



**TRUCKEE TAHOE AIRPORT DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2023

BOARD OF DIRECTORS

Teresa O'Dette – President

David Diamond – Vice President

Mary Hetherington – Director

Kathryn Rohlf – Director

Rick Stephens – Director

* * * *

General Manager
Robb Etnyre

TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2023

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee Tahoe Airport District
Truckee, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Truckee Tahoe Airport District, which comprise the statements of net position as of December 31, 2023 **and 2022** and the related statements of revenues, expenses and the change in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Truckee Tahoe Airport District as of December 31, 2023 **and 2022** and the results of its operations in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of our Opinion

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

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Truckee Tahoe Airport District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the 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 Truckee Tahoe Airport District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Truckee Tahoe Airport District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net pension Liability, Schedule of Contributions, and the Notes to Required Supplementary Information 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.

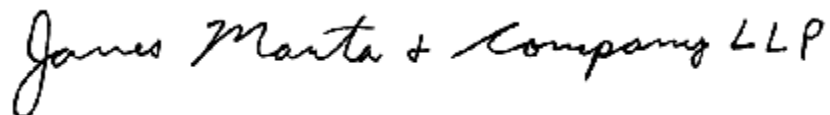
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Truckee Tahoe Airport District. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not required parts of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, The Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024 on our consideration of Truckee Tahoe Airport District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Truckee Tahoe Airport District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 16, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE TAHOE AIRPORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

The following discussion and analysis of the financial performance of the Truckee Tahoe Airport District (the "District" or the "Airport") provides an overview of the District's financial activities for the fiscal year (twelve months) ended December 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District continues to implement Governmental Accounting Standards Board (GASB) Statement 68-Accounting and Financial Reporting for Pensions. This accounting principle sets up a Net Pension Liability that has decreased, based on annual actuarial reports, from \$3.05 million on December 31, 2022 to \$2.78 million on December 31, 2023.
- In the calendar year ended December 31, 2023, the District's operating revenues increased \$197k (3.5%) over the prior fiscal year. This is primarily due to increased landing fees, ramp fees, hangar revenue, and warehouse rents.
- The District received funding through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants in the amount of \$5,890,479 to start AIP Project 046-Runway 2/20 Reconstruction and associated runway lighting. The project will be finalized in June 2024.
- The District saw annualized property tax revenues increase 8.31%, in calendar year ended December 31, 2023.
- The District's annualized personnel costs increased by 8.7% overall compared to 2022. Salaries and Wages increased by 12% due to annual Cost of Living Allowance (COLA) and Merit increases. There is a year-end adjustment relating to GASB 68 that decreases the PERS liability by \$270k based on the annual actuarial report and calculation and is further reduced by our annual ADP of \$500k.
- Operating, general and administrative annualized expenses were up 4% over the prior year. The increase was primarily due to Agency Partnerships & Community Sponsorships, Airshow, Credit Card Fees, and Insurance.
- Repair and maintenance annualized expenses were up from the prior fiscal year by 23%. In 2023, the District caught up on some needed hangar repairs, vehicle maintenance and lands management.
- Due to long-term fiscal discipline, the Truckee Tahoe Airport District is in excellent financial condition. The District's net position is \$70 million. The District has designated the unrestricted net position for future capital projects and contingencies.

OPERATIONAL HIGHLIGHTS

- During the twelve-month year ended December 31, 2023, Fixed Base Operations (FBO) revenues were up 6% compared to 2022. Jet A/SAF sales were down 35.1% over 2022 in gallons sold and down \$639k in revenue. 100LL sales were down 11.2% over 2022 in gallons sold and down \$115k in revenue. Net airside revenue was down 5.8% from the previous year primarily due to decreased Jet A/SAF and 100LL fuel sales. Overall decreases were primarily due to decreased air traffic during the second largest winter snowfall on record with over seven hundred inches of snow.
- The District saw an increase in hangar revenue of 7.39% compared to 2022 considering the annual CPI increase.
- Other business leases were down 4.7% due to the lack of lease revenue from the Cessna 182 that was sold and CAM revenue from OBL Sublease is lower.
- Truckee Tahoe Airport completed its transition to blended Sustainable Aviation Fuel (SAF) in July 2023. This multi-year initiative supported the reduction of Scope 3 Category 11 emissions (use of sold products) and is often recognized as one of the largest, most challenging, and costly targets for reducing emissions in the aviation industry. In 2023 they launched their fleet electrification initiative, purchasing two electric vehicles to support various airport operations, subsequently reducing their Scope 1 emissions. They transitioned from self-service fueling to full-service (at no additional cost to

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

tenants), which provides fuel to the aircraft where they are parked, eliminating the need to spend fuel taxiing to and from the pumps.

USE OF FINANCIAL STATEMENTS TO ANALYZE THE DISTRICT'S CONDITION

When financial statements are presented, the District is often asked, "Is the District better off or worse off as a result of this year's activities?" The financial statements report information about the District's activities in a way that helps answer this question. The statements are prepared on the accrual basis of accounting, which means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. An explanation of each of the statements and the information they report follows.

THE STATEMENT OF NET POSITION

The Statement of Net Position details the District's assets, liabilities, and the difference between them, known as net position, at the end of the fiscal years, December 31, 2023, and December 31, 2022. The level of net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other factors, such as changes in the District's property tax revenues and the condition of the airport's facilities, must also be considered to assess the overall health of the District.

THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents information which shows how the District's net position changed during the fiscal year. The statement measures the success of the District's operations during the year and determines whether the District has recovered its costs through fuel sales, user fees and other revenue sources. The changes in net position for the fiscal years shown in this report agree with the differences in net position shown on December 31, 2023 in the above-mentioned Statement of Net Position.

THE STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information regarding the District's cash receipts and disbursements during the fiscal year. Cash activity is grouped in the following four categories: operations, noncapital financing, capital, and related financing, and investing. This statement differs from the Statement of Revenues, Expenses and Changes in Net Position, because it only accounts for transactions that result in cash receipts or disbursements. For example, the amount shown as receipts from customers on the first line of the statements represents cash received during the fiscal year, rather than revenue earned.

THE NOTES TO THE FINANCIAL STATEMENTS

The Notes to the Financial Statements provide a description of accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles of the United States that are not otherwise present in the financial statements.

