Final

CARSON CITY AIRPORT AUTHORITY
MEETING AGENDA

Wednesday, December 20, 2023 – 2:15 P.M.

Public Meeting at:

Carson City Airport Terminal
2600 E College Parkway #6
Carson City, Nevada
This Agenda Prepared by Corey Jenkins, Airport Manager

A. CALL TO ORDER, ROLL CALL, AND DETERMINATION OF QUORUM.

B. PLEDGE OF ALLEGIANCE

C. APPROVAL OF THE MINUTES OF PAST MEETINGS OF THE AIRPORT AUTHORITY.

D. MODIFICATION OF THE AGENDA. *The Chairman reserves the right to modify the agenda in order to most effectively process the agenda items. Items may be taken out of order; Items may be combined for consideration by the Authority; Items may be pulled or removed from the agenda at any time.*

E. PUBLIC COMMENT. Members of the public who wish to address the Airport Authority may speak on *agendized and non-agendized matters* related to the Airport. Comments are limited to three (3) minutes per person or topic. If your item requires extended discussion, please request the Chairman to calendar the matter for a future Airport Authority meeting.

   1. The public may provide public comment in advance of a meeting by written submission to the following email address: Manager@flycarsoncity.com. For inclusion or reference in the minutes of the meeting, your public comment must include your full name & address and be submitted via email by not later than 5:00 p.m. the day before the meeting. The Carson City Airport Authority values your input. Members of the public who wish to provide live public comment may do so during the designated public comment periods, indicated on the agenda in person.

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F. AIRPORT ENGINEER'S REPORT *(Non-Action Item)*.

G. CONSENT AGENDA

H. PUBLIC HEARINGS

   1. FOR DISCUSSION AND POSSIBLE ACTION: APPROVAL OF THE ANNUAL AUDIT REPORT OF THE CARSON CITY AIRPORT AUTHORITY FOR FY 2022/23. (J. Rogers)

      Staff Summary: Casey Neilon completed the annual audit required by NRS 345. The review and approval of the audit by the Authority is required under the statute.

I. AIRPORT MANAGER'S REPORT *(Non-Action Item)*.

J. LEGAL COUNSEL'S REPORT *(Non-Action Item)*.

K. TREASURER'S REPORT *(Non-Action Item)*.

L. REPORT FROM AUTHORITY MEMBERS *(Non-Action Item)*.
   1. Status review of projects
   2. Internal communications and administrative matters
   3. Correspondence to the Authority
   4. Status reports and comments from the members of the Authority

M. PUBLIC COMMENT. Members of the public who wish to address the Airport Authority may speak about items discussed on the agenda related to the Airport. Comments are limited to three (3) minutes per person or topic. If your item requires extended discussion, please request the Chairman to calendar the matter for a future Airport Authority meeting.

N. AGENDA ITEMS FOR NEXT REGULAR MEETING *(Non-Action Item)*.

O. ACTION ON ADJOURNMENT.

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DELIVERED *(via E-Mail)* to the FOLLOWING LOCATIONS for POSTING by 9am, December 15, 2023

The Carson City Airport Website	https://flycarsoncity.com/
State of Nevada Public Notice Website	https://notice.nv.gov
Airport Terminal Building	2600 College Parkway Carson City, NV
Mountain West Aviation	2101 Arrowhead Dr. Carson City, NV
Stellar Aviation of Carson City, LLC	2640 College Parkway Carson City, NV
~ Distribution made to others per request and as noted on the Airport Authority Distribution List ~ ***Supporting materials will be posted to the Carson City Airport website www.flycarsoncity.com as available, and can be obtained upon request from the Airport Manager, 2600 E. College Parkway #6, Carson City, NV***	

NOTE: The Airport Authority is pleased to make reasonable accommodations for the public who are disabled and wish to attend this meeting. If special arrangements for the meeting are necessary, please notify the Airport Authority at (775) 841-2255 or cjenkins@flycarsoncity.com

Notice: NRS 241.020(3)(b) states that a request for mailed notice of meetings automatically lapses six months after it is made to the public body. A separate written request is not required for each meeting although requests are limited to six months at a time.

THE CARSON CITY AIRPORT AUTHORITY ENCOURAGES WRITTEN COMMENTS FROM THE PUBLIC. Comments should be addressed to the **Airport Manager**, and sent to the following address:

Carson City Airport Authority 2600 E. College Parkway #6, Carson City, Nevada 89706

CCAA BOARD MEMO

Agenda Item: H-1

BOARD MEMO 2023-end   Meeting Date: December 20, 2023

Agenda Title: FOR DISCUSSION AND POSSIBLE ACTION: APPROVAL OF THE ANNUAL AUDIT REPORT OF THE CARSON CITY AIRPORT AUTHORITY FOR FY 2022/23. (J. Rogers)

Staff Summary: *Casey Neilon completed the annual audit required by NRS 345. The review and approval of the audit by the Authority is required under the statute.*

Agenda Action: Formal Action/Motion   **Time Requested:** 15 Minutes

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Proposed Motion

I move to approve the FY 2022/2023 annual audit report of the Carson City Airport Authority conducted by Casey Neilon.

CCAA'S Strategic Goal

Maintain Financial Stability

Previous Action and Executive Summary

The Carson City Airport Authority approved the FY 2021 annual report December 2022 and has done so annually as directed by NRS 354.

Financial Information

Is there a fiscal impact?
☒ No ☐ Yes

If yes, account name/number & amount:

General Fund/ Federal Share:

Is it currently budgeted?

Board Action Taken:

Motion: ______________________________ 1) ___________________________
2) ___________________________

Aye/Nay
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____

____
(Vote Recorded By)

Financial Statements
June 30, 2023

Airport Authority of Carson City

Casey Neilon, Inc.
Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Airport Authority of Carson City
Carson City, Nevada

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the Airport Authority of Carson City (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Authority, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, The Authority recorded a prior period adjustment to correct the capitalization of fixed assets in the prior period. This resulted in an increase in net position of $260,365. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4-7, 26-27, and 28-29, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of the Authority’s 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 Authority's internal control over financial reporting and compliance.

Casey Neilon

Casey Neilon
Carson City, Nevada
November 15, 2023

The Airport Authority of Carson City's (Authority) management discussion and analysis is designed to, (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activities, (c) identify changes in the Authority's financial position in connection with current and subsequent years challenges, (d) identify any material deviations from the approved budget, and (e) identify issues and concerns.

We encourage readers to read this information in conjunction with the financial statements and notes to financial statements to obtain a comprehensive view of the information presented.

INTRODUCTION

The Authority is an independent political subdivision of the State of Nevada created pursuant to Chapter 844, Statutes of Nevada, 1989. It is charged with the administration and operation of the municipal airport in Carson City, Nevada. The airport's funding for capital improvements is a cooperative effort of the Federal Aviation Administration (FAA) and the Authority. Approximately 94% of the funding for capital improvements is in the form of grants from the FAA and the balance is matching funds provided by the Authority from revenues generated by operations. Accordingly, no separate ad valorem taxes or bonding for construction is required of the citizens of Carson City. Revenue generated from airport operations are sufficient for the annual cost of these operations as well as the implementation of the master plan completed in December of 2020.

FINANCIAL HIGHLIGHTS

Revenue from operational activities of $1,029,872 increased 9.5% from the previous year and exceeded budget by 42%. Operational revenue comes from three primary sources: (a) property leases (22%); (b) a portion of real and personal property taxes collected by Carson City for buildings on leased airport property and aircraft based at the airport (33%) and (c) other operational activities such as tie down fees, rock sales, fuel flowage fees, and interest on cash in the bank (45%).

Operational expenditures of $465,752 were 1% under the budgeted figure of $468,950 and $5,870 higher than the previous year primarily due to higher expenses for employee salaries, taxes, and benefits.

The Authority requested and was approved to receive a total of $220,248 in federal grant money from the FAA, grant number AIP 3-32-0004-37-2021, for snow removal equipment. As of June 30, 2023, the Authority expended $23,310, with no match requirement.

The Authority requested and was approved to receive a total of $269,840 in federal grant money from the FAA, grant number AIP 3-32-0004-38-2021, for planning for an instrument approach aid. As of June 30, 2023, the Authority expended $268,470, with no match requirement. This grant is complete.

