

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 2020**

**JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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TRUCKEE-DONNER RECREATION AND PARK DISTRICT

SEPTEMBER 30, 2020

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires November</u>
Jason Hansford	Chairman	2020
Mark Wasley	Vice Chairman	2022
Mark Tanner	Secretary	2020
Kristin York	Member	2022
Peter Werbel	Member	2022

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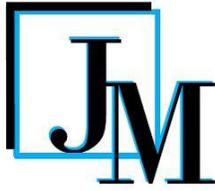
General Manager
Steve Randall

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

SEPTEMBER 30, 2020

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee-Donner Recreation and Park District
Truckee, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Truckee-Donner Recreation and Park District (the District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Truckee-Donner Recreation and Park District as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

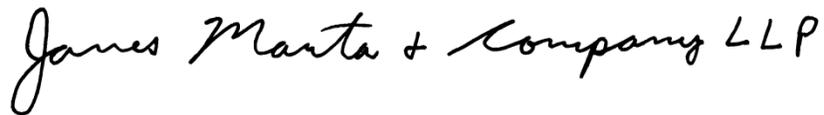
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund, Mitigation Fund, and Quimby Fees Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 March 8, 2021 on our consideration of the District'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 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 District's internal control over financial reporting and compliance.



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
March 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

This section of the District's annual report is provided as supplementary information to the audited financial statements. It is management's intention that this information provides the financial statement reader with a brief and concise overview and analysis of the District's financial activities for the fiscal year ended September 30, 2020.

Financial Highlights

Total assets increased by \$3,242,053 in 2020, from \$41,850,785 to \$45,092,838 during FY 2019-2020.

Property tax and assessment revenue, the District's main source of revenue, increased from \$5,456,703 in 2018-2019, to \$5,777,489 in 2019-2020. District services, recreation programs and park facility revenues, decreased \$625,797 from \$3,482,084 to \$2,856,287 during the year ended September 30, 2020. This was a direct result of COVID-19 related program and facility closures.

Restricted mitigation fees collected under AB1600 and Quimby increased by \$334,623 in FY 2019-2020, from \$342,979 to \$677,602. These funds are used at the District's discretion to develop park and recreation facilities in the District.

Total expenditures for the District were \$10,789,366, which includes General Government Expenditures of \$7,720,774, Capital Outlay of \$1,633,408, and Debt Service of \$1,435,184. These amounts equate to an increase in expenditures over the prior year of \$44,345.

Total government fund balances increased by \$1,194,824 in FY 19-20, from the October 1, 2019 fund balance of \$4,678,781 to \$5,873,605 at September 30, 2020.

All capital acquisitions are recorded as assets on the District's Statement of Net Position, and appropriate depreciation of those assets is recorded as depreciation expense. Accordingly, the capital outlay expenditure total was \$1,633,408 in the current fiscal year, and depreciation expense was \$1,049,856 for the year ended September 30, 2020. The Construction in Progress had a net increase of \$1,591,316 comprised of additions to the Tahoe Pyramid Bike Trail for \$264,111, Ice Rink for \$43,766, Bike Park for \$3,171, Donner Lake Piers for \$262,467, Riverview Sports Park Field #1 Replacement for \$49,716, CAC Remodel for \$42,915, and the Golf Course irrigation project for \$925,170.

In 2002, the District borrowed \$2 million to build the Community Sports Complex. In August 2007, the District received \$24,235,000 in certificates of participation proceeds to build the new Community Recreation Center. In April 2016, the District offered and sold 2016 Refunding Certificates of Participation (the "Refunding Certificates") totaling \$20,140,000, which fully refunded both, the loan and 2007 certificates of participation. The Refunding Certificates were delivered pursuant to a Trust Agreement dated as of April 1, 2016, among the Truckee-Donner Recreation and Park District Financing Corporation (the "Financing Corporation"), the District, and the Trustee. The Refunding Certificates bear interest rates from 3% to 4% and are scheduled to mature through 2036.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

In April 2020, the District entered in to a \$1,585,000 lease to finance the irrigation project at the Ponderosa Golf Course. The lease finance agreement with the Truckee Donner Recreation and Park District Financing Corporation will be repaid by the District in semi-annual payments commencing December 1, 2020 and maturing on June 1, 2040. The lease financing agreement bears a tax-exempt interest rate of 2.66%.

Overview of the Financial Statements

This annual report consists of the Management Discussion and Analysis, Financial Statements and Notes to those statements. These statements are organized to present the Truckee Donner Recreation and Park District (the District) as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. Readers should also review the accompanying notes to the financial statements to enhance their understanding of the District's financial performance. The Truckee Donner Recreation and Park District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The District provides park facilities and recreational facilities, programs and classes that are principally supported by taxes and intergovernmental revenues along with nominal participant and reservation fees. The District has no business-type activities, activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Truckee Donner Recreation and Park District's finances in a manner like that of a private sector business.

The statement of net position presents information on all the Truckee Donner Recreation and Park District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Truckee Donner Recreation and Park District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The District has only government-type activities, activities that are principally supported by taxes and intergovernmental revenues.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Truckee Donner Recreation and Park District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Mitigation Fund, and Quimby Fees Fund, all three of which are considered major funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-30 of this report.