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

The District's net position on December 31, 2023 totaled \$70,469,337 compared with \$62,200,822 on December 31, 2022. As noted in the Financial Highlights, due to long-term fiscal discipline, the Truckee Tahoe Airport District is in excellent financial condition. A summary of the District's asset, liability, and net position balances at the end of the current and prior two fiscal years appears on the following chart.

Statement of Net Position

| | December 31, 2023 | December 31, 2022 | Increase (Decrease) | Percent Change | December 31, 2021 |
|---------------------------------|----------------------|----------------------|------------------------|-------------------|----------------------|
| Assets: | | | | | |
| Cash and Equivalents | \$ 10,449,151 | \$ 8,724,327 | \$ 1,724,824 | 19.8% | \$ 5,442,326 |
| Other Current Assets | <u>5,447,557</u> | <u>4,971,724</u> | <u>475,833</u> | 9.6% | <u>4,674,163</u> |
| Total Current Assets | 15,896,708 | 13,696,051 | 2,200,657 | 16.1% | 10,116,489 |
| Investments | 1,250,000 | 1,250,000 | - | 0.0% | 1,000,000 |
| Noncurrent Receivable | 35,600 | 35,600 | - | 0.0% | 35,600 |
| Net Capital Assets | <u>62,697,675</u> | <u>57,292,680</u> | <u>5,404,995</u> | 9.4% | <u>58,934,576</u> |
| Total Assets | <u>79,879,983</u> | <u>72,274,331</u> | <u>7,605,652</u> | 10.5% | <u>70,086,665</u> |
| Deferred Outflows | 1,418,761 | 1,542,936 | (124,175) | -8.0% | 878,727 |
| Liabilities: | | | | | |
| Current Liabilities | 1,545,175 | 1,832,872 | (287,697) | -15.7% | 2,140,816 |
| Long Term Liabilities | <u>8,336,110</u> | <u>8,937,808</u> | <u>(601,698)</u> | -6.7% | <u>7,997,355</u> |
| Total Liabilities | 9,881,285 | 10,770,680 | (889,395) | -8.3% | 10,138,171 |
| Deferred Inflows | 948,122 | 845,765 | 102,357 | 12.1% | 1,704,764 |
| Net Position | | | | | |
| Invested in Capital Assets, Net | 56,811,000 | 50,900,959 | 5,910,041 | 11.6% | 52,149,647 |
| Unrestricted | <u>13,658,337</u> | <u>11,299,863</u> | <u>2,358,474</u> | 20.9% | <u>6,972,810</u> |
| Total Net Position | <u>\$ 70,469,337</u> | <u>\$ 62,200,822</u> | <u>\$ 8,268,515</u> | 13.29% | <u>\$ 59,122,457</u> |

The December 31, 2023 cash and cash equivalents balance increased \$1,724,824 from the balance at the end of the prior year. The District invests surplus cash in the Local Agency Investment Fund, a governmental investment pool managed and directed by the California State Treasurer. The Investment line shows the Certificates of Deposit held by the District.

The increase in net property, plant and equipment is due to the completion of various capital projects and additions that are offset by depreciation of District's assets.

TRUCKEE TAHOE AIRPORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

The unrestricted portion of net position has been designated by the Board of Directors based on current capital projects, potential contingencies, and policy-based priorities. The Board approved allocation of \$13.6 million of unrestricted net assets is as follows: 22% Replacement Reserve Fund, 17% Property Tax Fund for Community Benefit, 26% Property Tax Fund for Airport Operations, and 35% Airport Operating Fund. These breakdowns are based on the board approved categories/percentages from the Q1 2024 Board workshop. Additional information on the designation of unrestricted net position can be found in the notes to the financial statements.

THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Net operating revenues were greater than the prior calendar year, due to FBO services, hangar rentals, and warehouse leases.

The following table summarizes the District's Statement of Revenues, Expenses and Changes in Net Position for the current and prior two fiscal years:

| | Year Ended December 31, 2023 | Year Ended December 31, 2022 | Increase (Decrease) | Percent Change | Year ended December 31, 2021 |
|---|---------------------------------|---------------------------------|------------------------|-------------------|---------------------------------|
| Net Operating Revenues: | \$ 5,819,976 | \$ 5,622,895 | \$ 197,081 | 3.5% | \$ 5,010,962 |
| Operating Expenses, Net of Depreciation | <u>(10,257,216)</u> | <u>(9,513,963)</u> | <u>(743,253)</u> | 7.8% | <u>(10,591,260)</u> |
| Operating Loss before Depreciation | (4,437,240) | (3,891,068) | (546,172) | 14.0% | (5,580,298) |
| Depreciation Expense | <u>(2,621,467)</u> | <u>(2,635,954)</u> | <u>14,487</u> | -0.5% | <u>(2,357,692)</u> |
| Net Operating Loss | <u>(7,058,707)</u> | <u>(6,527,022)</u> | <u>(531,685)</u> | 8.1% | <u>(7,937,990)</u> |
| Nonoperating Income: | | | | | |
| Property Tax Revenue | 9,213,945 | 8,507,022 | 706,923 | 8.3% | 7,723,805 |
| Gain (Loss) on Disposal of Assets | 43,319 | 272,375 | (229,056) | -84.1% | 55,340 |
| Grant Revenues-Capital/Operating | 5,890,479 | 973,530 | 4,916,949 | 505.1% | 3,981,442 |
| Interest Expense | (215,158) | (230,991) | 15,833 | -6.9% | (244,130) |
| Interest and Other Nonoperating Income | <u>394,637</u> | <u>83,451</u> | <u>311,186</u> | 372.9% | <u>34,156</u> |
| Total Non operating Income | 15,327,222 | 9,605,387 | 5,721,835 | 59.6% | 11,550,613 |
| Change in Net Position | <u>8,268,515</u> | <u>3,078,365</u> | <u>5,190,150</u> | 168.6% | <u>3,612,623</u> |
| Net Position, Beginning-Restated | <u>62,200,822</u> | <u>59,122,457</u> | <u>3,078,365</u> | 5.2% | <u>55,509,834</u> |
| Net Position, Ending | <u>\$ 70,469,337</u> | <u>\$ 62,200,822</u> | <u>\$ 8,268,515</u> | 13.3% | <u>\$ 59,122,457</u> |

Operating expenses, net of depreciation, increased \$743,253 or 7.8%, from the prior fiscal year. This category includes all costs related to payroll and employee benefits, general and administrative expenses, as well as the cost of maintaining the District's high value infrastructure. The three largest item increases referenced in the Financial Highlights on page 4 include Community/Agency partnerships, Airshow, and Insurance. The District continues to work with its pavement management program to keep the Airport's pavements in good condition. In 2023, with the aid of FAA AIP grants, the District expended approximately \$6,453,914 for the revitalization of runway 2/20. The related grant revenues are \$5,740,711. Additionally, the District received \$109k in grant funding from the previous year's AIP projects that are now closed out. Property tax revenues were up 8.31% from the prior fiscal year.

