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

**FOR THE FISCAL YEAR ENDED**

**DECEMBER 31, 2018 AND**

**THE FIFTEEN MONTHS ENDED**

**DECEMBER 31, 2017**

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**TRUCKEE TAHOE AIRPORT DISTRICT**

**DECEMBER 31, 2018**

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## BOARD OF DIRECTORS

Rick Stephens –President

James W. Morrison – Vice President

Mary Hetherington – Director

Teresa O'Dette - Director

Lisa Wallace - Director

* * * *

General Manager
Kevin Smith

**TRUCKEE TAHOE AIRPORT DISTRICT**

**DECEMBER 31, 2018**

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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, 2018 and 2017 and the related Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and notes to the financial statements for the year ended December 31, 2018 and the fifteen months ended December 31, 2017, 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.

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## 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, 2018 and 2017 and the results of its operations and its cash flows for the year ended December 31, 2018 and the fifteen months ended December 31, 2017 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.

## Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial year end of Truckee Tahoe Airport District was changed from September 30 to December 31 in 2017. Accordingly, the prior year financial statements are prepared for the fifteen month period from October 1, 2016 to December 31, 2017. Our opinion is not modified with respect to this matter.

## Other Matters

*Required Supplementary Information*

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

*Other Information*

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

**Other Reporting Required by Government Auditing Standard**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019 on our consideration of Truckee Tahoe Airport District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Districts internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 26, 2019

# MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Truckee Tahoe Airport District (the "District" or the "Airport") provides an overview of the District's financial activities for the fiscal year (twelve months) ended December 31, 2018. 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 slightly, based on annual actuarial reports, from $2.51 million at December 31, 2017 to $2.45 million at December 31, 2018.
- The District implemented a fiscal year end change from September 30 to December 31 during 2017. This created a one-time fiscal year of fifteen months ending December 31, 2017. The comparison to prior year is comparing a twelve month calendar year to fifteen month fiscal year, or it is noted an annualized 12 month comparison.
- In the calendar year ended December 31, 2018, the District's operating revenues increased $256,000 (7%) over the prior fiscal year. This is primarily due to increased fuel prices, and increased operations and fuel sales in 2018.
- The District received funding through Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants in the amount of $220,000 to complete pavement rehabilitation and airfield infrastructure projects.
- The District saw annualized property tax revenues increase 11%, in the calendar year ended December 31, 2018.
- The District's annualized personnel costs were down by 1% overall. Salaries and Wages increased by 9% due to the district adding one new full-time position and additional summer seasonal help to cover increased operations. The increased Salaries and Wages was offset by the decrease of 35% in PERS contributions. There is a year-end adjustment relating to GASB 68 that can increase or decrease the PERS Contributions based on annual actuarial report.
- Operating, general and administrative annualized expenses were up 13% over the prior year. The increase was primarily a result of the annual cost of the Control Tower.
- Repair and maintenance annualized expenses were down from the prior fiscal year by 45%. In 2018, the District completed minimal pavement maintenance compared to 2017.
- Due to long-term fiscal discipline, the Truckee Tahoe Airport District is in excellent financial condition. The District's net position is $54 million. The District has designated the unrestricted net position for future capital projects and contingencies.

## OPERATIONAL HIGHLIGHTS

- The District constructed ten executive hangars in 2018. Occupancy started in early 2019.
- The non-aeronautical Warehouse building is being refurbished to allow for rental to non-profit local organizations. It currently has some vacancy and rental income has decreased.
- During the twelve-month year ended 12/31/18, operations continue to be strong. Jet fuel sales are up with an increase of 10% in gallons sold and 15% in net airside revenue over the previous year.
- Starting in the summer 2017, the District built a temporary control tower and contracted with MidWest Air Traffic Control to staff the tower. The District added to the contract to cover the holiday period from mid-December into late February 2018. Subsequently, the District has again extended the contract to provide full-time daylight hours' staffing.

- In August 2017, the District entered into an Installment Purchase and Sale Agreement with Municipal Finance Corporation to borrow $7.8 Million to build ten executive hangars on the District property. At year-end 2018, the project was nearing completion and scheduled to be occupied by the spring of 2019.

## USE OF FINANCIAL STATEMENTS TO ANALYZE THE DISTRICT'S CONDITION

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

### THE STATEMENT OF NET POSITION

The Statement of Net Position details the District's assets, liabilities and the difference between them, known as net position, at the end of the fiscal years, December 31, 2018 and December 31, 2017. 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, 2018 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. These statements differ from the Statements of Revenues, Expenses and Changes in Net Position, because they only account for transactions that result in cash receipts or disbursements. For example, the amount shown as receipts from customers on the first line of the statements represents cash received during the fiscal year, rather than revenue earned.