Other information. In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information, including this discussion and analysis of the financial statements. The required District budgetary comparison schedules and notes, as well as the Independent Auditor's report can be found on pages 31-36 of this report.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

Government-Wide Financial Analysis

Statement of Net Position

District's assets and deferred outflows exceeded liabilities and deferred inflows by \$24,835,993 at the close of the fiscal year ended September 30, 2020. This is an increase in net position of \$1,714,769 when compared with net position of \$23,121,224 at the close of the fiscal year ended September 30, 2019. The District's investment of \$37,999,849 in capital assets (land, buildings, furniture, and equipment) represents 84% of total assets. Capital assets are reported net of accumulated depreciation.

	Governmental Activities			
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current and Other Assets	\$ 7,092,989	\$ 5,221,703	\$ 1,871,286	35.84%
Capital Assets, Net of Depreciation	37,999,849	36,629,082	1,370,767	3.74%
Total Assets	<u>45,092,838</u>	<u>41,850,785</u>	<u>3,242,053</u>	<u>7.75%</u>
Deferred outflows of resources				
Deferred loss on refunding	1,515,449	1,622,489	(107,040)	-6.60%
Liabilities				
Current Liabilities	2,170,069	1,391,160	778,909	55.99%
Non-Current Liabilities	18,348,244	17,628,124	720,120	4.09%
Total Liabilities	<u>20,518,313</u>	<u>19,019,284</u>	<u>1,499,029</u>	<u>7.88%</u>
Deferred inflows of resources				
Deferred premium revenue	1,253,981	1,332,766	(78,785)	-5.91%
Net Position				
Net Investment in Capital Assets	19,034,849	18,454,082	580,767	3.15%
Restricted	944,876	534,037	410,839	76.93%
Unrestricted	4,856,268	4,133,105	723,163	17.50%
Total Net Position	<u>\$ 24,835,993</u>	<u>\$ 23,121,224</u>	<u>\$ 1,714,769</u>	<u>7.42%</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

Statement of Activities

	Governmental Activities			
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 2,856,287	\$ 3,482,084	\$ (625,797)	-17.97%
Grants, Contributions, Mitigation & Quimby Fees	1,546,535	1,404,106	142,429	10.14%
General Revenues				
Property Taxes	5,777,489	5,456,703	320,786	5.88%
Investment Income	205,607	108,940	96,667	88.73%
Increase (Decrease) in FMV of Cash and Cash Equivalents	13,272	94,053	(80,781)	-85.89%
Total Revenues	<u>10,399,190</u>	<u>10,545,886</u>	<u>(146,696)</u>	<u>-1.39%</u>
Expenses				
General Government	8,000,814	8,812,792	(811,978)	-9.21%
Interest on Long-Term Debt	655,353	667,769	(12,416)	-1.86%
Amortization Expense	28,254	28,255	(1)	0.00%
Total Expenses	<u>8,684,421</u>	<u>9,508,816</u>	<u>(824,395)</u>	<u>-8.67%</u>
Change in Net Position	1,714,769	1,037,070	677,699	65.35%
Net Position, Beginning of Year	<u>23,121,224</u>	<u>22,084,154</u>	<u>1,037,070</u>	<u>4.70%</u>
Net Position, End of Year	<u>\$ 24,835,993</u>	<u>\$ 23,121,224</u>	<u>\$ 1,714,769</u>	<u>7.42%</u>

Fund Financial Statement Analysis

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds are comprised of the General Fund, Mitigation Fund, and Quimby Fees Fund, all three major funds. On September 30, 2020 the District governmental funds had a combined fund balance of \$5,873,605 an increase of \$1,194,824 from September 30, 2019.

General Fund - this fund is the main operating fund of the District and represents the largest accounting entity of District governmental funds. The primary funding source for the General Fund is property tax revenues, which totaled \$5,777,489 and was 56% of total General Fund revenue of \$10,399,190. The other large revenue source for the year was district services, totaling \$2,856,287, which accounted for 27% of the General Fund revenue.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

The primary expenditure categories supported by these revenues in fiscal year 2019-2020 were general government, capital outlay, and debt service expenses, which totaled \$10,789,366. General government expenses were \$7,720,774 (71.56% of total general fund expenses), capital outlay was \$1,633,408 (15.14% of total general fund expenses), and debt service was \$1,435,184 (13.30% of total general fund expenses).

At September 30, 2020, the General Fund balance was \$4,928,729, an increase of \$783,985 from the beginning of the year fund balance of \$4,144,744.

Mitigation Fund – this fund accounts for the collection of AB 1600 mitigation fees. These fees cannot be used for daily operations and must be used only to develop parkland and provide recreational, community use facilities to meet the needs of the new service populations within the District. During the year, \$260,500 of the accumulated fees was expended on development of recreational facilities. At September 30, 2020, the Mitigation Fund balance was \$704,793, an increase of \$215,142 from the beginning of the year fund balance of \$489,651.

Quimby Fees Fund – this fund accounts for the collection of Quimby fees. These fees cannot be used for daily operations and must be used only to develop parkland and provide recreational, community use facilities to meet the needs of the new service populations within the District. During the year, \$41,000 in accumulated fees was expended on recreational facilities. At September 30, 2020, the Quimby Fees Fund balance was \$240,083, an increase of \$195,697 from the beginning of the year fund balance of \$44,386.