Analysis of the District's Overall Financial Position: The net position increased \$8,268,515 due to increases in federal grants and property taxes during the year.

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

CAPITAL ASSETS

On December 31, 2023, the District had over \$62 million invested in a broad range of capital assets. The amounts invested in capital assets, net of related accumulated depreciation, are shown in the table below.

Capital Assets – Net of Depreciation

| | <u>December 31, 2023</u> | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Land and Easements | \$ 14,966,105 | \$ 14,966,105 | \$ 14,966,105 |
| Building and Building Improvements | 20,509,600 | 21,925,023 | 23,517,000 |
| Land Improvements | 15,573,133 | 11,190,321 | 9,868,779 |
| Equipment | 4,129,328 | 3,955,474 | 4,725,271 |
| Construction in Progress | 7,519,509 | 5,255,757 | 5,857,421 |
| | <u>\$ 62,697,675</u> | <u>\$ 57,292,680</u> | <u>\$ 58,934,576</u> |

The net capital asset balance increased \$5.4 Million during the 2023 fiscal year. That amount includes net capital additions of \$8,144,619 offset by \$2,621,467 in depreciation expense and \$118,154 in asset deletions. \$4,521,297 of previous construction in progress have been capitalized during the year. The capital additions are detailed in the table below.

Summary of Additions to Capital Assets

| | |
|---|---------------------|
| Density Altitude Sign | \$ 20,275 |
| UPS Backup Battery | 10,938 |
| Miller Trailblazer Welder | 11,859 |
| Electrick Motorsports E Golf Carts (4) | 45,269 |
| Metal Pless Plow Blade | 1,898 |
| 2023 Ford Mustang Mach E | 86,040 |
| 2023 Ford Transit E | 63,503 |
| 2023 Ford F-350 & Acc | 69,495 |
| 2023 Skymark Refueler 5000 | 293,850 |
| Taxiway Alpha Reconstruction | 4,428,318 |
| Mower Blade | 60,497 |
| 2 Sea Containers | 19,702 |
| 2 New Fire Hydrants with Valves | 41,619 |
| 5 Hangar Floor coatings | 62,490 |
| ParkMobile Long Term Parking App | 7,093 |
| Hangar Roof Snow Load Monitoring System | 82,087 |
| 2 Snow Melting Mats terminal | 13,739 |
| Warehouse Sign | 36,132 |
| Hangar 1 Door | 191,363 |
| Hangar 1 Elec Upgrade | 43,711 |
| Terminal Building Flooring | 29,892 |
| Admin Building Generator | 142,942 |
| CIP | 2,381,906 |
| Total | <u>\$ 8,144,619</u> |

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

FISCAL YEAR 2023 BUDGETED CAPITAL EXPENDITURES

Capital projects are evaluated and budgeted for based on need, preservation of asset and the impact on overall long-term financial stability of the District. The 2023 budget includes \$1.8 million spending on capital projects.

Grant-funded expenditures of \$6.4 million are for the Runway 2/20 Reconstruction.

Other budgeted projects include \$150,000 for fleet vehicle replacements (with electric motors), \$175,000 for Hangar One door and various smaller projects.

The District policy relating to the designation of unrestricted net position was reviewed and revised in 2023; the policy will be a tool for communicating the Board's plans for the accumulated net position of the District and corresponding reserve strategies.

The Truckee Tahoe Airport District is constantly striving to be an excellent example of local agency government. With the continued contributions from staff, Directors, and community members, it will remain a valuable community asset long into the future. Planning that is being accomplished through the various capital asset management plans and the airport master plan will assist the District as it strives to meet its strategic objectives and accomplish its mission statement.

Currently known facts and conditions that may have a significant effect on financial position

There are no currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Request for Information

Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to:

Truckee Tahoe Airport District
10356 Truckee Airport Rd
Truckee, CA 96161

BASIC FINANCIAL STATEMENTS

TRUCKEE TAHOE AIRPORT DISTRICT

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 10,449,151 | \$ 8,724,327 |
| Investments | 250,000 | 250,000 |
| Accounts receivable | 298,015 | 88,656 |
| Property taxes receivable | 4,275,011 | 4,124,889 |
| Interest receivable | 101,296 | 40,383 |
| Inventory | 254,408 | 215,011 |
| Prepaid expenses and deposits | 268,827 | 252,785 |
| Total current assets | <u>15,896,708</u> | <u>13,696,051</u> |
| Non-current Assets | | |
| Investments | 1,250,000 | 1,250,000 |
| Non-current receivable | 35,600 | 35,600 |
| Capital assets, net | <u>62,697,675</u> | <u>57,292,680</u> |
| Total non-current assets | <u>63,983,275</u> | <u>58,578,280</u> |
| Total assets | <u>79,879,983</u> | <u>72,274,331</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources relating to pensions | <u>1,418,761</u> | <u>1,542,936</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 260,430 | 301,194 |
| Accrued expenses | 111,898 | 69,395 |
| Interest payable | 78,462 | 82,751 |
| Note payable - current portion | 333,013 | 505,046 |
| Unearned revenue | 58,452 | 214,628 |
| Deposits | 239,629 | 244,801 |
| Compensated absences | 463,291 | 415,057 |
| Total current liabilities | <u>1,545,175</u> | <u>1,832,872</u> |
| Non-current Liabilities | | |
| Net pension liability | 2,782,448 | 3,051,133 |
| Note payable - non-current portion | <u>5,553,662</u> | <u>5,886,675</u> |
| Total non-current liabilities | <u>8,336,110</u> | <u>8,937,808</u> |
| Total liabilities | <u>9,881,285</u> | <u>10,770,680</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources relating to pensions | <u>948,122</u> | <u>845,765</u> |
| NET POSITION | | |
| Net Investment in capital assets | 56,811,000 | 50,900,959 |
| Unrestricted | <u>13,658,337</u> | <u>11,299,863</u> |
| Total net position | <u>\$ 70,469,337</u> | <u>\$ 62,200,822</u> |

The accompanying notes are an integral part of these financial statements.

