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

**FOR THE FISCAL YEARS ENDED**

**DECEMBER 31, 2022 AND 2021**

**JAMES MARTA & CO. LLP**

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**TRUCKEE TAHOE AIRPORT DISTRICT**

**DECEMBER 31, 2022**

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## BOARD OF DIRECTORS

Teresa O'Dette –<u>Director</u>

David Diamond – <u>Vice President</u>

Mary Hetherington – <u>Director</u>

Kathryn Rohlf - <u>President</u>

Rick Stephens - <u>Director</u>

* * * *

General Manager
Robb Etnyre

<u>Director of Finance & Administration</u>
Kelly Woo

**TRUCKEE TAHOE AIRPORT DISTRICT**

**DECEMBER 31, 2022**

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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, 2022 and 2021 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, 2022 and 2021 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.

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***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 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, 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.

## <u>Other Matters</u>

*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 April 21, 2023 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.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 21, 2023

# 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, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

The District experienced two leadership role transitions in 2022, with the departure of both the General Manager and Director of Aviation. The District, like the nation, also experienced significant inflationary pressure from cost of living to commodity and services price increases.

## 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, based on annual actuarial reports, from $1.60 million on December 31, 2021 to $3.05 million on December 31, 2022.
- In the calendar year ended December 31, 2022, the District's operating revenues increased $1.4 million or 19.1% over the prior fiscal year. This is primarily due to increased fuel sales and FBO services, hangar revenue, and warehouse rents.
- The District received funding through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants in the amount of $973,530 to complete pavement rehabilitation and airfield infrastructure projects as well as reconstruction design work for runway 2/20.
- The District saw annualized property tax revenues increase 10.1%, in the calendar year ended December 31, 2022.
- The District's annualized personnel costs increased by 9% overall compared to 2021. Salaries and Wages increased by 4.5% due to annual COLA increases. There is a year-end adjustment relating to GASB 68 that increases the PERS liability by $1.9 million based on the annual actuarial report and calculation but is reduced by our annual ADP of $500k.
- Operating, general and administrative annualized expenses were down 19% over the prior year. The decrease was primarily due to fewer eligible applications for Agency Partnerships & Community Sponsorships as well as a reduced focus on Engineering projects and Studies & Plans resulting from the leadership transition.
- Repair and maintenance annualized expenses were down from the prior fiscal year by 30%. In 2022, the District had minimal expenditures related to airfield pavement maintenance, land management and facilities maintenance.
- Due to long-term fiscal discipline, the Truckee Tahoe Airport District is in excellent financial condition. The District's net position is $62 million. The District has designated the unrestricted net position for future capital projects and contingencies.

## OPERATIONAL HIGHLIGHTS

- During the twelve-month year ended 12/31/22, FBO revenues were up 27% compared to 2021. Jet A fuel sales were down 6.1% over 2021 in gallons sold but up $795k in revenue due to increased raw fuel pricing (switch to 50% Sustainable Aviation Fuel) and increased district pricing. 100LL fuel sales were up 2.9% over 2021 in gallons sold and up $142k in revenue. Net airside revenue was up 18.7% from the previous year primarily due to increased jet fuel sales, introduction of a first-time landing fee and ramp fees.
- The District saw an increase in hangar revenue of 7.14% compared to 2021 considering the annual CPI increase.
- Other business leases were down 1.4% due to the lack of lease revenue from the Cessna 182 that was sold.

## 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, 2022 and December 31, 2021. 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, 2021 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 on December 31, 2022 totaled $62,200,822 compared with $59,122,457 on December 31, 2021. 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.