General Fund Budgetary Highlights

A comparison of the final budget to actual revenues and expenditures for the General Fund is presented in the Required Supplementary Information section of this report.

Actual revenues were \$137,040 under budget and actual expenses were \$488,497 over budget. Proceeds from debt issuance of \$1,585,000 resulted in a net change in fund balance of \$959,463.

Capital Assets

The District’s investment in capital assets as of September 30, 2020 is approximately \$38 million (net of accumulated depreciation), an increase of \$1,370,767 from the prior year mainly due to an increase construction in progress and addition of leased vehicles to capital assets.

Governmental Activities

	2020	2019
Land	\$ 3,997,736	\$ 3,997,736
Construction in Progress	5,391,806	4,087,798
Structures, Improvements and Equipment	41,135,952	40,434,664
Less Depreciation	(12,525,645)	(11,891,116)
Total	<u>\$ 37,999,849</u>	<u>\$ 36,629,082</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

Long Term Debt

Information regarding the District’s debt can be found in detail in Note 5, beginning on page 25 of the financial statements. On September 30, 2020 and September 30, 2019, the District had balances of \$18,423,124 and \$19,230,523 respectively, in long term debt outstanding as summarized below.

Governmental Activities

	<u>2020</u>	<u>2019</u>
2016 Refunding Certificates of Participation	\$ 17,380,000	\$ 18,175,000
2020 Lease Financing	1,585,000	-
Compensated Absences	265,523	248,124
Total	<u>\$ 19,230,523</u>	<u>\$ 18,423,124</u>

Economic Factors and Future Years’ Budgets

Property taxes and assessments are the primary source of funding for Truckee Donner Recreation and Park District. Economic data indicates that the real estate market has increased greatly compared to the prior year. In FY 2019-2020 the median home price in Truckee increased by 9%, and the number of home sales increased by 74%. Property tax and assessment revenues increased by \$320,786, or approximately 5.88%, in FY 2019-2020. It is anticipated that median prices will increase with new home construction and sale of existing homes to the influx of people moving into the area. Taking the increase in median home price, home sales, and new home construction into account, the District has budgeted an increase of \$245,244 in property tax and assessment revenues for FY 2019-2020.

COVID-19 and the economic shut down and stay at home orders during FY 2019-2020 brought a large increase in unemployment for Truckee as well as the rest of the country. Unemployment reached a high of 15.20% in May 2020, which then dropped to 7.4% by the end of September 2020. In FY 2019-2020 the District experienced a decrease of \$625,797, or 16.69%, in district services, recreation programs, and park facility revenues. For FY 2020-2021 the District has budgeted a decrease of 1.93% in district service revenues from FY 2019-2020 actual revenues received.

The operating budget for general government expenditures for FY 2020-2021 is \$7,256,104, which is a \$1,453,407 or 16.69% decrease from the prior year budget of \$7,800,648.

The debt service payments in FY 2019-2020 were made from the District’s General Fund reserves and proceeds from debt restructuring and in FY 2020-2021 will also be made from the District’s General Fund reserves and proceeds from debt restructuring. The District’s debt service payments for the next fiscal year are budgeted at \$1,537,002.

Request for information

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Truckee Donner Recreation and Park District, Attn: Mr. Steve Randall, General Manager, 10981 Truckee Way, Truckee, California 96161.

BASIC FINANCIAL STATEMENTS

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 5,424,086
Restricted cash and cash equivalents	929,149
FMV adjustment of cash and cash equivalents	145,993
Receivables - net of allowances of \$4,297	425,659
Prepaid expenses	156,945
Inventory	11,157
Total Current Assets	<u>7,092,989</u>
Non-Current Assets	
Capital Assets:	
Land	3,997,736
Construction in progress	5,391,806
Depreciable capital assets	41,135,952
Accumulated depreciation	<u>(12,525,645)</u>
Capital assets - net	<u>37,999,849</u>
Total Assets	<u>45,092,838</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of COP	1,503,945
Deferred loss on refunding of CIEDB Loan	11,504
Total Deferred Outflows	<u>1,515,449</u>
LIABILITIES	
Current Liabilities	
Accounts payable	678,239
Accrued expenses	359,827
Pension liability	10,063
Other liabilities	171,255
Interest payable	68,406
Current portion of long-term obligations	882,279
Total Current Liabilities	<u>2,170,069</u>
Long-Term Liabilities	
Compensated absences	265,523
Other long-term obligations - net of current portion	18,082,721
Total Long-Term Liabilities	<u>18,348,244</u>
Total Liabilities	<u>20,518,313</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred COP premium revenue	<u>1,253,981</u>
NET POSITION	
Net investment in capital assets	19,034,849
Restricted	
Mitigation	704,793
Quimby Fees	240,083
Unrestricted	4,856,268
Total Net Position	<u>\$ 24,835,993</u>

