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

FOR THE FISCAL YEARS ENDED

DECEMBER 31, 2019 AND 2018

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TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2019

BOARD OF DIRECTORS

Rick Stephens –President

James W. Morrison – Vice President

Mary Hetherington – Director

Teresa O’Dette - Director

Lisa Wallace - Director

* * * *

General Manager
Kevin Smith

TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2019

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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 Financial Statements

We have audited the accompanying Statement of Net Position of Truckee Tahoe Airport District as of December 31, 2019 and 2018 and the related Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and notes to the financial statements for the years then ended December 31, 2019 and 2018, which collectively comprise the District's basic financial statements.

Managements Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Truckee Tahoe Airport District as of December 31, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financials statements of Truckee Tahoe Airport District. The Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 Expenditure 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 Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2020 on our consideration of Truckee Tahoe Airport District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Districts internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 29, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2019. 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 increased slightly, based on annual actuarial reports, from $2.45 million at December 31, 2018 to $2.69 million at December 31, 2019.
- In the calendar year ended December 31, 2019, the District's operating revenues increased $17,405 (.4%) over the prior fiscal year. This is primarily due to increased hangar revenue, increased other business leasing and warehouse rents.
- The District received funding through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants in the amount of $1,506,349 to complete pavement rehabilitation and airfield infrastructure projects.
- The District saw annualized property tax revenues increase 4.2%, in calendar year ended December 31, 2019.
- The District has annualized personnel costs that were up by 35% over 2018. Salaries and Wages increased by 18% due to the district having two Directors of Finance for three months and additional summer seasonal help to cover increased operations. CalPERS contributions went up 153% compared to 2018. There were two adjustments made in 2019. The first was the annual entry to adjust the net pension liability based on the actuarial report and calculation for the current year. The second entry was an adjustment to update deferred inflows/outflows based on the GASB 68 calculation tool provided by CalPERS for years prior. The result is an increase to employer contributions of $696k.
- Operating, general and administrative annualized expenses were up 14% over the prior year. The increase was primarily a result of the Community/Agency Partnerships.
- Repair and maintenance annualized expenses were up from the prior fiscal year by 16%. In 2019, the District had expenditures related to airfield markings, increased Hangar repairs and updates to the maintenance and terminal buildings.
- Due to long-term fiscal discipline, the Truckee Tahoe Airport District is in excellent financial condition. The District's net position is $53 million. The District has designated the unrestricted net position for future capital projects and contingencies.

OPERATIONAL HIGHLIGHTS

- The non-aeronautical Warehouse building continues to be refurbished to allow for rental to three non-profit local organizations. Decreased occupancy created a slight revenue deficiency but a new non-profit is scheduled to move in during the second quarter of 2020.
- During the twelve-month year ended 12/31/19, FBO revenues were down 9% compared to 2018. Jet A sales are down 5.6% in gallons sold while 100LL are up 8.8% over 2018. Net airside revenue was under 12% from the previous year primarily due to decreased jet fuel sales and transient use fees.
- With the completion of the new Executive Hangar rows, the District saw an increase in hangar revenue of 12% compared to 2018.
- Other business leases and warehouse rent were also up over 2018. Tahoe Food Hub moved into their space in the warehouse and opened up shop in summer 2019.

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, 2019 and December 31, 2018. 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 at December 31, 2019 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.

FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

The District's net position at December 31, 2019 totaled $53,761,368 compared with $54,154,962 at December 31, 2018. 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, 2019	December 31, 2018	Increase (Decrease)	Percent Change	December 31, 2017
Assets:					
Cash and Equivalents	$ 5,961,709	$ 7,202,329	$ (1,240,620)	-17.2%	$ 5,647,717
Restricted Cash	-	756,318	(756,318)	-100.0%	7,801,785
Other Current Assets	4,226,195	4,843,595	(617,400)	-12.7%	3,250,441
Total Current Assets	10,187,904	12,802,242	(2,614,338)	-20.4%	16,699,943
Investments	750,000	250,000	500,000	200.0%	1,500,000
Noncurrent Receivable	35,600	35,600	-	0.0%	41,300
Net Capital Assets	53,942,916	52,370,177	1,572,739	3.0%	46,857,337
Total Assets	64,916,420	65,458,019	(541,599)	-0.8%	65,098,580
Deferred Outflows	434,344	683,510	(249,166)	-36.5%	820,019
Liabilities:					
Current Liabilities	1,763,274	2,188,515	(425,241)	-19.4%	1,952,192
Long Term Liabilities	9,512,827	9,695,226	(182,399)	-1.9%	10,036,214
Total Liabilities	11,276,101	11,883,741	(607,640)	-5.1%	11,988,406
Deferred Inflows	313,295	102,826	210,469	204.7%	61,577
Net Position					
Invested in Capital Assets, Net	46,833,056	44,845,993	1,987,063	4.4%	46,857,337
Restricted	-	-	-	-	-
Unrestricted	6,928,312	9,308,969	(2,380,657)	-25.6%	7,011,279
Total Net Position	$ 53,761,368	$ 54,154,962	$ (393,594)	-0.73%	$ 53,868,616

The December 31, 2019 cash and cash equivalents balance decreased $1,240,620 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 the Executive Hangars in addition to various other capital additions that are offset by depreciation of District's assets.