TRUCKEE TAHOE AIRPORT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|--|---------------|---------------|
| OPERATING REVENUES | | |
| Hangar rentals, net of sales discounts of \$239,496 for 2023 and \$231,610 for 2022 | \$ 1,902,206 | \$ 1,758,257 |
| Airside operating revenues, net of cost of sales of \$2,569,111 for 2023 and \$2,978,260 for 2022 | 3,014,648 | 2,954,594 |
| Warehouse | 302,203 | 279,457 |
| Other rentals | 600,919 | 630,587 |
| Total operating revenues | 5,819,976 | 5,622,895 |
| OPERATING EXPENSES | | |
| Salaries and wages | 3,094,177 | 2,762,841 |
| Employee benefits | 1,660,378 | 1,610,754 |
| General and administrative | 4,777,566 | 4,550,797 |
| Repairs and maintenance | 725,095 | 589,571 |
| Depreciation | 2,621,467 | 2,635,954 |
| Total operating expenses | 12,878,683 | 12,149,917 |
| Operating income (loss) | (7,058,707) | (6,527,022) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Property taxes | 9,213,945 | 8,507,022 |
| Interest income | 283,688 | 83,451 |
| Federal operating grant | 5,890,479 | 973,530 |
| Interest expense | (215,158) | (230,991) |
| Other nonoperating income | 110,949 | - |
| Gain (loss) on disposal of assets | 43,319 | 272,375 |
| Total nonoperating revenue (expense) | 15,327,222 | 9,605,387 |
| Change in net position | 8,268,515 | 3,078,365 |
| Net position, Beginning of year | 62,200,822 | 59,122,457 |
| Net position, End of year | \$ 70,469,337 | \$ 62,200,822 |

TRUCKEE TAHOE AIRPORT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|----------------|----------------|
| Cash flows from operating activities: | | |
| Cash receipts from customers | \$ 5,449,269 | \$ 5,523,845 |
| Payments to suppliers | (5,599,462) | (5,473,635) |
| Payments on behalf of employees | (4,721,785) | (4,581,657) |
| Net cash provided (used) by operating activities | (4,871,978) | (4,531,447) |
| Cash flows from noncapital financing activities: | | |
| Receipt of property taxes | 9,063,823 | 8,141,589 |
| Interest expense | (153,413) | (230,991) |
| Payments of long term debt | (505,046) | (397,351) |
| Net cash provided by noncapital financing activities | 8,405,364 | 7,513,247 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (8,026,463) | (994,058) |
| Receipt of FAA and State of California grants | 5,890,479 | 973,530 |
| Proceeds from sale of equipment | 43,319 | 272,375 |
| Net cash provided (used) by capital and related financing activities | (2,092,665) | 251,847 |
| Cash flows from investing activities: | | |
| Interest income received | 222,775 | 48,354 |
| Cash used for purchase of investments | (1,500,000) | (500,000) |
| Cash received for sale of investments | 1,561,328 | 500,000 |
| Net cash provided (used) by investing activities | 284,103 | 48,354 |
| Increase (decrease) in cash and cash equivalents | 1,724,824 | 3,282,001 |
| Beginning cash and cash equivalents | 8,724,327 | 5,442,326 |
| Ending cash and cash equivalents | \$ 10,449,151 | \$ 8,724,327 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (7,058,707) | \$ (6,527,022) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 2,621,467 | 2,635,954 |
| Decrease (increase) in: | | |
| Accounts receivable | (209,361) | (51,691) |
| Inventory | (39,397) | (62,888) |
| Prepaid expenses and deposits | (32,454) | (32,454) |
| Deferred outflows of resources | 124,175 | (664,209) |
| Increase (decrease) in: | | |
| Accounts payable | (40,764) | (253,739) |
| Accrued expenses | 42,503 | (42,465) |
| Unearned revenue | (156,176) | (56,046) |
| Deposits | (5,172) | 8,685 |
| Compensated absences | 48,234 | (72,074) |
| Deferred inflows of resources | 102,357 | (858,999) |
| Net pension liability | (268,683) | 1,445,501 |
| Net cash provided (used) by operating activities | \$ (4,871,978) | \$ (4,531,447) |

The accompanying notes are an integral part of these financial statements.

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Truckee Tahoe Airport District (the “District”) was established by vote of the District electorate on May 12, 1958, in accordance with the California Airport District Act. The District operates under an elected Board of Directors and provides aviation services for the Truckee and North Lake Tahoe areas.

The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Reporting Entity

The Board of Directors is the level of government which has governance responsibilities over all activities related to operations of the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board, since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

B. BASIS OF PRESENTATION

Enterprise Fund

The financial statements of the District consist only of an enterprise fund. The District has no oversight responsibility for any other government entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

Operating Revenues

For financial statement presentation purposes, transactions deemed by management to be ongoing, major, or central to the operation of the airport are reported as operating revenues and expenses. Peripheral or incidental transactions, including tax revenues, investment income, certain grant revenue and interest expenses are reported as nonoperating revenues and expenses.

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

B. BASIS OF PRESENTATION (continued)

Capital Assets

Capital assets are those assets purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line method over 3 – 48 years depending on asset types.

Net Position

Net Position represents the District's financial and capital resources, and is calculated as the difference between assets and liabilities. Net position is represented in three components:

Net investment in capital assets: Capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any debt that is attributable to acquisition, construction and improvement of capital assets.

Restricted: Assets whose use is subject to constraints imposed externally by creditors, grantors, contributors, or laws and regulations of other governments, or are imposed externally by law through constitutional provisions or enabling legislation.

Unrestricted: Net position that does not meet the definition of "restricted" or "net investment in capital assets."

C. USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles and, as such, include amounts based on management's informed estimates and judgments, with consideration given to materiality. Actual results could differ from those amounts.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Economic Resources Measurement Focus

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with the District's activities are reported.

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

E. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Net Position, the District considers all short-term, highly liquid investments, including restricted assets, cash in banks and cash in the Local Agency Investment Fund to be cash and cash equivalents. Investments with a maturity of three months or less when purchased are considered to be cash equivalents.

F. INVESTMENTS

The Certificates of Deposit held are classified as held-to-maturity investments as the District’s management has no intention to sell the investments before their maturity date. The investments are valued at their amortized cost basis, which approximates their fair value.