The Authority requested and was approved to receive a total of $304,329 in federal grant money from the FAA, grant number AIP 3-32-0004-41-2021, to relocate the Automated Weather Observing System (AWOS). As of June 30, 2023, the Authority expended $301,549, with a 6.25% match requirement. This grant is complete.

The Authority requested and was approved to receive a total of $421,875 in federal grant money from the FAA, grant number AIP 3-32-0004-42-2022, to design an instrument approach aid. As of June 30, 2023, the Authority expended $335,217, with a 6.25% match requirement.

FINANCIAL STATEMENTS

The first two statements (pages 8 and 9) are combined fund and government-wide (Statement of Net Position) financial statements that provide both long-term and short-term information about the Authority's overall financial status. The primary differences between the Governmental Fund Balance Sheet and the Statement of Net Position relate to the capitalization and depreciation of capital assets, the inclusion of the lease payment exchange for infrastructure as a liability and the addition of the PERS liability and related deferred outflow and inflow activity in the government-wide statements.

The Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (pages 26 and 27) shows income and expenditures in the same format as our budget is generally presented. There were no significant variances between budgeted and actual figures except for variations in grant revenue and related capital expenses and an increase in interest earnings that reflect the Net Present Value of new airport leases.

A summary of the condensed government-wide financial information is presented below:

Condensed Statements of Net Position

	2023	2022 (As Restated)
Current assets	$ 2,357,147	$ 2,393,370
Long term assets	7,242,012	5,292,597
Capital assets	2,303,672	1,625,527
Prepaid airport improvements	133,773	139,013
Total assets	12,036,604	9,450,507
Deferred outflows of resources	208,450	207,162
	12,245,054	9,657,669
Total liabilities	416,318	449,615
Deferred outflows of resources	7,407,641	5,881,809
	7,823,959	6,331,424
Net position		
Invested in capital assets	2,290,429	1,599,550
Unrestricted	2,130,666	1,726,695
	$ 4,421,095	$ 3,326,245

Condensed Statements of Activities

	2023	2022
Charges for services	$ 273,549	$ 307,323
Material sales	82,104	31,797
Federal and state grants	396,883	798,827
General revenue	675,621	601,161
Total revenues	1,428,157	1,739,108
Airport Authority operations	587,702	529,923
Airport construction, planning projects and capital outlay	5,970	392,093
Loss on disposal	-	-
	593,672	922,016
Change in net position	834,485	817,092
Net position, beginning of year	3,326,245	2,509,153
Prior period adjustment	260,365	-
Net position, beginning of year - as restated	3,586,610	2,509,153
Net position, end of year	$ 4,421,095	$ 3,326,245

YEAR-END POSITION

The Authority expects to maintain a minimum fund balance in future years with the possibility that the fund balance will actually become negative as the Authority continues to utilize prepaid leases to fund the match on FAA projects but believes the cash flow necessary to fund on-going operations is available.

DEBT ACTIVITY

The Authority currently has no bond indebtedness.

ECONOMIC FACTORS

Primarily all airport revenue, other than grants, is based on personal property taxes and long-term property leases (50 years or more). These revenue sources are stable. As additional areas of the airport are developed, the additional leases and buildings should provide increases in revenue beyond increases in the CPI.

The Airport Authority will continue to implement the 2020 Master Plan over the next several months with the following Airport Capital Improvement Program (ACIP) projects: Construct Snow Removal Equipment Building, Acquire Snow Removal Equipment, and Install Approach Lighting, offset PAPI (Construction). Based upon economic recovery, the Airport Authority will also be looking to implement the 33-acre Center Triangle Development and the 12-acre Bravo parcel in the Master Plan, which will provide the Airport with mixed-use aircraft hangars.

The improvements to the Airport and its facilities should increase interest in the Airport as a home for an increased number of aircraft thus increasing the revenue stream from real and personal property taxes, property leases, and fuel flowage fees.

RISK ASSESSMENT

FAA funds authorized to be used for airport development are determined annually and the amount authorized will impact the timing of the implementation of the master plan. The Airport Authority is seeking additional economic development activities to maximize the Airport Authority's self-sufficiency.

CAPITAL ASSETS

As of June 30, 2023, the Authority's capital assets amounted to $2,303,672 net of accumulated depreciation and amortization, an increase of $678,145 attributable mostly to the completion of the AWOS relocation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances and to demonstrate the Authority's accountability for the revenues it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Airport Authority of Carson City, 2600 E. College Pkwy, Carson City, NV 89706.

Statement of Net Position and Governmental Fund Balance Sheet

June 30, 2023

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash and cash equivalents	$ 1,937,427	$ -	$ 1,937,427
Accounts receivable, net of allowance	23,889	-	23,889
Leases receivable	7,242,012	-	7,242,012
Accrued interest receivable	6,252	-	6,252
Due from other government	388,177	1,402	389,579
Capital assets, net of accumulated depreciation	-	2,303,672	2,303,672
Prepaid airport improvements	1,000	132,773	133,773
Total assets	9,598,757	2,437,847	12,036,604
Deferred Outflows of Resources			
Pension requirement	-	208,450	208,450
Total assets and deferred outflows of resources	$ 9,598,757	2,646,297	12,245,054
Liabilities			
Accounts payable	$ 93,911	-	93,911
Accrued expenses	-	3,690	3,690
Long-term lease purchase transactions	-	13,243	13,243
Net pension liability	-	305,474	305,474
Total liabilities	93,911	322,407	416,318
Deferred Inflows of Resources			
Lease transactions	7,171,823	132,773	7,304,596
Pension requirement	-	103,045	103,045
	7,171,823	235,818	7,407,641
Fund Balance/Net Position			
Fund balance			
Committed			
Gate fees	10,176	(10,176)	-
Assigned			
Designated for subsequent year's expenditures	-	-	-
Unassigned	2,322,847	(2,322,847)	-
Total fund balance	2,333,023	(2,333,023)	-
Total liabilities and fund balance	$ 9,598,757		
Net Position			
Invested in capital assets, net of related debt		2,290,429	2,290,429
Unrestricted		2,130,666	2,130,666
Total net position		$ 4,421,095	$ 4,421,095

Airport Authority of Carson City
Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023

	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses			
Airport Authority operations	$ 471,992	$ 115,710	$ 587,702
Airport construction, planning projects and capital outlay	537,144	(531,174)	5,970
Total expenditures/expenses	1,009,136	(415,464)	593,672
Program Revenue			
Charges for services	273,549	-	273,549
Material sales	82,104	-	82,104
Federal grants	396,883	-	396,883
Total program revenue	752,536	-	752,536
Net Program Revenue	(256,600)	415,464	158,864
General Revenue			
Interest income	334,308	-	334,308
Property taxes	339,911	1,402	341,313
Total general revenue	674,219	1,402	675,621
Debt Service			
Principal	(12,734)	12,734	-
Interest	(1,037)	1,037	-
Total debt service	(13,771)	13,771	-
Excess of Revenue over Expenditures	403,848	(403,848)	-
Change in Net Position	-	834,485	834,485
Fund Balance/Net Position			
Beginning of year	1,924,790	1,401,455	3,326,245
Prior period adjustment			
Correction of an error	4,385	255,980	260,365
Beginning of year - as restated	1,929,175	1,657,435	3,586,610
End of year	$ 2,333,023	$ 2,088,072	$ 4,421,095

Note 1 - Summary of Significant Accounting Policies

The Airport Authority of Carson City's (Authority) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity

The financial statements present the financial position and results of operations of the Authority, under the direct jurisdiction of the Authority of Trustees of the Authority. The Authority, as organized under Senate Bill No. 255 of the 1989 Legislative Session, Special Act Nevada Revised Statutes Chapter 844, provides for management and maintenance of the Carson City airport.

The Authority is considered to be part of the city of Carson City, Nevada's (City) reporting entity because it has oversight responsibility and, therefore, these statements are described as component unit financial statements. The criteria used in determining oversight responsibility for financial reporting purposes is set forth by Governmental Accounting Standards Board Codification, Section 2100, Defining the Reporting Entity. Indications of oversight responsibility include: (1) appoints, or serves as, a majority of the organization's governing body and is able to impose its will or there is a potential to provide financial benefits or impose financial burdens, or (2) financial dependency. The Authority has no component units to include in these financial statements. The Airport Manager maintains all accounting records.

