Pandemic

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. In response to the COVID-19 Pandemic, there have been variations of federal, state, and local mandates that impacted the NMSA's operations. These mandates resulted in an overall decline in economic activity and a rise in economic uncertainties. However, the related financial impact and duration cannot be reasonably estimated at this time.

The safety and health of our employees as well as the general public that we serve is of great importance to the NMSA. We remain committed to the purpose of our NMSA and ensuring that adequate internal controls over financial transactions and reporting were maintained while complying with federal state, and local mandates.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2: CASH AND INVESTMENTS

State General Fund Investment Pool Reconciliation

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the state, except where otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the state's bank when agency cash receipts are deposited with STO and pooled in a statewide investment fund, also referred to as the State General Fund Investment Pool (SGFIP). In times when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payments to vendors and employees they are made from this pool and their claims on the pool are reduced.

The comprehensive cash reconciliation model which compares aggregated agency claims on the SGFIP to the associated resources held by the State Treasurer's Office has been completed for fiscal year 2022. This process has been previously reviewed and is analyzed annually, by the IPAs performing audits of the General Fund, the Department of Finance and Administration (Department), and the State of New Mexico's Annual Comprehensive Financial Report (ACFR). These reviews have deemed the process sound with NMSA fully compliant with reconciliation requirements. NMSA asserts that:

- As of June 30, 2022, resources held in the pool were equivalent to the corresponding business unit claims on those resources
- All claims, as recorded in SHARE, shall be honored at face value

The SGFIP balance conveyed by STO and DFA are reviewed for accuracy by the Spaceport on a monthly basis and as a whole at year end June 30, 2022. A summary of the balances is as follows:

Fund	SHARE Fund #	Investment (Cash)	Investment at State Treasurer
General Fund	87100	NM STO's SGFIP	\$ 3,511,295
Capital Projects Fund - Severance Tax	89200	NM STO's SGFIP (Deficit)	(45,340)
Capital Projects Fund - General Fund	93100	NM STO's SGFIP	13,941,635
Regional Spaceport District Fund	10570	NM STO's SGFIP	1,612,408
Total Investment in State General Fund Investment Pool			\$ 19,019,998

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk - The New Mexico State Treasurer’s Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit risk - The New Mexico State Treasurer State Investment Fund Pool is not rated.

A portion of the Cash in Fund 10570 is managed by the New Mexico Finance Authority (fiscal agent) and held by a State Treasurer authorized bank. The sources of funds are bond proceeds and other debt service requirements. These funds are invested in short-term money market accounts that invest in U.S. Treasury obligations and repurchase agreements collateralized by U.S. Treasury obligations in accordance with state law. The trustees are also permitted to purchase U.S. Treasury obligations:

<u>Funds</u>	<u>SHARE Fund #</u>	<u>Investment (Cash)</u>	<u>Balance June 30, 2022</u>
Regional Spaceport District Fund	10570	Cash Held at Trustee	\$ 7,108,589
Regional Spaceport District Fund	10570	Restricted Cash	4,009,810
Total Cash Held at Trustee & Restricted Cash			<u>\$ 11,118,399</u>

State law (Section 8-6-3 NMSA 1978) requires the NMSA’s cash be managed by the New Mexico State Treasurer’s Office. Accordingly, NMSA’s investments consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer’s Office:

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2022.

NOTE 3: ACCOUNTS RECEIVABLE, NET

All accounts receivable reported on the governmental funds financial statements have been collected within 60 days of the fiscal year end. The Statement of Activities and the Statement of Net Position reports all accounts receivable as revenue. If any accounts receivable amount on the Statement of Net Position remains uncollected after 12 months, the uncollected amount is held in a contra-account identified as bad debt.

NMSA does not forgive any debt. Per Article IV Section 32 of the New Mexico Constitution [Remission of debts due state or municipalities] provides:

No obligation or liability of any person, association or corporation held or owned by or owing to the state, or any municipal corporation therein, shall ever be exchanged, transferred, remitted, released, postponed or in any way diminished by the legislature, nor shall any such obligation or liability be extinguished except by the payment thereof into the proper treasury, or by proper proceeding in court.