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. Of the $6.9 million of unrestricted net assets, approximately $1.3 million has been designated for a General Fund Operating Contingency, $500,000 for Annoyance Reduction/Outreach Reserve, and $2 million to pay for future Capital Asset projects. In addition, $1 million has been designated for Land Acquisition, $500,000 for Debt Retirement, $300,000 for Forest Management and $1 million exclusively for Pavement Maintenance. 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 hangar rentals, warehouse and other business lease income. Revenues from other business leasing and warehouse rental are up from prior year 17% and 7% respectively.

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, 2019	Year Ended December 31, 2018	Increase (Decrease)	Percent Change	Year ended December 31, 2017
Net Operating Revenues:	$ 4,217,450	$ 4,200,045	$ 17,405	0.4%	$ 4,518,325
Operating Expenses, Net of Depreciation	(10,425,739)	(8,498,924)	(1,926,815)	22.7%	(10,363,943)
Operating Loss before Depreciation	(6,208,289)	(4,298,879)	(1,909,410)	44.4%	(5,845,618)
Depreciation Expense	(2,662,736)	(2,283,993)	(378,743)	16.6%	(2,560,685)
Net Operating Loss	(8,871,025)	(6,582,872)	(2,288,153)	34.8%	(8,406,303)
Nonoperating Income:					
Property Tax Revenue	6,909,481	6,630,649	278,832	4.2%	7,357,835
Gain (Loss) on Disposal of Assets	(160,911)	(256,571)	95,660	-37.3%	(16,619)
Grant Revenues-Capital/Operating	1,506,349	219,812	1,286,537	585.3%	763,214
Interest and Other Nonoperating Income	222,512	275,328	(52,816)	-19.2%	155,689
Total Non operating Income	8,477,431	6,869,218	1,608,213	23.4%	8,260,119
Extraordinary Item	-	-	-	0.0%	510,493
Change in Net Position	(393,594)	286,346	(679,940)	-237.5%	364,309
Net Position, Beginning-Restated	54,154,962	53,868,616	286,346	0.5%	53,504,307
Net Position, Ending	$ 53,761,368	$ 54,154,962	$ (393,594)	-0.7%	$ 53,868,616

Operating expenses, net of depreciation, increased $1,926,815 or 22.7%, 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 to maintain the District's high value infrastructure. The three largest item increases referenced in the Financial Highlights on page 4 include Personnel Costs for Salaries, Community/Agency partnerships and general R&M. The District continues to work with its pavement management program to keep the Airport's pavements in top condition. In 2019, with the aid of FAA AIP grants, the District expended $1.48 Million to reconstruct Taxiway Romeo. The related grant revenues are $1,506,349. Property tax revenues were up 4% from the prior fiscal year.

CAPITAL ASSETS

At December 31, 2019, the District had over $32 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

	December 31, 2019	December 31, 2018	December 31, 2017
Land and Easements	$ 14,966,105	$ 14,966,105	$ 14,966,105
Building and Building Improvements	23,219,112	15,289,389	15,398,636
Land Improvements	9,633,992	11,537,399	11,109,700
Equipment	2,776,507	2,578,140	2,920,624
Construction in Progress	3,347,200	7,999,144	2,462,272
	$ 53,942,916	$ 52,370,177	$ 46,857,337

The net capital asset balance increased $1,572,739 during the 2019 fiscal year. That amount includes net capital additions of $4,235,474 offset by $2,662,736 in depreciation expense. The capital additions are detailed in the table below.

Summary of Additions to Capital Assets

For the twelve months ended December 31,2019	
100LL Refueler Truck	$ 132,425
Liftmaster Shop Bay Door	16,320
H Row Hangar Roof	389,316
Fuel Farm Tank Improvements	30,450
Terminal Automatic Doors	15,323
Columbia Parcar Utilitruck	25,473
Boardroom AV & Broadcast Equipment	20,377
Lighted X Signs	38,864
Network Switches	29,126
N&P Row Super Exec Hangars	385,726
Construction in Progress-Capitalized	3,152,074
Total	$ 4,235,474

ECONOMIC FACTORS AND BUDGET

The Truckee Tahoe Airport District (District) is constantly striving to be an excellent example of local agency government. The following is the mission of the District:

The Truckee Tahoe Airport is a community airport that provides high-quality aviation facilities and services to meet local needs. We strive for low impact on our neighbors while enhancing the benefits to the community-at-large.

The District continues to be honored with a Transparency Certificate of Excellence from the Special Districts Leadership Foundation.