### THE NOTES TO THE FINANCIAL STATEMENTS

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

## FINANCIAL ANALYSIS

### STATEMENT OF NET POSITION

The District's net position at December 31, 2018 totaled $54,154,962 compared with $53,868,616 at December 31, 2017. 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, 2018 | December 31, 2017 | Increase (Decrease) | Percent Change | September 30, 2016 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Cash and Equivalents | $ 7,202,329 | $ 5,647,717 | $ 1,554,612 | 27.5% | $ 7,974,793 |
| Restricted Cash | 756,318 | 7,801,785 | (7,045,467) | - | - |
| Other Current Assets | 3,593,595 | 3,250,441 | 343,154 | 10.6% | 3,464,559 |
| Total Current Assets | 11,552,242 | 16,699,943 | (5,147,701) | -30.8% | 11,439,352 |
| Investments | 1,500,000 | 1,500,000 | - | 0.0% | 1,500,000 |
| Noncurrent Receivable | 35,600 | 41,300 | (5,700) | -13.8% | 15,000 |
| Net Capital Assets | 52,370,177 | 46,857,337 | 5,512,840 | 11.8% | 45,174,702 |
| Total Assets | 65,458,019 | 65,098,580 | 359,439 | 0.6% | 58,129,054 |
| Deferred Outflows | 683,510 | 820,019 | (136,509) | 0.0% | 474,501 |
| Liabilities: | | | | | |
| Current Liabilities | 2,188,515 | 1,952,192 | 236,323 | 12.1% | 3,221,632 |
| Long Term Liabilities | 9,695,226 | 10,036,214 | (340,988) | -3.4% | 1,706,562 |
| Total Liabilities | 11,883,741 | 11,988,406 | (104,665) | -0.9% | 4,928,194 |
| Deferred Inflows | 102,826 | 61,577 | 41,249 | 0.0% | 171,058 |
| Net Position | | | | | |
| Invested in Capital Assets, Net | 44,849,749 | 46,857,337 | (2,007,588) | -4.3% | 45,174,704 |
| Restricted | - | - | - | - | - |
| Unrestricted | 9,305,213 | 7,011,279 | 2,293,934 | 32.7% | 8,329,603 |
| Total Net Position | $ 54,154,962 | $ 53,868,616 | $ 286,346 | 0.5% | $ 53,504,307 |

The December 31, 2018 cash and cash equivalents balance increased $1,554,612 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 Restricted Cash is invested at the Placer County Treasurer's Investment Portfolio and is available for the Executive Hangar Construction Project. The Investment line shows the Certificates of Deposit held by the District.

The increase in net property, plant and equipment is due to the construction of the Executive Hangar Project offset by depreciation of District's assets.

The unrestricted portion of net position has been designated by the Board of Directors based on current capital projects, potential contingencies and policy-based priorities. Of the $9.3 million of unrestricted net assets, approximately $2 million has been designated for a General Fund Operating Contingency, $.5 million for Annoyance Reduction/Outreach Reserve, and $3.5 million to pay for future Capital Asset projects. In addition, $1 million has been designated for Land Acquisition, $.5 million for Debt Retirement, $.3 million for Forest Management and $1.5 million exclusively for Pavement Maintenance. Additional information on the designation of unrestricted net position can be found in the notes to the financial statements.

## THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Net operating revenues were greater than the prior annualized calendar year, due to increased fuel sales and operations. Compared to the prior fifteen-month year net operating revenue was down 7%. In the current calendar year, there was a 10% increase in the number of gallons of fuel sold. Revenues from other business leasing and warehouse rental is up slightly from prior year.

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, 2018 | Fifteen Months Ended December 31, 2017 | Increase (Decrease) | Percent Change | Year ended September 30, 2016 |
|---|---|---|---|---|---|
| Net Operating Revenues: | $ 4,200,045 | $ 4,518,325 | $ (318,280) | -7.0% $ | $ 3,059,540 |
| Operating Expenses, Net of Depreciation | (8,498,924) | (10,363,943) | 1,865,019 | -18.0% | (5,296,301) |
| Operating Loss before Depreciation | (4,298,879) | (5,845,618) | 1,546,739 | -26.5% | (2,236,761) |
| Depreciation Expense | (2,283,993) | (2,560,685) | 276,692 | -10.8% | (1,895,399) |
| Net Operating Loss | (6,582,872) | (8,406,303) | 1,823,431 | -21.7% $ | (4,132,160) |
| Nonoperating Income: | | | | | |
| Property Tax Revenue | 6,630,649 | 7,357,835 | (727,186) | -9.9% $ | 5,618,158 |
| Gain (Loss) on Disposal of Assets | (256,571) | (16,619) | (239,952) | - | (15,208) |
| Grant Revenues-Capital/Operating | 219,812 | 763,214 | (543,402) | -71.2% | 3,746,592 |
| Interest and Other Nonoperating Income | 275,328 | 155,689 | 119,639 | 76.8% | 62,768 |
| Total Non operating Income | 6,869,218 | 8,260,119 | (1,390,901) | -16.8% $ | 9,412,310 |
| Extraordinary Item | - | 510,493 | (510,493) | -100.0% | - |
| Change in Net Position | 286,346 | 364,309 | (77,963) | -21.4% $ | 5,280,150 |
| Net Position, Beginning-Restated | 53,868,616 | 53,504,307 | 364,309 | 0.7% $ | 48,224,157 |
| Net Position, Ending | $ 54,154,962 | $ 53,868,616 | $ 286,346 | 0.5% $ | $ 53,504,307 |

Operating expenses, annualized, net of depreciation, increased $4,052,942 or 77%, from the prior fiscal year. This category includes all costs related to payroll and employee benefits, general and administrative expenses, as well as the cost to maintain the District's high value infrastructure. The three largest item increases referenced in the Financial Highlights on page 1 include Personnel Costs for Salaries, CalPERS costs and Professional Fees for the Control Tower. The District continues to work with its pavement management program to keep the Airport's pavements in top condition. In 2018, with the aid of FAA AIP grants, the District expended $325,200 resurfacing and rehabilitation projects. The related grant revenues are $219,812. Property tax revenues, annualized, were up 5% from the prior fiscal year.