NMSA maintains a collections policy that includes tracking all receivable balances, even those with allowances for bad debt. The agency actively attempts to collect on all outstanding accounts receivables.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 3: ACCOUNTS RECEIVABLE, NET (CONTINUED)

Accounts receivable at June 30, 2022 consisted of the following:

	Balance at June 30, 2022
Due from Tenants	\$ 278,321
GRT Due from Local Governments	7,312,066
Other Receivables	35
Total Accounts Receivable	7,590,422
Less: Allowance for Doubtful Accounts	-
Accounts Receivable, Net	\$ 7,590,422

NOTE 4: INVENTORY

Inventory consists of souvenir type merchandise held for resale at the main Spaceport gift shop. This inventory was valued at \$38,467 at June 30, 2022.

NOTE 5: LEASE RECEIVABLE

During the year, the Spaceport recognized a lease receivable in the amount of \$6,342,172 pursuant to the implementation of GASB 87, Leases. The Spaceport leases a facility located within its operating facility to a third party. The monthly lease payments are \$83,333 per month due on the 10th day of the following month. The lease term ends on February 28, 2025, and contains three (3) one-year options to renew.

NOTE 6: DUE TO DUE FROM OTHER STATE AGENCIES

Transactions that occur among state agencies under legislative mandate, exchange transactions and other situations are accounted for in the financial statements which make up the amounts due from other state agencies. The following is a summary of amounts due to / from statement agencies at June 30, 2022:

Due To Other State Agencies - General Fund

To	Agency Name	Purpose	From	Amount
Agency # / Fund #			Agency # / Fund #	
34101 / 85300	Dept. of Finance & Admin.	State Dated Warrants	49500 / 87100	\$ 11,716
Total Due To State General Fund				\$ 11,716

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7: TRANSFERS

During the fiscal year, Spaceport received funds that were recorded as “Other Financing Sources” in the governmental funds. These amounts are included in the table below:

	From Agency		To Agency		Transfer Amount In (Out)
	Business Unit # / Fund #	Agency Transfer From	Business Unit # / Fund #	Agency Transfer To	
(1)	34101/ 85300	Dept. of Finance and Admin.	49500/ 87100	NM Spaceport Authority	\$ 2,074,500
(2)	34101/ 85300	Dept. of Finance and Admin.	49500/ 87100	NM Spaceport Authority	1,000,000
(3)	34103/ 20650	DFA - Board of Fin. Bond Funds	49500/ 89200	NM Spaceport Authority	62,538
(4)	34100/ 62000	Dept. of Finance and Admin.	49500/ 87100	NM Spaceport Authority	16,400
(5)	34100/ 62000	Dept. of Finance and Admin.	49500/ 87100	NM Spaceport Authority	9,700
					<u>\$ 3,163,138</u>

Purpose

- (1) General Fund Appropriations - Laws of 2021, Section 4
- (2) Supplemental & Deficiency Appropriations - Laws of 2022, Chapter 54, Section 6
- (3) Severance Tax Bond Appropriation - STB18A C2602
- (4) Laws 2021, Chapter 137 Compensation Package
- (5) Laws of 2022, 2nd Session, Chapter 54, Section 8 Compensation Adjustment

NOTE 8: CAPITAL ASSETS AND LEASE RIGHT TO USE ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets not being Depreciated:				
Construction in Progress	\$ 241,373	\$ 1,866,340	\$ -	\$ 2,107,713
Capital Assets being Depreciated:				
Buildings	73,158,655	12,552	-	73,171,207
Improvements Other than Buildings	88,896,122	203,043	-	89,099,165
Vehicles	1,863,598	24,850	-	1,888,448
Equipment and Furniture	10,884,153	17,262	-	10,901,415
Total Capital Assets	<u>175,043,901</u>	<u>2,124,047</u>	<u>-</u>	<u>177,167,948</u>
Less: Accumulated Depreciation for:				
Buildings	(15,294,936)	(1,874,431)	-	(17,169,367)
Improvements Other than Buildings	(19,621,984)	(2,364,674)	-	(21,986,658)
Vehicles	(1,440,291)	(184,239)	-	(1,624,530)
Equipment and Furniture	(2,200,545)	(367,650)	-	(2,568,195)
Total Accumulated Depreciation	<u>(38,557,756)</u>	<u>(4,790,994)</u>	<u>-</u>	<u>(43,348,750)</u>
Capital Assets, Net	<u>\$ 136,486,145</u>	<u>\$ (2,666,947)</u>	<u>\$ -</u>	<u>\$ 133,819,198</u>