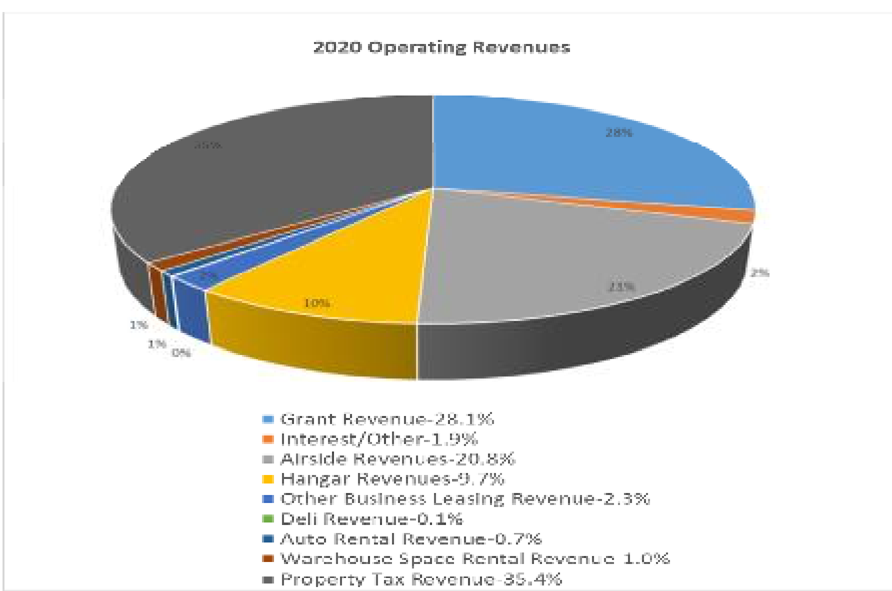
Based on the goals adopted by the Board of Directors, the fiscal year 2020 budget is an example of local agency government using its funding in a fiscally responsible way to satisfy the needs of its customers, constituents, employees and the greater community.

Fiscal Year 2020 Highlights

- Operating budget of $9.3 million
- Capital expenditures of $9 million
- Operating revenues of $12.4 million
- Property Tax revenues of $6.8 million
- Use of Reserves $5.8 million
- End of Year Reserves $4.8 million

Airside operations and leasing revenues are projected to provide about $6.7 million in revenues to offset staffing and administration expenses of the District. Operations, fuel sales and user fees continue in an upward trend with the economy. Other revenues from property taxes, federal grants and interest add another $12.6 million for total revenue of $19.3 million.

Budget Revenue Sources – 2020



The 2020 budget reinforces the District's commitment to focus on community outreach and communication.

Transparency: The 2020 Budget reinforces the District's commitment to focus on transparency in many ways. The District was recognized in 2019 by the California Special Districts Association with the Transparency Certificate of Excellence Award. District Board meetings are broadcast over the local cable channel and the internet and archived on the District's website for viewing at any time. The District continues to refresh and update the website to provide constituents and customers with news and information about the District. The website has 50,000-60,000 visitors a year with the 360- degree webcam being especially popular. The District also publishes an annual report and newsletters to constituents as well as a newsletter to our pilot and user community.

Commitment to Community: The 2020 budget includes $1.5 million for community partnerships and sponsorships. Ongoing support is provided to youth education and local transportation. The District helps many youth programs and activities through our community non-profit sponsorship initiative. These include Young Eagles, Civil Air Patrol, STEAM programs, Mission to Mars, the Challenger Academy program and Boys and Girls Club. Additionally, collaborative transportation projects include providing funding to enhance TART public transportation, the Bike Share Program, the North Lake Tahoe Express transportation to the Reno-Tahoe Airport, Town of Truckee with special town shuttle services, and participation in the Regional Air Service Corporation, supporting business and leisure air service to and from the Reno Tahoe International Airport. The Board budgeted funds to sponsor the 2020 Air Show and Family Festival. Since 2012, the annual Air Show has been very successful, not just in terms of community attendance, but also as a fundraiser for the non-profit organizations involved. This event brings approximately 15,000 people to the airport to enjoy the show. The District also provides in-kind donations include providing quality meeting space for the community nonprofit groups and warehouse space leases for local non-profit organizations at reduced cost in return for public benefit such as Truckee Round House in 2017, Tahoe Food Hub in 2018 and Project Mana in 2019/2020. Also in 2019, The District provided $500,000 towards the Nahas Project which allowed Placer County to acquire lands in Tahoe City to build workforce housing.

Ongoing community agency partnerships budgeted for the 2020 year include: North Lake Tahoe PUD Trailhead project $160,000, $366,666 for general workforce housing development, $366,667 for additional transit projects and undetermined agency partnerships of $366,667.

