



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

FOR THE FISCAL YEARS ENDED
DECEMBER 31, 2020 AND 2019**

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TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2020

BOARD OF DIRECTORS

Teresa O'Dette –President

David Diamond– Vice President

Mary Hetherington – Director

Kathryn Rohlf - Director

Rick Stephens - Director

* * * *

General Manager
Kevin Smith

TRUCKEE TAHOE AIRPORT DISTRICT

DECEMBER 31, 2020

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee Tahoe Airport District
Truckee, California

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of Truckee Tahoe Airport District as of December 31, 2020 and 2019 and the related Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and notes to the financial statements for the years then ended December 31, 2020 and 2019, which collectively comprise the District's basic financial statements.

Managements Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Truckee Tahoe Airport District as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

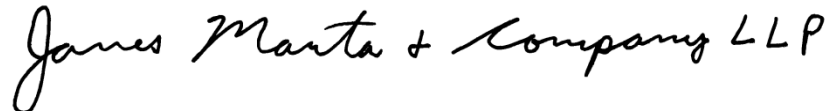
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of Pension Contributions be presented to supplement the basic financial statements.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

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financials statements of Truckee Tahoe Airport District. The Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2021 on our consideration of Truckee Tahoe Airport District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Districts internal control over financial reporting and compliance.

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2020. Please read it in conjunction with the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District continues to implement Governmental Accounting Standards Board (GASB) Statement 68-Accounting and Financial Reporting for Pensions. This accounting principle sets up a Net Pension Liability that has increased slightly, based on annual actuarial reports, from \$2.69 million at December 31, 2019 to \$2.93 million at December 31, 2020.
- In the calendar year ended December 31, 2020, the District’s operating revenues increased \$361,444 (8.57%) over the prior fiscal year. This is primarily due to increased 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 \$1,297,045 to complete pavement rehabilitation and airfield infrastructure projects.
- The District saw annualized property tax revenues increase 5.4%, in calendar year ended December 31, 2020.
- The District’s annualized personnel costs were down by 9.17% overall compared to 2019. Salaries and Wages increased by 2.85% due to annual COLA increases. There is a year-end adjustment relating to GASB 68 that increases the PERS Contributions by \$244k based on the annual actuarial report and calculation.
- Operating, general and administrative annualized expenses were down 27% over the prior year. The decrease was primarily a response to the COVID-19 pandemic and minimal spending.
- Repair and maintenance annualized expenses were up from the prior fiscal year by 5.6%. In 2020, the District had 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 \$55 million. The District has designated the unrestricted net position for future capital projects and contingencies.

OPERATIONAL HIGHLIGHTS

- During the twelve-month year ended 12/31/20, FBO revenues were up 1% compared to 2019. Jet A sales are up 19.8% in gallons sold while 100LL are up 4.4% over 2019. Net airside revenue was up 11.2% from the previous year primarily due to increased jet fuel sales, parking and services as well as lower raw fuel costs.
- With the completion of the new Executive Hangar rows, the District saw an increase in hangar revenue of 9.8% compared to 2019 also taking into account the annual CPI increase.
- Other business leases were down 3.1% due to the pandemic and lack of virtually any car rental income while warehouse rent increased slightly due to CPI but there are still a few rent deferrals that extend into 2021.

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2020 and December 31, 2019. The level of net position is one way to measure the District’s financial health. Over time, increases or decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating. Other factors, such as changes in the District’s property tax revenues and the condition of the airport’s facilities, must also be considered to assess the overall health of the District.

THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents information which shows how the District’s net position changed during the fiscal year. The statement measures the success of the District’s operations during the year and determines whether the District has recovered its costs through fuel sales, user fees and other revenue sources. The changes in net position for the fiscal years shown in this report agree with the differences in net position shown at December 31, 2020 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, 2019 AND 2018

FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

The District's net position at December 31, 2020 totaled \$55,509,834 compared with \$53,761,368 at December 31, 2019. As noted in the Financial Highlights, due to long-term fiscal discipline, the Truckee Tahoe Airport District is in excellent financial condition. A summary of the District's asset, liability and net position balances at the end of the current and prior two fiscal years appears on the following chart.