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue</u>
		<u>Charges For Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 8,000,814	\$ 2,856,287	\$ 868,933	\$ (4,275,594)
Interest on long-term debt	655,353	-	-	(655,353)
Amortization of deferred loss on debt refunding	107,039	-	-	(107,039)
Amortization of deferred debt premium	(78,785)	-	-	78,785
Total Governmental Activities	<u>\$ 8,684,421</u>	<u>\$ 2,856,287</u>	<u>\$ 868,933</u>	<u>\$ (4,959,201)</u>
General Revenues:				
Property taxes and assessments				5,777,489
Investment income				218,879
Mitigation & Quimby fees				<u>677,602</u>
Total General Revenues and Transfers				<u>6,673,970</u>
Change in Net Position				1,714,769
Net Position - October 1, 2019				<u>23,121,224</u>
Net Position - September 30, 2020				<u>\$ 24,835,993</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,424,086	\$ -	\$ -	\$ 5,424,086
Restricted cash and cash equivalents	10,063	685,556	233,530	929,149
FMV adjustment of cash and cash equivalents	120,203	19,237	6,553	145,993
Accounts receivable - net of allowance of \$4,297	425,659	-	-	425,659
Prepaid expenditures	156,945	-	-	156,945
Inventory	11,157	-	-	11,157
Total Assets	<u>\$ 6,148,113</u>	<u>\$ 704,793</u>	<u>\$ 240,083</u>	<u>\$ 7,092,989</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 678,239	\$ -	\$ -	\$ 678,239
Accrued payroll and related liabilities	359,827	-	-	359,827
Pension liability	10,063	-	-	10,063
Other liabilities	171,255	-	-	171,255
Total Liabilities	<u>1,219,384</u>	<u>-</u>	<u>-</u>	<u>1,219,384</u>
Fund Balances				
Nonspendable	168,102	-	-	168,102
Restricted	-	704,793	240,083	944,876
Committed	3,280,801	-	-	3,280,801
Unassigned	1,479,826	-	-	1,479,826
Total Fund Balances	<u>4,928,729</u>	<u>704,793</u>	<u>240,083</u>	<u>5,873,605</u>
Total Liabilities and Fund Balances	<u>\$ 6,148,113</u>	<u>\$ 704,793</u>	<u>\$ 240,083</u>	<u>\$ 7,092,989</u>

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	\$	5,873,605
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In governmental funds only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$ 50,525,494		
Accumulated depreciation	<u>(12,525,645)</u>		37,999,849

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

2016 Refunding Certificates of Participation	(17,380,000)		
2020 Lease Financing	(1,585,000)		
Compensated Absences	<u>(265,523)</u>		(19,230,523)

Unamortized costs: In governmental funds, debt issue costs and premiums are recognized in the period they are incurred. In the government-wide statements, debt issue costs and premiums are amortized over the life of the debt. Unamortized debt issue costs and premiums included in deferred inflows and outflows on the statement of net position are:

Unamortized portion of refunding COP premium	(1,253,981)		
Unamortized portion of loss on refunding of 2007 COP	1,503,945		
Unamortized portion of loss on refunding of CIEDB loan	<u>11,504</u>		261,468

Unmatured interest on long-term liabilities is recognized in the period incurred.		<u>(68,406)</u>
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Total Net Position - Governmental Activities	\$	<u><u>24,835,993</u></u>
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TRUCKEE-DONNER RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
REVENUES				
Tax and Assessments	\$ 5,777,489	\$ -	\$ -	\$ 5,777,489
Mitigation and Quimby Fees	-	578,930	98,672	677,602
District Services	2,856,287	-	-	2,856,287
Donations	36,065	-	-	36,065
Grants	832,868	-	-	832,868
Interest	184,142	19,432	2,033	205,607
Increase (Decrease) in FMV of Cash and Equivalents	-	7,939	5,333	13,272
Total Revenues	9,686,851	606,301	106,038	10,399,190
EXPENDITURES				
General Government	7,720,774	-	-	7,720,774
Capital Outlay	1,633,408	-	-	1,633,408
Debt service:				
Principal	795,000	-	-	795,000
Interest	640,184	-	-	640,184
Total Expenditures	10,789,366	-	-	10,789,366
Excess (deficiency) of revenues over (under) expenditures	(1,102,515)	606,301	106,038	(390,176)
OTHER FINANCING SOURCES (USES)				
Transfers in	301,500	-	130,659	432,159
Transfers out	-	(391,159)	(41,000)	(432,159)
Proceeds from debt issuance	1,585,000	-	-	1,585,000
Total other financing sources (uses)	1,886,500	(391,159)	89,659	1,585,000
Net Change in Fund Balance	783,985	215,142	195,697	1,194,824
Fund Balance - October 1, 2019	4,144,744	489,651	44,386	4,678,781
Fund Balance - September 30, 2020	\$ 4,928,729	\$ 704,793	\$ 240,083	\$ 5,873,605

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances	\$ 1,194,824
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>	
Acquisitions of capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	2,420,623
Depreciation of capital assets is an expense that is not recorded in the governmental funds.	(1,049,856)
Repayment of principal on long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the statement of net position.	795,000
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from were:	(1,585,000)
<p>Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of premium or discount, or deferred gain or loss from debt refunding, for the period is:</p>	
Deferred outflows relating to loss from debt refunding upon issuance	(94,489)
Deferred inflows relating to debt issue premium upon issuance	78,785
Amortization of deferred outflows relating to loss from debt refunding	(12,550)
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is paid.	(15,169)
In the Statement of Activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used.	<u>(17,399)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,714,769</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Truckee-Donner Recreation and Park District of Nevada County, California is a special district funded predominately by property taxes and development fees. The District's purpose is to provide recreation and park services within the district. The primary method used to monitor the performance of the District's financial management is the financial budget which is adopted annually by the Board of Directors.