G. PROPERTY TAX

The District receives property taxes to support its operations. The property tax year runs from July 1 through June 30 of the following year. Secured property taxes are levied as an enforceable lien on property as of the first Monday in March. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The counties of Placer and Nevada bill and collect the taxes for the District. The District accrues property tax revenues throughout its fiscal year based on estimated allocations received from the counties. At the end of each property tax year the actual receipts are reconciled to amounts accrued and adjustments made to the revenue accounts. Property tax revenues for the year ended December 31, 2023 and 2022 were as follows:

| | <u>2023</u> | <u>2022</u> |
|---------------|---------------------|---------------------|
| Placer County | \$ 6,295,568 | \$ 5,896,522 |
| Nevada County | 2,918,377 | 2,610,500 |
| Total | <u>\$ 9,213,945</u> | <u>\$ 8,507,022</u> |

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

I. FINANCING LEASES

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, \$1,500,000. Amortization of related assets using the straight-line method over the life of the contract. As of December 31, 2023, the District did not have any financial leases that met the threshold.

J. LEASE REVENUE

A lease is defined as a contract that conveys control of the right to use the District's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term asset and corresponding liability for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, \$2,400,000. Amortization of related assets using the straight-line method over the life of the contract. As of December 31, 2023, the District did not have any financing leases that met the threshold.

K. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the District's capitalization threshold is met, \$1,500,000. Amortization of related assets using the straight-line method over the life of the contract. As of December 31, 2023, the District did not have any subscription based information technology agreements that met the threshold.

2. CASH AND INVESTMENTS

CASH

A summary of cash and investments held by the District at December 31, 2023 and 2022 is as follows:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|----------------------|---------------------|
| Cash and Cash Equivalents: | | |
| Cash on Hand | \$ 131 | \$ 1,000 |
| Cash on Deposit at Banks | 2,730,860 | 3,198,985 |
| Local Agency Investment Fund | 7,718,160 | 5,524,342 |
| | <u>\$ 10,449,151</u> | <u>\$ 8,724,327</u> |

Deposits - Custodial Credit Risk

The carrying amount of the District's bank accounts was \$2,730,860 and the bank balance was \$2,544,909 at December 31, 2023. Deposits held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

form of government-backed securities. All cash held by financial institutions at December 31, 2023 and 2022 was fully insured or collateralized.

Pooled Funds:

The District is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The District's investment in this pool is reported in the accompanying financial statements at cost, which approximates fair value. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the District with twenty-four hours notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

INVESTMENTS

Pursuant to the District's investment policy, and in accordance with California Government Code, the following investments are authorized:

- United States Treasury Bills, Bonds and Notes
- Obligations issued by Agencies of the United States Government
- Federal Deposit Insurance Corporation insured or fully collateralized Certificates of Deposit
- California Local Agency Investment Fund

The District's Investments are recorded at fair value at December 31, 2023 and 2022 as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------|--------------|--------------|
| Investments: | | |
| Certificates of Deposits | \$ 1,500,000 | \$ 1,500,000 |

The Certificates of Deposit mature as follows:

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| Year Ended December 31 | Amount |
|---------------------------|---------------------|
| 2024 | \$ 250,000 |
| 2025 | 1,000,000 |
| 2026 | 250,000 |
| Total | <u>\$ 1,500,000</u> |

Interest Rate Risk

The District has a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2023 and 2022, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District has a formal investment policy that limits its investment choices within the limitations of State law.

Concentration of Credit Risk

The District places limits on the amount it may invest in anyone issuer. At December 31, 2023 and 2022, the District had no concentration of credit risk.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at December 31, 2023 and 2021 are as shown below:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--------------------------|----------------|----------------|----------------|--------------|
| Investments: | | | | |
| Certificates of Deposits | \$ - | \$ 1,500,000 | \$ - | \$ 1,500,000 |

3. PROPERTY AND EQUIPMENT

Property, plant and equipment is stated at cost for those items that were purchased and at appraised values as of the date of receipt for those items that were received as gifts.

Capital asset activity for the year ended December 31, 2023 and 2022, are as follows:

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Balance December 31, 2021 | Additions | Deletions | Balance December 31, 2022 |
|---|------------------------------|---------------------|--------------------|------------------------------|
| Property not depreciated: | | | | |
| Land and Easements | \$ 14,966,105 | \$ - | \$ - | \$ 14,966,105 |
| Construction In Progress | 5,857,421 | 822,618 | (1,424,282) | 5,255,757 |
| Total Property not Depreciated | <u>20,823,526</u> | <u>822,618</u> | <u>(1,424,282)</u> | <u>20,221,862</u> |
| Subject to depreciation: | | | | |
| Land Improvements | 29,126,322 | 1,473,375 | - | 30,599,697 |
| Buildings and Improvements | 37,153,957 | 29,209 | - | 37,183,166 |
| Equipment | 10,293,626 | 93,138 | (176,681) | 10,210,083 |
| Total Property Being Depreciated | <u>76,573,905</u> | <u>1,595,722</u> | <u>(176,681)</u> | <u>77,992,946</u> |
| Less accumulated depreciation: | | | | |
| Land Improvements | (19,257,543) | (151,833) | - | (19,409,376) |
| Buildings and Improvements | (13,636,957) | (1,621,186) | - | (15,258,143) |
| Equipment | (5,568,355) | (862,935) | 176,681 | (6,254,609) |
| Total Property Being Depreciated | <u>(38,462,855)</u> | <u>(2,635,954)</u> | <u>176,681</u> | <u>(40,922,128)</u> |
| Total Property and Equipment Being Depreciated, net | <u>38,111,050</u> | <u>(1,040,232)</u> | <u>-</u> | <u>37,070,818</u> |
| Property and Equipment, net | <u>\$ 58,934,576</u> | <u>\$ (217,614)</u> | <u>(1,424,282)</u> | <u>\$ 57,292,680</u> |