Statement of Net Position					
	December 31, 2020	December 31, 2019	Increase (Decrease)	Percent Change	December 31, 2018
Assets:					
Cash and Equivalents	\$ 5,852,550	\$ 5,961,709	\$ (109,159)	-1.8%	\$ 7,202,329
Restricted Cash	-	-	-	0.0%	756,318
Other Current Assets	4,450,228	4,226,195	224,033	5.3%	4,843,595
Total Current Assets	10,302,778	10,187,904	114,874	1.1%	12,802,242
Investments	1,000,000	750,000	250,000	33.3%	250,000
Noncurrent Receivable	35,600	35,600	-	0.0%	35,600
Net Capital Assets	56,134,787	53,942,916	2,191,871	4.1%	52,370,177
Total Assets	67,473,165	64,916,420	2,556,745	3.9%	65,458,019
Deferred Outflows	440,064	434,344	5,720	1.3%	683,510
Liabilities:					
Current Liabilities	2,383,986	1,763,274	620,712	35.2%	2,188,515
Long Term Liabilities	9,722,916	9,512,827	210,089	2.2%	9,695,226
Total Liabilities	12,106,902	11,276,101	830,801	7.4%	11,883,741
Deferred Inflows	296,493	313,295	(16,802)	-5.4%	102,826
Net Position					
Invested in Capital Assets, Net	48,969,634	46,833,056	2,136,578	4.6%	44,845,993
Restricted	-	-	-	-	-
Unrestricted	6,540,200	6,928,312	(388,112)	-5.6%	9,308,969
Total Net Position	\$ 55,509,834	\$ 53,761,368	\$ 1,748,466	3.25%	\$ 54,154,962

The December 31, 2020 cash and cash equivalents balance decreased \$109,159 from the balance at the end of the prior year. The District invests surplus cash in the Local Agency Investment Fund, a governmental investment pool managed and directed by the California State Treasurer. The Investment line shows the Certificates of Deposit held by the District.

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

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

The unrestricted portion of net position has been designated by the Board of Directors based on current capital projects, potential contingencies, and policy-based priorities. Of the \$6.5 million of unrestricted net assets, approximately \$1.3 million has been designated for a General Fund Operating Contingency, \$475,000 for Annoyance Reduction/Outreach Reserve, and \$1.4 million to pay for future Capital Asset projects. In addition, \$950,000 has been designated for Land Acquisition, \$475,000 for Debt Retirement, \$285,000 for Forest Management and \$950,000 exclusively for Pavement Maintenance. These breakdowns are based on the board approved categories/percentages from the June 2020 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, 2020	Year Ended December 31, 2019	Increase (Decrease)	Percent Change	Year ended December 31, 2018
Net Operating Revenues:	\$ 4,578,894	\$ 4,217,450	\$ 361,444	8.6%	\$ 4,200,045
Operating Expenses, Net of Depreciation	(8,752,808)	(10,425,739)	1,672,931	-16.0%	(8,498,924)
Operating Loss before Depreciation	(4,173,914)	(6,208,289)	2,034,375	-32.8%	(4,298,879)
Depreciation Expense	(2,500,403)	(2,662,736)	162,333	-6.1%	(2,283,993)
Net Operating Loss	(6,674,317)	(8,871,025)	2,196,708	-24.8%	(6,582,872)
Nonoperating Income:					
Property Tax Revenue	7,283,915	6,909,481	374,434	5.4%	6,630,649
Gain (Loss) on Disposal of Assets	6,568	94,711	(88,143)	-93.1%	(256,571)
Grant Revenues-Capital/Operating	1,297,045	1,506,349	(209,304)	-13.9%	219,812
Interest Expense	(255,456)	(255,622)	166	-0.1%	-
Interest and Other Nonoperating Income	90,711	222,512	(131,801)	-59.2%	275,328
Total Non operating Income	8,422,783	8,477,431	(54,648)	-0.6%	6,869,218
Extraordinary Item	-	-	-	0.0%	-
Change in Net Position	1,748,466	(393,594)	2,142,060	-544.2%	286,346
Net Position, Beginning-Restated	53,761,368	54,154,962	(393,594)	-0.7%	53,868,616
Net Position, Ending	\$ 55,509,834	\$ 53,761,368	\$ 1,748,466	3.3%	\$ 54,154,962

Operating expenses, net of depreciation, decreased \$1,672,931 or 16%, 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 decreases referenced in the Financial Highlights on page 4 include Personnel Costs for Salaries, Community/Agency partnerships and general R&M. The District continues to work with its pavement management program to keep the Airport's pavements in good condition. In 2020, with the aid of FAA AIP grants, the District expended \$1.44 Million to finish the wash rack/blast pads/EMS apron project as well as a start of Taxiway Alpha which will

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

continue into 2021. The related grant revenues are \$1.2 Million. Property tax revenues were up 5% from the prior fiscal year.

CAPITAL ASSETS

At December 31, 2020, the District had over \$32 million invested in a broad range of capital assets. The amounts invested in capital assets, net of related accumulated depreciation, are shown in the table below.

