

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE

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

We have audited the financial statements of Truckee-Donner Recreation and Park District (the “District”) as of and for the year ended September 30, 2022, and have issued our report thereon dated April 18, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 6, 2019, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended September 30, 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, there are upcoming Governmental Accounting Standards that we have listed in Attachment I.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the estimate of the accounts receivable allowance for doubtful accounts.

Management's estimate of the accounts receivable allowance for doubtful accounts is based on management's judgment of the collectability of each individual receivable outstanding. We evaluated the key factors and assumptions used to develop the accounts receivable allowance for doubtful accounts and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We did not identify any disclosures that involve significant sensitive discretion.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected misstatements as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any material misstatements as a result of our audit procedures. All current year entries (Attachment II) were provided by the District to adjust trial balance amounts prior to our testing procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated April 18, 2023. See Attachment III.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Services

We have assisted management in preparing the financial statements of the District in conformity with U.S. generally accepted accounting principles based on information provided by management.

James Marta & Company LLP
Certified Public Accountants

Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

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

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 18, 2023

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the District in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the District. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 91, Conduit Debt Obligations
Effective for the fiscal year ending September 30, 2023

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements
Effective for the fiscal year ending September 30, 2023

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements
Effective for the fiscal year ending September 30, 2023

This Statement provides 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 subscription 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 99, Omnibus 2022
Effective dates vary

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guaranties. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument – *Effective for the fiscal year ending June 30, 2024*
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives – *Effective for the fiscal year ending June 30, 2023*
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset – *Effective for the fiscal year ending June 30, 2023*
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability – *Effective for the fiscal year ending June 30, 2023*
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt – *Effective immediately*
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) – *Effective immediately*
- Disclosures related to nonmonetary transactions – *Effective immediately*
- Pledges of future revenues when resources are not received by the pledging government – *Effective immediately*

- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements – *Effective immediately*
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – *Effective immediately*
- Terminology used in Statement 53 to refer to resource flows statements. – *Effective immediately*

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

Effective for the fiscal year ending September 30, 2024

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

We do not expect this standard to have any significant impact on the District.

GASB Statement No. 101, Compensated Absences
Effective for the fiscal year ending September 30, 2025

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

We do not expect this standard to have any significant impact on the District.

Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
PBC entry: To record unrecorded cash out from Nevada County TB.			
01-531500-01	Taxes & Assessments	132,465	132,465
01-101000-00	General Fund Nevada County		
Total		132,465	132,465

Adjusting Journal Entries JE # 2

To adjust beginning fund balance to PY audit report ending balance			
01-350000-00	District General Fund Balance	3	
01-690000-01	Miscellaneous Expense		3
Total		3	3

Reclassifying Journal Entries

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 3			
PBC - reclass principal and interest payments			
01-531620-01	Debt Service Interest	15,714	
01-531610-01	Debt Service-Principal		15,714
Total		15,714	15,714

Proposed/Passed Journal Entries

None.



TRUCKEE-DONNER
Recreation & Park District

Inspiring Creative Active Lives for a Healthy Mountain Community

MANAGEMENT REPRESENTATION LETTER

April 18, 2023

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the financial statements of the governmental activities and each major fund of Truckee-Donner Recreation and Park District as of September 30, 2022 and 2021 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Truckee-Donner Recreation and Park District in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 18, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 6, 2019, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have reviewed and approved the adjusting and reclassifying journal entries reflected in the audit statements and Attachment A.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Truckee-Donner Recreation and Park District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Truckee-Donner Recreation and Park District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Truckee-Donner Recreation and Park District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America and GASB.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America and GASB.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Receivables

Provisions for uncollectible receivables have been properly identified and recorded.


Sven Leff, General Manager


Teresa McNamara, Accounting Manager

ATTACHMENT A – JOURNAL ENTRIES REPORT

Adjusting Journal Entries

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
PBC entry: To record unrecorded cash out from Nevada County TB.			
01-531500-01	Taxes & Assessments	132,465	
01-101000-00	General Fund Nevada County		132,465
Total		132,465	132,465

Adjusting Journal Entries JE # 2

To adjust beginning fund balance to PY audit report ending balance

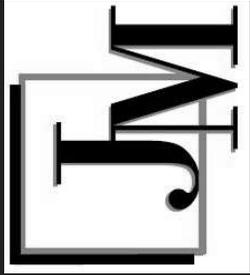
01-350000-00	District General Fund Balance	3	
01-690000-01	Miscellaneous Expense		3
Total		3	3

Reclassifying Journal Entries

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 3			
PBC - reclass principal and interest payments			
01-531620-01	Debt Service Interest	15,714	
01-531610-01	Debt Service-Principal		15,714
Total		15,714	15,714

Proposed/Passed Journal Entries

None.