The District's main funding sources include property taxes, charges for services, mitigation, Quimby and development fees, and other financial assistance.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in capital assets net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is allocated to General Government function and reported in total in the Statement of Activities. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column.

Basic Financial Statements

The basic financial statements include financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a change in the fund financial statements to focus on the major funds.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Reporting Entity

The reporting entity for the Truckee-Donner Recreation and Park District includes all the funds and operations under the jurisdiction of the District. Although they are separate legal entities, blended component units are in substance part of the District's operations and are reported as an integral part of the District's basic financial statements. The Board of Directors in concurrent sessions serve as the governing board of each of the blended component units, and all accounting and administrative functions are performed by the District.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e. balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used, or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgets and Budgetary Accounting: The Board of Directors annually adopts a District-wide budget resolution. Department heads submit budget requests to the District General Manager. District employees prepare estimates of revenue and recommendations for the next year's budget. The preliminary budget may be amended by the Board of Directors and is adopted by resolution by the Board of Directors. The final budget is then adopted by the Board of Directors on or before September 30. Budget appropriations lapse at the end of the year. The budget is prepared on a cash basis, which does not vary significantly from the basis of accounting used in the financial statements. Management can transfer budgeted amounts between expenditure accounts within an object level without the approval of the Board of Directors.

D. FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District funds are as follows:

Major Funds:

General Fund – The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Mitigation Fund – The Mitigation Fund is used to account for the collection of mitigation fees. These fees cannot be used for daily operations, but must be used only to develop parkland and provide recreational, community use facilities to meet the needs of the new service populations within the District.

Quimby Fees Fund – The Quimby Fees Fund is used to account for the collection of Quimby fees. These fees cannot be used for daily operations, but must be used only to develop parkland and provide recreational, community use facilities to meet the needs of the new service populations within the District.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. INVENTORY

Inventory consists of golfing equipment and supplies sold at Ponderosa Golf Course and swimming gear sold at the Truckee Pool. All inventory is carried at cost using the first-in, first-out method.

F. CAPITAL ASSETS

Capital assets purchased or acquired, with an original cost of \$1,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3 - 40 years depending on asset types.

G. INTERFUND ACTIVITY

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

H. COMPENSATED ABSENCES

The District accrues the cost for compensated absences (sick, vacation and comp time) when such time is earned. Employees have a vested interest in accrued sick and vacation time. All vacation hours will eventually either be used or paid by the District. It is the District's policy to pay 50% of an employee's hourly rate of pay for each hour of accumulated sick leave over 240 hours when they leave the District. For those employees who do not use their accrued balances during the current fiscal year, their balances carry over to the next fiscal year. As this occurs, the District incurs an obligation to pay for these unused hours. All compensated absences for governmental activities are paid out of the general fund.

I. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position includes separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. GOVERNMENT-WIDE AND PROPRIETARY FUND NET POSITION

Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position consists of amounts that are restricted by the Districts creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted net position consists of remaining net position not identified as invested in capital assets or restricted.

K. FUND BALANCE

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned, and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned, and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances, and lastly unassigned fund balances.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. PROPERTY TAXES

Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due in one installment on or before July 1 and become delinquent on August 31. The County of Nevada bills and collects taxes for the District. Tax revenues are recognized by the District when received.

M. CASH AND CASH EQUIVALENTS

For presentation in the financial statements, all cash and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

N. RESTRICTED CASH

Restricted cash mainly consists of special assessment proceeds restricted for mitigation of the impact on the District by construction of new homes and businesses within the District. Also, a restricted cash balance is held in relation to the liability disclosed under Note 11, Contingencies.

O. ENCUMBRANCES

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at September 30.

P. USE OF ESTIMATES

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. CASH AND CASH EQUIVALENTS

The District maintains commercial bank accounts and accounts with the Nevada County Treasurer.

The District's cash and cash equivalents balances at September 30, 2020 are:

Cash on hand and in banks	\$ 1,125,772
Cash in County Treasury	4,298,314
Cash and cash equivalents subtotal	<u>5,424,086</u>
Restricted - Cash in County Treasury	919,086
Restricted - Cash in pension fund	10,063
Restricted - Cash and cash equivalents subtotal	<u>929,149</u>
Increase (Decrease) in FMV of cash and cash equivalents	<u>145,993</u>
Total Cash and Cash Equivalents	<u>\$ 6,499,228</u>

Cash in County Treasury

The District maintains substantially all of its cash in the Nevada County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Because the deposits are maintained in a recognized pooled investment fund under the care of a third party and the share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

In accordance with applicable State laws, the Nevada County Treasurer may invest in derivative securities. However, at September 30, 2020, the Nevada County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations. The District's investments were in compliance with the above provisions as of and during the year ended September 30, 2020.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. CASH AND CASH EQUIVALENTS (CONTINUED)

The table below identifies the investment types that are authorized for Districts by the California Government Code. Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One
Local Agency Bonds, Notes Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund-LAIF	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At September 30, 2020, the reconciled balances of the District's accounts were \$1,124,772 and the bank statement balances were \$1,155,761.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool and/or having the pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration of Credit Risk

The District's investment policy limits the amount it may invest with certain issuers. At September 30, 2020, the District had no concentration of credit risk and complied with the requirements of the District's investment policy.

3. INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Interfund Receivables/Payables

As of September 30, 2020, there were no interfund receivable and payable balances.

Interfund Transfers

For the year ended September 30, 2020, the interfund transfers were as follows:

Transfer from Mitigation Fund to the General Fund per FY 2019-20 budget	\$	260,500
Transfer from Mitigation Fund to the Quimby Fees Fund to correct previous transfers made at the county level		130,659
Transfer from Quimby Fees Fund to the General Fund per FY 2019-20 budget		<u>41,000</u>
Total Transfers	\$	<u><u>432,159</u></u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

4. CAPITAL ASSETS

A schedule of changes in Governmental Activities capital assets for the year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Additions / Transfers In	Deletions / Transfers Out	Balance September 30, 2020
Non-depreciable assets:				
Land	\$ 3,997,736	\$ -	\$ -	\$ 3,997,736
Construction in Progress	4,087,798	1,591,316	287,308	5,391,806
	<u>8,085,534</u>	<u>1,591,316</u>	<u>287,308</u>	<u>9,389,542</u>
Depreciable assets:				
Structures, improvements, and equipment	40,434,664	1,116,615	415,327	41,135,952
Totals, at cost	<u>48,520,198</u>	<u>2,707,931</u>	<u>702,635</u>	<u>50,525,494</u>
Accumulated depreciation:				
Structures, improvements, and equipment	(11,891,116)	(1,049,856)	(415,327)	(12,525,645)
Depreciable assets, net	<u>28,543,548</u>	<u>66,759</u>	<u>-</u>	<u>28,610,307</u>
Capital assets, net	<u>\$ 36,629,082</u>	<u>\$ 1,658,075</u>	<u>\$ 287,308</u>	<u>\$ 37,999,849</u>

All depreciation is allocated to general government in the statement of activities.

5. LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the fiscal year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020	Amounts Due Within One Year
2016 Refunding Certificates of Participation	\$ 18,175,000	\$ -	\$ 795,000	\$ 17,380,000	\$ 825,000
2020 Lease Financing	-	1,585,000	-	1,585,000	57,279
Compensated Absences	248,124	17,399	-	265,523	-
Total	<u>\$ 18,423,124</u>	<u>\$ 1,602,399</u>	<u>\$ 795,000</u>	<u>\$ 19,230,523</u>	<u>\$ 882,279</u>

Payments for the 2016 Refunding Certificates of Participation and the 2020 Lease Financing are made out of the General Fund. Payments on the compensated absences are made from the fund for which the related employee worked.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

2016 Refunding Certificates of Participation

In April 2016, the District offered and sold 2016 Refunding Certificates of Participation (the “Refunding Certificates”) totaling \$20,140,000. The Refunding Certificates were delivered pursuant to a Trust Agreement dated as of April 1, 2016, among the Truckee-Donner Recreation and Park District Financing Corporation (the "Financing Corporation"), the District, and the Trustee. The Refunding Certificates were issued to refund the District’s outstanding 2007 Certificates of Participation and California Infrastructure and Economic Development Bank Loan. The Refunding Certificates bear interest rates from 3% to 4% and are scheduled to mature through 2036.

The annual payments required to amortize the 2016 Refunding Certificates of Participation outstanding as of September 30, 2020 are as follows:

Fiscal Year Ended	Total Debt		
September 30,	Principal	Interest	Service
2021	\$ 825,000	\$ 607,050	\$ 1,432,050
2022	840,000	574,050	1,414,050
2023	875,000	540,450	1,415,450
2024	910,000	505,450	1,415,450
2025	945,000	469,050	1,414,050
2026-2030	5,320,000	1,747,250	7,067,250
2031-2035	6,295,000	783,300	7,078,300
2036	1,370,000	41,100	1,411,100
Total	<u>\$ 17,380,000</u>	<u>\$ 5,267,700</u>	<u>\$ 22,647,700</u>

2020 Lease Financing

In April 2020, the District entered into a lease finance agreement with the Truckee-Donner Recreation and Park District Financing Corporation (the “Corporation”) to finance an irrigation project at the Ponderosa Golf Course. The agreement consists of a Site and Facilities Lease Agreement between the District, as lessor, and the Corporation, as lessee, under which it will lease certain real property to the Corporation, and to simultaneously enter into a Lease Agreement between the Corporation, as lessor, and the District, as lessee, under which the District will lease the Site and Facilities from the Corporation in return for semiannual lease payments. The lease payments are due every December 1 and June 1, commencing on December 1, 2020, and maturing on June 1, 2040. The agreement bears a tax-exempt interest rate of 2.66%.