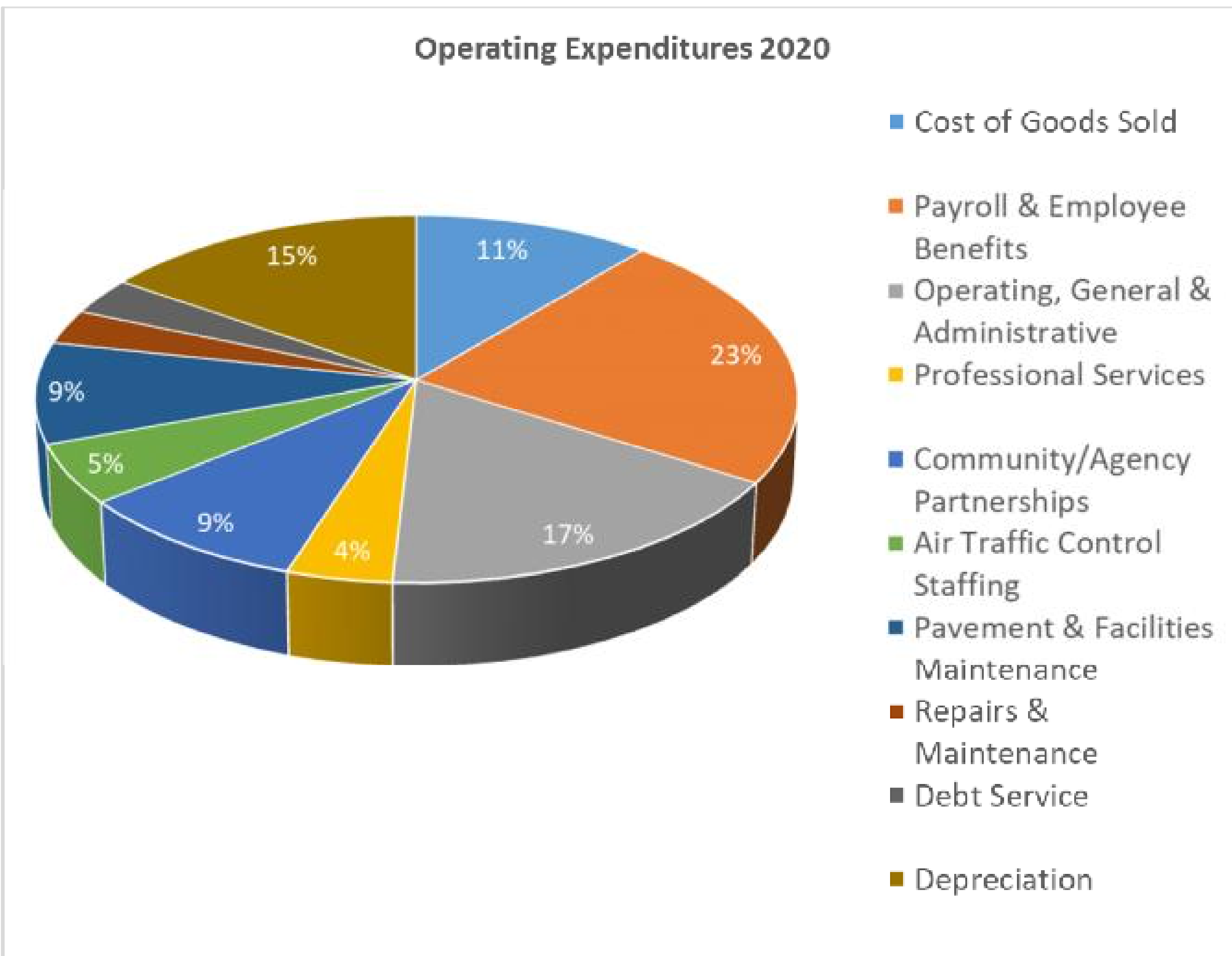
Noise and Annoyance Mitigation: The District acknowledges the noise and annoyance impacts of arriving and departing aircraft and strives to be both an outstanding general aviation airport and a good neighbor. The Board has a commitment to work continually on new solutions to reduce annoyance and impact. District staff work seven days a week to provide quality service to our airport constituents and reduce air travel impacts to the community. The new ADS-B program will help to route aircraft more effectively on desired paths away from noise and annoyance effected neighborhoods. In 2017, the District erected a Control Tower and contracted with Midwest Air Traffic Control for staffing of the control tower. The Board continues to fund this project for the full year in 2020 at $860,000 to enhance safety and mitigate community annoyance. Staff continues to work with Air Traffic Controllers to implement low impact procedures and move aircraft away from affected neighborhoods. Ongoing noise abatement programs such as the Fly Quiet incentive program, annoyance monitoring, pilot outreach, and the airspace and procedures study continue to be fully funded in 2020.

Environmental Stewardship: The District is committed to good environmental stewardship, including reducing its carbon footprint in the region it serves. The budget commits $50,000 for Green House Gas reduction projects that may include lighting upgrades, electric ramp vehicles, building insulation, smart engine block pre-heaters and solar generation among other opportunities.