Capital Assets – Net of Depreciation

	December 31, 2020	December 31, 2019	December 31, 2018
Land and Easements	\$ 14,966,105	\$ 14,966,105	\$ 14,966,105
Building and Building Improvements	22,116,586	23,219,112	15,289,389
Land Improvements	8,845,605	9,633,992	11,537,399
Equipment	3,617,722	2,776,507	2,578,140
Construction in Progress	6,588,769	3,347,200	7,999,144
	<u>\$ 56,134,787</u>	<u>\$ 53,942,916</u>	<u>\$ 52,370,177</u>

The net capital asset balance increased \$2,191,871 during the 2020 fiscal year. That amount includes net capital additions of \$4,743,243 offset by \$2,500,403 in depreciation expense and \$50,970 in asset deletions. The capital additions are detailed in the table below.

Summary of Additions to Capital Assets

For the twelve months ended December 31, 2020		
CAT Loader Bucket		24,660.78
2020 Ford F-150		41,635.01
267 Sidewalk		209,311.58
Dry Lake Solar Beacon		22,978.00
Scissor Lift		23,929.50
2019 CAT Motor Grader		397,852.31
Admin & Tower Generators		41,763.22
Larue Snowblower		583,948.06
Careflight Fuel Trailer		39,128.99
Plow Blade		20,414.42
Server Room UPS		6,648.69
2019 Ford Ranger		38,433.10
CIP		3,292,539.00
Total		<u>4,743,242.66</u>

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

ECONOMIC FACTORS AND BUDGET

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

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

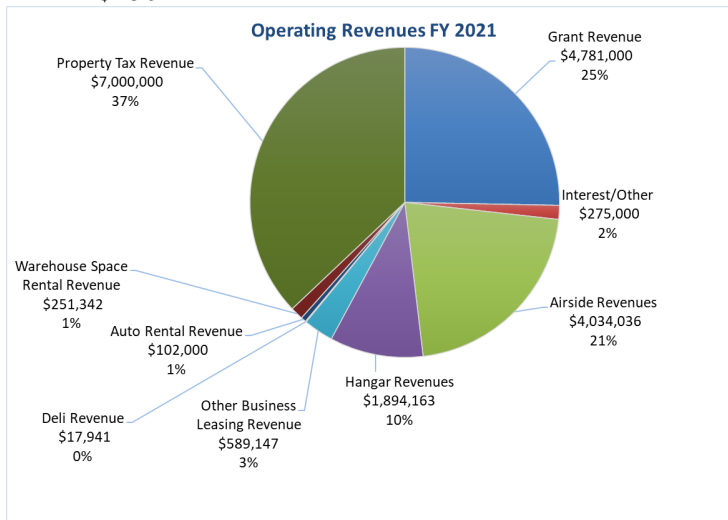
The District continues to be honored with a Transparency Certificate of Excellence from the Special Districts Leadership Foundation.

Based on the goals adopted by the Board of Directors, the fiscal year 2021 budget is an example of local agency government using its funding in a fiscally responsible way to satisfy the needs of its customers, constituents, employees and the greater community.

Fiscal Year 2021 Highlights

- Operating budget of \$18.9million
- Capital expenditures of \$8.7million
- Operating revenues of \$11.9million
- Property Tax revenues of \$7.0million
- Use of Reserves \$6.1 million
- Grant Revenue \$4.8 million
- Beginning Year Projected Reserves \$5.6million
- End of Year Projected Reserves \$2.0million

Airside operations and leasing revenues are projected to provide about \$6.8 million in revenues to offset staffing and administration expenses of the District. Operations, fuel sales and user fees continue in an upward trend with the economy. Other revenues from property taxes, federal grants and interest add another \$12.05 million for total revenue of \$18.9 million.



Budget Revenue Sources – 2021

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

The 2021 budget reinforces the District’s commitment to focus on community outreach and communication.

Transparency: The 2021 Budget reinforces the District’s commitment to focus on transparency in many ways. The District was recognized in 2020 by the California Special District Association with the Transparency Certificate of Excellence Award. District Board meetings are broadcast over the local cable channel and the internet and archived on the District’s website for viewing at any time. The District continues to refresh and update the website to provide constituents and customers with news and information about the District. The website has 50,000-60,000 visitors a year with the 360- degree webcam being especially popular. The District also publishes an annual report and newsletters to constituents as well as a newsletter to our pilot and user community. This Budget includes a 5 year update to our Employee Classification and Compensation Study which is a requirement of our Transparency Certificate of Excellence issued by CSDA.

