



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

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2025 AND 2024**

DRAFT

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TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2025

BOARD OF DIRECTORS

David Diamond – President

Greg Horvath – Vice President

Mary Hetherington – Director

Kathry Rohlf – Director

Teresa O’Dette – Director

* * * *

General Manager
Robb Etnyre

TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2025

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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, 2025 and 2024 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, 2025 and 2024 and the results of its operations in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of our Opinion

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Proportionate Share of the Net pension Liability, Schedule of Contributions, and the Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE** 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.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE TAHOE AIRPORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025. Please read it in conjunction with the district's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The district continues to implement Governmental Accounting Standards Board (GASB) Statement 68-Accounting and Financial Reporting for Pensions. This accounting principle sets up a Net Pension Liability that has decreased, based on annual actuarial reports, from \$2.16 million on December 31, 2024 to \$1.57 million on December 31, 2025.
- In the calendar year ended December 31, 2025, the District's operating revenues increased \$816k (12%) over the prior fiscal year. This is primarily due to better fuel margin, increased ramp and landing fees, and increased hangar lease revenues.
- In 2025 the district did not receive funding through the Federal Aviation Administration (FAA) Airport Improvement Program (AIP).
- For 2024, a change in accounting practice was instituted to record the revenue as it is received instead of accrual based on the county's fiscal year. This change reflected an increase in 2025 of \$4.7m in property tax revenue over prior year.
- The district's annualized personnel costs increased by 10% overall compared to 2024. This is due to an increased match to CalPers and 457B (from 7 to 8%), COLA and merit increase after the completion in 2024 and implementation in 2025, of an updated classification and compensation study.
- Operating, general and administrative annualized expenses were up 5% over the prior year. This is primarily due to studies & plans, interest expense, and non-AIP airfield maintenance.
- Repair and maintenance annualized expenses were up from the prior fiscal year by 8.6%. The district caught up on needed hangar repairs, various building maintenance, equipment repair and runway lighting.

Due to long-term fiscal discipline, the Truckee Tahoe Airport District is in excellent financial condition. The district's net position is almost \$69 million. The district has designated the unrestricted net position for future capital projects and contingencies.

OPERATIONAL HIGHLIGHTS

- During the twelve-month year ended December 31, 2025, Fixed Base Operator (FBO) revenues were up 20.6% compared to 2024 due to pricing increases and increased traffic. Jet A/SAF sales were up \$338,000 (39%) over 2024 but up 20% in gallons sold. 100LL sales were up \$55,814 (61%) over 2024 and up 25% in gallons sold. Net airside revenue was up 14% from the previous year primarily due to increased landing fees, overnight tie downs and auto parking.
- The district saw an increase in hangar revenue of \$188,000 (9%) compared to 2024. The main reason for the increase is due to hangars out of service in 2024 due to snow load damage from antiquated hangar snow load design. Repaired hangars were back in service in 2025 collecting lease revenues.
- Other business leases were up \$38,000 (3.7%) mostly due to increased car rental % lease revenue.
- Truckee Tahoe Airport completed its transition to blended Sustainable Aviation Fuel (SAF) in July 2023. Since then, SAF has been the only jet fuel option sold at KTRK offering a lower life cycle carbon footprint fuel at an unsubsidized price point. Customer adoption continues to grow exponentially with gallons sold up by 90,000 compared to 2024, an increase of 20%.
- During 2025 \$2.2m was spent on Community Benefit Strategic Initiatives aligned to the District's Strategic Plan, of which \$1.8m was for regional Fire Departments/Districts Community Wildfire Protection Plans (CWPP) around the built environment.

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2024, and December 31, 2023. 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, 2024, in the above-mentioned Statement of Net Position.

THE STATEMENT OF CASH FLOWS

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

THE NOTES TO THE FINANCIAL STATEMENTS

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

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

The district's net position on December 31, 2025, totaled \$68,898,209 compared with \$67,218,331 on December 31, 2024. 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, 2025 | Restated December 31, 2024 | Increase (Decrease) | Percent Change | December 31, 2023 |
|---------------------------------|----------------------|-------------------------------|------------------------|-------------------|----------------------|
| Assets: | | | | | |
| Cash and Equivalents | \$ 8,895,037 | \$6,890,763 | \$ 2,004,274 | 29.1% | \$ 10,449,151 |
| Other Current Assets | 8,418,539 | 4,799,524 | 3,619,015 | 75.4% | 1,172,546 |
| Total Current Assets | <u>17,313,576</u> | <u>11,690,287</u> | <u>5,623,289</u> | 48.1% | <u>11,621,697</u> |
| Investments | - | 250,000 | (250,000) | -100.0% | 1,250,000 |
| Noncurrent Receivable | - | 35,600 | (35,600) | -100.0% | 35,600 |
| Net Capital Assets | <u>66,120,675</u> | <u>64,204,684</u> | <u>1,915,991</u> | 3.0% | <u>62,697,675</u> |
| Total Assets | <u>83,434,251</u> | <u>76,180,571</u> | <u>7,253,680</u> | 9.5% | <u>75,604,972</u> |
| Deferred Outflows | 910,271 | 1,008,672 | (98,401) | -9.8% | 1,418,761 |
| Liabilities: | | | | | |
| Current Liabilities | 3,083,464 | 1,729,299 | 1,354,165 | 78.3% | 1,545,175 |
| Long Term Liabilities | <u>11,530,747</u> | <u>7,378,337</u> | <u>4,152,410</u> | 56.3% | <u>8,336,110</u> |
| Total Liabilities | <u>14,614,211</u> | <u>9,107,636</u> | <u>5,506,575</u> | 60.5% | <u>9,881,285</u> |
| Deferred Inflows | 832,102 | 863,276 | (31,174) | -3.6% | 948,122 |
| Net Position | | | | | |
| Invested in Capital Assets, Net | 55,561,428 | 58,651,023 | (3,089,595) | -5.3% | 56,811,000 |
| Unrestricted | <u>13,336,781</u> | <u>8,567,308</u> | <u>4,769,473</u> | 55.7% | <u>9,383,326</u> |
| Total Net Position | <u>\$ 68,898,209</u> | <u>\$ 67,218,331</u> | <u>\$ 1,679,878</u> | 2.50% | <u>\$ 66,194,326</u> |