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 8: CAPITAL ASSETS AND LEASE RIGHT TO USE ASSETS (CONTINUED)

Depreciation expense for the fiscal year was \$4,790,994 and was charged to the Spaceport Development function.

As a result of the implementation of GASB 87, additions to RUA assets in the amount of \$2,689,930 have been recognized for the year ended June 30, 2022 as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Right to Use Assets Being Amortized				
Lease Building	\$ -	\$ 2,664,703	\$ -	\$ 2,664,703
Lease Equipment	-	25,227	-	25,227
Total Right of Use Assets	<u>-</u>	<u>2,689,930</u>	<u>-</u>	<u>2,689,930</u>
Accumulated Amortization				
Lease Building	-	(141,723)	-	(141,723)
Lease Equipment	-	(8,386)	-	(8,386)
Total Accumulated Amortization	<u>-</u>	<u>(150,109)</u>	<u>-</u>	<u>(150,109)</u>
Right to Use Assets, Net	<u>\$ -</u>	<u>\$ 2,539,821</u>	<u>\$ -</u>	<u>\$ 2,539,821</u>

Amortization expense was \$150,109 for the year ended June 30, 2022 and was charged to the Spaceport Development function.

NOTE 9: COMPENSATED ABSENCES PAYABLE

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

Description	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Compensated Absences Payable	<u>\$ 208,007</u>	<u>\$ 39,650</u>	<u>\$ 30,105</u>	<u>\$ 217,552</u>	<u>\$ 217,552</u>

The portion of compensated absences due after one year is not material, and therefore, not separately presented. Substantially, all of the compensated absences balances have been paid by the General Fund in prior years. The amount of compensated absences is calculated by multiplying the vested hours by the pay rate at year-end plus applicable payroll taxes.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 10: DEBT

NMSA currently does not have any unused lines of credit.

NMSA's long term debt is summarized as follows:

- In May 2021, the New Mexico Finance Authority issued series 2021 Taxable Gross Receipts Tax Refunding Revenue Bonds on behalf of NMSA. The bonds were issued to refund the previously issued series 2009 and series 2010 bonds. The 2021 series was issued with a par value of \$35,438,518. The bond obligation is scheduled to continue until Fiscal year 2029.

Revenue pledged for semi-annual bond payments (principal and interest) is from local Spaceport Gross Receipts tax of 0.25% collected in Dona Ana and Sierra counties. Out of the total Spaceport Gross Receipts tax collected, 75% of the tax revenues are pledged toward the repayment of bond debt, and 25% is granted to county schools for STEM education. Revenue is pledged until the completion of the bond obligation. There is no sunset of the Spaceport Gross Receipts tax.

Assets pledged as collateral for long term debt include cash held in reserve accounts by the New Mexico Finance Authority in the amount of \$11,118,399. The reserve accounts will be maintained in the debt service fund.

Significant terms specified in debt agreement:

1) Prepayment: The Bonds may be prepaid in whole or in part at any time on or after the Closing Date.