Commitment to Community: The 2021 budget includes \$1.6 million for community partnerships and sponsorships. Ongoing support is provided to youth education and local transportation. The District helps many youth programs and activities through our community non-profit sponsorship initiative. These include Young Eagles, Civil Air Patrol, STEAM programs, Mission to Mars, the Challenger Academy program and Boys and Girls Club. Additionally, collaborative transportation projects include providing funding for free fares on TART public transportation, the North Lake Tahoe Express transportation to the Reno-Tahoe Airport, Town of Truckee with special town shuttle services, and participation in the Regional Air Service Corporation, supporting business and leisure air service to and from the Reno Tahoe International Airport. The Board budgeted funds to sponsor the 2021 Air Show and Family Festival. Since 2012, the annual Air Show has been very successful, not just in terms of community attendance, but also as a fundraiser for the non-profit organizations involved. This event brings approximately 15,000 people to the airport to enjoy the show. The District also provides in-kind donations including providing quality meeting space for community nonprofit groups and warehouse space leases for local non-profit organizations at reduced cost in return for public benefit such as Truckee Round House in 2017, Tahoe Food Hub in 2018 and Project Mana in 2020. It should be noted that many of these programs and initiatives, including the 2021 Airshow and Family Festival, Mission to Mars and other in person large gatherings may be subject to COVID-19 restrictions and/or cancellation.

Noise and Annoyance Mitigation: The District acknowledges the noise and annoyance impacts of arriving and departing aircraft and strives to be both an outstanding general aviation airport and a good neighbor. The Board has a commitment to work continually on new solutions to reduce annoyance and impact. District staff work seven days a week to provide quality service to our airport constituents and reduce air travel impacts to the community. It is the District’s hope that the new ADS-B program may help to route aircraft more effectively on desired paths away from noise and annoyance effected neighborhoods. It should be noted that FAA procedure development can take up to 3 to 5 years to complete. In 2017, the District erected a Control Tower and contracted with Midwest Air Traffic Control for staffing of the control tower. The Board continues to fund this project for the full year in 2021 at \$960,000 (\$910,000 for Tower Staffing and \$50,000 for Tower analysis and studies) to enhance safety and hopefully develop additional tools to mitigate community annoyance. Staff continues to work with Air Traffic Controllers to implement low impact procedures and move aircraft away from effected neighborhoods. Ongoing noise abatement programs such as the Fly Quiet incentive program, annoyance monitoring, pilot outreach, and the airspace and procedures study continue to be fully funded in 2021 along with new initiatives centered on low impact and carbon emissions reduction.

Environmental Stewardship: The District is committed to good environmental stewardship, including reducing its carbon footprint in the region it serves. The Budget commits \$75,000 for Green House Gas reduction projects that may include lighting upgrades, potential new solutions to purchase renewable energy from the TDPUD, the introduction of Sustainable Jet Fuels, and participation in the Good Traveler Program as

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

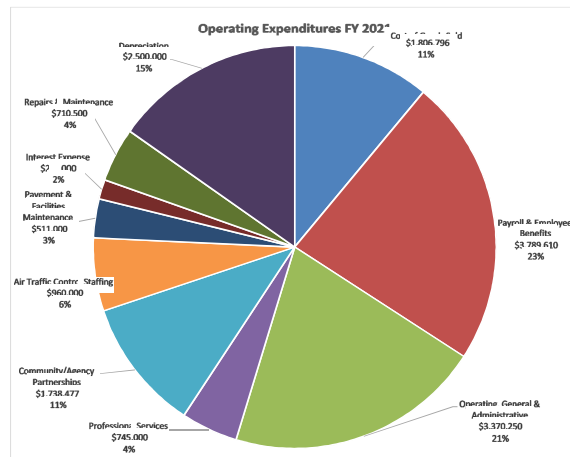
well as a robust aircraft carbon emissions education and offset program in 2021 for aircraft operators, pilots, and passengers.

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

Facilities Maintenance: In 2020, the District revised and updated the Facilities Maintenance Plan to focus resources on the most efficient and effective way to maintain the District’s infrastructure. All projects are evaluated by District staff and are approved by the Board as part of the budget process, taking into consideration the condition of the assets, as well as future needs and other factors, before proceeding with any scheduled or recommended projects. The District has budgeted \$650,000 on facility maintenance projects and general facilities maintenance.