The December 31, 2025 cash and cash equivalents balance increased \$2,004,274 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, as well as CalClass.

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 the 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. The Board approved allocation of \$13.3 million of unrestricted net assets is as follows: 22% Replacement Reserve Fund, 17% Property Tax Fund for Community Benefit, 26% Property Tax Fund for Airport Operations, and 35% Airport Operating Fund. These breakdowns are based on the board approved categories/percentages from the Q1 2024 Board workshop. Additional information on the designation of unrestricted net position can be found in the notes to the financial statements.

TRUCKEE TAHOE AIRPORT DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 | Restated Year Ended December 31, 2024 | Increase (Decrease) | Percent Change | Year ended December 31, 2023 |
|---|---------------------------------|---|------------------------|-------------------|---------------------------------|
| Net Operating Revenues: | \$ 6,746,318 | \$ 5,929,768 | \$ 816,550 | 13.8% | \$ 5,819,976 |
| Operating Expenses, Net of Depreciation | <u>(11,587,637)</u> | <u>(11,658,305)</u> | <u>70,668</u> | -0.6% | <u>(10,257,216)</u> |
| Operating Loss before Depreciation | (4,841,319) | (5,728,537) | 887,218 | -15.5% | (4,437,240) |
| Depreciation Expense | <u>(3,794,856)</u> | <u>(2,972,401)</u> | <u>(822,455)</u> | 27.7% | <u>(2,621,467)</u> |
| Net Operating Loss | <u>(8,636,175)</u> | <u>(8,700,938)</u> | <u>64,763</u> | -0.7% | <u>(7,058,707)</u> |
| Nonoperating Income: | | | | | |
| Property Tax Revenue | 10,051,776 | 9,596,457 | 455,319 | 4.7% | 9,213,945 |
| Gain (Loss) on Disposal of Assets | (67,713) | (262,398) | 194,685 | -74.2% | 43,319 |
| Grant Revenues-Capital/Operating | 13,440 | 66,186 | (52,746) | -79.7% | 5,890,479 |
| Interest Expense | (127,572) | (127,572) | - | 0.0% | (215,158) |
| Interest and Other Nonoperating Income | <u>446,122</u> | <u>452,270</u> | <u>(6,148)</u> | -1.4% | <u>394,637</u> |
| Total Non operating Income | 10,316,053 | 9,724,943 | 591,110 | 6.1% | 15,327,222 |
| Change in Net Position | <u>1,679,878</u> | <u>1,024,005</u> | <u>655,873</u> | 64.0% | <u>8,268,515</u> |
| Change in Accounting Principle | - | - | - | 0.0% | \$ (4,275,011) |
| Net Position, Beginning-Restated | <u>67,218,331</u> | <u>66,194,326</u> | <u>1,024,005</u> | 1.5% | <u>57,925,811</u> |
| Net Position, Ending | <u>\$ 68,898,209</u> | <u>\$ 67,218,331</u> | <u>\$ 1,679,878</u> | 2.5% | <u>\$ 66,194,326</u> |

Operating expenses, net of depreciation, decreased \$887,218 or 15.5%, from the prior fiscal year. This category includes all costs related to payroll and employee benefits, general and administrative expenses, as well as the cost of maintaining the district’s high value infrastructure. For 2025, the prior year change in accounting practice related to the recordation of revenue for property tax resulted in an increase of \$4.7m year over year. This was the biggest change reflected in the net position and will now follow the budget and show accurately going forward. Analysis of the District’s Overall Financial Position: The net position increased \$1,679,878 due to overall increased revenues, and while operating expenses increased, they were managed to allow a positive net position over prior year.

TRUCKEE TAHOE AIRPORT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

CAPITAL ASSETS

On December 31, 2025, the District had over \$66 million invested in a broad range of capital assets. The amounts invested in capital assets, net of related accumulated depreciation, are shown in the table below.