Basic Financial Statements – Government-Wide Statements

The basic financial statements include both government-wide and fund financial information. The government-wide financial statements are reflected on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Basic Financial Statements - Fund Accounting

The financial transactions of the Authority are reported in the general fund. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflow of resources, fund equity, revenue, and expenditures. The Authority's general fund is a governmental fund type. Governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. The recorded fund balance is considered a measure of "available spendable resources." Operating statements for governmental funds present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Authority is defined as a single-program special-purpose entity under GASB Codification 2600, Reporting Entity and Component Unit Presentation and Disclosure. This classification allows for the preparation of financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard methodology, the government-wide statement of net position and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The Authority has utilized this optional method of presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority maintains its accounting records for its governmental fund types on the modified accrual basis of accounting. This method provides for recognizing expenditures at the time liabilities are incurred, while revenue is recorded when measurable and available to finance expenditures of the fiscal period. Available is defined as being due and collected within the current period or within 60 days after fiscal year end. When revenue is due, but will not be collected within 60 days, the receivable is recorded, and deferred inflow of resources – unavailable revenue is established.

Budgets and Budgetary Accounting

The Authority adheres to the Local Government Budget Act incorporated within Statutes of the State of Nevada. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Appropriations lapse at year end. Budget amounts within the general fund may be transferred if amounts do not exceed the original budget. Such budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Trustees. In accordance with the Statutes, actual expenditures may not exceed budget appropriations of the Airport function of the general fund. An encumbrance system is not utilized by the Authority.

Cash and Cash Equivalents

The Authority's cash and cash equivalents include cash on deposit at one commercial bank and in the State Treasurer's Local Government Investment Pool. The Authority does not currently have a deposit policy related to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure the Authority's deposits may not be returned. The Authority's bank deposits are covered by FDIC insurance.

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

Pooled investment funds consist of cash deposited in the interest-bearing State of Nevada's Local Government Investment Pool. Investments are recorded at fair value, which is the same as the value of the pool shares. The State of Nevada Local Government Investment Pool is an unrated external investment pool that does not provide information on realized or unrealized gain or loss activity. Accordingly, changes in the investment pool are reflected as interest income in the accompanying financial statements.

Accounts Receivable

Accounts receivable primarily consists of long-term property lease transactions. An allowance for bad debt has been set up, so that accounts receivable are carried at an amount management expects to collect. Bad debts are provided for using the allowance method. Management's review of outstanding balances as of June 30, 2023 indicated that an allowance of $19,337 was required. Management conducts an annual evaluation of uncollected accounts and the allowance estimate.

Inventory of Consumable Supplies

Management of the Authority has elected to consider expenditures for supplies held for consumption as charges against appropriations at the time of purchase. Any inventories of such supplies at June 30, 2023, are not material and accordingly, are not recognized in the financial statements.

Prepaid Airport Improvements

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Capital Assets

All capital assets are valued at historical cost. Capital assets of the Authority included the improvements to the runway area such as lights, fencing, equipment, and property acquired for clear zones. The assets transferred from the City to the Authority, at their original cost to the City, were capitalized at that amount. Capital outlay incurred for land and improvements to airport property purchased with pass-through grantor funds with Carson City, Nevada as the sponsor agency have not been capitalized; however, they are reflected in the City's financial statements.

For purposes of the government-wide financial statements, depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation. The Authority's capital assets consist of vehicles, machinery and equipment which have useful lives of 5 to 10 years.

The Authority reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2023.

In the fund financial statements, capital assets used in operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported 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 and will not be recognized as an outflow of resources (expense/expenditure) until then. The changes in proportion and differences between employer contributions and the proportionate share of contributions as well as contributions made after the measurement period for pensions qualify for reporting in this category.

In addition to liabilities, a separate section is reported 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 and will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience and between projected and actual investment earnings on pension plan investments, and leases qualify for reporting in this category.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

<u>Net invested in capital assets</u> – consists of capital assets, net of accumulated depreciation, right-of-use assets, net of accumulated amortization and net of any related debt.

<u>Restricted net position</u> – consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Authority has no restricted net position.

<u>Unrestricted net position</u> – net position that is neither classified as “restricted” nor as “invested in capital assets.”

In the governmental fund financial statement, fund balances are classified as follows:

<u>Nonspendable</u> - represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The Authority includes fund balances that have been prepaid for expenses in this category.

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Restricted – represents amounts which can be spent only for specific purposes because of state or federal laws, or externally imposed conditions. The Authority has no restricted fund balances.
Committed – represents amounts which can be used only for specific purposes determined by the members of the governing Authority's formal action through a resolution or action. The Authority has committed resources for gate expenditures that result from gate fee charges.
Assigned - represents amounts that are intended by the Authority for specific purposes but do not require action by the governing Authority. The Authority has amounts designated for subsequent year expenditures included in this category which represent a projected budgetary deficit in the subsequent years budget, if any.
Unassigned – represents all amounts not included in non-spendable classifications.

The Authority's policy is to first apply expenditures against non-spendable fund balances and then unassigned balances. On an annual basis assigned fund balances are determined based upon available resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscriptions asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. GASB Statement No. 96 is effective for the Authority for fiscal year ending June 30, 2023. The Authority has not entered into any subscription-based information technology arrangements, therefore there is no effect on the financial statements in the current year.

Note 1 - Summary of Significant Accounting Policies (Continued)

Leases

The Authority is a lessor for noncancellable leased assets. The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The Authority uses prime rate as the discount rate for leases.
The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subsequent Events

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through November 15, 2023, the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Note 2 - Compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code

The Authority conformed to all significant statutory constraints on its financial administration.

Note 3 - Cash and Cash Equivalents

By provision of statutes, the Authority is authorized to deposit all money in banks or savings and loan associations located in the State of Nevada and must be subject to withdrawal on demand. The Authority maintains its checking and savings accounts in one commercial bank. The accounts are each insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 or collateralized under the state collateral pool by the applicable banking institution.

The Authority is authorized to invest in the State of Nevada Local Government Investment Pool (LGIP). The LGIP is administered by the State Treasurer, with oversight by the State of Nevada Authority of Finance. State statutes require the State Treasurer to collateralize the deposits made to it with other securities. The LGIP invests in securities as allowed by statute. The State of Nevada, Local Government Investment Pool issues a

Note 3 - Cash and Cash Equivalents (Continued)

publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Office of the State Treasurer, of the State of Nevada, 101 North Carson Street, #4, Carson City, Nevada, 89701.

The Authority categorizes the fair value measurements of its investments in the Local Government Investment Pool based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is 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; and
Level 3 – Inputs are significant unobservable inputs.

The Authority's deposits in the pool are considered to be highly liquid. At June 30, 2023, $1,642,224 was held in the Local Government Investment Pool. At June 30, 2023 the LGIP reported Level 1 investments of $648,678 and level 2 investments of $993,546 and a weighted average maturity of 113 days. The Authority does not have any investments that are measured using Level 3 inputs.

Note 4 - Due from and to Other Government

At June 30, 2023, the Authority is owed $389,579 for an intergovernmental receivable from the city of Carson City, Nevada, for personal property taxes of $349,371 and $40,208 for funds receivable for FAA grant expenditures incurred.

Note 5 - Capital Assets

Capital asset activity consists of the following for the years ended June 30:

	June 30, 2022	Additions	Deletions	June 30, 2023
Capital assets, not being depreciated				
Land	$ 146,542	$ -	$ -	$ 146,542
Capital assets, being depreciated				
Machinery and equipment	1,686,264	129,010	-	1,815,274
Less accumulated depreciation				
Machinery and equipment	(357,012)	(109,009)	-	(466,021)
Total capital assets being depreciated, net	1,329,252	20,001	-	1,349,253
Capital Assets, Net	1,475,794	20,001	-	1,495,795
Construction in progress	149,733	674,494	(16,350)	807,877
	$ 1,625,527	$ 694,495	$ (16,350)	$ 2,303,672

Note 6 - Long-Term Lease Revenue Transactions

The Authority entered into an airport lease agreement, dated October 10, 1994, with Contri Construction Company (Contri). The lease was subsequently assigned to Mayes. Mayes leases the property for 50 years in return for improving the flood control ditch; furnishing and providing the utility infrastructure by installing power, gas and telephone lines; providing trenching and a six-inch water line; and furnishing and installing six-inch PVC sewer and manholes. These improvements were made to assets belonging to the City, and are not reflected in the capital assets of the Authority. The unamortized balance is reflected as a prepaid expense in the accompanying government-wide financial statements.