The interest rate (average coupon) is:

- 2021 Series bonds: 0.769447%

Interest expense for the current fiscal year was \$224,732.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 10: DEBT (CONTINUED)

The changes in long-term balances for fiscal year 2022 are as follows:

Description	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
GRT Revenue Bonds, Series 2021	\$ 35,438,518	\$ -	\$ 4,088,699	\$ 31,349,819	\$ 4,399,148
Total Long-term Debt	\$ 35,438,518	\$ -	\$ 4,088,699	\$ 31,349,819	\$ 4,399,148

Future minimum payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 4,399,148	\$ 222,385	\$ 4,621,533
2024	4,421,143	200,389	4,621,532
2025	4,445,460	176,073	4,621,533
2026	4,472,132	149,400	4,621,532
2027	4,501,201	120,331	4,621,532
2028-2029	9,110,735	132,330	9,243,065
Total	\$ 31,349,819	\$ 1,000,908	\$ 32,350,727

Pledged revenues provided 2.5 times coverage of the principal and interest requirements for fiscal year 2022. Comparison of pledged revenue to bond obligations:

Pledged Revenue Recognized in 2022	Principal and Interest Requirements	Excess Pledged Revenue 2022
\$ 10,826,272	\$ 4,313,431	\$ 6,512,841

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 11: DEFERRED INFLOWS OF RESOURCES – LEASE

The Spaceport leases a facility (see *Note 5*) located on its main campus. At June 30, 2022, \$948,576 was recognized against the inflows resulting in a deferred inflows balance of \$6,342,172 at fiscal year-end. The schedule of future payments to be received are as follows:

<u>Year Ended June 30,</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>	<u>Total</u>
2023	\$ 955,714	\$ 44,286	\$ 1,000,000
2024	962,907	37,093	1,000,000
2025	970,154	29,846	1,000,000
2026	977,455	22,545	1,000,000
2027	984,811	15,189	1,000,000
Thereafter	1,491,131	8,869	1,500,000
Total	<u>\$ 6,342,172</u>	<u>\$ 157,828</u>	<u>\$ 6,500,000</u>

NOTE 12: LEASE LIABILITY

As a result of the implementation of GASB 87, the Spaceport has recognized a lease liability in the amount of \$2,585,778 as of June 30, 2022.

The Spaceport leases copiers that are used for their central operations. The initial term of the lease was 5 years with no renewal options.

The Spaceport also leases a building for use in their central operations. The initial term was for 20 years with two (2) five-year options to renew which Spaceport has opted to exercise.

On a prospective basis, the present value of the future lease payments has been calculated as of July 1, 2021. There are no annual escalation clauses for the monthly payments. There are no variable payments that are not included in the lease liability calculation. There are no residual value guarantees that are not included in the lease liability calculation. Pursuant to MAPS, the incremental borrowing rate of .75% was used to calculate the present value of the future payments.

The following future principal and interest obligations on this lease is as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Payment</u>
2023	\$ 107,185	\$ 44,232	\$ 151,417
2024	112,443	42,431	154,874
2025	114,119	40,494	154,613
2026	117,156	38,476	155,632
2027	120,643	36,398	157,041
Thereafter	2,014,232	231,544	2,245,776
Total	<u>\$ 2,585,778</u>	<u>\$ 433,575</u>	<u>\$ 3,019,353</u>

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 13: SCHEDULE OF SEVERANCE TAX AND SPECIAL APPROPRIATIONS

The Spaceport had the following activities from multiple appropriations during the year as follows:

<u>Project #</u>	<u>Project Description</u>	<u>Amount Appropriated</u>	<u>Amount Reverted</u>	<u>Art in Public Places</u>	<u>Expenditures Reported in Prior Year</u>	<u>Rever- sion Date</u>	<u>Current Year Exp.</u>	<u>Balance at June 30, 2022</u>
A084780	Originally authorized in Laws of 2008; Chapter 92, Subsection C of Section 76; Extended in Laws 2019, Chapter 280, Section 68	\$ 4,872,295	\$ 289,221	\$ -	\$ 4,578,786	6/30/2021	\$ 4,288	\$ -
A18C2600	Laws of 2018, Chapter 80 Section 31/1	500,000	-	-	444,133	6/30/2022	798	55,069
A18C2601	Laws of 2018, Chapter 80 Section 31/2	500,000	-	-	500,000	6/30/2022	-	-
A18C2602	Laws of 2018, Chapter 80 Section 31/3	5,000,000	-	-	4,091,350	6/30/2022	67,788	840,862
A19D3267	Laws of 2019, Chapter 277 Section 69	16,000,000	-	160,000	346,288	6/30/2023	-	15,653,712
A19D3578	Laws of 2019, Chapter 277 Section 69	3,000,000	-	30,000	578,419	6/30/2023	-	2,421,581
ZC5554	Originally authorized in Laws of 2018, Chapter 73, Subsection 54 of Section 5 and reauthorized in Laws of 2019, Chapter 271, Subsection 64 of Section 5	10,000,000	-	-	-	6/30/2023	-	10,000,000
A20E2807	Laws of 2019, Chapter 277 Section 37	10,000,000	-	-	-	6/30/2024	-	10,000,000
	Total	<u>\$ 49,872,295</u>	<u>\$ 289,221</u>	<u>\$ 190,000</u>	<u>\$ 10,538,976</u>		<u>\$ 72,874</u>	<u>\$ 38,971,224</u>

NOTE 14: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. When the eligibility requirements are met, the Spaceport’s employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report is also available on PERA’s website at www.nmpera.org.

Funding Policy. Plan members are required to contribute 9.92% of their gross salary. The Spaceport is required to contribute 18.24% of the gross covered salary. The contribution requirements of the plan members and the Spaceport are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Spaceport’s employer contributions to PERA for the years ending June 30, 2022, 2021, and 2020, were \$295,805, \$248,760 and \$279,799 respectively, which equal the amount of the required contributions for each year.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 14: PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Financial Reporting and Disclosure for Multiple Employer Cost Sharing Pension Plans by Employers

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico continues to apply the standard for the fiscal year ending June 30, 2016.

The Spaceport, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall total pension liability exceeds plan net position resulting in a net pension liability. The state has determined that the state's share of pension liability to be a liability of the state as a whole rather than any agency or department of the state and will not be reported in the department of the state or agency level financial statements of the state. All required disclosures will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the ACFR of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows or resources of the primary government will be contained in the General Fund and the Annual Financial Report of the State of New Mexico and will be available from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

NOTE 15: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The Spaceport contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the health care plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined

by the Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment health care plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 6300 Jefferson St. NE Suite 150, Albuquerque, New Mexico 87109.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 15: POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for health care benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical plus basic life plan, plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2022, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Spaceport's contributions to the RHCA for the years ended June 30, 2022, 2021, and 2020 were \$32,455, \$28,071, and \$32,472 respectively, which equal the required contributions for each year.

Financial Reporting and Disclosure for Post-employment Benefits – State Retiree Health Care Plan

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

The Spaceport, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the ACFR of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Annual Financial Report for the year ended June 30, 2022, and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 16: CONTINGENT LIABILITIES (CLAIMS AND JUDGMENTS)

NMSA as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the General Services Department of the State of New Mexico. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for State of New Mexico employees.

In the case of civil actions or claims against NMSA for financial damages, NMSA's certificate of insurance with Risk Management does not cover claims for back wages but does cover civil rights claims for other compensatory damages.

As of the financial statement date NMSA has no asserted claims in process. It is considered unlikely that NMSA will owe anything related to consequential damages or attorney's fees.

NMSA is subject to legal proceedings, claims, and liabilities, which arise in the ordinary course of its business. In the opinion of NMSA's management and legal counsel, no current legal claims will have a material adverse effect on the financial position or results of operations of NMSA.

NOTE 17: RISK MANAGEMENT

The Spaceport obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance, and State unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. The office pays premiums for this coverage through risk management. All employees of the Spaceport are covered by a blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence for the period July 1, 2021, through June 30, 2022. There have been no reductions in coverage by risk category for the year ending June 30, 2022.

NOTE 18: RECONCILIATION OF BUDGET AND ACTUAL (BUDGETARY BASIS) TO GAAP BASIS FINANCIAL STATEMENTS

For the Spaceport, budgetary basis is GAAP basis.