Emergency Response: The Truckee Tahoe Airport works with many local agencies that serve the area including CAL FIRE, Care Flight, CHP, Civil Air Patrol, Fish and Wildlife, Placer and Nevada County Sheriff, REACH, USFS, and US Military. The District will be implementing various programs including ADS-B to enhance access for our emergency responders. In the summer of 2020, we will also pave a new emergency service ramp area for helicopter operations.

Facilities Maintenance: In 2019, the District revised and updated the Facilities Maintenance Plan to focus resources on the most efficient and effective way to maintain the District's infrastructure. All projects are evaluated by District staff and are approved by the Board as part of the budget process, taking into consideration the condition of the assets, as well as future needs and other factors, before proceeding with any scheduled or recommended projects. The District expects to spend $810,000 of facility maintenance projects including new generators for the Admin Building and Tower, airfield striping, Warehouse upgrades, hangar roof projects, and general facilities maintenance.

Operating Expenditures - 2020



FISCAL YEAR 2020 BUDGETED CAPITAL EXPENDITURES

Capital Projects: Capital projects are evaluated and budgeted for based on the potential effect the expenditure would have on users of the airport and the impact on overall long-term financial stability of the District. Annually, the District develops a 5-year budget forecast to assist the Board with prioritizing capital projects.

The 2020 budget includes $9 million spending on capital projects. Of this, $6.0 million is for FAA grant-eligible projects; leaving $3.0 million to be funded by the District. Grant-funded expenditures of $6.0 million are for 4 major projects: 1) Taxiway Alpha reconstruction, 2) emergency services helipad parking ramp upgrades, 3) construction of a new aircraft wash rack and 4) miscellaneous pavement saw and seal projects.

Other budgeted projects include ADS-B Implementation $1,200,000, Administration Building addition $550,000 and $1.3 million in vehicles and other small projects.

The District policy relating to the designation of unrestricted net position was reviewed and revised in March of 2019; the policy will be a tool for communicating the Board's plans for the accumulated net position of the District.

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.

BASIC FINANCIAL STATEMENTS

TRUCKEE TAHOE AIRPORT DISTRICT

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,961,709	$ 7,202,329
Restricted cash	-	756,318
Investments	500,000	1,250,000
Accounts receivable	28,429	120,600
Property taxes receivable	3,349,300	3,163,813
Interest receivable	41,489	52,841
Inventory	110,132	104,113
Prepaid expenses and deposits	196,845	152,228
Total current assets	10,187,904	12,802,242
Non-current Assets		
Investments	750,000	250,000
Non-current receivable	35,600	35,600
Capital assets, net	53,942,916	52,370,177
Total non-current assets	54,728,516	52,655,777
Total assets	64,916,420	65,458,019
DEFFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources relating to pensions (note 5)	434,344	683,510
LIABILITIES		
Current Liabilities		
Accounts payable	340,484	840,084
Accrued expenses	59,314	40,672
Interest payable	94,766	102,453
Note payable - current portion	290,202	285,470
Unearned revenue	377,901	352,753
Deposits	211,290	179,088
Compensated absences	389,317	387,995
Total current liabilities	1,763,274	2,188,515
Non-current Liabilities		
Net pension liablity	2,693,169	2,456,512
Note payable - non-current portion	6,819,658	7,238,714
Total non-current liabilities	9,512,827	9,695,226
Total liabilities	11,276,101	11,883,741
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources relating to pensions (note 5)	313,295	102,826
NET POSITION		
Net Investment in capital assets	46,833,056	44,845,993
Unrestricted	6,928,312	9,308,969
Total net position	$ 53,761,368	$ 54,154,962

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, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Hangar rentals, net of sales discounts of $219,921 for 2019 and $215,090 for 2018	$ 1,413,153	$ 1,240,886
Airside operating revenues, net of cost of sales of $1,718,648 for 2019 and $1,806,347 for 2018	1,966,073	2,226,240
Warehouse	199,317	185,780
Other rentals	638,907	547,139
Total operating revenues	4,217,450	4,200,045
OPERATING EXPENSES		
Salaries and wages	2,512,935	2,130,789
Employee benefits	1,807,676	1,080,817
General and administrative	4,895,959	4,249,354
Repairs and maintenance	1,209,169	1,037,964
Depreciation	2,662,736	2,283,993
Total operating expenses	13,088,475	10,782,917
Operating income (loss)	(8,871,025)	(6,582,872)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	6,909,481	6,630,649
Interest income	222,512	275,328
Federal operating grant	1,506,349	219,812
Gain (loss) on disposal of assets	(160,911)	(256,571)
Total nonoperating revenue (expense)	8,477,431	6,869,218
Change in net position	(393,594)	286,346
Net position, Beginning of year	54,154,962	53,868,616
Net position, End of year	$ 53,761,368	$ 54,154,962