Operating Expenditures – 2021



FISCAL YEAR 2021 BUDGETED CAPITAL EXPENDITURES

Capital projects are evaluated and budgeted for based on need, preservation of asset and the impact on overall

TRUCKEE TAHOE AIRPORT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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long-term financial stability of the District. The 2021 budget includes \$8.7 million spending on capital projects of which \$4,781,000 is grant funded.

Grant-funded expenditures of \$4.4 million are for the Taxiway Alpha reconstruction project.

Other budgeted projects include West Hangar Row Access \$350,000, Warehouse sprinkler system \$200,000 and various other smaller projects.

The District policy relating to the designation of unrestricted net position was reviewed and revised in March of 2020; 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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,852,550	\$ 5,961,709
Investments	500,000	500,000
Accounts receivable	157,645	28,429
Property taxes receivable	3,523,438	3,349,300
Interest receivable	13,889	41,489
Inventory	58,711	110,132
Prepaid expenses and deposits	196,545	196,845
Total current assets	<u>10,302,778</u>	<u>10,187,904</u>
Non-current Assets		
Investments	1,000,000	750,000
Non-current receivable	35,600	35,600
Capital assets, net	56,134,787	53,942,916
Total non-current assets	<u>57,170,387</u>	<u>54,728,516</u>
Total assets	<u>67,473,165</u>	<u>64,916,420</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources relating to pensions (note 5)	<u>440,064</u>	<u>434,344</u>
LIABILITIES		
Current Liabilities		
Accounts payable	838,743	340,484
Accrued expenses	78,728	59,314
Interest payable	90,898	94,766
Note payable - current portion	380,225	290,202
Unearned revenue	292,839	377,901
Deposits	234,530	211,290
Compensated absences	468,023	389,317
Total current liabilities	<u>2,383,986</u>	<u>1,763,274</u>
Non-current Liabilities		
Net pension liability	2,937,988	2,693,169
Note payable - non-current portion	6,784,928	6,819,658
Total non-current liabilities	<u>9,722,916</u>	<u>9,512,827</u>
Total liabilities	<u>12,106,902</u>	<u>11,276,101</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources relating to pensions (note 5)	<u>296,493</u>	<u>313,295</u>
NET POSITION		
Net Investment in capital assets	48,969,634	46,833,056
Unrestricted	6,540,200	6,928,312
Total net position	<u>\$ 55,509,834</u>	<u>\$ 53,761,368</u>

TRUCKEE TAHOE AIRPORT DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Hangar rentals, net of sales discounts of \$256,675 for 2020 and \$219,921 for 2019	\$ 1,551,656	\$ 1,413,153
Airside operating revenues, net of cost of sales of \$1,533,711 for 2020 and \$1,718,648 for 2019	2,187,532	1,966,073
Warehouse	220,736	199,317
Other rentals	618,970	638,907
Total operating revenues	4,578,894	4,217,450
OPERATING EXPENSES		
Salaries and wages	2,584,446	2,512,935
Employee benefits	1,339,999	1,807,676
General and administrative	3,550,975	4,895,959
Repairs and maintenance	1,277,388	1,209,171
Depreciation	2,500,403	2,662,734
Total operating expenses	11,253,211	13,088,475
Operating income (loss)	(6,674,317)	(8,871,025)
NONOPERATING REVENUES (EXPENSES)		
Property taxes	7,283,915	6,909,481
Interest income	90,711	222,512
Federal operating grant	1,297,045	1,506,349
Interest expense	(255,456)	(255,622)
Gain (loss) on disposal of assets	6,568	94,711
Total nonoperating revenue (expense)	8,422,783	8,477,431
Change in net position	1,748,466	(393,594)
Net position, Beginning of year	53,761,368	54,154,962
Net position, End of year	\$ 55,509,834	\$ 53,761,368