TRUCKEE-DONNER RECREATION AND PARK DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDING
SEPTEMBER 30, 2022 AND 2021

JAMES MARTA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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TRUCKEE-DONNER RECREATION AND PARK DISTRICT

SEPTEMBER 30, 2022 AND 2021

BOARD OF DIRECTORS

Name	Office	Term Expires November
Mark Tanner	Chairman	2024
Jason Hansford	Vice Chairman	2024
Lori Marquette	Secretary	2026
Eric Smith	Member	2026
Mark Wasley	Member	2026

* * * * *

General Manager
Sven Leff

Accounting Manager
Teresa McNamara

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

SEPTEMBER 30, 2022 AND 2021

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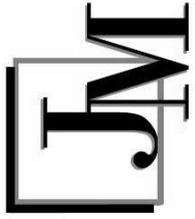
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TRUCKEE-DONNER RECREATION AND PARK DISTRICT

SEPTEMBER 30, 2022 AND 2021

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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 Audit of the Financial Statements

Opinions

We have audited the 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 years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of September 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Truckee-Donner Recreation and Park District's 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 District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 District’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 4-11 and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund, Mitigation Fund, and Quimby Fees Fund on pages 42-44 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 April 18, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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
April 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022 AND 2021

The management of the Truckee Donner Recreation and Park District (District) presents this discussion in compliance with the requirements of Governmental Accounting Standards Board Statement 34 (GASB 34). The intent of this document is to provide an easy read summary of the District's finances to supplement the information presented in the District's financial statements for the fiscal year ending September 30, 2022 (FY 2021-2022). Please direct questions regarding this document or the accompanying financial statements to Sven Leff, General Manager, at

Mail: 10981 Truckee Way, Truckee, CA 96161

Phone: 530-582-7720

Email: sven@tdrpd.org

ORGANIZATION AND BUSINESS

The District was formed in April 1962 for the purpose of providing for the public park and recreation needs of all people in the Truckee area with equitable opportunities to active with discrimination or bias. The District provides park facilities, 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.

The District's facilities include a Community Recreation Center, Community Arts Center, Community Swimming Pool, Veteran's Building, 37 Public Piers, Donner Boat Launch, West End Beach, Shoreline Park, Regional Park, Riverview Sports Park, Meadow Park, Floriston Park Ballfield, Glenshire Park Ballfield, and Ponderosa Golf Course.

The District's boundaries encompass an area of approximately 200 square miles. The District service area is predominantly encompassing the Town of Truckee, Nevada County from the Soda Springs area in the west, to the Nevada State boarder in the east, and partially in Placer County covering the Martis Camp and Lahontan communities. The District currently serves a population of about 17,172 residents.

The District is governed by a five-member Board of Directors elected at-large for staggered four-year and two-year terms. The Board of Directors set policy and procedures, which are then administered by the General Manager. The District had 35 full-time employees and 131 part-time seasonal employees on September 30, 2022.

The Board of Directors set all financial policies for the District. This includes establishing the annual budget for revenues and expenditures, setting program and rental fees, reviewing and approving all payables, and directing the investment of District funds. Staff provides the Board with budget to actual and cash status reports monthly.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022 AND 2021

FINANCIAL HIGHLIGHTS

District Operating Revenue is comprised primarily of property tax and program revenues (activity registration fees and facility rental fees). Property Tax Revenue increased by 9% (\$0.5 million) when compared to FY 2020-2021. Program Revenues increased by 41% (\$1.3 million) when compared to FY 2020-2021.

District Non-Operating Revenue, comprised primarily of Mitigation and Quimby Fees, increased by 85% (\$0.75 million) when compared to FY 2020-2021.

District Operating Expenses increased by 29% (\$2.7 million) when compared to FY 2020-2021.

The District's Total Net Position increased by 2% (\$0.5 million) from the prior fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

The District's annual report includes the Independent Auditor's Report, this Management's Discussion and Analysis (MD&A) section, the Audited Financial Statements (statements), and Notes to those statements. The statements are organized to present the as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities of the District and are followed by notes that explain many of the District's accounting policies and other disclosures to enhance the understanding of the District's financial performance. The independent auditor assisted the District with preparation of the statements and footnotes.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner like that of a private sector business. The District maintains three individual governmental funds, the General Fund, Mitigation Fees Fund, and Quimby Fees Fund. Information is presented separately for these funds in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances, the basic financial statements of the District.

The remaining pages of this MD&A summarize the District's government-wide Statement of Net Position, and Statement of Activities for FY 2021-2022. The last section of the MD&A discusses economic factors that provide context for the reader's consideration in evaluating the District's financial condition.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022 AND 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following Condensed Statement of Net Position (Table 1) shows the District's current financial position and compares resources and obligations as of September 30, 2022 and 2021.