The value of the work was determined to be $312,000 or $6,240 a year for 50 years. This lease transaction is a noncash transaction, which is amortized, in the accompanying financial statements at $6,240 a year. The remaining balance of the prepaid lease improvements was $132,773 at June 30, 2023.

On January 26, 2017, the Authority entered into an amended lease agreement with John Mayes, who assumed the Contri lease discussed above, in which the lessee prepaid $27,424 which represented an increase in the above lease. The new amount will be amortized over a 28-year period. The lease will be amortized at a rate of $979 per year. On July 18, 2018, the Authority entered into a lot line adjustment on the above lease with John Mayes in which the lessee prepaid $23,058, which is being amortized over a 25 year period. The lease will be amortized at the annual rate of $907. At June 30, 2023, the balance of the Mayes prepaids lease reflected in deferred inflows of resources in the accompanying financial statements totaled $171,857.

On September 1, 2005, the Authority entered into a lease agreement with KCXP Investments LLC in which the lessee prepaid a 50-year lease in the amount of $362,890. The lease will be amortized at a rate of $7,258 per year over the 50 years. At June 30, 2023, the balance of the prepaid lease reflected in deferred inflows of resources in the accompanying financial statements totaled $233,461.

On October 19, 2006, the Authority entered into an amended lease agreement with Cubix in which the lessee prepaid a 15-year lease in the amount of $100,679. The lease will be amortized at a rate of $9,330 for the first five years, $40,600 for the second five years, and $50,749 for the last five years. In 2017, this lease was assigned to Goni Aviation, LLC. At June 30, 2023, the balance of the prepaid lease had been completely amortized. On January 1, 2022 the lease adjusted based on the consumer price index for the past two years, and is now billed monthly.

Advance payments on leases at June 30, 2023, totaling $26,556 will be recognized in the subsequent year and are included in deferred inflows of resources.

In addition, the Authority is a party to several long-term leases that are not reflected above that will earn revenue into future periods. In accordance with GASB 87, *Leases*, the lease receivable is initially measured at the net present value of the future minimum lease payments expected to be received. As there was no discount rate stated in any of the leases, the leases were discounted using a rate of 4.75% (prime rate as of the date of implementation). The payments are recognized as a reduction of the lease receivable and interest income as payments are received. The deferred inflow of resources at the time of implementation is recorded as an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight line basis over the life of the lease.

Note 6 - Long-Term Lease Revenue Transactions (Continued)

Following is a schedule of the principal and interest on all of the leases:

Years Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 67,703	$ 343,996	$ 411,699
2025	69,758	340,780	410,538
2026	78,026	337,466	415,492
2027	90,039	333,760	423,799
2028-2032	621,589	1,591,873	2,213,462
2033-2037	692,487	1,438,482	2,130,969
2038-2042	775,545	1,261,605	2,037,150
2043-2047	1,032,886	1,059,333	2,092,219
2048-2052	1,115,062	788,146	1,903,208
2053-2057	532,215	586,673	1,118,888
2058-2062	599,410	460,843	1,060,253
2063-2067	805,500	298,803	1,104,303
Thereafter	761,792	111,468	873,260
	$ 7,242,012	$ 8,953,228	$ 16,195,240

Note 7 - Long-Term Lease Purchase Transaction

In December 2019, the Authority entered into a lease purchase arrangement of a tractor. The total cost of the tractor was $73,699 made with cash of $23,700 and debt of $49,999. The loan is payable in four annual installments of $13,771, including applicable interest, beginning December 1, 2020. Interest accrues at 3.99%. The loan is secured by the specific equipment. Following are the minimum lease payments:

Years Ending June 30,	Principal Payments	Interest Payments	Total
2024	$ 13,243	$ 528	$ 13,771

Leased property at June 30, 2023 totaled $73,699, with accumulated depreciation of $29,016 and is included with capital assets.

Note 8 - Pensions

General Information About the Pension Plan

Plan Description

PERS (PERS or System) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Note 8 – Pensions (Continued)

General Information About the Pension Plan (Continued)

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010 and for members entering the System on or after July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 – 286.579.

Vesting

Regular members entering the System prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered the System on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, or at age 62 with 20 years of service, or at age 55 with 30 years of service, or at any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983 have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

Note 8 – Pensions (Continued)

General Information About the Pension Plan (Continued)

Contributions (Continued)

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2022, the statutory employer/employee matching rate was 15.50% for regular employees. The employer-pay contribution (EPC) rate was 29.75%, for June 30, 2022 for regular employees. The Authority’s contributions were $21,321 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Authority reported a liability of $305,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2022. At June 30, 2022, the Authority’s proportion was .00169%, which was an increase of .00013% from its proportion measured at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized pension expense of $28,033. Amounts totaling $21,321 resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Note 8 – Pensions (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 39,554	$ 218
Changes of assumptions	39,240	-
Net difference between projected and actual earnings on pension plan investments	3,727	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	104,608	102,827
Contributions subsequent to the measurement date	21,321	-
	$ 208,450	$ 103,045

The $21,321 reported as deferred outflows of resources resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2023. The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years, all the other above deferred outflow and deferred inflows will be recognized over the average expected remaining services lives, which was 5.70 years for the measurement period ending June 30, 2022. The amount reported as deferred outflows/(inflows) of resources, without regard to contributions subsequent to the measurement date, will be recognized in pension expense as follows:

Years Ending June 30,	Amount
2024	$ 15,347
2025	24,809
2026	13,153
2027	25,841
2028	4,934
	$ 84,084

Note 8 – Pensions (Continued)

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Investment rate of return	7.25%
Payroll growth	3.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.20% to 9.10%, depending on service Rates include inflation and productivity increases
Consumer price index	2.50%
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Mortality rates for all non-disabled members (Regular and Police/Fire) age 50 and over were based on the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 30% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020. For all non-disabled members under the age of 50, mortality rates were based on smoothed differences between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 40, Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates were used.

The mortality table used in the actuarial valuation to project mortality rates for all disabled members (Regular and Police/Fire) is the Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females) with rates increased by 20% for males and 15% for females, projected generationally with the two-dimensional mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial valuation completed that same date. There were no changes in actuarial assumptions since the preceding valuation.

Note 8 – Pensions (Continued)

Investment Policy

The System's policies which determine the investment portfolio target asset allocation are established by the Retirement Authority. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Retirement Authority's adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Equity	12%	6.65%

* As of June 30, 2022, PERS' long-term inflation assumption was 2.5%

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2022, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Discount Rate and Pension Liability Discount Rate Sensitivity

The following presents the net pension liability of the PERS as of June 30, 2022, calculated using the discount rate of 7.25%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current discount rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
Net Pension Liability	$ 469,003	$ 305,474	$ 170,538

Pension Plan Fiduciary Net Position

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Annual Comprehensive Fiscal Report (ACFR) available on the PERS website at www.nvpers.org under Quick Links – Publications.

Note 9 - Commitments, Contingencies and Risk Management

The upcoming grants are for Construction of the Snow Removal Equipment Building and the Construction of the Instrument Approach Aid project. The total federal share is $2,052,319 with a local match of $136,822. The design work for both grant funded projects is complete, and construction is expected to commence by the spring of 2024. The Acquire Snow Removal Equipment project is still open, with an expected federal share of $196,938 and no local match. The Design Instrument Approach Aid project is still open, with an expected federal share of $107,609 and a local match of $7,174.

There were no other claims pending or unresolved disputes involving the Authority at June 30, 2023.

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance coverage covering each of these risks of loss. In the past three years, no claims exceeded existing insurance coverage. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority.

Note 10 - Related Party Transactions

The Authority leases certain property to various individuals or related businesses that are members or relatives of the Authority of Trustees. All such transactions are considered to be arms-length transactions.

Note 11 - Prior Period Adjustments

During the year ended June 30, 2023 certain errors were identified in prior year reporting as follows:

The Authority overstated its payroll liability as of June 30, 2022 by $4,385 attributable to incorrect payroll withholdings, which resulted in a net increase to net position of $4,385 on the statement of activities.

The Authority understated its construction in progress as of June 30, 2022 by $268,470, which resulted in a net increase to the fund balance by $255,980 on the governmental fund statement of revenue, expenditures and changes in fund balance.