## CAPITAL ASSETS

At December 31, 2018, the District had over $52 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, 2018 | December 31, 2017 | September 30, 2016 |
|---|---|---|---|
| Land and Easements | $ 14,966,105 | $ 14,966,105 | $ 14,966,105 |
| Building and Building Improvements | 15,289,389 | 15,398,636 | 8,684,982 |
| Land Improvements | 11,537,399 | 11,109,700 | 8,374,236 |
| Equipment | 2,578,140 | 2,920,624 | 2,950,411 |
| Construction in Progress | 7,999,144 | 2,462,272 | 10,198,971 |
| | $ 52,370,177 | $ 46,857,337 | $ 45,174,704 |

The net capital asset balance increased $5,512,840 during the 2018 fiscal year. That amount includes net capital additions of $8,094,905 offset by $2,283,993 in depreciation expense and $298,072 in asset retirement for the year. The capital additions are detailed in the table below.

Summary of Additions to Capital Assets

For the twelve months ended December 31,2018

| | |
|---|---|
| Helipad Tahoe City | $ 770,328.40 |
| Skyhawk Airplane | 512,293.13 |
| Columbia Electric Ramp Vehicle | 20,078.26 |
| 938 M Wheel Loader | 238,180.48 |
| Maintenance Building Addition | 1,017,153.09 |
| Construction in Progress-Capitalized | 5,536,872.00 |
| Total | $ 8,094,905.36 |

## 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. In addition, the District was awarded the Truckee Donner Chamber of Commerce Large Business of the Year for 2018.

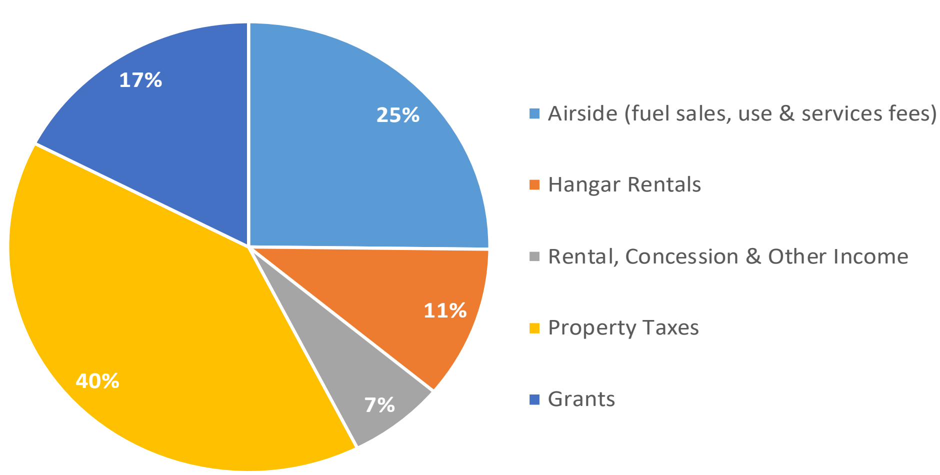
Based on the goals adopted by the Board of Directors, the fiscal year 2018 budget is an example of local agency government using its funding in a fiscally responsible way to satisfy the needs of its customers, constituents, employees and the greater community.

### Fiscal Year 2019 Highlights

- Operating budget of $13.5 million
- Capital expenditures of $7.7 million (of which $2.9 million grant-funded)
- Operating revenues of $6.6 million
- Non-operating revenues of $8.9 million
- Use of Reserves $5.7 million
- Beginning Year Reserves $9.3 million; End of Year Reserves $5.36 million

Airside operations and leasing revenues are projected to provide about $6.6 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 $9.5 million for a total revenue of $16.1 million.

### Budget Revenue Sources – 2019



The 2019 budget reinforces the District's commitment to focus on community outreach and communication.

**Outreach and Transparency:** The 2019 budget reinforces the District's commitment to focus on community outreach and transparency in many ways. The Board budgeted funds to sponsor the 2019 Air Show and Family Festival. Since 2012, the annual Air Show has been very successful, not just in terms of community approval, but also as a fundraiser for the non-profit organizations involved. The budget contains funding to take the event to a higher level in 2019. This event brings approximately 15,000 people to the airport to enjoy the show. Board meetings continue to be broadcast over the local cable channel and the internet. They are archived on the District's website for viewing at any time. The District continues to refresh and update the District website and media publications 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.

**Commitment to Community:** The 2019 budget includes nearly $1.7 million for community partnerships. Ongoing support is provided to youth education and local transportation. The District helps many youth programs and activities through our community non-profit sponsorship initiative. These include Young Eagles, Civil Air Patrol, STEAM programs, Mission to Mars, the Challenger Academy program and Boys and Girls Club. Additionally, collaborative transportation projects include providing funding to enhance TART public transportation, the Bike Share Program, the North Lake Tahoe Express transportation to the Reno-Tahoe Airport, Town of Truckee with special town shuttle services, and participation in the Regional Air Service Corporation (RASC), supporting business and leisure air service to and from the Reno Tahoe international Airport.