| | December 31, 2022 | December 31, 2021 | Increase (Decrease) | Percent Change | December 31, 2020 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Cash and Equivalents | $ 8,724,327 | $ 5,442,326 | $ 3,282,001 | 60.3% | $ 5,852,550 |
| Other Current Assets | 4,971,724 | 4,674,163 | 297,561 | 6.4% | 4,450,228 |
| Total Current Assets | 13,696,051 | 10,116,489 | 3,579,562 | 35.4% | 10,302,778 |
| Investments | 1,250,000 | 1,000,000 | 250,000 | 25.0% | 1,000,000 |
| Noncurrent Receivable | 35,600 | 35,600 | - | 0.0% | 35,600 |
| Net Capital Assets | 57,292,680 | 58,934,576 | (1,641,896) | -2.8% | 56,134,787 |
| Total Assets | 72,274,331 | 70,086,665 | 2,187,666 | 3.1% | 67,473,165 |
| Deferred Outflows | 154,936 | 878,727 | (723,791) | -82.4% | 440,064 |
| Liabilities: | | | | | |
| Current Liabilities | 1,832,872 | 2,140,816 | (307,944) | -14.4% | 2,383,986 |
| Long Term Liabilities | 8,937,808 | 7,997,355 | 940,453 | 11.8% | 9,722,916 |
| Total Liabilities | 10,770,680 | 10,138,171 | 632,509 | 6.2% | 12,106,902 |
| Deferred Inflows | 845,765 | 1,704,764 | (858,999) | -50.4% | 296,493 |
| Net Position | | | | | |
| Invested in Capital Assets, Net | 50,900,959 | 52,149,647 | (1,248,688) | -2.4% | 48,969,634 |
| Unrestricted | 11,299,863 | 6,972,810 | 4,327,053 | 62.1% | 6,540,200 |
| Total Net Position | $ 62,200,822 | $ 59,122,457 | $ 3,078,365 | 5.21% | $ 55,509,834 |

The December 31, 2022 cash and cash equivalents balance increased $3,282,001 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.

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 $11.2 million of unrestricted net assets, approximately $2.5 million has been designated for a General Fund Operating Contingency, $863k for Annoyance Reduction/Outreach Reserve, and $1.7 million to pay for future Capital Asset projects. In addition, $1.7 million has been designated for Land Acquisition, $863k for Debt Retirement, $518k for Forest Management and $1.7 million exclusively for Pavement Maintenance. These breakdowns are based on the board approved categories/percentages from the June 2021 meeting. 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, 2022 | Year Ended December 31, 2021 | Increase (Decrease) | Percent Change | Year ended December 31, 2020 |
|---|---|---|---|---|---|
| Net Operating Revenues: | $ 5,622,895 | $ 5,010,962 | $ 611,933 | 12.2% | $ 4,578,894 |
| Operating Expenses, Net of Depreciation | (9,513,963) | (10,591,260) | 1,077,297 | -10.2% | (8,752,808) |
| Operating Loss before Depreciation | (3,891,068) | (5,580,298) | 1,689,230 | -30.3% | (4,173,914) |
| Depreciation Expense | (2,635,954) | (2,357,692) | (278,262) | 11.8% | (2,500,403) |
| Net Operating Loss | (6,527,022) | (7,937,990) | 1,410,968 | -17.8% | (6,674,317) |
| Nonoperating Income: | | | | | |
| Property Tax Revenue | 8,507,022 | 7,723,805 | 783,217 | 10.1% | 7,283,915 |
| Gain (Loss) on Disposal of Assets | 272,375 | 55,340 | 217,035 | 392.2% | 6,568 |
| Grant Revenues-Capital/Operating | 973,530 | 3,981,442 | (3,007,912) | -75.5% | 1,297,045 |
| Interest Expense | (230,991) | (244,130) | 13,139 | -5.4% | (255,456) |
| Interest and Other Nonoperating Income | 83,451 | 34,156 | 49,295 | 144.3% | 90,711 |
| Total Non operating Income | 9,605,387 | 11,550,613 | (1,945,226) | -16.8% | 8,422,783 |
| Change in Net Position | 3,078,365 | 3,612,623 | (534,258) | -14.8% | 1,748,466 |
| Net Position, Beginning-Restated | 59,122,457 | 55,509,834 | 3,612,623 | 6.5% | 53,761,368 |
| Net Position, Ending | $ 62,200,822 | $ 59,122,457 | $ 3,078,365 | 5.2% | $ 55,509,834 |

Operating expenses, net of depreciation, decreased $1,077,297 or 10.2%, 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 decreased referenced in the Financial Highlights on page 4 include Community/Agency partnerships, Engineering and Studies & Plans. The District continues to work with its pavement management program to keep the Airport's pavements in good condition. In 2022, with the aid of FAA AIP grants, the District expended approximately $274k for the engineering work to redesign runway 2/20. The related grant revenues are $274k. Additionally, the District received $699k in grant funding from prior year AIP projects that are now closed out. Property tax revenues were up 10% from the prior fiscal year.