Note 12 - Conversion to Government-Wide Financial Statements

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net position and activities.

The differences are reflected below:

Statement of Net Position and Governmental Fund Balance Sheet Adjustments – Increases (decreases)

Capitalization of fixed assets of $2,769,693, accumulated depreciation of $466,021 - $2,303,672
Due from other governments for property taxes not received - $1,402
Prepaid airport improvements incurred by lessee and long-term lease - $132,773

Note 12 - Conversion to Government-Wide Financial Statements (Continued)

Lease purchase transaction - $13,243
Accrued compensated absences - $3,690
Pension activity including deferred outflows of ($208,450), net pension liability of $305,474 and deferred inflows of $103,045 - $200,069
Elimination of fund balances - ($2,333,023)
Inclusion of net position - $4,421,095

Statement of Activities and Governmental Fund Revenue, Expenditures, and Changes in Fund Balances Adjustments

Change in net pension liability and related accounts - $(7,201)
Depreciation expense - $(109,009)
Decrease in accrued compensated absences - $1,537
Capitalization of fixed assets - $787,154
Principal payment on loan - $12,734
Property taxes accrued but not received - $1,402
Prior period adjustments - $(255,980)

Required Supplementary Information
June 30, 2023

Airport Authority of Carson City

	2023				2022
	Budgeted Amounts			Variance to Final Budget	Actual (Memorandum Only)
	Original	Final	Actual		
Revenue					
Local government shared revenue					
Property tax					
Aircraft	$ 165,000	$ 165,000	$ 197,289	$ 32,289	$ 207,120
Buildings	135,000	135,000	142,622	7,622	132,367
FAA grant revenue	1,790,442	2,924,750	396,883	(2,527,867)	698,036
Other grant revenue	-	-	-	-	100,791
Total local government shared revenue	2,090,442	3,224,750	736,794	(2,487,956)	1,138,314
Miscellaneous					
Leases - annual	468,240	333,240	225,957	(107,283)	252,286
Interest earnings	3,500	3,500	334,308	330,808	261,674
Tie-downs	9,000	9,000	10,049	1,049	6,962
Fuel flowage fees	18,000	18,000	16,594	(1,406)	14,300
Jet fuel tax	4,000	4,000	883	(3,117)	4,513
Through the fence fees	7,200	7,200	8,058	858	7,513
Miscellaneous	10,750	10,750	6,833	(3,917)	10,256
Gate cards	500	500	525	25	630
Class II FBO fees	12,000	12,000	4,650	(7,350)	10,863
Rock sales	25,000	25,000	82,104	57,104	31,797
Total miscellaneous revenue	558,190	423,190	689,961	266,771	600,794
Total revenue	2,648,632	3,647,940	1,426,755	(2,221,185)	1,739,108
Expenditures					
Current					
Airport service and supplies					
Repairs and maintenance	53,500	53,500	47,716	5,784	28,879
Web site and AWOS	10,000	10,000	5,430	4,570	6,565
Utilities and telephone	17,000	17,000	19,942	(2,942)	17,090
Contractual services	5,000	5,000	11,569	(6,569)	19,858
Insurance	13,000	13,000	12,451	549	6,398
Operating supplies	12,200	12,200	20,456	(8,256)	5,199
Miscellaneous	16,850	16,850	11,094	5,756	11,957
Audit and accounting services	40,000	40,000	53,243	(13,243)	51,303
Legal	62,500	62,500	82,494	(19,994)	90,862
Airport engineering	5,000	5,000	(1,977)	6,977	-
Other professional	-	-	-	-	2,322
Total airport service and supplies	235,050	235,050	262,418	(27,368)	240,433

	2023				2022
	Budgeted Amounts			Variance to Final Budget	Actual (Memorandum Only)
	Original	Final	Actual		
Airport administration					
Salaries and wages	$ 145,500	$ 145,500	$ 140,072	$ 5,428	$ 124,494
Employee taxes and benefits	88,400	88,400	63,262	25,138	94,955
Total airport administration	233,900	233,900	203,334	30,566	219,449
Total airport operations	468,950	468,950	465,752	3,198	459,882
Capital outlay					
FAA grant project					
Rehabiliation taxiways	20,000	15,000	-	15,000	-
Perimeter fence design	-	-	-	-	152,862
Relocate AWOS	319,258	32,700	23,191	9,509	278,358
Snow removal	315,000	206,000	675	205,325	15,530
Approach lighting	450,000	750,000	395,273	354,727	251,286
Construct buildings	825,880	1,700,000	264	1,699,736	-
Extend terminal building	117,000	450,000	-	450,000	-
Other capital outlay	13,000	12,000	117,741	(105,741)	58,150
Total capital outlay	2,060,138	3,165,700	537,144	2,628,556	756,186
Debt service					
Principal	13,800	13,800	12,734	1,066	12,245
Interest	-	-	1,037	(1,037)	1,525
Lease transaction	-	-	6,240	(6,240)	6,240
Total expenditures	2,529,088	3,634,650	1,022,907	2,625,514	1,236,078
Other Financing Sources					
Capital lease for equipment	-	-	-	-	-
Excess of Revenue over Expenditures	119,544	13,290	403,848	404,329	503,030
Fund Balance, Beginning of Year	1,169,216	1,169,216	1,924,790	755,574	1,421,760
Prior period adjustment					
Correction of an error	-	-	4,385	-	-
Fund Balance, End of Year	$ 1,288,760	$ 1,182,506	$ 2,333,023	$ 1,159,903	$ 1,924,790

Schedule of Changes in Net Pension Liability Based on Measurement Date

Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Portion of the net pension liability	0.00169%	0.00156%	0.00248%	0.00169%	0.00092%
Proportionate share of the net pension liability	$ 305,474	$ 142,340	$ 345,921	$ 230,178	$ 125,881
Covered payroll	$ 126,189	$ 104,445	$ 143,181	$ 134,163	$ 72,499
Proportionate share of the net pension liability as a percentage of its covered payroll	242.08%	136.28%	241.60%	171.57%	173.63%
Plan fiduciary net position as a percentage of the total pension liability	75.12%	86.51%	77.04%	76.46%	74.40%

	2017	2016	2015	2014
Portion of the net pension liability	0.00147%	0.00150%	0.00139%	0.00094%
Proportionate share of the net pension liability	$ 196,091	$ 202,273	$ 158,883	$ 97,541
Covered payroll	$ 101,312	$ 91,332	$ 83,111	$ 84,222
Proportionate share of the net pension liability as a percentage of its covered payroll	193.55%	221.47%	191.17%	115.81%
Plan fiduciary net position as a percentage of the total pension liability	74.42%	72.23%	75.13%	76.31%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the Authority will present information only for those years for which information is available.

	2023	2022	2021	2020	2019
Contractually required contribution	$ 21,321	$ 19,099	$ 15,643	$ 21,232	$ 19,054
Contributions in relation to the contractually required contribution	(21,321)	(19,099)	(15,643)	(21,232)	(19,054)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 143,334	$ 126,189	$ 104,445	$ 143,181	$ 134,163
Contributions as a percentage of covered payroll	14.88%	15.14%	14.83%	14.83%	14.20%

	2018	2017	2016	2015
Contractually required contribution	$ 13,295	$ 14,690	$ 14,690	$ 14,206
Contributions in relation to the contractually required contribution	(13,295)	(14,690)	(14,690)	(14,206)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 72,499	$ 101,312	$ 91,332	$ 83,111
Contributions as a percentage of covered payroll	18.34%	14.50%	16.08%	17.09%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the Authority will present information only for those years for which information is available.

Casey Neilon, Inc.
Accountants and Advisors

Independent Auditor's 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*

To the Authority of Trustees
Airport Authority of Carson City
Carson City, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Airport Authority of Carson City (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001, 2023-002, 2023-003 and 2023-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-005, and 2023-006 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Airport Authority of Carson City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Airport Authority of Carson City's response to the findings and responses. The Airport Authority of Carson City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Casey, Neilon

Reno, Nevada
November 15, 2023

Casey Neilon, Inc.
Accountants and Advisors

Auditor's Comments

To the Authority of Trustees
Airport Authority of Carson City
Carson City, Nevada

In connection with our audit of the financial statements of the Airport Authority of Carson City as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the Authority failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance
The required disclosure on compliance with the Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance
The Authority monitored all significant constraints on its financial administration during the year ended June 30, 2023.