In-kind donations include provision of quality meeting space for the community and lease of warehouse space for local non-profit organizations at reduced rent. The Makerspace has 4,700 square feet of space for its community-oriented projects and in 2019 the District will be leasing 4,000 square feet of space to the Tahoe Food Hub. The Board has determined that the cost to provide a service and a return on the District's investment, when appropriate, should be considered when rate schedules are set.

The larger community agency partnerships budgeted for the 2019 year are: North Lake Tahoe PUD Trailhead project $160,000, Lizzando workforce housing project $300,000, $500,000 for supporting the Nahas property near Tahoe City facilitation workforce housing solutions, and undetermined partnerships of $500,000.

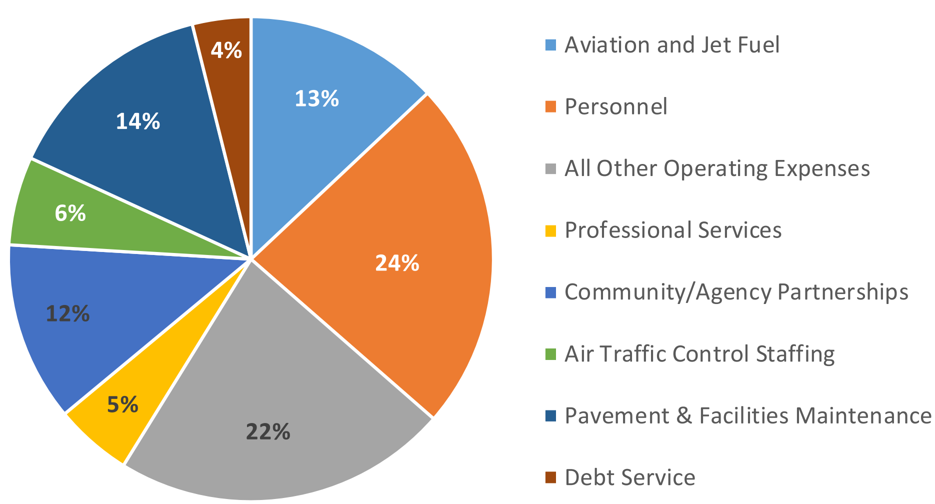
**Safety and Noise Abatement:** The District strives to be both an outstanding general aviation airport and a good neighbor. The Board has a commitment to continually work on new solutions to reduce annoyance and enhance safety. District staff work seven days a week during peak operational periods to provide quality service to our airport constituents and reduce air travel impacts to the community. 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 Sheriffs, REACH, USFS, and US Military. The District recently completed the Tahoe City emergency Helipad, providing emergency helicopter access to the north and west shores of Lake Tahoe. In 2019, the District will be exploring options to construct a second EMS Helipad in the Kings Beach area. The District has been exploring the installation of an Automatic Dependent Surveillance Broadcasting (ADS-B) ground station on the airport to more effectively route aircraft on desired paths away from noise and annoyance effected neighborhoods.

In 2017, the District erected a Control Tower and contracted with MidWest Air Traffic Control for staffing of the control tower. The Board continues to fund this project for the full year in 2019 at $828,000 to enhance safety and mitigate community annoyance. 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 2019.

The District is committed to good environmental stewardship, including reducing its carbon footprint in the region it serves. The budget commits $100,000 for Green House Gas reduction projects that may include lighting upgrades, electric ramp vehicles, building insulation, smart engine block pre-heaters and solar generation among other opportunities.

The District creates and updates facility plans to focus its resources on the most efficient and effective way to maintain the District's infrastructure. The District is in the process of updating the Facility Maintenance Plan to reflect current pricing of maintenance and new projects. 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 channels monetary and human resources (staff, Directors, ACAT and community members) into ensuring that management objectives detailed in these plans are met. Together with the Airport Master Plan, these documents guide the District to meet its strategic objectives. In total, $425,000 is included in the 2019 budget for planning/studies.

**Operating Expenditures - 2019**




## FISCAL YEAR 2019 BUDGETED CAPITAL EXPENDITURES

**Capital Projects:** Capital projects are evaluated and budgeted for based on the potential effect the expenditure would have on users of the airport and the impact on overall long-term financial stability of the District. In 2018, the District developed a 5-year budget forecast to assist the Board with prioritizing capital projects.

The 2019 budget includes $6.0 million spending on capital projects. Of this, $3.0 million is for FAA grant-eligible projects; leaving $3.0 million to be funded by the District. Grant-funded expenditures of $3.0 million are for 4 major projects: 1) Taxiway Romeo reconstruction, 2) emergency services helipad parking ramp upgrades, 3) construction of a new aircraft wash rack and 4) miscellaneous pavement saw and seal projects.

Other budgeted projects include Hangar 1 office and sewer project $800,000, Hangar 2 design and bidding $650,000, H Row Hangar roof $600,000, Administration Building addition $350,000 and $646,000 in vehicles and other small projects.