## CAPITAL ASSETS

On December 31, 2022, the District had over $57 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, 2022 | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Land and Easements | $ 14,966,105 | $ 14,966,105 | $ 14,966,105 |
| Building and Building Improvements | 21,925,023 | 23,517,000 | 22,116,586 |
| Land Improvements | 11,190,321 | 9,868,779 | 8,845,605 |
| Equipment | 3,955,474 | 4,725,271 | 3,617,722 |
| Construction in Progress | 5,255,757 | 5,857,421 | 6,588,769 |
| | $ 57,292,680 | $ 58,934,576 | $ 56,134,787 |

The net capital asset balance decreased $1.6 Million during the 2022 fiscal year. That amount includes net capital additions of $1,533,761 offset by $2,635,954 in depreciation expense and $539,703 in asset deletions. The capital additions are detailed in the table below.

Summary of Additions to Capital Assets

| | |
|---|---|
| WOB HVAC Controls | $ 17,637 |
| Terminal Building Flooring | 11,572 |
| Ransomware Prevention Software | 21,010 |
| Dry Lake Beacon Paint | 57,578 |
| UPS Backup Power Remote Office | 6,403 |
| ATIS Weather System | 65,725 |
| AIP 038 Wash Rack/Blast Pads/EMS Apron | 1,415,797 |
| CIP | (61,961) |
| Total | $ 1,533,761 |

## FISCAL YEAR 2022 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 2022 budget includes $2.0 million spending on capital projects of which $410k is grant funded.

Grant-funded expenditures of $410k are for the Runway 2/20 Redesign project.

Other budgeted projects include Airport Master plan update $400,000, Warehouse Sprinklers $350,000 (not done) and various smaller projects.

The District policy relating to the designation of unrestricted net position will be 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.

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, 2022 AND 2021

| | 2022 | 2021 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash and cash equivalents | $ 8,724,327 | $ 5,442,326 |
| Investments | 250,000 | 500,000 |
| Accounts receivable | 88,656 | 36,967 |
| Property taxes receivable | 4,124,889 | 3,759,456 |
| Interest receivable | 40,383 | 5,286 |
| Inventory | 215,011 | 152,123 |
| Prepaid expenses and deposits | 252,785 | 220,331 |
| Total current assets | 13,696,051 | 10,116,489 |
| Non-current Assets | | |
| Investments | 1,250,000 | 1,000,000 |
| Non-current receivable | 35,600 | 35,600 |
| Capital assets, net | 57,292,680 | 58,934,576 |
| Total non-current assets | 58,578,280 | 59,970,176 |
| Total assets | 72,274,331 | 70,086,665 |
| **DEFFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred outflows of resources relating to pensions | 1,542,936 | 878,727 |
| **LIABILITIES** | | |
| Current Liabilities | | |
| Accounts payable | 301,194 | 554,933 |
| Accrued expenses | 69,395 | 111,860 |
| Interest payable | 82,751 | 86,894 |
| Note payable - current portion | 505,046 | 393,208 |
| Unearned revenue | 214,628 | 270,674 |
| Deposits | 244,801 | 236,116 |
| Compensated absences | 415,057 | 487,131 |
| Total current liabilities | 1,832,872 | 2,140,816 |
| Non-current Liabilities | | |
| Net pension liablity | 3,051,133 | 1,605,634 |
| Note payable - non-current portion | 5,886,675 | 6,391,721 |
| Total non-current liabilities | 8,937,808 | 7,997,355 |
| Total liabilities | 10,770,680 | 10,138,171 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred inflows of resources relating to pensions | 845,765 | 1,704,764 |
| **NET POSITION** | | |
| Net Investment in capital assets | 50,900,959 | 52,149,647 |
| Unrestricted | 11,299,863 | 6,972,810 |
| Total net position | $ 62,200,822 | $ 59,122,457 |