The District's Total Net Position is the sum of: 1) Net Investment in Capital Assets, 2) Restricted Assets, and 3) Unrestricted Assets. The total Net Position as of September 30, 2022 is \$26.4 million. This represents a 2% increase (\$0.5 million) from the close of the previous fiscal year. The majority of this net increase is attributed to increases in property tax revenue and user fees.

**TABLE 1
Condensed Statement of Net Position as of September 30, 2022 and 2021**

	2022	2021	\$ Change	% Change
Governmental Activities				
Assets				
Current and Other Assets	\$ 8,391,499	\$ 7,248,207	\$ 1,143,292	15.77%
Capital Assets, Net of Depreciation	37,035,813	37,438,225	(402,412)	-1.07%
Total Assets	45,427,312	44,686,432	740,880	1.66%
Deferred outflows of resources				
Deferred loss on refunding	1,314,967	1,409,456	(94,489)	-6.70%
Liabilities				
Current Liabilities	2,439,897	1,630,138	809,759	49.67%
Non-Current Liabilities	16,847,617	17,467,199	(619,582)	-3.55%
Total Liabilities	19,287,514	19,097,337	190,177	1.00%
Deferred inflows of resources				
Deferred premium revenue	1,096,413	1,175,197	(78,784)	-6.70%
Net Position				
Net Investment in Capital Assets	19,855,821	19,355,504	500,317	2.58%
Restricted	669,119	1,176,203	(507,084)	-43.11%
Unrestricted	5,833,412	5,291,647	541,765	10.24%
Total Net Position	<u>\$ 26,358,352</u>	<u>\$ 25,823,354</u>	<u>\$ 534,998</u>	<u>2.07%</u>

The District's Capital Assets include land, buildings, furniture, and equipment. Net Capital Assets of \$37 million represents the net book value (cost less accumulated depreciation). The Districts Net Investment in Capital Assets is \$19.9 million.

The portion of Net Position subject to legal restrictions is presented as Restricted Assets. Restricted Assets include funds designated for the development of parkland, recreational, and community use facilities to meet the needs of the new service populations within the District. The total Restricted Net Position at fiscal year-end 2021-2022 is \$0.7 million.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022 AND 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Unrestricted Assets are not legally restricted for specific purposes. Unrestricted Assets include reserve funds for debt service, capital improvements, special projects, and operating reserves for emergencies. The total Unrestricted Net Position at fiscal year-end 2021-2022 is \$5.8 million.

The Condensed Statement of Activities (Table 2) shows the Revenues, Expenses, and Change in Net Position for the General Fund between FY 2020-2021 and FY 2021-2022.

**TABLE 2
Condensed Statement of Activities as of September 30, 2022 and 2021**

	2022	2021	\$ Change	% Change
Governmental Activities				
Revenues				
Program Revenues				
Charges for Services	\$ 4,507,506	\$ 3,199,896	\$ 1,307,610	40.86%
Grants, Contributions, Mitigation & Quimby Fees	1,641,041	888,662	752,379	84.66%
General Revenues				
Property Taxes	6,633,616	6,088,365	545,251	8.96%
Investment Income	88,291	80,667	7,624	9.45%
Increase (Decrease) in FMV of Cash and Cash Equivalents	(474,207)	(80,299)	(393,908)	490.55%
Total Revenues	12,396,247	10,177,291	2,218,956	21.80%
Expenses				
General Government	11,189,955	8,521,722	2,668,233	31.31%
Interest on Long-Term Debt	655,589	640,999	14,590	2.28%
Amortization Expense	15,705	27,209	(11,504)	-42.28%
Total Expenses	11,861,249	9,189,930	2,671,319	29.07%
Change in Net Position	534,998	987,361	(452,363)	-45.82%
Net Position, Beginning of Year	25,823,354	24,835,993	987,361	3.98%
Net Position, End of Year	\$ 26,358,352	\$ 25,823,354	\$ 534,998	2.07%

District revenues are broken down into two categories, Program Revenues and General Revenues. Program Revenues are made up of charges for program and activity registrations and facility rentals that are unrestricted, and restricted revenues of grants, contributions, Mitigation Fees and Quimby fees. General Revenues include property taxes, investment income, and increase or decrease in fair market value of cash and cash equivalents. Total Revenues were \$12.4 million, an increase of 21.8% when compared for FY 2020-2021.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022 AND 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

Charges for Services account for 73.3% of the District's Program Revenues and 36.4% of the Total Revenues. In FY 2021-2022, the District received \$4.5 million in charges for services, up 40.9% from

FY 2020-2021. The increase in charges for services is attributed to a 5% increase in fees as well providing full operation of all programs and facilities thus allowing for increased usage.