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

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

# BASIC FINANCIAL STATEMENTS

## TRUCKEE TAHOE AIRPORT DISTRICT

## STATEMENT OF NET POSITION

## AS OF DECEMBER 31, 2018 AND 2017

| | 2018 | 2017 |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash and cash equivalents | $ 7,202,329 | $ 5,647,717 |
| Restricted cash | 756,318 | 7,801,785 |
| Investments | 1,250,000 | 500,000 |
| Accounts receivable | 120,600 | 72,122 |
| Property taxes receivable | 3,163,813 | 2,779,426 |
| Grants receivable | - | 147,748 |
| Interest receivable | 52,841 | 26,164 |
| Inventory | 104,113 | 83,020 |
| Prepaid expenses and deposits | 152,228 | 141,961 |
| Total current assets | 12,802,242 | 17,199,943 |
| Non-current Assets | | |
| Investments | 250,000 | 1,000,000 |
| Non-current receivable | 35,600 | 41,300 |
| Capital assets, net | 52,370,177 | 46,857,337 |
| Total non-current assets | 52,655,777 | 47,898,637 |
| Total assets | 65,458,019 | 65,098,580 |
| **DEFFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred outflows of resources relating to pensions (note 5) | 683,510 | 820,019 |
| **LIABILITIES** | | |
| Current Liabilities | | |
| Accounts payable | 840,084 | 619,575 |
| Accrued expenses | 40,672 | 108,990 |
| Interest payable | 102,453 | 106,209 |
| Note payable - current portion | 285,470 | 275,816 |
| Unearned revenue | 352,753 | 335,107 |
| Deposits | 179,088 | 176,721 |
| Compensated absences | 387,995 | 329,774 |
| Total current liabilities | 2,188,515 | 1,952,192 |
| Non-current Liabilities | | |
| Net pension liablity | 2,456,512 | 2,512,030 |
| Note payable - non-current portion | 7,238,714 | 7,524,184 |
| Total non-current liabilities | 9,695,226 | 10,036,214 |
| Total liabilities | 11,883,741 | 11,988,406 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Deferred inflows of resources relating to pensions (note 5) | 102,826 | 61,577 |
| **NET POSITION** | | |
| Net Investment in capital assets | 44,845,993 | 46,857,337 |
| Unrestricted | 9,308,969 | 7,011,279 |
| Total net position | $ 54,154,962 | $ 53,868,616 |

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 YEAR ENDED DECEMBER 31, 2018 AND FIFTEEN MONTHS ENDED DECEMBER 31, 2017

| | 2018 | 2017* |
|---|---|---|
| **OPERATING REVENUES** | | |
| Hangar rentals, net of sales discounts of $126,471 for 2018 and $158,817 for 2017 | $ 1,240,886 | $ 1,510,011 |
| Airside operating revenues, net of cost of sales of $1,806,347 for 2018 and $1,595,419 for 2017 | 2,226,240 | 2,181,385 |
| Warehouse | 185,780 | 342,245 |
| Other rentals | 547,139 | 484,684 |
| Total operating revenues | 4,200,045 | 4,518,325 |
| **OPERATING EXPENSES** | | |
| Salaries and wages | 2,130,789 | 2,374,923 |
| Employee benefits | 1,080,817 | 1,456,529 |
| General and administrative | 4,249,354 | 4,346,922 |
| Repairs and maintenance | 1,037,964 | 2,185,569 |
| Depreciation | 2,283,993 | 2,560,685 |
| Total operating expenses | 10,782,917 | 12,924,628 |
| Operating income (loss) | (6,582,872) | (8,406,303) |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Property taxes | 6,630,649 | 7,357,835 |
| Interest income | 275,328 | 155,689 |
| California operating grant | - | 147,748 |
| Federal operating grant | 219,812 | 615,466 |
| Gain (loss) on disposal of assets | (256,571) | (16,619) |
| Total nonoperating revenue (expense) | 6,869,218 | 8,260,119 |
| **EXTRAORDINARY ITEM** | | |
| Revenue from insurance claim | - | 510,493 |
| **Change in net position** | 286,346 | 364,309 |
| Net position, Beginning of year | 53,868,616 | 53,504,307 |
| Net position, End of year | $ 54,154,962 | $ 53,868,616 |

*Due to a change in the fiscal year end in the prior year, the 2017 financials are for 15 months

## TRUCKEE TAHOE AIRPORT DISTRICT

## STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31, 2018 AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2017

| | 2018 | 2017* |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash receipts from customers | $ 4,171,580 | $ 4,566,497 |
| Payments to suppliers | (5,088,965) | (8,200,412) |
| Payments on behalf of employees | (3,112,423) | (3,442,207) |
| Net cash provided (used) by operating activities | (4,029,808) | (7,076,122) |
| Cash flows from noncapital financing activities: | | |
| Receipt of property taxes | 6,246,262 | 5,944,346 |
| Payments of long term debt | (275,816) | - |
| Net cash provided by noncapital financing activities | 5,970,446 | 13,744,346 |
| Cash flows from capital and related financing activities: | | |
| Acquisition and construction of capital assets | (8,053,404) | (4,315,932) |
| Receipt of FAA and State of California grants | 367,560 | 2,437,197 |
| Net cash provided (used) by capital and related financing activities | (7,685,844) | (1,312,249) |
| Cash flows from investing activities: | | |
| Interest income received | 254,351 | 118,734 |
| Net cash provided (used) by investing activities | 254,351 | 118,734 |
| Increase (decrease) in cash and cash equivalents | (5,490,855) | 5,474,709 |
| Beginning cash and cash equivalents | 13,449,502 | 7,974,793 |
| Ending cash and cash equivalents | $ 7,958,647 | $ 13,449,502 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | $ (6,582,872) | $ (8,406,303) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation | 2,283,993 | 2,560,685 |
| Decrease (increase) in: | | |
| Accounts receivable | (48,478) | (35,703) |
| Inventory | (21,093) | (24,254) |
| Prepaid expenses and deposits | (10,267) | 24,238 |
| Deferred outflows of resources | 136,509 | (345,518) |
| Increase (decrease) in: | | |
| Accounts payable | 220,509 | (1,763,776) |
| Accrued expenses | (68,318) | (22,517) |
| Unearned revenue | 17,646 | 56,321 |
| Deposits | 2,367 | 27,554 |
| Compensated absences | 58,221 | 50,953 |
| Interest payable | (3,756) | 106,211 |
| Deferred inflows of resources | 41,249 | (109,481) |
| Net pension liability | (55,518) | 805,468 |
| Net cash provided (used) by operating activities | $ (4,029,808) | $ (7,076,122) |