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, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Hangar rentals, net of sales discounts of $231,610 for 2022 and $231,192 for 2021 | $ 1,758,257 | $ 1,629,136 |
| Airside operating revenues, net of cost of sales of $2,978,260 for 2022 and $2,172,305 for 2021 | 2,954,594 | 2,484,989 |
| Warehouse | 279,457 | 257,626 |
| Other rentals | 630,587 | 639,211 |
| Total operating revenues | 5,622,895 | 5,010,962 |
| **OPERATING EXPENSES** | | |
| Salaries and wages | 2,762,841 | 2,642,894 |
| Employee benefits | 1,610,754 | 1,374,616 |
| General and administrative | 4,550,797 | 5,718,691 |
| Repairs and maintenance | 589,571 | 855,059 |
| Depreciation | 2,635,954 | 2,357,692 |
| Total operating expenses | 12,149,917 | 12,948,952 |
| Operating income (loss) | (6,527,022) | (7,937,990) |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Property taxes | 8,507,022 | 7,723,805 |
| Interest income | 83,451 | 34,156 |
| Federal operating grant | 973,530 | 3,981,442 |
| Interest expense | (230,991) | (244,130) |
| Gain (loss) on disposal of assets | 272,375 | 55,340 |
| Total nonoperating revenue (expense) | 9,605,387 | 11,550,613 |
| **Change in net position** | 3,078,365 | 3,612,623 |
| Net position, Beginning of year | 59,122,457 | 55,509,834 |
| Net position, End of year | $ 62,200,822 | $ 59,122,457 |

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, 2022 AND 2021

| | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts from customers | $ 5,523,845 | $ 5,111,061 |
| Payments to suppliers | (5,473,635) | (6,958,944) |
| Payments on behalf of employees | (4,581,657) | (4,343,830) |
| Net cash provided (used) by operating activities | (4,531,447) | (6,191,713) |
| Cash flows from noncapital financing activities: | | |
| Receipt of property taxes | 8,141,589 | 7,487,787 |
| Interest expense | (230,991) | (244,130) |
| Payments of long term debt | (397,351) | (384,228) |
| Net cash provided by noncapital financing activities | 7,513,247 | 6,859,429 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (994,058) | (5,102,141) |
| Receipt of FAA and State of California grants | 973,530 | 3,981,442 |
| Proceeds from sale of equipment | 272,375 | - |
| Net cash provided (used) by capital and related financing activities | 251,847 | (1,120,699) |
| Cash flows from investing activities: | | |
| Interest income received | 48,354 | 42,759 |
| Cash used for purchase of investments | (500,000) | (750,000) |
| Cash received for sale of investments | 500,000 | 750,000 |
| Net cash provided (used) by investing activities | 48,354 | 42,759 |
| Increase (decrease) in cash and cash equivalents | 3,282,001 | (410,224) |
| Beginning cash and cash equivalents | 5,442,326 | 5,852,550 |
| Ending cash and cash equivalents | $ 8,724,327 | $ 5,442,326 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | $ (6,527,022) | $ (7,937,990) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 2,635,954 | 2,357,692 |
| Decrease (increase) in: | | |
| Accounts receivable | (51,691) | 120,676 |
| Inventory | (62,888) | (93,412) |
| Prepaid expenses and deposits | (32,454) | (23,786) |
| Deferred outflows of resources | (664,209) | (438,663) |
| Increase (decrease) in: | | |
| Accounts payable | (253,739) | (283,810) |
| Accrued expenses | (42,465) | 33,132 |
| Unearned revenue | (56,046) | (22,165) |
| Deposits | 8,685 | 1,586 |
| Compensated absences | (72,074) | 19,108 |
| Deferred inflows of resources | (858,999) | 1,408,271 |
| Net pension liability | 1,445,501 | (1,332,352) |
| Net cash provided (used) by operating activities | $ (4,531,447) | $ (6,191,713) |

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

## 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, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Placer County | $ 5,896,522 | $ 5,347,348 |
| Nevada County | 2,610,500 | 2,376,457 |
| Total | $ 8,507,022 | $ 7,723,805 |