Current Year Recommendations
See the schedule of findings and responses for the current year recommendations.

Progress on Prior Year Recommendations
Significant differences were noted in the accounting records that required proposed audit adjustments in the current year.

Casey Neilon

Reno, Nevada
November 15, 2023

Financial Statement Findings

2023-001 **Internal Control over the Preparation of Financial Statements and Reconciliations Material Weakness**

Criteria: The Authority should have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures.

Condition: The Authority does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited without material adjustments. In conjunction with the completion of our audit, we were requested to draft the financial statements and accompanying notes to those financial statements, which is common. However, there were multiple accounts in which reconciliations were not properly completed, reconciled to final balances or reviewed timely.

Cause: While management is reviewing the financial reports prior to each board meeting, complete and accurate reconciliations are not provided such that management can perform a detailed review.

Effect: Errors or omissions could occur without being identified in the normal course of operations.

Identification of Repeat Finding: This is a repeat finding from the immediate previous audit.

Recommendation: We recommend that the Authority implement a policy that includes review of the financial information as recorded in the records and a review of expenses incurred to reduce the risk of errors or omissions.

Views of Responsible Officials: The Authority is in agreement with the finding. Many improvements to the standard operating procedures have already been implemented in 2023, but they did not make any retroactive corrections. The recommendations precented will also improve on these new standard operating procedures even further. Many of the findings are due to the transition of management and current lack of additional personnel to assist management, and management believes the recommended solutions will help us improve moving forward.

2023-002: Grant Expenditures
Material Weakness

Criteria: Internal controls should be in place to provide reasonable assurance that protects the Authority from errors or omissions.

Condition: During the course of our engagement, we proposed material audit adjustments to the Authority’s recorded account balances in grant revenues and expenditures including capitalizing grant expenditures, and reclassifying amounts. Additionally, the accounting records report the federal grants on a net basis. If the adjustments were not recorded, it would have resulted in a material misstatement of the Authority’s financial statements. The need for these adjustments indicates that the Authority’s interim financial information is not materially correct, which may affect appropriate grant reporting.

Cause: The Authority is not reviewing and monitoring the grant revenue and expenditures as reflected in the accounting records.

Effect: Errors or omissions could occur without being identified in the normal course of operations.

Identification of Repeat Finding: This is a repeat finding from the immediate previous audit.

Recommendation: The Authority should implement a policy that includes review of the financial information as recorded in the records and a review of revenue and expenses incurred to reduce the risk of errors or omissions.

Views of Responsible Officials: The Authority is in agreement with finding. Many improvements to the standard operating procedures have already been implemented in 2023, but they did not make any retroactive corrections. The recommendations precented will also improve on these new standard operating procedures even further. Many of the findings are due to the transition of management and current lack of additional personnel to assist management, and I believe the recommended solutions will help us improve moving forward.

2023-003: Schedule of Expenditures of Federal Awards Material Weakness
Material Weakness

Criteria: Title 2 Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) requires grantees to prepare the Schedule of Expenditures of Federal Awards (SEFA).

Condition: While a SEFA is only required in a year in which the Authority is subject to a Single Audit, inaccurate completion of a SEFA could result in the required audit not being completed. The accounting system utilized to prepare the SEFA by the Authority did not properly reflect the expenditures of federal awards.

Cause: The Authority did not have adequate internal controls to ensure federal expenditures reported for amounts passed through to subrecipients on the SEFA were accurately reported.

Effect: Errors or omissions could occur without being identified in federal expenditures. Additionally, the Authority could be subject to the Single Audit requirement due to the magnitude of expenditures and not be aware that the requirement applies.

Identification of Repeat Finding: This is a repeat finding from the immediate previous audit.

Recommendation: We recommend the Authority enhance internal controls to ensure total federal expenditures are accurately reported on the SEFA.

Views of Responsible Officials: The Authority is in agreement with finding. Many improvements to the standard operating procedures have already been implemented in 2023, but they did not make any retroactive corrections. The recommendations precented will also improve on these new standard operating procedures even further. Many of the findings are due to the transition of management and current lack of additional personnel to assist management, and I believe the recommended solutions will help us improve moving forward.

2023-004: Implementation of New Accounting Standards
Material Weakness

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Identification and implementation of new standards is a key component to effective internal control over financial reporting.

Condition: During our current year audit, we identified that management did not have a process for evaluating subscription based information technology arrangements and whether any contracts required capitalization under the new accounting standards.

Cause: The Authority did not have adequate internal controls to provide for the identification and evaluation of the impact of new accounting standards.

Effect: Assets, liabilities and the corresponding effect on the changes of net position may be misstated.

Identification of Repeat Finding: This is a repeat finding from the immediate previous audit.

Recommendation: We recommend the Authority implement controls to provide for the review and implementation of new standards and the impact on the financial statements.

Views of Responsible Officials: The Authority is in agreement with finding. Many improvements to the standard operating procedures have already been implemented in 2023, but they did not make any retroactive corrections. The recommendations precented will also improve on these new standard operating procedures even further. Many of the findings are due to the transition of management and current lack of additional personnel to assist management, and I believe the recommended solutions will help us improve moving forward.

2023-005: Payroll Management
Significant Deficiency

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Review and approval of payroll transactions is a necessary component of effective internal control over financial reporting.

Condition: During our testing of payroll transactions we identified that payroll transactions were not being recorded correctly in the accounting system. Additionally, while the Airport Manager has a contract specifying payment and carryover of vacation time, the other airport employee does not and this is not addressed in the employee manual.

Cause: The Authority did not have adequate controls for reviewing the payroll reports and financial statements for accuracy of payroll recording.

Effect: *E*xpenses were misstated as employer payroll taxes and reimbursements for health insurance were not captured on the accounting records.

Identification of Repeat Finding: This is a repeat finding from the immediate previous audit.

Recommendation: We recommend the Board implement internal controls to provide for the review of the payroll transactions, and update employee manuals to clearly reflect the policies in place.

Views of Responsible *Officials:* The Authority is in agreement with finding. Many improvements to the standard operating procedures have already been implemented in 2023, but they did not make any retroactive corrections. The recommendations precented will also improve on these new standard operating procedures even further. Many of the findings are due to the transition of management and current lack of additional personnel to assist management, and I believe the recommended solutions will help us improve moving forward.

2023-006: Accounts Receivable Management
Significant Deficiency

Criteria: Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. Reconciliation of amounts owed to the Authority and follow up of outstanding invoices is a necessary component of effective internal control over financial reporting.

Condition: During our testing of accounts receivable we identified invoices that had been issued more than 12 months prior without payment, invoices to Carson City where payment has not been applied, and reimbursements for prior year overpayments that were recorded as a reduction of current year expense.

Cause: The Authority did not have adequate controls to reconcile accounts receivable or to follow up on the validity of long overdue accounts.

Effect: Accounts receivable and revenues may be misstated, and uncollectible invoices may not be identified.

Identification of Repeat *Finding:* This is a repeat finding from the immediate previous audit.

Recommendation: We recommend the Board implement internal controls to provide for the review of the receivable transactions.

Views of Responsible Officials: The Authority is in agreement with finding. Many improvements to the standard operating procedures have already been implemented in 2023, but they did not make any retroactive corrections. The recommendations precented will also improve on these new standard operating procedures even further. Many of the findings are due to the transition of management and current lack of additional personnel to assist management, and I believe the recommended solutions will help us improve moving forward.

Financial Statements – Yellow Book

2022-005:

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: The Authority did not have adequate controls to provide for the identification of duplicate invoices and to prevent them from being paid more than once. Nor did the Authority have adequate controls to determine that invoices submitted for reimbursement to the FAA had been entered into the accounting system and paid prior to requesting reimbursement.

Status: The procedures that management put in place during the fiscal year resolved these issues and no similar instances were noted during the audit.

2022-006:

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: The Authority did not have adequate controls to provide for the transmission of the correct data to the payroll company resulting in the overpayment in payroll taxes and under withholding of health insurance reimbursements.

Status: The procedures that management put in place during the fiscal year resolved these issues and no similar instances were noted during the audit.