*Due to a change in the fiscal year end in the prior year, the 2017 financials are for 15 months

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. ORGANIZATION

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

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

Reporting Entity

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

### B. BASIS OF PRESENTATION

Enterprise Fund

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

Inventories

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

Operating Revenues

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

## B. BASIS OF PRESENTATION (continued)

Capital Assets

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

Net Position

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

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

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

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

## C. USE OF ESTIMATES

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

## D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Economic Resources Measurement Focus

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

## E. CASH AND CASH EQUIVALENTS

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

## F. INVESTMENTS

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

## G. PROPERTY TAX

The District receives property taxes to support its operations. The property tax year runs from July 1 through June 30 of the following year. Secured property taxes are levied as an enforceable lien on property as of the first Monday in March. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The counties of Placer and Nevada bill and collect the taxes for the District. The District accrues property tax revenues throughout its fiscal year based on estimated allocations received from the counties. At the end of each property tax year the actual receipts are reconciled to amounts accrued and adjustments made to the revenue accounts. Property tax revenues for the year ended December 31, 2018 were as follows:

| | 2018 | 2017* |
|---|---|---|
| Placer County | $ 4,657,396 | $ 5,079,866 |
| Nevada County | 1,973,253 | 2,277,969 |
| Total | $ 6,630,649 | $ 7,357,835 |

*Total for 15 months

## H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

## 2. CASH AND INVESTMENTS

### CASH

A summary of cash and investments held by the District at December 31, 2018 and 2017 is as follows:

| | 2018 | 2017 |
|---|---|---|
| **Cash and Cash Equivalents:** | | |
| Cash on Hand | $ 800 | $ 800 |
| Cash on Deposit at Banks | 457,283 | 480,743 |
| Local Agency Investment Fund | 6,744,246 | 5,166,174 |
| Placer County Investement Fund - Restricted | 756,318 | 7,801,785 |
| | $ 7,958,647 | $ 13,449,502 |

Deposits - Custodial Credit Risk

The carrying amount of the District's bank accounts was $457,283 and the bank balance was $411,934 at December 31, 2018. 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, 2018 and 2017 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.

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, 2018, 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, 2018 and 2017 as follows:

| | 2018 | 2017 |
|---|---|---|
| **Investments:** | | |
| Certificates of Deposits | $ 1,500,000 | $ 1,500,000 |

The Certificates of Deposit mature as follows:

| Year Ended December 31 | Amount |
|---|---|
| 2019 | $ 1,250,000 |
| 2020 | 250,000 |
| Total | $ 1,500,000 |

Interest Rate Risk

The District has a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2018 and 2017, 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, 2018 and 2017, 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, 2018 are as shown below:

| Description | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Wells Fargo | $ - | $ 1,500,000 | $ - | $ 1,500,000 |

## 3. PROPERTY AND EQUIPMENT

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

Capital asset activity for the year ended December 31, 2018 and 2017, are as follows:

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

| | Balance September 30, 2016 | Additions | Deletions | Balance December 31, 2017 |
|---|---|---|---|---|
| Property not depreciated: | | | | |
| Land and Easements | $ 14,966,105 | $ - | $ - | $ 14,966,105 |
| Construction In Progress | 10,198,971 | 4,125,607 | (11,862,305) | 2,462,273 |
| Total Property not Depreciated | 25,165,076 | 4,125,607 | (11,862,305) | 17,428,378 |
| Subject to depreciation: | | | | |
| Land Improvements | 21,512,025 | 4,890,837 | (162,693) | 26,240,169 |
| Buildings and Improvements | 18,282,344 | 6,959,423 | (174,677) | 25,067,090 |
| Equipment | 7,580,532 | 202,370 | (298,211) | 7,484,691 |
| Total Property Being Depreciated | 47,374,901 | 12,052,630 | (635,581) | 58,791,950 |
| Less accumulated depreciation: | | | | |
| Land Improvements | (12,526,670) | (1,369,013) | 162,692 | (13,732,991) |
| Buildings and Improvements | (10,208,479) | (610,203) | 138,938 | (10,679,744) |
| Equipment | (4,630,124) | (581,469) | 261,337 | (4,950,256) |
| Total Property Being Depreciated | (27,365,273) | (2,560,685) | 562,967 | (29,362,991) |
| Total Property and Equipment Being Depreciated, net | 20,009,628 | 9,491,945 | (72,614) | 29,428,959 |
| Property and Equipment, net | $ 45,174,704 | $ 13,617,552 | (11,934,919) | $ 46,857,337 |

## 4. NOTE PAYABLE

As of December 31, 2018 and 2017 long-term debt consisted of the following:

| | 2018 | 2017 |
|---|---|---|
| Beginning Balance | $ 7,800,000 | $ - |
| Borrowings | - | 7,800,000 |
| Payments | 275,816 | - |
| Ending Balance | 7,524,184 | 7,800,000 |
| Due Withing One Year | 285,470 | 275,816 |
| Long Term Portion | $ 7,238,714 | $ 7,524,184 |

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, 2018 is $7,524,184.