Capital Assets – Net of Depreciation

| | <u>December 31, 2025</u> | <u>December 31, 2024</u> | <u>December 31, 2023</u> |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Land and Easements | \$ 14,966,105 | \$ 14,966,105 | \$ 14,966,105 |
| Building and Building Improvements | 29,301,143 | 18,638,616 | 20,509,600 |
| Land Improvements | 9,865,073 | 15,537,223 | 15,573,133 |
| Equipment | 3,416,129 | 3,731,409 | 4,129,328 |
| Construction in Progress | 8,572,225 | 11,331,331 | 7,519,509 |
| | <u>\$ 66,120,675</u> | <u>\$ 64,204,684</u> | <u>\$ 62,697,675</u> |

The net capital asset balance increased \$1.9 million during the 2025 fiscal year. That amount includes net capital additions of \$5,710,400 offset by \$3,794,800 in depreciation expense, and \$0 in asset disposals and/or sales. \$7,544,000 of previous construction in progress have been capitalized during the year. The capital additions are detailed in the table below.

Summary of Additions to Capital Assets

| | |
|---|---------------------|
| Reconstruct Runway 2-20 w airfield marking & lighting | \$ 371,680 |
| Fuel Farm skid electrical, engineering, | 3,142.29 |
| Reconstruction of Apron A2 | 4,295,640 |
| Soaring Club Rebuild | 52,839 |
| Hangar 1 Code improvements | 47,649 |
| Re-rig Lima 1 Door | 85,160 |
| Density altitude display | 23,000 |
| Alerton/Compass HVAC software | 5,072 |
| Hangar Claim roof repairs | 187,798 |
| Epoxy flooring, fire extinguishers | 189,061 |
| Observation deck composite furniture | 6,060 |
| Observation deck sunsetter awning | 3,700 |
| Warehouse Trash Enclosure | 51,305 |
| New Hali Brite Rotating beacon | 21,344 |
| Mobile Fuel Containment | 12,440 |
| CAT Loader Lease 48 Months | 304,515 |
| Ponderosa Golf Course Maintenance | 50,000 |
| Total | <u>\$ 5,710,407</u> |

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

FISCAL YEAR 2024 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 2025 budget includes \$4.0 million spending on capital projects.

Budgeted projects include \$3,326,500 for Apron A2 project, \$100,000 Warehouse Trash receptacle enclosure, \$200,000 for on-going hangar revitalization, and various smaller projects.

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

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

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

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

Request for Information

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

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

BASIC FINANCIAL STATEMENTS

TRUCKEE TAHOE AIRPORT DISTRICT

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2025 AND 2024

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 8,895,037 | \$ 6,890,763 |
| Investments | 7,759,627 | 3,829,474 |
| Accounts receivable | 149,972 | 224,399 |
| Interest receivable | 34,000 | 74,316 |
| Inventory | 65,017 | 198,873 |
| Prepaid expenses and deposits | 409,923 | 472,462 |
| Total current assets | <u>17,313,576</u> | <u>11,690,287</u> |
| Non-current Assets | | |
| Investments | - | 250,000 |
| Non-current receivable | - | 35,600 |
| Capital assets, net | 66,120,675 | 64,204,684 |
| Total non-current assets | <u>66,120,675</u> | <u>64,490,284</u> |
| Total assets | <u>83,434,251</u> | <u>76,180,571</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources relating to pensions | <u>910,271</u> | <u>1,008,672</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 1,640,757 | 468,119 |
| Accrued expenses | 106,583 | 175,508 |
| Note payable - current portion | 600,732 | 344,669 |
| Unearned revenue | 41,625 | 52,535 |
| Deposits | 239,999 | 238,031 |
| Compensated absences | 453,768 | 450,437 |
| Total current liabilities | <u>3,083,464</u> | <u>1,729,299</u> |
| Non-current Liabilities | | |
| Net pension liability | 1,572,231 | 2,169,344 |
| Note payable - non-current portion | 9,958,516 | 5,208,993 |
| Total non-current liabilities | <u>11,530,747</u> | <u>7,378,337</u> |
| Total liabilities | <u>14,614,211</u> | <u>9,107,636</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources relating to pensions | <u>832,102</u> | <u>863,276</u> |
| NET POSITION | | |
| Net Investment in capital assets | 55,561,427 | 58,651,022 |
| Unrestricted | 13,336,782 | 8,567,309 |
| Total net position | <u>\$ 68,898,209</u> | <u>\$ 67,218,331</u> |

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

TRUCKEE TAHOE AIRPORT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|--|---------------|---------------|
| OPERATING REVENUES | | |
| Hangar rentals, net of sales discounts of \$0 for 2025 and \$29 for 2024 | \$ 2,285,814 | \$ 2,094,052 |
| Airside operating revenues, net of cost of sales of \$1,058,953 for 2025 and \$2,904,395 for 2024 | 3,414,515 | 2,827,912 |
| Warehouse | 314,487 | 314,066 |
| Other rentals | 731,502 | 693,738 |
| Total operating revenues | 6,746,318 | 5,929,768 |
| OPERATING EXPENSES | | |
| Salaries and wages | 3,312,577 | 3,369,661 |
| Employee benefits | 963,194 | 1,012,464 |
| General and administrative | 6,759,910 | 6,494,601 |
| Repairs and maintenance | 551,956 | 781,579 |
| Depreciation | 3,794,856 | 2,972,401 |
| Total operating expenses | 15,382,493 | 14,630,706 |
| Operating income (loss) | (8,636,175) | (8,700,938) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Property taxes | 10,051,776 | 9,596,457 |
| Interest income | 446,122 | 452,270 |
| California operating grant | 13,440 | - |
| Federal operating grant | - | 66,186 |
| Interest expense | (203,509) | (127,572) |
| Other nonoperating income | 8,224 | (262,398) |
| Total nonoperating revenue (expense) | 10,316,053 | 9,724,943 |
| Change in net position | 1,679,878 | 1,024,005 |
| Net position, Beginning of year | 67,218,331 | 66,194,326 |
| Net position, End of year | \$ 68,898,209 | \$ 67,218,331 |