TRUCKEE TAHOE AIRPORT DISTRICT

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Cash receipts from customers	\$ 4,387,856	\$ 4,366,971
Payments to suppliers	(4,307,404)	(6,639,470)
Payments on behalf of employees	(3,619,924)	(3,620,251)
Net cash provided (used) by operating activities	(3,539,472)	(5,892,750)
Cash flows from noncapital financing activities:		
Receipt of property taxes	7,109,777	6,723,994
Interest expense	(232,167)	-
Payments of long term debt	(414,324)	(414,324)
Net cash provided by noncapital financing activities	6,463,286	6,309,670
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,407,633)	(4,407,632)
Receipt of FAA and State of California grants	1,506,349	1,506,349
Net cash provided (used) by capital and related financing activities	(2,901,284)	(2,901,283)
Cash flows from investing activities:		
Interest income received	118,311	237,425
Cash used for purchase of investments	(1,250,000)	(1,000,000)
Cash received for sale of investments	1,000,000	1,250,000
Net cash provided (used) by investing activities	(131,689)	487,425
Increase (decrease) in cash and cash equivalents	(109,159)	(1,996,938)
Beginning cash and cash equivalents	5,961,709	7,958,647
Ending cash and cash equivalents	\$ 5,852,550	\$ 5,961,709
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (6,674,317)	\$ (8,871,025)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,500,403	2,662,736
Decrease (increase) in:		
Accounts receivable	(129,218)	92,169
Inventory	51,421	(6,019)
Prepaid expenses and deposits	(44,617)	(44,617)
Deferred outflows of resources	(5,720)	249,166
Increase (decrease) in:		
Accounts payable	498,259	(499,600)
Accrued expenses	19,414	18,642
Unearned revenue	(85,062)	25,148
Deposits	23,240	32,202
Compensated absences	78,706	1,322
Deferred inflows of resources	(16,802)	210,469
Net pension liability	244,821	236,657
Net cash provided (used) by operating activities	\$ (3,539,472)	\$ (5,892,750)

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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 were as follows:

	<u>2020</u>	<u>2019</u>
Placer County	\$ 5,064,806	\$ 4,807,578
Nevada County	<u>2,219,109</u>	<u>2,101,903</u>
Total	<u>\$ 7,283,915</u>	<u>\$ 6,909,481</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.

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. CASH AND INVESTMENTS

CASH

A summary of cash and investments held by the District at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents:		
Cash on Hand	\$ 1,000	\$ 1,000
Cash on Deposit at Banks	636,713	815,918
Local Agency Investment Fund	<u>5,214,837</u>	<u>5,144,791</u>
	<u>\$ 5,852,550</u>	<u>\$ 5,961,709</u>

Deposits - Custodial Credit Risk

The carrying amount of the District's bank accounts was \$636,713 and the bank balance was 428,297 at December 31, 2020. 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, 2020 and 2019 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.

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020, 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, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Investments:		
Certificates of Deposits	\$ 1,500,000	\$ 1,250,000

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2. CASH AND INVESTMENTS (Continued)

The Certificates of Deposit mature as follows:

Year Ended December 31	Amount
2021	\$ 500,000
2022	750,000
2023	250,000
Total	<u>\$ 1,500,000</u>

Interest Rate Risk

The District has a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020 are as shown below:

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

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, are as follows:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Property not depreciated:				
Land and Easements	\$ 14,966,105	\$ -	\$ -	\$ 14,966,105
Construction In Progress	3,347,200	3,292,539	(50,970)	6,588,769
Total Property not Depreciated	<u>18,313,305</u>	<u>3,292,539</u>	<u>(50,970)</u>	<u>21,554,874</u>
Subject to depreciation:				
Land Improvements	27,010,497	209,311	-	27,219,808
Buildings and Improvements	34,694,947	-	-	34,694,947
Equipment	7,794,402	1,241,394	(4,150)	9,031,646
Total Property Being Depreciated	<u>69,499,846</u>	<u>1,450,705</u>	<u>(4,150)</u>	<u>70,946,401</u>
Less accumulated depreciation:				
Land Improvements	(17,376,505)	(997,698)	-	(18,374,203)
Buildings and Improvements	(11,475,835)	(1,102,526)	-	(12,578,361)
Equipment	(5,017,895)	(400,179)	4,150	(5,413,924)
Total Property Being Depreciated	<u>(33,870,235)</u>	<u>(2,500,403)</u>	<u>4,150</u>	<u>(36,366,488)</u>
Total Property and Equipment Being Depreciated, net	<u>35,629,611</u>	<u>(1,049,698)</u>	<u>-</u>	<u>34,579,913</u>
Property and Equipment, net	<u>\$ 53,942,916</u>	<u>\$ 2,242,841</u>	<u>\$ (50,970)</u>	<u>\$ 56,134,787</u>

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

TRUCKEE TAHOE AIRPORT DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

4. NOTE PAYABLE

As of December 31, 2020 and 2019 long-term debt consisted of the following:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 7,109,860	\$ 7,524,184
Borrowings	390,973	-
Payments	<u>335,680</u>	<u>414,324</u>
Ending Balance	7,165,153	7,109,860
Due Withing One Year	<u>380,225</u>	<u>290,202</u>
Long Term Portion	<u>\$ 6,784,928</u>	<u>\$ 6,819,658</u>

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, 2020 is \$6,819,658.