Future annual principle payments are estimated as follows:

| December 31 | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 285,470 | $ 263,346 | $ 548,816 |
| 2020 | 295,461 | 253,355 | 548,816 |
| 2021 | 305,803 | 243,014 | 548,817 |
| 2022 | 316,506 | 232,311 | 548,817 |
| 2023 | 327,583 | 221,233 | 548,816 |
| 2024-2028 | 1,818,137 | 925,945 | 2,744,082 |
| 2029-2033 | 2,159,378 | 584,706 | 2,744,084 |
| 2034-2038 | 2,015,846 | 179,419 | 2,195,265 |
| | $ 7,524,184 | $ 2,903,329 | $ 10,427,513 |

## 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.

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, 2018, are summarized as follows:

| Hire date | Prior to July 29, 2012 | Prior to January 1, 2013 | On or after January 1, 2013 |
|---|---|---|---|
| Benefit formula | 2.7% @ 55 | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% - 2.7% | 1.09% - 2.41% | 1.0% - 2.5% |
| Required employee contribution rates | 8.000% | 7.000% | 6.250% |
| Required employer contribution rates | 12.212% | 7.634% | 6.842% |

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

For the year ended December 31, 2018 and 2017, the contributions recognized as part of pension expense for the Plan were $158,795 and $141,408, respectively.

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

As of December 31, 2018 and 2017, the Truckee Tahoe Airport District reported net pension liabilities for its proportionate share of the net pension liability of $2,456,512 and $2,512,030 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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2018 and 2017 was as follows:

| | |
|---|---|
| Proportion - June 30, 2018 | 0.06518% |
| Proportion - June 30, 2017 | 0.06372% |
| Change - Increase (Decrease) | 0.00146% |

For the years ended December 31, 2018 and 2017, the District recognized pension expense of $272,240 and $675,269, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2018

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

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

$158,795 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Measurement Period Ended June 30 | |
|---|---|
| 2019 | $ 205,573 |
| 2020 | $ 183,173 |
| 2021 | $ 67,410 |
| 2022 | $ (34,267) |

December 31, 2017

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 141,408 | $ - |
| Difference between projected and actual experience | 3,134 | 44,898 |
| Difference in actual vs. projected contributions | - | 16,679 |
| Change in proportion | 228,349 | |
| Changes in assumptions | 359,189 | - |
| Net differences between projected and actual earnings on plan investments | 87,939 | - |
| Total | $ 820,019 | $ 61,577 |

$141,408 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 | |
|---|---|
| 2018 | $ 142,400 |
| 2019 | $ 131,021 |
| 2020 | $ 202,480 |
| 2021 | $ 113,241 |
| 2022 | $ 27,892 |

**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, 2018 actuarial valuations were determined using the following actuarial assumptions:

| | Miscellaneous | Safety |
|---|---|---|
| Valuation Date | June 30, 2017 | June 30, 2013 |
| Measurement Date | June 30, 2018 | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost | |
| Actuarial Assumptions | | |
| Discount Rate | 7.15% | 7.5% |
| Inflation | 2.50% | 2.75% |
| 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, 2018 valuation were based on the CalPERS Experience Study for the period from 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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

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

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

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

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

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

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

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Discount Rate - 1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate + 1% (8.15%) |
|---|---|---|---|
| Plan's Net Pension Liability | $ 3,945,840 | $ 2,456,512 | $ 1,227,096 |

**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, 2018.

## 6. DEFERRED COMPENSATION PLAN

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

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

## 7. COMPENSATED ABSENCES

The District offers certain qualifying employees paid vacation, sick and holiday leave. Changes in obligations for vacation, sick and holiday leave at December 31, 2018 and 2017, are as follows:

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

| | September 30, 2016 | Net Change | December 31, 2017 | Due Within One Year |
|---|---|---|---|---|
| Accrued Vacation | $ 128,819 | $ 16,717 | $ 145,536 | $ 145,536 |
| Accrued Sick Leave | 131,330 | 25,887 | 157,217 | 157,217 |
| Accrued Holiday Leave | 18,672 | 8,349 | 27,021 | 27,021 |
| Total | $ 278,821 | $ 50,953 | $ 329,774 | $ 329,774 |