The annual requirements to pay off the debt are shown on the following page:

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

5. LONG-TERM LIABILITIES (CONTINUED)

Fiscal Year Ended September 30,	Principal	Interest	Total Debt Service
2021	\$ 57,279	\$ 45,673	\$ 102,952
2022	62,729	40,223	102,952
2023	64,408	38,543	102,951
2024	66,133	36,819	102,952
2025	67,904	35,048	102,952
2026-2030	367,787	146,972	514,759
2031-2035	419,736	95,022	514,758
2036-2040	479,024	35,735	514,759
Total	\$ 1,585,000	\$ 474,035	\$ 2,059,035

6. FUND BALANCES

The District follows GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The following schedule is a summary of the components of the ending fund balance by fund type at September 30, 2020:

	General Fund	Mitigation Fund	Quimby Fees Fund	Total
Nonspendable:				
Prepaid Expenditures	\$ 156,945	\$ -	\$ -	\$ 156,945
Inventory	11,157	-	-	11,157
Total Nonspendable	168,102	-	-	168,102
Restricted For:				
Capital Projects	-	704,793	240,083	944,876
Total Restricted	-	704,793	240,083	944,876
Committed For:				
Operating Reserve	2,536,334	-	-	2,536,334
Equipment Replacement Reserve	300,000	-	-	300,000
Facility Maintenance Reserve	419,467	-	-	419,467
Scholarship Reserve	25,000	-	-	25,000
Total Committed	3,280,801	-	-	3,280,801
Unassigned:				
Unassigned/Unappropriated	1,465,197	-	-	1,465,197
Total Fund Balances	\$ 4,914,100	\$ 704,793	\$ 240,083	\$ 5,858,976

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

7. OPERATING LEASES

Beginning in June of 2008, the District entered into an agreement with the Truckee Tahoe Airport District (Airport District) to lease real property. Under the lease agreement, the District has committed to maintain and operate the golf course on the property. The District has agreed to pay the Airport District \$166,000 per year to lease this property; however, if the District uses the land for non-motorized recreational purposes only, the annual rent will be waived and the District will not have to pay any amount for use of the land. The District intends to maintain the property as the lease agreement specifies; therefore, the District does not calculate future minimum payments associated with the lease. The current lease expires June 30, 2028 with an option to extend the lease at that time for an additional ten years.

8. PENSION PLAN

The Truckee-Donner Recreation and Park District Money Purchase Plan (the Plan) is a single-employer defined contribution pension plan administered by the District for the benefit of the District's employees. The Plan offers retirement, disability, and death benefits to plan members and their beneficiaries. The District, by action of the board of directors, has the right to establish and amend the Plan at any time, subject to certain requirements of the Plan and the Internal Revenue Code.

The Plan is available to all classes of employees, provided certain age and service requirements are met. The District is required to make an annual contribution to the Plan equal to 8% of each participant's compensation. Participants are not required to make contributions. The District, by action of the board of directors, has the authority to establish and amend the Plan's contribution requirements. Contributions made to the Plan by the District in the 2020 fiscal year were \$199,593.

The Plan issues a separate annual audited financial statement report. Copies of the report are available at the District's administrative office.

9. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code section 403(b). The plan, available to all permanent employees, permits them to defer 20% of their salary up to a maximum allowed by Internal Revenue Code section 401(a).

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

10. RISK MANAGEMENT

The District is a member with other special districts of a Joint Powers Authority, California Association for Park & Recreation Indemnity (CAPRI), which provides coverage for workers' compensation, property, liability, and employee dishonesty. The Authority is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls operation of the Authority, including selection of management and approval of operating budgets. The following is a summary of financial information of CAPRI as of June 30, 2020:

A. Entity	CAPRI
B. Purpose	Provide insurance coverages, risk management programs, safety and loss prevention services through a financially sound risk-sharing pool.
C. Participants	Recreation and park districts in California
D. Governing Board	Consists of a representative of each member by region
E. Payments for the Current Year	<u>\$ 165,588</u>
F. Condensed Financial Information	
	June 30, 2020 (Audited)
Total Assets	<u>\$ 26,003,597</u>
Deferred Outflows of Resources	<u>206,029</u>
Total Assets and Deferred Outflows	<u>\$ 26,209,626</u>
Total Liabilities	\$ 19,713,061
Deferred Inflows of Resources	28,424
Net Position	<u>6,468,141</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 26,209,626</u>
Total Revenues	\$ 12,125,938
Total Expenses	<u>10,533,145</u>
Change in Net Position	<u>\$ 1,592,793</u>

The relationship between Truckee-Donner Recreation and Park District and the Joint Powers Authority are such that they are not component units of the District for financial reporting purposes. A copy of the audit report can be obtained from CAPRI at 1075 Creekside Ridge Drive, Suite 240, Roseville, CA 95678.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

11. CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District participated in a multi-employer pension covering the part time employees in lieu of social security. In 2005, it was discovered that the plan administrator misappropriated some of the funds that belong to employees of the District. The District was able to recover \$44,739 from the pension plan. The total loss that has not been recovered is approximately \$47,000 plus the amount of interest to the plan participants that is yet to be calculated. At September 30, 2020, the District estimates its liability regarding these funds is \$10,063. This estimate assumes a reasonable rate of growth that ranged from 4.76% to 3.57% for the years 2004 through 2020.

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District incurred unanticipated expenditures in excess of appropriations in expenditure classifications for which the budget was not revised.