CASEY NEILON

November 15, 2023

To the Management of the Airport Authority of Carson City

We have audited the financial statements of the Airport Authority of Carson City for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 21, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. Aside from GASB 96, *Subscription-Based Information Technology Arrangements,* no new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

> Management's estimate of the liabilities for pension benefits were based on information provided by the State of Nevada. These liabilities were supported by actuarial opinions, as required by generally accepted accounting standards.
>
> Management's estimate of the net present value of lease receivables and deferred inflows of resources is based on the prime rate at the time of implementation.
>
> We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Airport Authority of Carson City's financial statements relate to the pension plan in Note 8.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

During the performance of our audit procedures we identified a significant number of adjusting journal entries, as well as inaccurate payroll recording. Additionally, reporting grant revenues and expenditures on a net basis made it problematic to determine if a single audit was necessary and what the actual revenues and expenditures were.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's 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 dated November 15, 2023.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached listing of journal entries were misstatements noted during our audit, and were corrected by management. Additionally, we recorded journal entries to convert the fund financial statements to the government wide financial statements as detailed in the attached listing of reclassifying entries.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison – general fund, and the supplementary pension information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Casey Neilon

Casey Neilon, Inc.

ADJUSTING JOURNAL ENTRIES:

Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To reconcile fund balance at beginning of year			
4999	Retained Earnings	1,223.00	
5300	Class II FBO Fees	2,300.00	
6041	FAA AIP Grant Revenue:AIP #42 Approach Lighting System Phase 2 PAPI and MALSF		3,000.00
6304	Utilities:Gas		60.00
6317	Airport Equipment Maintenance		463.00
Total		**3,523.00**	**3,523.00**
Adjusting Journal Entries JE # 2			
*****CLIENT DOES NOT RECORD*****			
2102	Accrued Compensated Absences	5,227.00	
2198	Accumulated Depreciation	357,012.00	
3085	Net Pension Liability	142,339.00	
3090	Pension Requirement-Liab	257,691.00	
3200	Mayes-Lease Transactions	139,013.00	
3271	Current Portion of LTD	12,734.00	
4999.1	GWFS to Fund FS adjustments	1,401,455.00	
6325	Tractor US Bank	13,243.00	
2120	Land		146,542.00
2125	Machinery & Equipment		703,679.00
2126	Fencing		911,661.00
2130	Vehicle		149,733.00
2201	Tractor		70,924.00
2300	Provided for LT Obligations		139,013.00
2810	Pension Requirement		207,162.00
Total		**2,328,714.00**	**2,328,714.00**
Adjusting Journal Entries JE # 3			
To record receipt of refund from American Road			
6062.2	AIP #33 Perimeter Fence Design Expense	54,850.00	
2010.1	Audit Adjustment to AR		54,850.00
Total		**54,850.00**	**54,850.00**
Adjusting Journal Entries JE # 4			
Audit AJE to record accrued interest for LGIP accounts			
2011	Accrued Interest Receivable	1,524.00	
2011	Accrued Interest Receivable	4,728.00	
5500	Interest Income		6,252.00
Total		**6,252.00**	**6,252.00**
Adjusting Journal Entries JE # 5			
To adjust interested accrued in PY recorded in CY			
5500	Interest Income	1,090.00	
2011	Accrued Interest Receivable		1,090.00
Total		**1,090.00**	**1,090.00**
Adjusting Journal Entries JE # 8			
To adjust State unemployment and Employee Medicare out of payroll liabilities			
6356	Labor Expense:State Unemployment Contri	1,152.00	
6358	Labor Expense:Medicare Expense	2,127.00	
2101	Payroll Liability		3,279.00
Total		**3,279.00**	**3,279.00**
Adjusting Journal Entries JE # 9			
RJE to move lease payments hitting AR to Leases Advances			
2000	Accounts Receivable - Operating	27,556.00	
3100	Leases Advances		26,556.00
5052	AIRPORT LEASES:Tower Leases		1,000.00
Total		**27,556.00**	**27,556.00**

Adjusting Journal Entries JE # 10			
AJE to record property tax			
2010	Due From Other Government	969.00	
5010	Real/Personal Property Tax		969.00
Total		**969.00**	**969.00**

Adjusting Journal Entries JE # 11			
RJE to reclass intergovernmental and AR balances			
2010	Due From Other Government	387,208.00	
2000	Accounts Receivable - Operating		387,208.00
Total		**387,208.00**	**387,208.00**

Adjusting Journal Entries JE # 12			
To reverse client entry			
2010.1	Audit Adjustment to AR	98,397.00	
2010	Due From Other Government		98,397.00
Total		**98,397.00**	**98,397.00**

Adjusting Journal Entries JE # 13			
AJE to record AIP 41 revenue/receivable			
2000	Accounts Receivable - Operating	25,796.00	
2010.1	Audit Adjustment to AR		25,796.00
Total		**25,796.00**	**25,796.00**

Adjusting Journal Entries JE # 15			
To record CY lease amortization			
6530	Lease Transaction	6,240.00	
3200	Mayes-Lease Transactions		6,240.00
Total		**6,240.00**	**6,240.00**

Adjusting Journal Entries JE # 17			
To adjust for Mayes lease ammendments			
3200	Mayes-Lease Transactions	1,886.00	
5051	AIRPORT LEASES:Land Leases		1,886.00
Total		**1,886.00**	**1,886.00**

Adjusting Journal Entries JE # 18			
To correctly allocate Through the Fence Fees from property tax revenue			
5010	Real/Personal Property Tax	6,255.00	
5010	Real/Personal Property Tax	969.00	
5010.2	Real/Personal Property Tax:Building	13,683.00	
5010.1	Real/Personal Property Tax:Aircraft		12,578.00
5010.1	Real/Personal Property Tax:Aircraft		116.00
5010.2	Real/Personal Property Tax:Building		155.00
5250	Through the Fence Fees		8,058.00
Total		**20,907.00**	**20,907.00**

Adjusting Journal Entries JE # 19			
To reverse PY lease advance entry			
3100	Leases Advances	18,770.00	
2010.1	Audit Adjustment to AR		18,770.00
Total		**18,770.00**	**18,770.00**

Adjusting Journal Entries JE # 22			
To record prepaid stormwater permit fees for FY24			
2012	Prepaid Expenses	1,000.00	
6238	Utilities:Stormwater Discharge Permit		1,000.00
Total		**1,000.00**	**1,000.00**

Adjusting Journal Entries JE # 24			
To correct AP entry to remove debit for July 2023 Ringo services			
6302	Utilities:Phone & Internet	110.00	
3000	Accounts Payable		110.00
Total		**110.00**	**110.00**

Adjusting Journal Entries JE # 25			
AJE to correct AP for paid balance of Kaempfer Crowell			
6309	Legal	2,190.00	
3000	Accounts Payable		2,190.00
Total		**2,190.00**	**2,190.00**