Future annual principle payments are estimated as follows:

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 380,225	\$ 248,115	\$ 628,340
2022	393,208	235,132	628,340
2023	505,046	219,447	724,493
2024	333,013	206,034	539,047
2025	344,669	194,378	539,047
2026-2030	1,912,965	782,270	2,695,236
2031-2035	2,272,003	423,233	2,695,236
2036-2040	<u>1,024,025</u>	<u>54,070</u>	<u>1,078,094</u>
	<u>\$ 7,165,153</u>	<u>\$ 2,362,679</u>	<u>\$ 9,527,832</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, 2020 AND 2019

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, 2020, are summarized as follows:

	Prior to July 29, 2012	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	1.09% - 2.41%	1.0% - 2.5%
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	13.182%	8.081%	6.985%

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.

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

As of December 31, 2020 and 2019, the Truckee Tahoe Airport District reported net pension liabilities for its proportionate share of the net pension liability of \$2,937,988 and \$2,693,169 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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2020 and 2019 was as follows:

Proportion - June 30, 2020	0.06965%
Proportion - June 30, 2019	0.06725%
Change - Increase (Decrease)	0.00240%

For the years ended December 31, 2020 and 2019, the District recognized pension expense of \$374,002 and \$502,460, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 103,349	\$ -
Difference between projected and actual experience	151,403	-
Difference in actual vs. projected contributions	-	275,460
Change in proportion	98,034	78
Changes in assumptions	-	20,955
Net differences between projected and actual earnings on plan investments	87,278	-
Total	\$ 440,064	\$ 296,493

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

\$103,349 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, 2021. 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	
2021	\$ (50,049)
2022	9,737
2023	38,674
2024	41,861
2025	-
Thereafter	-

December 31, 2019

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

\$54,769 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:

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Measurement Period Ended <u>June 30</u>	
2020	\$ 148,222
2021	(74,838)
2022	(16,619)
2023	9,514
2023	-
Thereafter	-

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, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the CalPERS Experience Study for the period from 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

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

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

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

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

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

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

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 4,553,944	\$ 2,937,988	\$ 1,602,775

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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

C. Payable to the Pension Plan

The District had no outstanding amount of contributions to the pension plan required for the year ended December 31, 2020.

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, 2020 and 2019, are as follows:

	December 31, 2019	Net Change	December 31, 2020	Due Within One Year
Accrued Vacation	\$ 161,155	\$ 26,207	\$ 187,362	\$ 187,362
Accrued Sick Leave	195,200	42,546	237,746	237,746
Accrued Holiday Leave	32,962	9,953	42,915	42,915
Total	<u>\$ 389,317</u>	<u>\$ 78,706</u>	<u>\$ 468,023</u>	<u>\$ 468,023</u>
	September 30, 2018	Net Change	December 31, 2019	Due Within One Year
Accrued Vacation	\$ 170,524	\$ (9,369)	\$ 161,155	\$ 161,155
Accrued Sick Leave	182,597	12,603	195,200	195,200
Accrued Holiday Leave	34,874	(1,912)	32,962	32,962
Total	<u>\$ 387,995</u>	<u>\$ 1,322</u>	<u>\$ 389,317</u>	<u>\$ 389,317</u>

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

8. UNRESTRICTED NET POSITION

The District has designated unrestricted net position as follows as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Debt retirement	\$ 500,000	\$ 500,000
Pavement Maintenance Capital Reserve	1,000,000	1,000,000
Facility Maintenance Reserve	400,000	400,000
Forest Management Reserve	300,000	300,000
Utility Capital Reserve	100,000	100,000
Operating Funds	990,200	1,378,312
Hangar 2 / ATC Tower Projects	1,500,000	1,500,000
Annoyance Reduction / Outreach Reserve	500,000	500,000
Land Acquisition	1,000,000	1,000,000
Rolling Stock Reserve	250,000	250,000
Total	<u>\$ 6,540,200</u>	<u>\$ 6,928,312</u>

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, 2020 is as follows:

	<u>SDRMA</u> <u>June 30, 2020</u>
Total Assets	\$ 130,676,871
Deferred Outflows of Resources	595,599
Total Assets & Deferred Outflows	<u>\$ 131,272,470</u>
Total Liabilities	\$ 70,083,643
Deferred Inflows of Resources	246,193
Total Net Position	<u>60,942,634</u>
Total Liabilities, Deffered Inflows & Net Position	<u>\$ 131,272,470</u>
Total Revenues	\$ 82,459,850
Total Expenses	77,881,779
Change in Net Position	<u>\$ 4,578,071</u>

TRUCKEE TAHOE AIRPORT DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

10. JOINT VENTURE

The District is a member of Truckee Tahoe Workforce Housing Agency (Agency) under a Joint Powers Agreement (JPA) that was effective November 6, 2019. The purpose of the Agency is to support and promote the development of workforce housing for Members within the jurisdiction of the Agency. The Agency may plan, acquire, develop, finance, create, contract for, or own workforce housing for Member employees and support housing programs that provide workforce housing to Member employees. Currently the Agency has four members. The District paid a membership contribution of \$30,000 to the Agency in 2020.