## 8. NET POSITION

### INVESTED IN CAPITAL ASSETS

Net position invested in capital assets increased upon acquisition of property and equipment financed by Federal Aviation Administration ("FAA") and State of California grants and District resources and is decreased by depreciation expense and disposition of assets. Net position invested in capital assets for the years ended December 31, 2018 and 2017 is summarized as follows:

| | 2018 | 2017 |
|---|---|---|
| Net investment in Capital Assets: | | |
| Beginning of Year | $ 46,857,337 | $ 45,174,704 |
| District Investment in Property and Equipment | 8,094,904 | 4,315,932 |
| Dispositions and Transfers | (298,071) | (72,614) |
| Depreciation Expense | (2,283,993) | (2,560,685) |
| Related Long Term Debt | (7,520,428) | - |
| Net investment in Capital Assets - End of Year | $ 44,849,749 | $ 46,857,337 |

### UNRESTRICTED NET POSITION

The District has designated unrestricted net position as follows as of December 31, 2018 and 2017:

| | 2018 | 2017 |
|---|---|---|
| Debt retirement | $ 550,000 | $ 550,000 |
| Pavement Maintenance Capital Reserve | 1,500,000 | 1,000,000 |
| Facility Maintencance Reserve | 750,000 | 400,000 |
| Forest Management Reserve | 300,000 | 300,000 |
| Utility Capital Reserve | 500,000 | 100,000 |
| Operating Funds | 2,000,000 | 1,411,279 |
| Hangar 2 / ATC Tower Projects | 1,955,213 | 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 | $ 9,305,213 | $ 7,011,279 |

## 9. RISK MANAGEMENT

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

SDRMA is governed by a Board consisting of representatives from member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Full financial statements are available from SDRMA. Condensed information for SDRMA for the year ended June 30, 2018 is as follows:

| | |
|---|---|
| Total Assets | $ 112,001,700 |
| Deferred Outflows of Resources | 823,568 |
| Total Assets & Deferred Outflows | $ 112,825,268 |
| Total Liabilities | $ 57,903,143 |
| Deferred Inflows of Resources | 337,392 |
| Total Net Position | 54,584,733 |
| Total Liabilities, Defferred Inflows & Net Position | $ 112,825,268 |
| Total Revenues | $ 69,342,417 |
| Total Expenses | 64,849,994 |
| Change in Net Position | $ 4,492,423 |

## 10. 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 $1,839,009 and $7,764,265 at December 31, 2018 and 2017, respectively.

As of December 31, 2018, 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.

## 11. 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, 2018 and 2017, TDRPD operated the property as a golf course and is in compliance with the lease agreement.

## 12. DISPOSAL OF ASSETS

There was a loss of $256,571 due to the disposal of fixed assets that had not been fully depreciated at the time of disposition.

## 14. CHANGE OF FISCAL YEAR END

For the prior audit, the financial year end of Truckee Tahoe Airport District was changed from September 30 to December 31. Accordingly, prior financial statements were prepared for 15 months from October 1, 2016 to December 31, 2017.

## 15. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended December 31, 2018 through April 26, 2019, 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 YEAR ENDED DECEMBER 31, 2018 AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2017

| | June 30, 2014 | June 30, 2015 | June 30, 2017 * | June 30, 2018 (1) |
|---|---|---|---|---|
| Proportion of the net pension liability | 0.05277% | 0.06220% | 0.06372% | 0.06518% |
| Proportionate share of the net pension liability | $ 1,304,288 | $ 1,706,562 | $ 2,512,031 | $ 2,512,031 |
| Covered-employee payroll (2) | $ 1,285,894 | $ 1,886,199 | $ 2,180,008 | $ 1,891,379 |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 101.43% | 90.48% | 115.23% | 132.81% |
| Plans fiduciary net position as a percentage of the total pension liability | 83.03% | 79.89% | 79.89% | 77.69% |
| Proportionate share of aggregate employer contributions (3) | $ 172,553 | $ 167,988 | $ 214,090 | $ 296,909 |

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

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

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

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

## TRUCKEE TAHOE AIRPORT DISTRICT

## SCHEDULE OF PENSION CONTRIBUTIONS

## FOR THE YEAR ENDED DECEMBER 31, 2018
## AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2017

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

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

(2) 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 end so the CalPERS report with measurment date June 30, used.

# TRUCKEE TAHOE AIRPORT DISTRICT

# SCHEDULE OF PENSION CONTRIBUTIONS

# FOR THE YEAR ENDED DECEMBER 31, 2018
# AND THE FIFTEEN MONTHS ENDED DECEMBER 31, 2017

## 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 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. 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.

| | Miscellaneous | Safety |
|---|---|---|
| Valuation Date | June 30, 2017 | June 30, 2013 |
| Measurement Date | June 30, 2018 | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost | |
| Actuarial Assumptions | | |
| Discount Rate | 7.15% | 7.5% |
| Inflation | 2.50% | 2.75% |
| 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 | |

# SUPPLEMENTARY INFORMATION

**TRUCKEE TAHOE AIRPORT DISTRICT**

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

| Federal Grantor/Program Title | Federal CFDA Number | Agency or Pass-Through Number | Federal Expenditures | |
|---|---|---|---|---|
| Airport Improvement Program | 20.106 | 3-06-0262-036 | 12,309 | |
| Airport Improvement Program | 20.106 | 3-06-0262-037 | 207,503 | |
| | | | $ 219,812 | * |

*Amount under the $750,000 threshold for a single audit.

# 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, 2018 and 2017 and for the year ended December 31, 2018 and the fifteen months ended December 31, 2017, and have issued our report thereon dated April 26, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

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**Compliance and Other Matters**

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

**Purpose of this Report**

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 26, 2019