## 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, 2022 and 2021 is as follows:

| | 2022 | 2021 |
|---|---|---|
| **Cash and Cash Equivalents:** | | |
| Cash on Hand | $ 718 | $ 1,000 |
| Cash on Deposit at Banks | 3,199,267 | (46,317) |
| Local Agency Investment Fund | 5,524,342 | 5,487,643 |
| | $ 8,724,327 | $ 5,442,326 |

Deposits - Custodial Credit Risk

The carrying amount of the District's bank accounts was $3,199,267 and the bank balance was $3,396,258 at December 31, 2022. 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, 2022 and 2021 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, 2022, 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, 2022 and 2021 as follows:

| | 2022 | 2021 |
|---|---|---|
| **Investments:** | | |
| Certificates of Deposits | $ 1,500,000 | $ 1,500,000 |

## 2. CASH AND INVESTMENTS (Continued)

The Certificates of Deposit mature as follows:

| Year Ended December 31 | Amount |
|---|---|
| 2023 | $ 250,000 |
| 2024 | 750,000 |
| 2025 | 500,000 |
| Total | $ 1,500,000 |

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021 are as shown below:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **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, 2022 and 2021, are as follows:

| | Balance December 31, 2020 | Additions | Deletions | Balance December 31, 2021 |
|---|---|---|---|---|
| Property not depreciated: | | | | |
| Land and Easements | $ 14,966,105 | $ - | $ - | $ 14,966,105 |
| Construction In Progress | 6,588,769 | 4,281,550 | (5,012,898) | 5,857,421 |
| Total Property not Depreciated | 21,554,874 | 4,281,550 | (5,012,898) | 20,823,526 |
| Subject to depreciation: | | | | |
| Land Improvements | 27,219,808 | 1,906,514 | - | 29,126,322 |
| Buildings and Improvements | 34,694,947 | 2,459,010 | - | 37,153,957 |
| Equipment | 9,031,646 | 1,523,305 | (261,325) | 10,293,626 |
| Total Property Being Depreciated | 70,946,401 | 5,888,829 | (261,325) | 76,573,905 |
| Less accumulated depreciation: | | | | |
| Land Improvements | (18,374,203) | (883,340) | - | (19,257,543) |
| Buildings and Improvements | (12,578,361) | (1,058,596) | - | (13,636,957) |
| Equipment | (5,413,924) | (415,756) | 261,325 | (5,568,355) |
| Total Property Being Depreciated | (36,366,488) | (2,357,692) | 261,325 | (38,462,855) |
| Total Property and Equipment Being Depreciated, net | 34,579,913 | 3,531,137 | - | 38,111,050 |
| Property and Equipment, net | $ 56,134,787 | $ 7,812,687 | (5,012,898) | $ 58,934,576 |

| | 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 | 20,823,526 | 822,618 | (1,424,282) | 20,221,862 |
| 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 | 76,573,905 | 1,595,722 | (176,681) | 77,992,946 |
| 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 | (38,462,855) | (2,635,954) | 176,681 | (40,922,128) |
| Total Property and Equipment Being Depreciated, net | 38,111,050 | (1,040,232) | - | 37,070,818 |
| Property and Equipment, net | $ 58,934,576 | $ (217,614) | $ (1,424,282) | $ 57,292,680 |

## 4. NOTE PAYABLE

As of December 31, 2022 and 2021 long-term debt consisted of the following:

| | 2022 | 2021 |
|---|---|---|
| Beginning Balance | $ 6,784,929 | $ 7,165,153 |
| Payments | 393,208 | 380,224 |
| Ending Balance | 6,391,721 | 6,784,929 |
| Due Withing One Year | 505,046 | 393,208 |
| Long Term Portion | $ 5,886,675 | $ 6,391,721 |

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, 2022 is $6,208,427.

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 has a balance due at December 31, 2022 of $183,294.