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

TRUCKEE TAHOE AIRPORT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Cash receipts from customers	$ 4,366,971	$ 4,171,580
Payments to suppliers	(6,639,470)	(5,088,965)
Payments on behalf of employees	(3,620,251)	(3,112,423)
Net cash provided (used) by operating activities	(5,892,750)	(4,029,808)
Cash flows from noncapital financing activities:		
Receipt of property taxes	6,723,994	6,246,262
Payments of long term debt	(414,324)	(275,816)
Net cash provided by noncapital financing activities	6,309,670	5,970,446
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,407,632)	(8,053,404)
Receipt of FAA and State of California grants	1,506,349	367,560
Net cash provided (used) by capital and related financing activities	(2,901,283)	(7,685,844)
Cash flows from investing activities:		
Interest income received	237,425	254,351
Cash used for purchase of investments	(1,000,000)	-
Cash received for sale of investments	1,250,000	-
Net cash provided (used) by investing activities	487,425	254,351
Increase (decrease) in cash and cash equivalents	(1,996,938)	(5,490,855)
Beginning cash and cash equivalents	7,958,647	13,449,502
Ending cash and cash equivalents	$ 5,961,709	$ 7,958,647
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (8,871,025)	$ (6,582,872)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,662,736	2,283,993
Decrease (increase) in:		
Accounts receivable	92,169	(48,478)
Inventory	(6,019)	(21,093)
Prepaid expenses and deposits	(44,617)	(10,267)
Deferred outflows of resources	249,166	136,509
Increase (decrease) in:		
Accounts payable	(499,600)	220,509
Accrued expenses	18,642	(68,318)
Unearned revenue	25,148	17,646
Deposits	32,202	2,367
Compensated absences	1,322	58,221
Interest payable	-	(3,756)
Deferred inflows of resources	210,469	41,249
Net pension liability	236,657	(55,518)
Net cash provided (used) by operating activities	$ (5,892,750)	$ (4,029,808)

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.

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.

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, 2019 were as follows:

	2019	2018
Placer County	$ 4,807,578	$ 4,657,396
Nevada County	2,101,903	1,973,253
Total	$ 6,909,481	$ 6,630,649

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.

2. CASH AND INVESTMENTS

CASH

A summary of cash and investments held by the District at December 31, 2019 and 2018 is as follows:

	2019	2018
Cash and Cash Equivalents:		
Cash on Hand	$ 1,000	$ 800
Cash on Deposit at Banks	815,918	457,283
Local Agency Investment Fund	5,144,791	6,744,246
Placer County Investement Fund - Restricted	-	756,318
	$ 5,961,709	$ 7,958,647

Deposits - Custodial Credit Risk

The carrying amount of the District's bank accounts was $815,918 and the bank balance was $949,984 at December 31, 2019. 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 form of government-backed securities. All cash held by financial institutions at December 31, 2019 and 2018 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.

2. CASH AND INVESTMENTS (Continued)

Pooled Funds:

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.

Restricted Cash:

Restricted cash is held in the Placer County Treasurer's Investment Portfolio for the purpose of construction of a new Executive Hangar for which a loan was secured (See note 4).

Cash in Placer County Treasury consist of cash deposited in the interest-bearing Placer County Treasurer's Investment Portfolio. Investments are recorded at cost, which approximates fair value. Because Truckee Tahoe Airport District's deposits are maintained in a recognized pooled investment fund under the care of a third party and Truckee Tahoe Airport District's share of the pool does not consist of specific, identifiable investment securities owned by Truckee Tahoe Airport District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. The Truckee Tahoe Airport District's deposits in the Fund are considered to be highly liquid although are restricted for the specific purpose of construction of a new Executive Hangar.

As permitted under applicable state laws, the Placer County Treasurer may invest in derivative securities. However, at December 31, 2019, the Placer County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

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, 2019 and 2018 as follows:

	2019	2018
Investments:		
Certificates of Deposits	$ 1,250,000	$ 1,500,000

2. CASH AND INVESTMENTS (Continued)

The Certificates of Deposit mature as follows:

Year Ended December 31	Amount
2020	$ 500,000
2021	500,000
2022	250,000
Total	$ 1,250,000

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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 are as shown below:

	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Certificates of Deposits	$ -	$ 1,250,000	$ -	$ 1,250,000

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, 2019 and 2018, are as follows:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Property not depreciated:				
Land and Easements	$ 14,966,105	$ -	$ -	$ 14,966,105
Construction In Progress	7,999,144	4,050,623	(8,702,567)	3,347,200
Total Property not Depreciated	22,965,249	4,050,623	(8,702,567)	18,313,305
Subject to depreciation:				
Land Improvements	27,010,497	-	-	27,010,497
Buildings and Improvements	26,084,243	8,610,704	-	34,694,947
Equipment	7,766,274	276,715	(248,587)	7,794,402
Total Property Being Depreciated	60,861,014	8,887,419	(248,587)	69,499,846
Less accumulated depreciation:				
Land Improvements	(14,861,978)	(2,514,527)	-	(17,376,505)
Buildings and Improvements	(11,404,807)	(71,028)	-	(11,475,835)
Equipment	(5,189,301)	(77,181)	248,587	(5,017,895)
Total Property Being Depreciated	(31,456,086)	(2,662,736)	248,587	(33,870,235)
Total Property and Equipment Being Depreciated, net	29,404,928	6,224,683	-	35,629,611
Property and Equipment, net	$ 52,370,177	$ 10,275,306	$ (8,702,567)	$ 53,942,916