TRUCKEE TAHOE AIRPORT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|----------------|----------------|
| Cash flows from operating activities: | | |
| Cash receipts from customers | \$ 6,811,802 | \$ 5,995,869 |
| Payments to suppliers | (5,713,874) | (7,286,754) |
| Payments on behalf of employees | (4,896,701) | (4,627,529) |
| Net cash provided (used) by operating activities | (3,798,773) | (5,918,414) |
| Cash flows from noncapital financing activities: | | |
| Receipt of property taxes | 10,051,776 | 9,596,457 |
| Interest expense | (203,509) | (127,572) |
| Proceeds from long term debt | 5,074,000 | - |
| Payments of long term debt | (344,670) | (333,013) |
| Net cash provided by noncapital financing activities | 14,577,597 | 9,135,872 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (6,208,119) | (4,479,410) |
| Receipt of FAA and State of California grants | 13,440 | 66,186 |
| Proceeds from sale of equipment | 8,224 | (262,398) |
| Net cash provided (used) by capital and related financing activities | (6,186,455) | (4,675,622) |
| Cash flows from investing activities: | | |
| Interest income received | 486,438 | 479,250 |
| Cash used for purchase of investments | (3,074,533) | (2,579,474) |
| Net cash provided (used) by investing activities | (2,588,095) | (2,100,224) |
| Increase (decrease) in cash and cash equivalents | 2,004,274 | (3,558,388) |
| Beginning cash and cash equivalents | 6,890,763 | 10,449,151 |
| Ending cash and cash equivalents | \$ 8,895,037 | \$ 6,890,763 |
| Reconciliation of operating income (loss) to net cash provided (used) | | |
| by operating activities: | | |
| Operating income (loss) | \$ (8,636,175) | \$ (8,700,938) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 3,794,856 | 2,972,401 |
| Decrease (increase) in: | | |
| Accounts receivable | 74,425 | 73,614 |
| Inventory | 133,856 | 55,535 |
| Prepaid expenses and deposits | 62,539 | (203,635) |
| Non-current receivable | - | - |
| Deferred outflows of resources | 98,401 | 410,089 |
| Increase (decrease) in: | | |
| Accounts payable | 1,172,638 | 207,689 |
| Accrued expenses | (68,925) | 63,610 |
| Unearned revenue | (10,910) | (5,917) |
| Deposits | 1,967 | (1,598) |
| Compensated absences | 3,331 | (12,854) |
| Interest payable | 203,509 | (78,462) |
| Deferred inflows of resources | (31,174) | (84,846) |
| Net pension liability | (597,111) | (613,102) |
| Net cash provided (used) by operating activities | \$ (3,798,773) | \$ (5,918,414) |

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

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

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

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

Reporting Entity

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

B. BASIS OF PRESENTATION

Enterprise Fund

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

Inventories

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

Operating Revenues

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

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

B. BASIS OF PRESENTATION (continued)

Capital Assets

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

Net Position

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

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

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

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

C. USE OF ESTIMATES

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Economic Resources Measurement Focus

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

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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. Property tax revenues for the year ended December 31, 2025 and 2024 were as follows:

| | <u>2025</u> | <u>2024</u> |
|---------------|----------------------|---------------------|
| Placer County | \$ 6,889,639 | \$ 6,667,448 |
| Nevada County | 3,162,137 | 2,929,009 |
| Total | <u>\$ 10,051,776</u> | <u>\$ 9,596,457</u> |

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

I. FINANCING LEASES

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the district's lease capitalization threshold is met, \$1,500,000. Amortization of related assets using the straight-line method over the life of the

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

contract. As of December 31, 2025, the district did not have any financial leases that met the threshold.

J. LEASE REVENUE

A lease is defined as a contract that conveys control of the right to use the District's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term asset and corresponding liability for financial leases are recorded in the financial statements to the extent that the district's lease capitalization threshold is met, \$2,400,000. Amortization of related assets using the straight-line method over the life of the contract. As of December 31, 2025, the district did not have any financing leases that met the threshold.

K. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for SBITAs are recorded in the financial statements to the extent that the district's capitalization threshold is met, \$1,500,000. Amortization of related assets using the straight-line method over the life of the contract. As of December 31, 2025, the district did not have any subscription based information technology agreements that met the threshold.