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 \$6,627,879 and \$3,347,199 at December 31, 2020 and 2019, respectively.

As of December 31, 2020, 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, 2020 and 2019, 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 \$5,200 and loss of \$168,598 as of December 31, 2020 and 2019, 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, 2020 through May 13, 2021, 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, 2020 AND 2019

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2017 *</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u> ⁽¹⁾
Proportion of the net pension liability	0.05277%	0.06220%	0.06372%	0.06518%	0.06725%	0.06965%
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
Covered-employee payroll ⁽²⁾	\$ 1,285,894	\$ 1,886,199	\$ 2,180,008	\$ 1,891,379	\$ 2,193,506	\$ 2,229,474
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%
Plans fiduciary net position as a percentage of the total pension liability	83.03%	79.89%	79.89%	77.69%	77.73%	7773.32%
Proportionate share of aggregate employer contributions ⁽³⁾	\$ 172,553	\$ 167,988	\$ 214,090	\$ 296,909	\$ 111,492	\$ 111,492

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

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

⁽³⁾ The plan's proportionate share of aggregate contributions may not match the actual 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

TRUCKEE TAHOE AIRPORT DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Fiscal Year ⁽¹⁾					
	<u>2013-14</u>	<u>2014-15</u>	<u>2016-17*</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Actuarially Determined Contribution (2)	\$ 185,517	\$ 223,458	\$ 141,408	\$ 275,507	\$ 103,111	\$ 206,475
Contributions in relation to the actuarially determined contributions (2)	<u>(185,517)</u>	<u>(167,988)</u>	<u>(214,090)</u>	<u>(296,909)</u>	<u>(356,536)</u>	<u>(411,283)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 55,470</u>	<u>\$ (72,682)</u>	<u>\$ (21,402)</u>	<u>\$ (253,425)</u>	<u>\$ (204,808)</u>
Covered-employee payroll (3,4)	\$ 1,285,894	\$ 1,886,199	\$ 2,180,008	\$ 1,891,379	\$ 2,193,506	\$ 2,229,474
Contributions as a percentage of covered-employee payroll (3)	14.43%	11.85%	6.49%	14.57%	4.70%	9.26%

(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, 2020 AND 2019

PURPOSE OF SCHEDULES

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

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

Changes in Assumption

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

Changes in Benefit Terms

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

B – Schedule of Pension Contributions

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

SUPPLEMENTARY INFORMATION

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Airport Improvement Program	20.106	3-06-0262-038	\$ 941,907
Airport Improvement Program	20.106	3-06-0262-039	1,127
Airport Improvement Program	20.106	3-06-0262-040	197,011
Airport Improvement Program (CARES Act Funding)	20.106	3-06-0262-041	157,000
			<u>\$ 1,297,045</u>

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, 2020 and 2019 and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated May 13, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

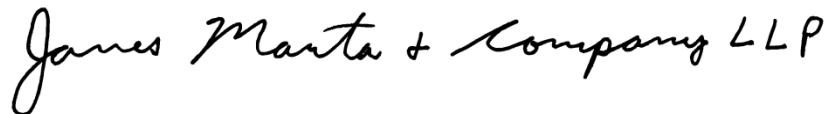
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

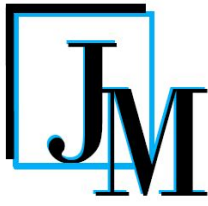
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 13, 2021



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee Tahoe Airport District
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Truckee Tahoe Airport District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the years ended December 31, 2020 and 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2020 and 2019.

Internal Control Over Compliance

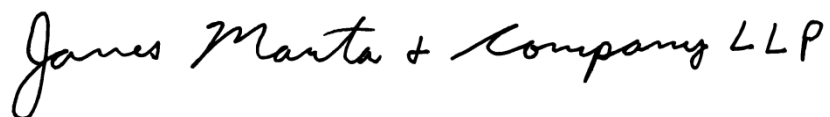
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

Purpose of this Report

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



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
May 13, 2021

FINDINGS AND RECOMMENDATIONS

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section I – Summary of Audit Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

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

TRUCKEE TAHOE AIRPORT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2019

No matters were reported.