NOTE 19: RESTATEMENT

Deferred Inflows of Resources in the Statement of Net Position was restated by a total of \$11,470,578 as of June 30, 2021 to remove the economic gain on debt refunding that should have been fully recognized in FY2021.

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 20: FUND BALANCE CLASSIFICATIONS

The Spaceport's fund balances represent: 1) Nonspendable, which include balances for inventories and prepaid expenses that are not available expendable resources for Spaceport programs. 2) Restricted purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 3) Committed purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 4) Assigned purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

A summary of the nature and purpose of these reserves by fund type at June 30, 2022 follows:

Fund	Amount
General Fund - 87100	
Fund Balances:	
Nonspendable	\$ 333,244
Assigned	<u>2,147,345</u>
Total 87100	<u>2,480,589</u>
Debt Service Fund - 10570	
Fund Balance:	
Restricted for Debt Service	<u>20,042,873</u>
Total 10570	<u>20,042,873</u>
Capital Projects Fund - 89200	
Fund Balance:	
Unassigned (Deficit)	<u>(62,787)</u>
Total 89200	<u>(62,787)</u>
Capital Projects Fund - 93100	
Fund Balance:	
Restricted for Capital Projects	<u>13,651,267</u>
Total 93100	<u>13,651,267</u>
Total Fund Balances	<u><u>\$ 36,111,942</u></u>

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 21: NEW ACCOUNTING STANDARDS

The Spaceport conforms to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

The following pronouncements have been issued but are not yet effective and will be evaluated in year of implementation:

- GASB Statement No. 91, *Conduit Debt Obligations*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*
- GASB Statement No. 97, *Certain Component Unit Criteria*
- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

The following pronouncements that are issued and effective are not deemed to be applicable to the Spaceport:

- GASB Statement No. 89, *Interest Costs Incurred before End of Construction*
- GASB Statement No. 92, *Omnibus* (Paragraphs 6 through 10 and 12)
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* (Paragraphs 11b,13, and 14)

The following pronouncements that are issued and effective have been adopted in the current or previous year:

- GASB Statement No. 87, *Leases*
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*

NOTE 22: SUBSEQUENT EVENTS

The Spaceport has evaluated subsequent events through October 31, 2022, which is the date the financial statements were available to be issued. See *Note 1: Summary of Significant Accounting Policies* for the *COVID-19 (Coronavirus) Pandemic* disclosure.

COMPLIANCE SECTION



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

Honorable Brian S. Colón, Esq., CFE
New Mexico State Auditor
and
Board of Directors
New Mexico Spaceport Authority
Las Cruces, New Mexico

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 governmental activities, each major fund, and the budgetary comparison of the general fund of the State of New Mexico, New Mexico Spaceport Authority (Spaceport) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Spaceport's basic financial statements, and have issued our report dated October 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Spaceport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Spaceport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Spaceport'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Spaceport'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Spaceport'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Spaceport'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 Spaceport's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
October 31, 2022

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of Auditors' Report Issued: | Unmodified |
| 2. Internal Control Over Financial Reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to financial statements noted? | No |

Section II – Current Year Findings

There are no current year findings.

Section III – Status of Prior Year Findings

There are no prior year findings

**STATE OF NEW MEXICO
SPACEPORT AUTHORITY
EXIT CONFERENCE
JUNE 30, 2022**

The contents of this report were discussed at an exit conference held October 31, 2022.

The Spaceport, was represented by:

- Scott McLaughlin, Executive Director
- Art Trujillo, Chief Financial Officer
- Doreen Sieburg, Accountant

The firm of Kubiak Melton & Associates, LLC was represented by:

- Daniel O. Trujillo, CPA, CFE, CGFM, CGMA, Member – Director of Audit
- Mark Santiago, CPA - Audit Manager
- Saudy Moreno-Esparza, Audit Senior

The audited financial statements of the Spaceport were prepared by the independent certified public accountants performing the audit. Management is responsible for ensuring the books and records adequately support the preparation of the financial statements in accordance with generally accepted accounting principles and that the information is current and in balance. Management has reviewed and approved the financial statements as presented.