| | Balance December 31, 2022 | Additions | Deletions | Balance December 31, 2023 |
|---|------------------------------|---------------------|-----------------------|------------------------------|
| Property not depreciated: | | | | |
| Land and Easements | \$ 14,966,105 | \$ - | \$ - | \$ 14,966,105 |
| Construction In Progress | 5,255,757 | 6,785,049 | (4,521,297) | 7,519,509 |
| Total Property not Depreciated | <u>20,221,862</u> | <u>6,785,049</u> | <u>(4,521,297)</u> | <u>22,485,614</u> |
| Subject to depreciation: | | | | |
| Land Improvements | 30,599,697 | 4,506,069 | - | 35,105,766 |
| Buildings and Improvements | 37,183,166 | 572,187 | - | 37,755,353 |
| Equipment | 10,210,083 | 684,455 | - | 10,894,538 |
| Total Property Being Depreciated | <u>77,992,946</u> | <u>5,762,711</u> | <u>-</u> | <u>83,755,657</u> |
| Less accumulated depreciation: | | | | |
| Land Improvements | (19,409,376) | (123,257) | - | (19,532,633) |
| Buildings and Improvements | (15,258,143) | (1,987,610) | - | (17,245,753) |
| Equipment | (6,254,609) | (510,601) | - | (6,765,210) |
| Total Property Being Depreciated | <u>(40,922,128)</u> | <u>(2,621,468)</u> | <u>-</u> | <u>(43,543,596)</u> |
| Total Property and Equipment Being Depreciated, net | <u>37,070,818</u> | <u>3,141,243</u> | <u>-</u> | <u>40,212,061</u> |
| Property and Equipment, net | <u>\$ 57,292,680</u> | <u>\$ 9,926,292</u> | <u>\$ (4,521,297)</u> | <u>\$ 62,697,675</u> |

4. NOTE PAYABLE

As of December 31, 2023 and 2022 long-term debt consisted of the following:

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|----------------------|--------------|--------------|
| Beginning Balance | \$ 6,391,721 | \$ 6,784,929 |
| Payments | 505,046 | 393,208 |
| Ending Balance | 5,886,675 | 6,391,721 |
| Due Withing One Year | 333,013 | 505,046 |
| Long Term Portion | \$ 5,553,662 | \$ 5,886,675 |

Truckee Tahoe Airport District secured a twenty year note payable to a bank, dated August 8, 2017, payable in 20 yearly installments of \$549,000, including interest at 3.5% to fund the building of a new executive hangar. The balance at December 31, 2023 is \$5,886,675.

Truckee Tahoe Airport District entered into a purchasing agreement for a vehicle in May 2020 for \$390,972 payable in 34 monthly payment of \$7,441 with the final payment of \$155,681 due in 2023. The agreement includes interest at 3.04998% and the final payment was made as of December 31, 2023.

Future annual principle payments are estimated as follows:

| December 31 | Principal | Interest | Total |
|-------------|--------------|--------------|--------------|
| 2024 | \$ 333,013 | \$ 206,034 | \$ 539,047 |
| 2025 | 344,669 | 194,378 | 539,047 |
| 2026 | 356,732 | 182,315 | 539,047 |
| 2027 | 369,218 | 169,829 | 539,047 |
| 2028 | 382,141 | 156,906 | 539,047 |
| 2029-2033 | 2,120,939 | 574,297 | 2,695,236 |
| 2034-2037 | 1,979,963 | 176,226 | 2,156,189 |
| | \$ 5,886,675 | \$ 1,659,985 | \$ 7,546,660 |

5. EMPLOYEE RETIREMENT PLAN

A. Plan Description

All qualified permanent and probationary employees are eligible to participate in Truckee Tahoe Airport District’s cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Truckee Tahoe Airport District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

A. Plan Description (Continued)

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

The Plans' provisions and benefits in effect at December 31, 2023, are summarized as follows:

| Hire date | Prior to July 29, 2012 | Prior to January 1, 2013 | On or after January 1, 2013 |
|---|---------------------------|-----------------------------|--------------------------------|
| Benefit formula | 2.7% @ 55 | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% - 2.7% | 1.09% - 2.41% | 1.0% - 2.5% |
| Required employee contribution rates | 8.000% | 7.000% | 6.750% |
| Required employer contribution rates | 14.030% | 8.630% | 7.470% |

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

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

As of December 31, 2023 and 2022, the Truckee Tahoe Airport District reported net pension liabilities for its proportionate share of the net pension liability of \$2,782,448 and \$3,051,133 respectively.

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

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

District's proportionate share of the net pension liability for the Plan as of December 31, 2023 and 2022 was as follows:

| <u>Measurement Date</u> | <u>Fiscal Year</u> | <u>CalPERS</u> |
|------------------------------|--------------------|------------------|
| Proportion - June 30, 2022 | 2022 | 0.06521% |
| Proportion - June 30, 2023 | 2023 | 0.05564% |
| Change - Increase (Decrease) | | <u>-0.00957%</u> |

| <u>Measurement Date</u> | <u>Fiscal Year</u> | <u>CalPERS</u> |
|------------------------------|--------------------|------------------|
| Proportion - June 30, 2021 | 2021 | 0.08456% |
| Proportion - June 30, 2022 | 2022 | 0.06521% |
| Change - Increase (Decrease) | | <u>-0.01935%</u> |

For the years ended December 31, 2023 and 2022, the District recognized pension expense of \$607,815 and \$534,911, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2023

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 649,968 | \$ - |
| Difference between projected and actual experience | 142,142 | 22,050 |
| Difference in actual vs. projected contributions | - | 398,014 |
| Change in proportion | 8,158 | 528,058 |
| Changes in assumptions | 167,989 | - |
| Net differences between projected and actual earnings on plan investments | 450,504 | - |
| Total | <u>\$ 1,418,761</u> | <u>\$ 948,122</u> |

\$649,968 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

| Measurement Period Ended June 30 | Total Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2024 | \$ (219,590) |
| 2025 | (186,640) |
| 2026 | 213,975 |
| 2027 | 12,926 |
| 2028 | - |
| Thereafter | - |
| Total | \$ (179,329) |

December 31, 2022

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 612,620 | \$ - |
| Difference between projected and actual experience | 20,235 | - |
| Difference in actual vs. projected contributions | - | 384,239 |
| Change in proportion | 38,542 | 461,526 |
| Changes in assumptions | 312,652 | - |
| Net differences between projected and actual earnings on plan investments | 558,887 | - |
| Total | \$ 1,542,936 | \$ 845,765 |

\$612,620 reported as deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the current year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement Period Ended June 30 | Total Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2023 | \$ (98,387) |
| 2024 | (89,308) |
| 2025 | (69,588) |
| 2026 | 341,834 |
| 2027 | - |
| Thereafter | - |
| Total | \$ 84,551 |

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry-Age Normal Cost |
| Actuarial Assumptions | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Projected Salary Increase | 2.80% |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the CalPERS Experience Study for the period from 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the Plan for the measurement date June 30, 2023 and 2022, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

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

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

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

| Asset Class | Assumed Asset Allocation | Real Return |
|----------------------------------|--------------------------------|-------------|
| Global Equity - Cap-weighted | 30.0% | 4.54% |
| Global Equity - Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 27.00% |
| Mortgage-backed Securities | 5.0% | 50.00% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |

(a) An expected inflation of 2.30% used for this period

(b) Figures are based on the 2021-2022 Asset Liability Management Study

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

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

December 31, 2023

| | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
|------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Plan's Net Pension Liability | \$ 4,775,876 | \$ 2,782,448 | \$ 1,141,685 |

December 31, 2022

| | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
|------------------------------|-------------------------------|----------------------------------|-------------------------------|
| Plan's Net Pension Liability | \$ 4,944,136 | \$ 3,051,133 | \$ 1,493,662 |

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

The District had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2023 and 2022.