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Property not depreciated:				
Land and Easements	$ 14,966,105	$ -	$ -	$ 14,966,105
Construction In Progress	2,462,273	7,275,558	(1,738,687)	7,999,144
Total Property not Depreciated	17,428,378	7,275,558	(1,738,687)	22,965,249
Subject to depreciation:				
Land Improvements	26,240,169	770,328	-	27,010,497
Buildings and Improvements	25,067,090	1,017,153	-	26,084,243
Equipment	7,484,691	770,551	(488,968)	7,766,274
Total Property Being Depreciated	58,791,950	2,558,032	(488,968)	60,861,014
Less accumulated depreciation:				
Land Improvements	(13,732,991)	(1,128,987)	-	(14,861,978)
Buildings and Improvements	(10,679,744)	(725,063)	-	(11,404,807)
Equipment	(4,950,256)	(429,826)	190,781	(5,189,301)
Total Property Being Depreciated	(29,362,991)	(2,283,876)	190,781	(31,456,086)
Total Property and Equipment Being Depreciated, net	29,428,959	274,156	(298,187)	29,404,928
Property and Equipment, net	$ 46,857,337	$ 7,549,714	(2,036,874)	$ 52,370,177

4. NOTE PAYABLE

As of December 31, 2019 and 2018 long-term debt consisted of the following:

	2019	2018
Beginning Balance	$ 7,524,184	$ 7,800,000
Payments	414,324	275,816
Ending Balance	7,109,860	7,524,184
Due Withing One Year	290,202	285,470
Long Term Portion	$ 6,819,658	$ 7,238,714

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, 2019 is $7,109,860.

Future annual principle payments are estimated as follows:

December 31	Principal	Interest	Total
2020	$ 290,202	$ 248,845	$ 539,047
2021	300,359	238,688	539,047
2022	310,872	228,175	539,047
2023	321,752	217,295	539,047
2024	333,013	206,034	539,047
2025-2029	1,848,276	846,960	2,695,236
2030-2034	2,195,172	500,064	2,695,236
2035-2039	1,510,214	106,927	1,617,141
	$ 7,109,860	$ 2,592,988	$ 9,702,848

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.

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, 2019, 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%	6.250%
Required employer contribution rates	12.212%	7.634%	6.842%

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.

For the year ended December 31, 2019 and 2018, the contributions recognized as part of pension expense for the Plan were $54,769 and $158,795, respectively.

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

As of December 31, 2019 and 2018, the Truckee Tahoe Airport District reported net pension liabilities for its proportionate share of the net pension liability of $2,693,169 and $2,456,512 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, 2019, 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, 2018 rolled forward to June 30, 2019 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 District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2018 was as follows:

Proportion - June 30, 2019	0.06725%
Proportion - June 30, 2018	0.06518%
Change - Increase (Decrease)	0.00207%

For the years ended December 31, 2019 and 2018, the District recognized pension expense of $502,460 and $272,240, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 54,769	$ -
Difference between projected and actual experience	187,052	14,493
Difference in actual vs. projected contributions	-	206,017
Change in proportion	64,100	175
Changes in assumptions	128,423	45,525
Net differences between projected and actual earnings on plan investments	-	47,085
Total	$ 434,344	$ 313,295

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

$54,769 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, 2020. 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	
2020	$ 148,222
2021	(74,838)
2022	(16,619)
2023	9,514
2023	-
Thereafter	-

December 31, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 158,795	$ -
Difference between projected and actual experience	87,757	29,863
Difference in actual vs. projected contributions	-	9,058
Change in proportion	164,900	-
Changes in assumptions	260,751	63,905
Net differences between projected and actual earnings on plan investments	11,307	-
Total	$ 683,510	$ 102,826

$158,795 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	
2019	$ 205,573
2020	$ 183,173
2021	$ 67,410
2022	$ (34,267)

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, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
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, 2019 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 7.15% for the Plan. 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 7.15 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 7.15 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.

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

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

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

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

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:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	$ 4,212,740	$ 2,693,169	$ 1,438,871

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, 2019.