Future annual principle payments are estimated as follows:

| December 31 | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 505,046 | $ 219,447 | $ 724,493 |
| 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 |
| 2028-2031 | 1,610,701 | 545,487 | 2,156,188 |
| 2032-2036 | 2,351,523 | 343,713 | 2,695,236 |
| 2037 | 520,819 | 18,229 | 539,048 |
| | $ 6,391,721 | $ 1,879,431 | $ 8,271,152 |

## 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, 2022, 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 | 14.020% | 8.650% | 7.590% |

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, 2022 and 2021, the Truckee Tahoe Airport District reported net pension liabilities for its proportionate share of the net pension liability of $3,051,133 and $1,605,634 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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2022 and 2021 was as follows:

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

| Measurment Date | Fiscal Year | CalPERS |
|---|---|---|
| Proportion - June 30, 2021 | 2021 | 0.08456% |
| Proportion - June 30, 2022 | 2022 | 0.06521% |
| Change - Increase (Decrease) | | -0.01935% |

| Measurment Date | Fiscal Year | CalPERS |
|---|---|---|
| Proportion - June 30, 2020 | 2020 | 0.06965% |
| Proportion - June 30, 2021 | 2021 | 0.08456% |
| Change - Increase (Decrease) | | 0.01491% |

For the years ended December 31, 2022 and 2021, the District recognized pension expense of $534,911 and $267,947, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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 will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**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 |
|---|---|
| 2023 | $ (98,387) |
| 2024 | (89,308) |
| 2025 | (69,588) |
| 2026 | 341,834 |
| 2027 | - |
| Thereafter | - |
| Total | $ 84,551 |

**December 31, 2021**

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 610,629 | $ - |
| Difference between projected and actual experience | 180,055 | - |
| Difference in actual vs. projected contributions | - | 303,131 |
| Change in proportion | 88,043 | - |
| Changes in assumptions | - | - |
| Net differences between projected and actual earnings on plan investments | - | 1,401,633 |
| Total | $ 878,727 | $ 1,704,764 |

$610,629 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 |
|---|---|
| 2022 | $ (366,952) |
| 2023 | (341,455) |
| 2024 | (340,920) |
| 2025 | (387,339) |
| 2026 | - |
| Thereafter | - |
| Total | $ (1,436,666) |

**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, 2022 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| 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% and 7.50% for the Plan for the measurement date June 30, 2022 and 2021, 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

**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, 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 |

December 31, 2021

| | Discount Rate - 1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate + 1% (8.15%) |
|---|---|---|---|
| Plan's Net Pension Liability | $ 3,302,918 | $ 1,605,634 | $ 202,513 |

**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.

**D. Payable to the Pension Plan**

The District had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2022 and 2021.

## 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, 2022 and 2021, are as follows:

| | December 31, 2021 | Net Change | December 31, 2022 | Due Within One Year |
|---|---|---|---|---|
| Accrued Vacation | $ 240,143 | $ (39,160) | $ 200,983 | $ 200,983 |
| Accrued Sick Leave | 198,142 | (18,702) | 179,440 | 179,440 |
| Accrued Holiday Leave | 48,846 | (14,212) | 34,634 | 34,634 |
| Total | $ 487,131 | $ (72,074) | $ 415,057 | $ 415,057 |

| | December 30, 2020 | Net Change | December 31, 2019 | Due Within One Year |
|---|---|---|---|---|
| Accrued Vacation | $ 187,362 | $ 52,781 | $ 240,143 | $ 240,143 |
| Accrued Sick Leave | 237,746 | (39,604) | 198,142 | 198,142 |
| Accrued Holiday Leave | 42,915 | 5,931 | 48,846 | 48,846 |
| Total | $ 468,023 | $ 19,108 | $ 487,131 | $ 487,131 |

## 8. UNRESTRICTED NET POSITION

The District has designated unrestricted net position as follows as of December 31, 2022 and 2021:

| | 2022 | 2021 |
|---|---|---|
| Debt retirement | $ 863,880 | $ 533,070 |
| Pavement Maintenance Capital Reserve | 1,727,750 | 1,066,150 |
| Facility Maintencance Reserve | 863,880 | 533,070 |
| Forest Management Reserve | 518,330 | 319,840 |
| General Fund Operating Contingency | 2,574,700 | 1,588,770 |
| Large Capital Project | 1,727,750 | 1,066,150 |
| Annoyance Reduction / Outreach Reserve | 863,880 | 533,070 |
| Land Acquisition | 1,727,750 | 1,066,150 |
| Rolling Stock Reserve | 431,943 | 266,540 |
| Total | $ 11,299,863 | $ 6,972,810 |