Excess of expenditures over appropriations for the year ended September 30, 2020 were as follows:

	<u>Excess Expenditures</u>
General Fund:	
Communications	\$ 5,034
Insurance	16,381
Maintenance	12,872
Memberships	1,678
Office expenses	9,045
Professional and special services	3,959
Rents and leases	9,089
Scholarship reserve	13,165
Structures and improvements	1,419,360
Equipment	173,548

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

13. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District’s operations and financial results at this time.

The District’s management evaluated its September 30, 2020 financial statements for subsequent events through March 8, 2021, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

GENERAL FUND

SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Tax and assessments	\$ 5,721,981	\$ 5,721,981	\$ 5,777,489	\$ 55,508
District services	3,785,006	3,785,006	2,856,287	(928,719)
Donations	71,904	71,904	36,065	(35,839)
Grants	200,000	200,000	832,868	632,868
Interest	45,000	45,000	184,142	139,142
Total revenues	9,823,891	9,823,891	9,686,851	(137,040)
EXPENDITURES				
Employee services	5,515,695	5,515,695	5,085,265	430,430
Communications	35,200	35,200	40,234	(5,034)
Food and beverage	89,830	89,830	65,939	23,891
Household/Janitorial	47,000	47,000	42,255	4,745
Insurance	193,750	193,750	210,131	(16,381)
Maintenance	191,700	191,700	204,572	(12,872)
Memberships	14,873	14,873	16,551	(1,678)
Employee incentives	1,750	1,750	1,736	14
Office expenses	145,392	145,392	154,437	(9,045)
Professional and special services	544,864	544,864	548,823	(3,959)
Publications	35,650	35,650	19,143	16,507
Rents and leases	202,450	202,450	211,539	(9,089)
Small tools and supplies	261,651	261,651	219,322	42,329
Special district services	198,638	198,638	196,281	2,357
Transportation and education	105,875	105,875	80,884	24,991
Utilities	529,500	529,500	475,837	53,663
Taxes and assessments	140,453	140,453	134,660	5,793
Scholarship reserve	-	-	13,165	(13,165)
Debt service	1,435,825	1,435,825	1,435,184	641
Structures and improvements	-	-	1,419,360	(1,419,360)
Equipment	40,500	40,500	214,048	(173,548)
Overhead	414,740	414,740	-	414,740
Capital projects & equipment	155,533	155,533	-	155,533
Total expenditures	10,300,869	10,300,869	10,789,366	(488,497)
Excess (deficiency) of revenues over (under) expenditures	(476,978)	(476,978)	(1,102,515)	(625,537)
OTHER FINANCING SOURCES (USES)				
Transfers in	301,500	301,500	301,500	-
Proceeds from debt issuance	-	-	1,585,000	1,585,000
Total other financing sources (uses)	301,500	301,500	1,886,500	1,585,000
Net change in fund balance	(175,478)	(175,478)	783,985	959,463
Fund Balance - October 1, 2019	4,144,744	4,144,744	4,144,744	-
Fund balance - September 30, 2020	\$ 3,969,266	\$ 3,969,266	\$ 4,928,729	\$ 959,463

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

MITIGATION FUND

SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Mitigation fees	\$ 257,500	\$ 257,500	\$ 578,930	\$ 321,430
Interest	3,000	3,000	19,432	16,432
Increase (Decrease) in FMV of cash and cash equivalents	-	-	7,939	7,939
Total revenues	260,500	260,500	606,301	345,801
OTHER FINANCING SOURCES (USES)				
Transfers out	(260,500)	(260,500)	(391,159)	(130,659)
Net change in fund balance	-	-	215,142	215,142
Fund balance - October 1, 2019	489,651	489,651	489,651	-
Fund balance - September 30, 2020	\$ 489,651	\$ 489,651	\$ 704,793	\$ 215,142

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

QUIMBY FEES FUND

SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Quimby fees	\$ 40,000	\$ 40,000	\$ 98,672	\$ 58,672
Interest	1,000	1,000	2,033	1,033
Increase (Decrease) in FMV of cash and cash equivalents	-	-	5,333	5,333
Total revenues	41,000	41,000	106,038	65,038
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	130,659	130,659
Transfers out	(41,000)	(41,000)	(41,000)	-
Net change in fund balance	-	-	195,697	195,697
Fund balance - October 1, 2019	44,386	44,386	44,386	-
Fund balance - September 30, 2020	\$ 44,386	\$ 44,386	\$ 240,083	\$ 195,697

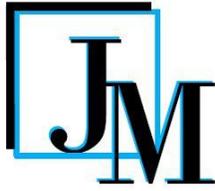
TRUCKEE-DONNER RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2020

1. PURPOSE OF SCHEDULES

A. Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Directors to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund, Mitigation Fund and Quimby Fees Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

OTHER INDEPENDENT AUDITOR'S REPORT



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee-Donner Recreation and Park District
Truckee, California

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Truckee-Donner Recreation and Park District (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 8, 2021.

Internal Control Over Financial Reporting

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

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

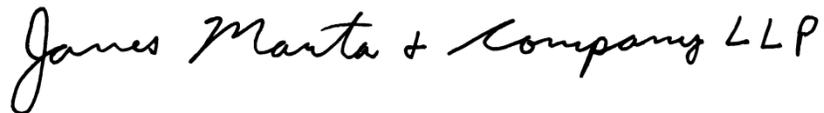
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
March 8, 2021