2. CASH AND INVESTMENTS

CASH

A summary of cash and investments held by the District at December 31, 2025 and 2024 is as follows:

| | <u>2025</u> | <u>2024</u> |
|-----------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents: | | |
| Cash in Bank | \$ 2,295,415 | \$ 2,093,663 |
| Money Market Account | 1,859,776 | 268,051 |
| Local Agency Investment Fund | 4,739,846 | 4,529,049 |
| | <u>\$ 8,895,037</u> | <u>\$ 6,890,763</u> |

Deposits - Custodial Credit Risk

The carrying amount of the District's bank accounts was \$1,805,970 and the bank balance was \$1,530,593 at December 31, 2025. 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, 2025 and 2024 was fully insured or collateralized.

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Pooled Funds:

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

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

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

INVESTMENTS

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

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

The District’s Investments are recorded at fair value at December 31, 2025 and 2024 as follows:

| | 2025 | 2024 |
|--------------------------|--------------|--------------|
| Investments: | | |
| Certificates of Deposits | \$ - | \$ 1,500,000 |
| CalCLASS | 7,759,627 | 2,579,474 |
| | \$ 7,759,627 | \$ 4,079,474 |

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

California CLASS

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (CalCLASS) a Joint Powers Authority investment pool as set forth in Sect. 53601(p) of the California Government Code. The objective of the investment policy is security, liquidity and yield. The District invests in the California CLASS Prime Fund. The 30-day yield at December 31, 2025, was 3.8703% and the weighted average maturity was 70 days.

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, 2025 and 2024, 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, 2025 and 2024, 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, 2025 are as shown below:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------|----------------|----------------|----------------|--------------|
| Investments: | | | | |
| CalCLASS | \$ - | \$ 7,759,627 | \$ - | \$ 7,759,627 |

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 and 2024, are as follows:

| | Balance December 31, 2023 | Additions | Deletions | Balance December 31, 2024 |
|---|------------------------------|---------------------|---------------------|------------------------------|
| Property not depreciated: | | | | |
| Land and Easements | \$ 14,966,105 | \$ - | \$ - | \$ 14,966,105 |
| Construction In Progress | 7,519,509 | 3,984,938 | (173,116) | 11,331,331 |
| Total Property not Depreciated | <u>22,485,614</u> | <u>3,984,938</u> | <u>(173,116)</u> | <u>26,297,436</u> |
| Subject to depreciation: | | | | |
| Land Improvements | 35,105,765 | 98,933 | - | 35,204,698 |
| Buildings and Improvements | 37,755,353 | 386,549 | - | 38,141,902 |
| Equipment | 10,894,538 | 514,204 | (688,460) | 10,720,282 |
| Total Property Being Depreciated | <u>83,755,656</u> | <u>999,686</u> | <u>(688,460)</u> | <u>84,066,882</u> |
| Less accumulated depreciation: | <u>(43,543,595)</u> | <u>(2,972,401)</u> | <u>356,362</u> | <u>(46,159,634)</u> |
| Total Property and Equipment Being Depreciated, net | <u>40,212,061</u> | <u>(1,972,715)</u> | <u>(332,098)</u> | <u>37,907,248</u> |
| Property and Equipment, net | <u>\$ 62,697,675</u> | <u>\$ 2,012,223</u> | <u>\$ (505,214)</u> | <u>\$ 64,204,684</u> |

| | Balance December 31, 2024 | Additions | Deletions | Balance December 31, 2025 |
|---|------------------------------|----------------------|-----------------------|------------------------------|
| Property not depreciated: | | | | |
| Land and Easements | \$ 14,966,105 | \$ - | \$ - | \$ 14,966,105 |
| Construction In Progress | 11,331,331 | 6,208,119 | (8,967,225) | 8,572,225 |
| Total Property not Depreciated | <u>26,297,436</u> | <u>6,208,119</u> | <u>(8,967,225)</u> | <u>23,538,330</u> |
| Subject to depreciation: | | | | |
| Land Improvements | 35,204,698 | 7,880,670 | - | 43,085,368 |
| Buildings and Improvements | 38,141,902 | 263,010 | - | 38,404,912 |
| Equipment | 10,720,282 | 326,274 | - | 11,046,556 |
| Total Property Being Depreciated | <u>84,066,882</u> | <u>8,469,954</u> | <u>-</u> | <u>92,536,836</u> |
| Less accumulated depreciation: | <u>(46,159,634)</u> | <u>(3,794,856)</u> | <u>-</u> | <u>(49,954,490)</u> |
| Total Property and Equipment Being Depreciated, net | <u>37,907,248</u> | <u>4,675,098</u> | <u>-</u> | <u>42,582,346</u> |
| Property and Equipment, net | <u>\$ 64,204,684</u> | <u>\$ 10,883,217</u> | <u>\$ (8,967,225)</u> | <u>\$ 66,120,675</u> |

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

4. NOTE PAYABLE

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, 2025 is \$5,208,992.

| | <u>2025</u> | <u>2024</u> |
|---------------------|---------------------|---------------------|
| Beginning Balance | \$ 5,553,662 | \$ 5,886,675 |
| Payments | <u>344,670</u> | <u>333,013</u> |
| Ending Balance | 5,208,992 | 5,553,662 |
| Due Within One Year | <u>356,732</u> | <u>344,669</u> |
| Long Term Portion | <u>\$ 4,852,260</u> | <u>\$ 5,208,993</u> |