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 form 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, 2019 and 2018, are as follows:

	December 31, 2018	Net Change	December 31, 2019	Due Within One Year
Accrued Vacation	$ 170,524	$ (9,369)	$ 161,155	$ 161,155
Accrued Sick Leave	182,597	12,603	195,200	195,200
Accrued Holiday Leave	34,874	(1,912)	32,962	32,962
Total	$ 387,995	$ 1,322	$ 389,317	$ 389,317

	September 30, 2017	Net Change	December 31, 2018	Due Within One Year
Accrued Vacation	$ 145,536	$ 24,988	$ 170,524	$ 170,524
Accrued Sick Leave	157,217	25,380	182,597	182,597
Accrued Holiday Leave	27,021	7,853	34,874	34,874
Total	$ 329,774	$ 58,221	$ 387,995	$ 387,995

8. UNRESTRICTED NET POSITION

The District has designated unrestricted net position as follows as of December 31, 2019 and 2018:

	2019	2018
Debt retirement	$ 500,000	$ 550,000
Pavement Maintenance Capital Reserve	1,000,000	1,500,000
Facility Maintencance Reserve	400,000	750,000
Forest Management Reserve	300,000	300,000
Utility Capital Reserve	100,000	500,000
Operating Funds	1,378,312	2,000,000
Hangar 2 / ATC Tower Projects	1,500,000	1,958,969
Annoyance Reduction / Outreach Reserve	500,000	500,000
Land Acquisition	250,000	1,000,000
Rolling Stock Reserve	1,000,000	250,000
Total	$ 6,928,312	$ 9,308,969

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 for 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, 2019 is as follows:

	SDRMA June 30, 2019
Total Assets	$ 117,357,664
Deferred Outflows of Resources	590,733
Total Assets & Deferred Outflows	$ 117,948,397
Total Liabilities	$ 61,466,303
Deferred Inflows of Resources	117,531
Total Net Position	56,364,563
Total Liabilities, Defferred Inflows & Net Position	$ 117,948,397
Total Revenues	$ 76,136,955
Total Expenses	74,357,125
Change in Net Position	$ 1,779,830

*The District stopped being a member of SDRMA effective July 1, 2019

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 $30,000 to the Agency in 2019. As this is the first year of operations, there is no current audited financial information.

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 $3,347,199 and $1,839,009 at December 31, 2019 and 2018, respectively.

As of December 31, 2019, 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, 2019 and 2018, TDRPD operated the property as a golf course and is in compliance with the lease agreement.

13. DISPOSAL OF ASSETS

There was a loss of $168,598 and $256,571 as of December 31,2019 and 2018, 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, 2019 through April 29, 2020, 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 PENTION LIABILITY

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	June 30, 2014	June 30, 2015	June 30, 2017 *	June 30, 2018	June 30, 2019 (1)
Proportion of the net pension liability	0.05277%	0.06220%	0.06372%	0.06518%	0.06725%
Proportionate share of the net pension liability	$ 1,304,288	$ 1,706,562	$ 2,512,031	$ 2,456,512	$ 2,693,169
Covered-employee payroll (2)	$ 1,285,894	$ 1,886,199	$ 2,180,008	$ 1,891,379	$ 2,193,506
Proportionate share of the net pension liability as percentage of covered-employee payroll	101.43%	90.48%	115.23%	129.88%	122.78%
Plans fiduciary net position as a percentage of the total pension liability	83.03%	79.89%	79.89%	77.69%	77.73%
Proportionate share of aggregate employer contributions (3)	$ 172,553	$ 167,988	$ 214,090	$ 296,909	$ 111,492

(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 contribtions 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 was not used

TRUCKEE TAHOE AIRPORT DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Fiscal Year (1)				
	2013-14	**2014-15**	**2016-17***	**2017-18**	**2018-19**
Actuarially Determined Contribution (2)	$ 185,517	$ 223,458	$ 141,408	$ 275,507	$ 111,492
Contributions in relation to the actuarially determined contributions (2)	(185,517)	(167,988)	(214,090)	(296,909)	(356,536)
Contribution deficiencey (excess)	$ -	$ 55,470	$ (72,682)	$ (21,402)	$ (245,044)
Covered-employee payroll (3,4)	$ 1,285,894	$ 1,886,199	$ 2,180,008	$ 1,891,379	$ 2,193,506
Contributions as a percentage of covered-employee payroll (3)	14.43%	11.85%	6.49%	14.57%	5.08%

(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 measurment date June 30, 2016 was not used

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
In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2018. There were no changes in the discount rate.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for both 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, 2019

Federal Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Airport Improvement Program	20.106	3-06-0262-037	$ 1,318,599
Airport Improvement Program	20.106	3-06-0262-038	90,021
Airport Improvement Program	20.106	3-06-0262-039	97,729
			$ 1,506,349

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 the financial statements of Truckee Tahoe Airport District (the "District"), as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018, and have issued our report thereon dated April 29, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 29, 2020

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee Tahoe Airport District
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Truckee Tahoe Airport District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Distrtict's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 29, 2020

FINDINGS AND RECOMMENDATIONS

TRUCKEE TAHOE AIRPORT DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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 ___X___ No
Significant deficiency(ies) identified?	_______ Yes ___X___ None reported
Noncompliance material to financial statements noted?	_______ Yes ___X___ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_______ Yes ___X___ No
Significant deficiency(ies) identified?	_______ Yes ___X___ 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 ___X___ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
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

Section II – Financial Statement Findings

No matters were reported.

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, 2018

No matters were reported.