## 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, 2022 is as follows:

## 9. RISK MANAGEMENT (CONTINUED)

| | SDRMA June 30, 2022 |
|---|---|
| Total Assets | $ 140,005,598 |
| Deferred Outflows of Resources | 750,427 |
| Total Assets & Deferred Outflows | $ 140,756,025 |
| Total Liabilities | $ 72,967,545 |
| Deferred Inflows of Resources | 445,351 |
| Total Net Position | 67,343,129 |
| Total Liabilities, Defferred Inflows & Net Position | $ 140,756,025 |
| Total Revenues | $ 89,339,071 |
| Total Expenses | 88,339,229 |
| Change in Net Position | $ 999,842 |

## 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 2022 and 2021, respectively. Condensed information for the Agency for the year ended June 30, 2022 is as follows:

| | Agency June 30, 2022 |
|---|---|
| Total Assets | $ 368,638 |
| Total Liabilities | $ 32,027 |
| Total Net Position | 336,611 |
| Total Liabilities & Net Position | $ 368,638 |
| Total Revenues | $ 484,200 |
| Total Expenses | 245,059 |
| Change in Net Position | $ 239,141 |

## 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 $4,981,039 and $5,877,761 at December 31, 2022 and 2021, respectively.

As of December 31, 2022, 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, 2022 and 2021, 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 $272,375 and $55,340 as of December 31,2022 and 2021, 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, 2022 through April 21, 2023, 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, 2022 AND 2021

| | June 30, 2014 | June 30, 2015 | June 30, 2017 * | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 | June 30, 2022 [1] |
|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability | 0.05277% | 0.06220% | 0.06372% | 0.06518% | 0.06725% | 0.08456% | 0.08456% | 0.06521% |
| 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 | $ 3,051,133 | $ 3,051,133 |
| 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 |
| 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% | 136.52% | 130.55% |
| 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% |
| Proportionate share of aggregate employer contributions (3) | $ 172,553 | $ 167,988 | $ 214,090 | $ 296,909 | $ 111,492 | $ 554,495 | $ 475,830 | $ 562,047 |

[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

# TRUCKEE TAHOE AIRPORT DISTRICT

## SCHEDULE OF PENSION CONTRIBUTIONS

## FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Fiscal Year [1] | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013-14 | 2014-15 | 2016-17* | 2018 | 2019 | 2020 | 2021 | 2022 |
| Actuarially Determined Contribution (2) | $ 185,517 | $ 223,458 | $ 141,408 | $ 275,507 | $ 103,111 | $ 206,475 | $ 233,120 | $ 226,394 |
| 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) |
| Contribution deficiencey (excess) | $ - | $ 55,470 | $ (72,682) | $ (21,402) | $ (253,425) | $ (204,808) | $ (209,343) | $ (335,653) |
| 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 |
| 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% |

(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
Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

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, 2022

| Federal Grantor/Program Title | Assistance Listing Number | Agency or Pass-Through Number | Federal Expenditures |
|---|---|---|---|
| Airport Improvement Program | 20.106 | 3-06-0262-042 | $ 274,717 |

## 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 April 2022 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.

The schedule below provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

| | Assistance Listing Number | Amount |
|---|---|---|
| Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balance | | $ 973,530 |
| Reconciling items | | |
| Airport Improvement Program | 20.106 | (698,813) |
| Total Schedule of Expenditures of Federal Awards | | $ 274,717 |

# 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, 2022 and 2021 and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated April 21, 2023. 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 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 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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www.jpmcpa.com jmarta@jpmcpa.com

**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.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 21, 2023

# FINDINGS AND RECOMMENDATIONS

**TRUCKEE TAHOE AIRPORT DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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## 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

The District expended less than $750,000 in federal awards in 2022 and was not subject to a Single Audit.

### State Awards

| | | | | |
|---|---|---|---|---|
| Internal control over state 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 state programs: | Unmodified | | | |

**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, 2022**

No matters were reported.