Future annual principle payments are estimated as follows:

| <u>December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|---------------------|---------------------|
| 2026 | \$ 356,732 | \$ 182,315 | \$ 539,047 |
| 2027 | 369,218 | 169,829 | 539,047 |
| 2028 | 382,141 | 156,906 | 539,047 |
| 2029 | 395,516 | 143,532 | 539,048 |
| 2030 | 409,359 | 129,689 | 539,047 |
| 2031-2035 | 1,785,813 | 370,376 | 2,156,189 |
| 2036-2037 | <u>1,510,213</u> | <u>106,927</u> | <u>1,617,140</u> |
| | <u>\$ 5,208,992</u> | <u>\$ 1,259,573</u> | <u>\$ 6,468,564</u> |

The District secured a fifteen year Tax Compliance Certificate with CSDA Finance Corporation, dated July 1, 2025, payable in 15 yearly installments of \$525,000, including interest at 4.72% to fund capital projects. The balance at December 31, 2025 is \$5,074,000.

| | <u>2025</u> | <u>2024</u> |
|----------------------|---------------------|-------------|
| Beginning Balance | \$ - | \$ - |
| Borrowings | 5,074,000 | - |
| Payments | <u>-</u> | <u>-</u> |
| Ending Balance | 5,074,000 | - |
| Due Withing One Year | <u>244,000</u> | <u>-</u> |
| Long Term Portion | <u>\$ 4,830,000</u> | <u>\$ -</u> |

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Future annual principle payments are estimated as follows:

| December 31 | Principal | Interest | Total |
|-------------|---------------------|---------------------|---------------------|
| 2026 | \$ 244,000 | \$ 282,145 | \$ 526,145 |
| 2027 | 277,000 | 248,980 | 525,980 |
| 2028 | 290,000 | 235,740 | 525,740 |
| 2029 | 304,000 | 221,887 | 525,887 |
| 2030 | 319,000 | 207,350 | 526,350 |
| 2031-2035 | 1,836,000 | 793,387 | 2,629,387 |
| 2036-2040 | 2,318,000 | 311,166 | 2,629,166 |
| | <u>\$ 5,588,000</u> | <u>\$ 2,300,655</u> | <u>\$ 7,888,655</u> |

In May 2025, the District purchased a Caterpillar Wheel Loader on a lease agreement with monthly payment of \$5,390 with an interest rate of 5.49%. The balance at December 31, 2025 is \$276,255.

| | 2025 | 2024 |
|---------------------|-------------------|-------------|
| Beginning Balance | \$ - | \$ - |
| Borrowings | 304,514 | - |
| Payments | 28,259 | - |
| Ending Balance | 276,255 | - |
| Due Within One Year | 50,660 | - |
| Long Term Portion | <u>\$ 225,595</u> | <u>\$ -</u> |

Future annual principle payments are estimated as follows:

| December 31 | Principal | Interest | Total |
|-------------|-------------------|------------------|-------------------|
| 2026 | \$ 50,660 | \$ 14,016 | \$ 64,676 |
| 2027 | 55,575 | 9,101 | 64,676 |
| 2028 | 56,525 | 8,151 | 64,676 |
| 2029 | 113,495 | 2,467 | 115,962 |
| | <u>\$ 276,255</u> | <u>\$ 33,736</u> | <u>\$ 309,991</u> |

5. EMPLOYEE RETIREMENT PLAN

A. Plan Description

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

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025, 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 | 8.00% | 7.00% | 6.75% |
| Required employer contribution rates | 16.02% | 10.15% | 7.87% |

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, 2025 and 2024, the Truckee Tahoe Airport District reported net pension liabilities for its proportionate share of the net pension liability of \$1,572,231 and \$2,169,344 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, 2025, 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, 2024 rolled forward to June 30, 2025 using standard update procedures. Truckee Tahoe Airport District's proportion of the net pension liability was based on a projection of the district's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

District's proportionate share of the net pension liability for the Plan as of December 31, 2025 and 2024 was as follows:

| <u>Measurement Date</u> | <u>Fiscal Year</u> | <u>CalPERS</u> |
|------------------------------|--------------------|------------------|
| Proportion - June 30, 2024 | 2024 | 0.04485% |
| Proportion - June 30, 2025 | 2025 | 0.03941% |
| Change - Increase (Decrease) | | <u>-0.00544%</u> |

| <u>Measurement Date</u> | <u>Fiscal Year</u> | <u>CalPERS</u> |
|------------------------------|--------------------|------------------|
| Proportion - June 30, 2023 | 2023 | 0.05564% |
| Proportion - June 30, 2024 | 2024 | 0.04485% |
| Change - Increase (Decrease) | | <u>-0.01079%</u> |

For the years ended December 31, 2025 and 2024, the District recognized pension expense of \$102,500 and \$482,871, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2025