Adjusting Journal Entries JE # 26			
To accrue May and June legal services			
6309	Legal	13,358.00	
3030	Audit Adj to AP		13,358.00
Total		**13,358.00**	**13,358.00**
Adjusting Journal Entries JE # 27			
PBC AJE #27 to remove FY21 balances already paid in the prior year			
3000	Accounts Payable	1,977.00	
3000	Accounts Payable	77.00	
3000	Accounts Payable	75.00	
3000	Accounts Payable	286.00	
3000	Accounts Payable	300.00	
6000	Airport Engineering		1,977.00
6190	Operating Expenses:Office Expence-PC Software		77.00
6310	Security		300.00
6318	Facility Maintenance		286.00
6476	Labor Expense:Uniforms		75.00
Total		**2,715.00**	**2,715.00**
Adjusting Journal Entries JE # 28			
RJE to move CCAA funded project to correct expense account			
6414	CCAA Funded Capital Projects:Terminal Building Architectural Renderings	8,108.00	
6043	FAA AIP Activity Revenue:AIP #XX BIL Terminal Bldg and Extend 9/27		8,108.00
Total		**8,108.00**	**8,108.00**
Adjusting Journal Entries JE # 33			
To reclassify grant revenue and expenses			
6036.2	FAA AIP Grant Revenue:AIP #37 Acquire Snow Removal Equipment:AIP #37 Acquire Snow Removal Equipment Exp	450.00	
6037.1	AIP #38 Install Approach Lighting Phase I (expense)	20,195.00	
6041.2	FAA AIP Grant Revenue:AIP #42 Approach Lighting System Phase 2 PAPI and MALSF:AIP #42 Approach Lighting S	43,409.00	
6036	FAA AIP Grant Revenue:AIP #37 Acquire Snow Removal Equipment		450.00
6037	FAA AIP Grant Revenue:AIP #38 Install Approach Lighting Phase I		20,195.00
6041.1	FAA AIP Grant Revenue:AIP #42 Approach Lighting System Phase 2 PAPI and MALSF:AIP #42 Approach Lighting S		43,409.00
Total		**64,054.00**	**64,054.00**
Adjusting Journal Entries JE # 34			
RJE to reclassify grant revenue and expenses			
6041.1	FAA AIP Grant Revenue:AIP #42 Approach Lighting System Phase 2 PAPI and MALSF:AIP #42 Approach Lighting S	2,813.00	
6041.2	FAA AIP Grant Revenue:AIP #42 Approach Lighting System Phase 2 PAPI and MALSF:AIP #42 Approach Lighting S		2,813.00
Total		**2,813.00**	**2,813.00**
Adjusting Journal Entries JE # 35			
To record 941 reimbursement not yet received			
2000	Accounts Receivable - Operating	1,612.00	
2101	Payroll Liability		1,612.00
Total		**1,612.00**	**1,612.00**
Adjusting Journal Entries JE # 36			
To record healthcare expenses for the year			
2101	Payroll Liability	8,297.00	
4999	Retained Earnings		4,385.00
6308	Office Expenses and Supplies		118.00
6352	Labor Expense:Healthcare		3,794.00
Total		**8,297.00**	**8,297.00**
Adjusting Journal Entries JE # 37			
To record interest earned on social security reimbursement			
2101	Payroll Liability	470.00	
5500	Interest Income		470.00
Total		**470.00**	**470.00**
Adjusting Journal Entries JE # 38			
To record new leases under GASB 87			
2305	NPV of Airport Leases	1,953,138.00	
3110	Deferred Inflows- Leases		1,953,138.00
Total		**1,953,138.00**	**1,953,138.00**

Adjusting Journal Entries JE # 39			
To record current year lease activity			
3110	Deferred Inflows- Leases	265,062.00	
5054	GASB 87 - Lease Adjustment	105,096.00	
2305	NPV of Airport Leases		80,915.00
5500	Interest Income		289,243.00
Total		**370,158.00**	**370,158.00**
Adjusting Journal Entries JE # 40			
To correct fund FS reporting of debt payment			
9100	Interest Expense	509.00	
KC10	Principal payment on loan	12,734.00	
6325	Tractor US Bank		13,243.00
Total		**13,243.00**	**13,243.00**
Adjusting Journal Entries JE # 41			
To reverse client grant entries			
6040	FAA AIP Grant Revenue:AIP 41 - Relocate AWOS	8,193.00	
6317.5	AWOS III Service Charges		7,500.00
6444	Advertising & Marketing		693.00
Total		**8,193.00**	**8,193.00**
Adjusting Journal Entries JE # 42			
AJE to clear out "uncleared checks" in bank rec that have already been paid			
3099	Gen. Fund #1162	3,746.00	
6135	Operating Expenses:Memberships		550.00
6305	Utilities:Water		160.00
6317	Airport Equipment Maintenance		481.00
6351	Labor Expense:Salaries		1,612.00
6355	Labor Expense:Workers Compensation		842.00
6476	Labor Expense:Uniforms		101.00
Total		**3,746.00**	**3,746.00**
Adjusting Journal Entries JE # 43			
To reverse prior year audit adjustments			
3030	Audit Adj to AP	7,092.00	
3030	Audit Adj to AP	2,850.00	
6313	Insurance	9,256.00	
3030	Audit Adj to AP		9,256.00
6309	Legal		2,850.00
6353	Labor Expense:PERS Retirement Contribution		7,092.00
Total		**19,198.00**	**19,198.00**
Adjusting Journal Entries JE # 44			
To remove prepaid insurance from accounts payable			
3030	Audit Adj to AP	9,256.00	
6313	Insurance		9,256.00
Total		**9,256.00**	**9,256.00**
Adjusting Journal Entries JE # 45			
To record allowance for doubtful accounts			
5999	Uncollectible revenue	19,337.00	
2001	Allowance for Doubtful Accounts		19,337.00
Total		**19,337.00**	**19,337.00**
Adjusting Journal Entries JE # 47			
Rounding to get prior year retained earnings to roll			
4999	Retained Earnings	2.00	
6308	Office Expenses and Supplies		2.00
Total		**2.00**	**2.00**
	Total Adjusting Journal Entries	**5,486,435.00**	**5,486,435.00**
Reclassifying Journal Entries			
Reclassifying Journal Entries JE # 6			
To reinstate GWFS compensated absence balance			
4200	Fund Balance	5,227.00	
2102	Accrued Compensated Absences		5,227.00
Total		**5,227.00**	**5,227.00**

Reclassifying Journal Entries JE # 7			
To adjust compensated absence balance			
2102	Accrued Compensated Absences	1,537.00	
6351	Labor Expense:Salaries		1,537.00
Total		**1,537.00**	**1,537.00**
Reclassifying Journal Entries JE # 14			
To record GWFS entry for Notes Payable			
4999.1	GWFS to Fund FS adjustments	25,977.00	
KC10	Principal payment on loan		12,734.00
KC22	Current Portion LTD		13,243.00
Total		**25,977.00**	**25,977.00**
Reclassifying Journal Entries JE # 16			
To adjust for Fund vs GWFS for lease transaction			
2300	Provided for LT Obligations	132,773.00	
3200	Mayes-Lease Transactions		132,773.00
Total		**132,773.00**	**132,773.00**
Reclassifying Journal Entries JE # 20			
To record PERS entry			
2810	Pension Requirement	1,288.00	
3090	Pension Requirement-Liab	154,646.00	
6353	Labor Expense:PERS Retirement Contribution	7,201.00	
3085	Net Pension Liability		163,135.00
Total		**163,135.00**	**163,135.00**
Reclassifying Journal Entries JE # 21			
To reinstate pension accounts for GWFS			
2810	Pension Requirement	207,162.00	
4999	Retained Earnings	192,868.00	
3085	Net Pension Liability		142,339.00
3090	Pension Requirement-Liab		257,691.00
Total		**400,030.00**	**400,030.00**
Reclassifying Journal Entries JE # 29			
GWFS ENTRY - FIXED ASSETS			
2120	Land	146,542.00	
2125	Machinery & Equipment	703,679.00	
2126	Fencing	911,661.00	
2130	Vehicle	149,733.00	
2201	Tractor	70,924.00	
2198	Accumulated Depreciation		357,012.00
4200	Fund Balance		1,625,527.00
Total		**1,982,539.00**	**1,982,539.00**
Reclassifying Journal Entries JE # 30			
RJE to record current year fixed asset additions			
2125	Machinery & Equipment	46,888.00	
2201	Tractor	82,122.00	
2130	Vehicle		16,350.00
6410	CCAA Funded Capital Projects:Bobcat w/Attachments		82,122.00
6413	CCAA Funded Capital Projects:Taxiway Sign Panels		14,188.00
6415	Carson City Airport Sign		16,350.00
Total		**129,010.00**	**129,010.00**
Reclassifying Journal Entries JE # 31			
To record current year CIP additions			
2130	Vehicle	674,494.00	
4999	Retained Earnings		255,980.00
6097	Contra Account for FAA capitalized expenses		405,191.00
6414	CCAA Funded Capital Projects:Terminal Building Architectural Renderings		3,432.00
6416	CCAA Funded Capital Projects:New Terminal Door Improvements with Access Control		4,954.00
6417	CCAA Funded Capital Projects:Aggregate To Improve Safety Areas (500 ft Test Area)		4,937.00
Total		**674,494.00**	**674,494.00**
Reclassifying Journal Entries JE # 32			
To record current year depreciation			
KC15	Depreciation	109,009.00	
2198	Accumulated Depreciation		109,009.00
Total		**109,009.00**	**109,009.00**

Reclassifying Journal Entries JE # 46			
To record AR for uncollected property taxes			
2010	Due From Other Government	1,402.00	
5010.1	Real/Personal Property Tax:Aircraft		1,322.00
5010.2	Real/Personal Property Tax:Building		80.00
Total		**1,402.00**	**1,402.00**
	Total Reclassifying Journal Entries	**3,625,133.00**	**3,625,133.00**
	Total All Journal Entries	**9,111,568.00**	**9,111,568.00**