6. DEFERRED COMPENSATION PLAN

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

It is the District’s position that it has a fiduciary obligation for the due care required of a prudent investor in the management of the plan’s resources but is not responsible for any loss due to the investment or failure of investment funds and assets of the plan, nor shall the District be required to replace any loss which may result from such investments.

7. COMPENSATED ABSENCES

The District offers certain qualifying employees paid vacation, sick and holiday leave. Changes in obligations for vacation, sick and holiday leave at December 31, 2023 and 2022, are as follows:

| | December 31, 2022 | Net Change | December 31, 2023 | Due Within One Year |
|-----------------------|----------------------|--------------------|----------------------|------------------------|
| Accrued Sick Leave | \$ 200,983 | \$ 29,508 | \$ 230,491 | \$ 230,491 |
| Accrued Vacation | 179,440 | 9,890 | 189,330 | 189,330 |
| Accrued Holiday Leave | 34,634 | 8,836 | 43,470 | 43,470 |
| Total | <u>\$ 415,057</u> | <u>\$ 48,234</u> | <u>\$ 463,291</u> | <u>\$ 463,291</u> |
| | December 31, 2021 | Net Change | December 31, 2022 | Due Within One Year |
| Accrued Sick Leave | \$ 240,143 | \$ (39,160) | \$ 200,983 | \$ 200,983 |
| Accrued Vacation | 198,142 | (18,702) | 179,440 | 179,440 |
| Accrued Holiday Leave | 48,846 | (14,212) | 34,634 | 34,634 |
| Total | <u>\$ 487,131</u> | <u>\$ (72,074)</u> | <u>\$ 415,057</u> | <u>\$ 415,057</u> |

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

8. UNRESTRICTED NET POSITION

The District has designated unrestricted net position as follows as of December 31, 2023 and 2022:

| | 2023 | 2022 |
|-----------------------------------|---------------|---------------|
| Replacement Reserve | \$ 3,004,834 | \$ 2,485,970 |
| Property Tax - Community Benefit | 2,321,917 | 1,920,977 |
| Property Tax - Airport Operations | 3,551,168 | 2,937,964 |
| Airport Operations | 4,780,418 | 3,954,952 |
| Total | \$ 13,658,337 | \$ 11,299,863 |

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For workers' compensation insurance, the District has joined together with other special districts within the State of California to form a Joint Powers Authority, the Special District Risk Management Authority (SDRMA).

SDRMA is governed by a Board consisting of representatives from member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available from SDRMA. Condensed information for SDRMA for the year ended June 30, 2023 is as follows:

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

9. RISK MANAGEMENT (CONTINUED)

| | SDRMA |
|--|-----------------------|
| | <u>June 30, 2023</u> |
| Total Assets | \$ 146,574,993 |
| Deferred Outflows of Resources | 1,664,198 |
| Total Assets & Deferred Outflows | <u>\$ 148,239,191</u> |
| Total Liabilities | \$ 76,343,471 |
| Deferred Inflows of Resources | 374,517 |
| Total Net Position | <u>71,521,203</u> |
| Total Liabilities, Deffered Inflows & Net Position | <u>\$ 148,239,191</u> |
| Total Revenues | \$ 100,884,445 |
| Total Expenses | <u>96,706,371</u> |
| Change in Net Position | <u>\$ 4,178,074</u> |

10. JOINT VENTURE

The District is a member of Truckee Tahoe Workforce Housing Agency (Agency) under a Joint Powers Agreement (JPA) that was effective November 6, 2019. The purpose of the Agency is to support and promote the development of workforce housing for Members within the jurisdiction of the Agency. The Agency may plan, acquire, develop, finance, create, contract for, or own workforce housing for Member employees and support housing programs that provide workforce housing to Member employees. Currently the Agency has four members. The District paid a membership contribution of \$5,170 and \$5,634 to the Agency in 2023 and 2022, respectively. Condensed information for the Agency for the year ended June 30, 2023 is as follows:

| | |
|----------------------------------|-------------------|
| Total Assets | <u>\$ 367,154</u> |
| Total Liabilities | \$ 19,244 |
| Total Net Position | <u>347,910</u> |
| Total Liabilities & Net Position | <u>\$ 367,154</u> |
| Total Revenues | \$ 405,001 |
| Total Expenses | <u>393,702</u> |
| Change in Net Position | <u>\$ 11,299</u> |

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

11. COMMITMENTS AND CONTINGENCIES

The District has entered into contractual agreements for the various capital projects currently under construction. The remaining commitments on these contracts are approximately \$7,519,509 and \$4,981,039 at December 31, 2023 and 2022, respectively.

As of December 31, 2023, the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

12. LAND USAGE AGREEMENT

In June 2008, the District purchased the Ponderosa Golf Course, an operating golf course located in the airport's flight path, for approximately \$3,180,000. The land and facilities were immediately leased to the Truckee Donner Recreation and Park District ("TDRPD") and accompanying operational equipment was sold to TDRPD for a nominal fee. As long as TDRPD operates the property for recreational purposes and in compliance with the associated conservation easement, annual rent will be waived by the District. As of December 31, 2023 and 2022, TDRPD operated the property as a golf course and is in compliance with the lease agreement.

13. DISPOSAL OF ASSETS

There was a gain of \$43,319 and \$272,375 as of December 31, 2023 and 2022, respectively, due to the disposal of fixed assets that had not been fully depreciated at the time of disposition.

14. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended December 31, 2023 through May 16, 2024, the date the financial statements were issued. Management is not aware of any other subsequent events that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TRUCKEE TAHOE AIRPORT DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2017 *</u> | <u>June 30, 2018</u> | <u>June 30, 2019</u> | <u>June 30, 2020</u> | <u>June 30, 2021</u> | <u>June 30, 2022</u> | <u>June 30, 2023</u> ⁽¹⁾ |
|--|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------------|
| Proportion of the net pension liability | 0.05277% | 0.06220% | 0.06372% | 0.06518% | 0.06725% | 0.08456% | 0.08646% | 0.06521% | 0.05564% |
| Proportionate share of the net pension liability | \$ 1,304,288 | \$ 1,706,562 | \$ 2,512,031 | \$ 2,456,512 | \$ 2,693,169 | \$ 2,937,988 | \$ 1,605,634 | \$ 3,051,133 | \$ 2,782,448 |
| Covered-employee payroll (2) | \$ 1,285,894 | \$ 1,886,199 | \$ 2,180,008 | \$ 1,891,379 | \$ 2,193,506 | \$ 2,229,474 | \$ 2,234,958 | \$ 2,337,090 | \$ 2,456,939 |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 101.43% | 90.48% | 115.23% | 129.88% | 122.78% | 131.78% | 71.84% | 130.55% | 113.25% |
| Plans fiduciary net position as a percentage of the total pension liability | 83.03% | 79.89% | 79.89% | 77.69% | 77.73% | 77.71% | 90.49% | 78.19% | 81.12% |
| Proportionate share of aggregate employer contributions (3) | \$ 172,553 | \$ 167,988 | \$ 214,090 | \$ 296,909 | \$ 111,492 | \$ 554,495 | \$ 475,830 | \$ 562,047 | \$ 497,067 |

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

(3) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

* The District switched from a September 30 year end to December 31 year end so the CalPERS report with the measurement date June 30, 2016

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Fiscal Year ⁽¹⁾ | | | | | | | | |
|--|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2013-14 | 2014-15 | 2016-17* | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Actuarially Determined Contribution ⁽²⁾ | \$ 185,517 | \$ 223,458 | \$ 141,408 | \$ 275,507 | \$ 103,111 | \$ 206,475 | \$ 233,120 | \$ 226,394 | \$ 219,953 |
| Contributions in relation to the actuarially determined contributions ⁽²⁾ | (185,517) | (167,988) | (214,090) | (296,909) | (356,536) | (411,283) | (442,463) | (562,047) | (497,067) |
| Contribution deficiency (excess) | \$ - | \$ 55,470 | \$ (72,682) | \$ (21,402) | \$ (253,425) | \$ (204,808) | \$ (209,343) | \$ (335,653) | \$ (277,114) |
| Covered-employee payroll ^(3,4) | \$ 1,285,894 | \$ 1,886,199 | \$ 2,180,008 | \$ 1,891,379 | \$ 2,193,506 | \$ 2,229,474 | \$ 2,234,958 | \$ 2,337,090 | \$ 2,456,939 |
| Contributions as a percentage of covered-employee payroll ⁽³⁾ | 14.43% | 11.85% | 6.49% | 14.57% | 4.70% | 9.26% | 10.43% | 9.69% | 8.95% |

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

⁽²⁾ Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.

⁽³⁾ Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

⁽⁴⁾ Payroll from prior year was assumed to increase by the 3.00 percent payroll growth assumption.

* The District switched from a September 30 year end to December 31 year end so the CalPERS report with measurement date June 30, 2016 was not used

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

PURPOSE OF SCHEDULES

A – Schedule of the District’s Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Assumption

There were no changes in assumptions since the previous valuation for CalPERS

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for CalPERS.

B – Schedule of Pension Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| <u>Federal Grantor/Program Title</u> | <u>Assistance Listing Number</u> | <u>Agency or Pass-Through Number</u> | <u>Federal Expenditures</u> |
|--------------------------------------|----------------------------------|--------------------------------------|-----------------------------|
| Airport Improvement Program | 20.106 | 3-06-0262-042 | * \$ 149,768 |
| Airport Improvement Program | 20.106 | 3-06-0262-046 | * \$ 5,740,711 |
| | | | <u>\$ 5,890,479</u> |

* Tested as major program

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

1. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. The May 2023 Edition of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Uniform Guidance and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER AUDITOR'S REPORTS



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee Tahoe Airport District
Truckee, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Truckee Tahoe Airport District (the "District"), as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated DATE.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financials 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.

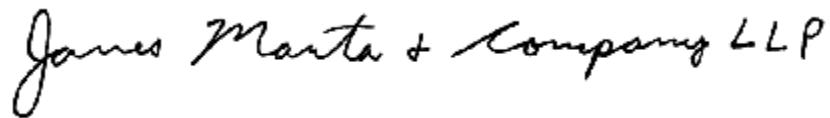
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 16, 2024



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of Education
Truckee Tahoe Airport District
Truckee, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Truckee Tahoe Airport District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the May 2023 Edition of the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the May 2023 Edition of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

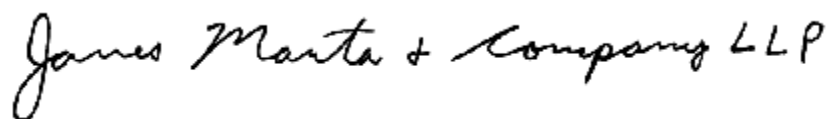
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

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

We have audited the financial statements of Truckee Tahoe Airport District as of and for the year ended December 31, 2023, and have issued our report thereon dated May 16, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 16, 2024

FINDINGS AND RECOMMENDATIONS

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section I – Summary of Audit Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

| | | | | |
|---|-------|-----|----------------------|---------------|
| Material weakness(es) identified? | _____ | Yes | _____ <u>X</u> _____ | No |
| Significant deficiency(ies) identified? | _____ | Yes | _____ <u>X</u> _____ | None reported |

Noncompliance material to financial statements noted?

| | | | | |
|--|-------|-----|----------------------|----|
| | _____ | Yes | _____ <u>X</u> _____ | No |
|--|-------|-----|----------------------|----|

Federal Awards

Internal control over major programs:

| | | | | |
|---|-------|-----|----------------------|---------------|
| Material weakness(es) identified? | _____ | Yes | _____ <u>X</u> _____ | No |
| Significant deficiency(ies) identified? | _____ | Yes | _____ <u>X</u> _____ | None reported |

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)?

| | | | | |
|--|-------|-----|----------------------|----|
| | _____ | Yes | _____ <u>X</u> _____ | No |
|--|-------|-----|----------------------|----|

Identification of major programs:

| | |
|-----------------------|---|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
| 20.106 | Airport Improvement Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ Yes _____ X _____ No

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section II – Financial Statement Findings

No matters were reported.

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

No matters were reported.