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date | \$ 632,387 | \$ - |
| Difference between projected and actual experience | 188,391 | - |
| Difference in actual vs. projected contributions | - | 417,734 |
| Change in proportion | 89,493 | 201,628 |
| Changes in assumptions | - | - |
| Net differences between projected and actual earnings on plan investments | - | 212,740 |
| Total | \$ 910,271 | \$ 832,102 |

\$632,387 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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 |
|---|---|
| 2026 | \$ (125,752) |
| 2027 | (211,291) |
| 2028 | (135,964) |
| 2029 | (81,212) |
| 2030 | - |
| Thereafter | - |
| Total | \$ (554,219) |

December 31, 2024

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 640,469 | \$ - |
| Difference between projected and actual experience | 187,560 | 7,318 |
| Difference in actual vs. projected contributions | - | 375,543 |
| Change in proportion | - | 480,415 |
| Changes in assumptions | 55,757 | - |
| Net differences between projected and actual earnings on plan investments | 124,887 | - |
| Total | \$ 1,008,672 | \$ 863,276 |

\$640,469 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 |
|---|---|
| 2025 | \$ (354,265) |
| 2026 | 10,295 |
| 2027 | (108,306) |
| 2028 | (42,797) |
| 2029 | - |
| Thereafter | - |
| Total | \$ (495,073) |

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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, 2025 actuarial valuations were determined using the following actuarial assumptions:

| | <u>Miscellaneous</u> |
|----------------------------------|--|
| Valuation Date | June 30, 2024 |
| Measurement Date | June 30, 2025 |
| 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, 2024 valuation were based on the CalPERS Experience Study for the period from 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for the Plan for the measurement date June 30, 2025, and 2024, 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

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

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 |
|----------------------------------|--------------------------------|-------------|
| 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:

| | <u>December 31, 2025</u> | | |
|------------------------------|--------------------------|------------------|--------------------|
| | Discount Rate - 1% | Current Discount | Discount Rate + 1% |
| | (5.90%) | Rate (6.90%) | (7.90%) |
| Plan's Net Pension Liability | \$ 3,853,797 | \$ 1,572,231 | \$ (305,474) |

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

December 31, 2024

| | Discount Rate - 1% | Current Discount | Discount Rate + 1% |
|------------------------------|--------------------|---------------------|--------------------|
| | <u>(5.90%)</u> | <u>Rate (6.90%)</u> | <u>(7.90%)</u> |
| Plan's Net Pension Liability | \$ 4,296,191 | \$ 2,169,344 | \$ 418,636 |

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, 2025 and 2024.

6. DEFERRED COMPENSATION PLAN

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

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

7. COMPENSATED ABSENCES

The district offers certain qualifying employees paid vacation, sick and holiday leave. Changes in obligations for vacation, sick and holiday leave at December 31, 2025 and 2024, are as follows:

| | December 31, <u>2024</u> | Net <u>Change</u> | December 31, <u>2025</u> | Due Within <u>One Year</u> |
|-----------------------|-----------------------------|----------------------|-----------------------------|-------------------------------|
| Accrued Sick Leave | \$ 230,491 | \$ (5,974) | \$ 224,517 | \$ 224,517 |
| Accrued Vacation | 189,330 | (12,838) | 176,492 | 176,492 |
| Accrued Holiday Leave | 43,470 | 9,289 | 52,759 | 52,759 |
| Total | <u>\$ 463,291</u> | <u>\$ (9,523)</u> | <u>\$ 453,768</u> | <u>\$ 453,768</u> |
| | December 31, <u>2023</u> | Net <u>Change</u> | December 31, <u>2024</u> | Due Within <u>One Year</u> |
| Accrued Sick Leave | \$ 200,983 | \$ 29,508 | \$ 230,491 | \$ 230,491 |
| Accrued Vacation | 179,440 | 9,890 | 189,330 | 189,330 |
| Accrued Holiday Leave | 34,634 | 8,836 | 43,470 | 43,470 |
| Total | <u>\$ 415,057</u> | <u>\$ 48,234</u> | <u>\$ 463,291</u> | <u>\$ 463,291</u> |

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

8. UNRESTRICTED NET POSITION

The District has designated unrestricted net position as follows as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|-----------------------------------|---------------|--------------|
| Replacement Reserve | \$ 2,934,092 | \$ 1,884,808 |
| Property Tax - Community Benefit | 2,267,253 | 1,456,443 |
| Property Tax - Airport Operations | 3,467,563 | 2,227,500 |
| Airport Operations | 4,667,874 | 2,998,558 |
| Total | \$ 13,336,782 | \$ 8,567,309 |

9. RISK MANAGEMENT

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

SDRMA is governed by a Board consisting of representatives from member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available from SDRMA. Condensed information for SDRMA for the year ended June 30, 2025 is as follows:

| | SDRMA June 30, 2025 |
|---|------------------------|
| Total Assets | \$ 185,602,180 |
| Deferred Outflows of Resources | 1,361,901 |
| Total Assets & Deferred Outflows | \$ 186,964,081 |
| Total Liabilities | \$ 78,502,352 |
| Deferred Inflows of Resources | 332,457 |
| Total Net Position | 108,129,272 |
| Total Liabilities, Defferred Inflows & Net Position | \$ 186,964,081 |
| Total Revenues | \$ 136,035,247 |
| Total Expenses | 113,092,341 |
| Change in Net Position | \$ 22,942,906 |

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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 \$18,257 and \$19,345 to the Agency in 2025 and 2024, respectively. Condensed information for the Agency for the year ended June 30, 2025, is as follows:

| | Agency June 30, 2025 |
|----------------------------------|-------------------------|
| Total Assets | \$ 441,117 |
| Total Liabilities | \$ 73,207 |
| Total Net Position | 367,910 |
| Total Liabilities & Net Position | \$ 441,117 |
| | |
| Total Revenues | \$ 483,000 |
| Total Expenses | 480,207 |
| Change in Net Position | \$ 2,793 |

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 \$34,798 and \$11,331,331 at December 31, 2025 and 2024, respectively.

As of December 31, 2025, 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, 2025 and 2024, TDRPD operated the property as a golf course and is in compliance with the lease agreement.

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

13. DISPOSAL OF ASSETS

There was no gain or loss as of December 31, 2025 and a gain of \$262,398 as of December 31, 2024, respectively, due to the disposal of fixed assets that had not been fully depreciated at the time of disposition in 2024.

14. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended December 31, 2025 through **DATE**, the date the financial statements were issued. Management is not aware of any other subsequent events that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TRUCKEE TAHOE AIRPORT DISTRICT

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

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | June 30, 2015 | June 30, 2017 * | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 | June 30, 2022 | June 30, 2023 | June 30, 2024 | June 30, 2025 ⁽¹⁾ |
|--|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------------|
| Proportion of the net pension liability | 0.06220% | 0.06372% | 0.06518% | 0.06725% | 0.08456% | 0.08646% | 0.06521% | 0.05564% | 0.04485% | 0.03941% |
| Proportionate share of the net pension liability | \$ 1,706,562 | \$ 2,512,031 | \$ 2,456,512 | \$ 2,693,169 | \$ 2,937,988 | \$ 1,605,634 | \$ 3,051,133 | \$ 2,782,448 | \$ 2,169,344 | \$ 1,572,231 |
| Covered-employee payroll ⁽²⁾ | \$ 1,886,199 | \$ 2,180,008 | \$ 1,891,379 | \$ 2,193,506 | \$ 2,229,474 | \$ 2,234,958 | \$ 2,337,090 | \$ 2,456,939 | \$ 2,924,613 | \$ 2,998,755 |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 90.48% | 115.23% | 129.88% | 122.78% | 131.78% | 71.84% | 130.55% | 113.25% | 74.18% | 52.43% |
| Plans fiduciary net position as a percentage of the total pension liability | 79.89% | 79.89% | 77.69% | 77.73% | 77.71% | 90.49% | 78.19% | 81.12% | 86.24% | 90.70% |
| Proportionate share of aggregate employer contributions ⁽³⁾ | \$ 167,988 | \$ 214,090 | \$ 296,909 | \$ 111,492 | \$ 554,495 | \$ 475,830 | \$ 562,047 | \$ 497,067 | \$ 518,809 | \$ 588,233 |

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

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

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

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

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | Fiscal Year ⁽¹⁾ | | | | | | | | | |
|--|----------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014-15 | 2016-17* | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Actuarially Determined Contribution ⁽²⁾ | \$ 223,458 | \$ 141,408 | \$ 275,507 | \$ 103,111 | \$ 206,475 | \$ 233,120 | \$ 226,394 | \$ 219,953 | \$ 273,470 | \$ 258,202 |
| Contributions in relation to the actuarially determined contributions ⁽²⁾ | (167,988) | (214,090) | (296,909) | (356,536) | (411,283) | (442,463) | (562,047) | (497,067) | (518,809) | (588,233) |
| Contribution deficiency (excess) | <u>\$ 55,470</u> | <u>\$ (72,682)</u> | <u>\$ (21,402)</u> | <u>\$ (253,425)</u> | <u>\$ (204,808)</u> | <u>\$ (209,343)</u> | <u>\$ (335,653)</u> | <u>\$ (277,114)</u> | <u>\$ (245,339)</u> | <u>\$ (330,031)</u> |
| Covered-employee payroll ^(3,4) | \$ 1,886,199 | \$ 2,180,008 | \$ 1,891,379 | \$ 2,193,506 | \$ 2,229,474 | \$ 2,234,958 | \$ 2,337,090 | \$ 2,456,939 | \$ 2,924,613 | \$ 2,998,755 |
| Contributions as a percentage of covered-employee payroll ⁽³⁾ | 11.85% | 6.49% | 14.57% | 4.70% | 9.26% | 10.43% | 9.69% | 8.95% | 9.35% | 8.61% |

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

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

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

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

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

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

PURPOSE OF SCHEDULES

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

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

Changes in Assumption

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

Changes in Benefit Terms

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

B – Schedule of Pension Contributions

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

OTHER INDEPENDENT AUDITOR'S REPORTS



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee Tahoe Airport District
Truckee, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Truckee Tahoe Airport District (the "District"), as of and for the years ended December 31, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

FINDINGS AND RECOMMENDATIONS

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Section II – Financial Statement Findings

No matters were reported.

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

No matters were reported.