The District's restricted portion of Program Revenue, specifically Mitigation Fees and Quimby Fees, increased by 85% (\$.75 million) when compared to FY 2020-2021. The increase in these fees is due to the increased building and development starts during the fiscal year and receipt of a deferred fees on a development project.

The District's General Revenues of Property Taxes increased by 9% (\$1.3 million) when compared to FY 2020-2021. The increased property tax revenue is primarily attributed to a healthy real estate market including increased sales of existing homes as well as substantial new construction.

Total Expenses in FY 2021-2022 were \$11.9 million, increasing 29% from the prior year. Approximately 12.8% (\$1.5 million) of the expenses are due to depreciation of capital assets (a non-cash expense), and 10.4% (\$1.2 million) of the expenses are due to acquisition of capital assets.

FUND FINANCIAL STATEMENTS

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, 2022, the District governmental funds had a combined fund balance of \$9.7 million, an increase of \$2.8 million from September 30, 2021.

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 \$6.6 million and was 57% of total General Fund revenue of \$11.6 million. The other large revenue source for the year was district services, totaling \$4.5 million which accounted for 39% of the General Fund revenue.

The primary expenditure categories supported by these revenues in fiscal year 2021-2022 were general government, capital outlay, and debt service expenses, which totaled \$12 million. General government expenses were \$9.2 million (77% of total general fund expenses), capital outlay was \$1.2 million (10% of total general fund expenses), and debt service was \$1.5 million (13% of total general fund expenses).

On September 30, 2022, the General Fund balance was \$6.3 million, an increase of \$0.9 million from the beginning of the year fund balance of \$5.4 million.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022 AND 2021

FUND FINANCIAL STATEMENTS (CONTINUED)

Mitigation Fund – this fund accounts for the collection of AB1600 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, \$1 million of the accumulated fees were expended on development of recreational facilities. On September 30, 2022, the Mitigation Fund balance was \$0.4 million, a decrease of \$0.3 million from the beginning of the year fund balance of \$0.7 million.

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, \$0.3 million in accumulated fees were expended on recreational facilities. On September 30, 2022, the Quimby Fees Fund balance was \$0.2 million, a decrease of \$0.2 million from the beginning of the year fund balance of \$0.4 million.

CAPITAL ASSETS

Table 3 shows fixed assets, net of depreciation on a historic cost basis for the year ending September 30, 2022, total \$37 million compared to \$37.4 million at September 30, 2021, a decrease of \$0.4 million.

TABLE 3

	2022	2021
Governmental Activities		
Land	\$ 3,997,736	\$ 3,997,736
Construction in Progress	1,709,795	941,225
Structures, Improvements and Equipment	46,499,194	46,207,383
Less Depreciation	(15,170,912)	(13,708,119)
Totals	\$ 37,035,813	\$ 37,438,225

Additions of capital assets of \$1.1 million included \$0.8 million in construction in progress for Regional Park Ballfield, Ponderosa Golf Course Club House Remodel, Boat Ramp Grant, Ice Rink Chiller, Bike Park, and Donner Lake Pier Replacement projects; and \$0.3 million in equipment purchases of a scrubbing floor machine, paddle boat, new elevator, new floor machine, tractor, sweeper, boom lift rebuild, bobcat skid steer loader, aquatic UV and heal lamps, banner holder, replacement pumps for pools, picnic tables, robotic field painter, and bear boxes.

Deletions to capital assets included \$.06 million of ice rink chiller and filtration system equipment.

Depreciation for fiscal year ending September 30, 2022 totaled \$1.5 million compared to \$1.3 million in fiscal year 2020-2021.

Further information regarding capital assets can be found in Note 4 of the financial statements.

**TRUCKEE-DONNER RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2022 AND 2021

DEBT ADMINISTRATION

Information regarding the District's debt can be found in detail in Note 5, beginning on page 26 of the financial statements. On September 30, 2021, and September 30, 2022, the District had balances of \$18.4 million and \$17.8 million respectively, in long term debt outstanding as summarized below in table 4.

TABLE 4

	2022	2021
2016 Refunding Certificates of Participation	\$ 15,715,000	\$ 16,555,000
2020 Lease Financing	1,464,992	1,527,721
Compensated Absences	607,033	287,207
Total	\$ 17,787,025	\$ 18,369,928

BUDGET ANALYSIS

The District prepares an annual budget for operating, debt service, and capital activities each year. The final budget for FY 2021-2022 was approved by the Board of Directors on September 23, 2021.

Table 5 summarizes the budget and actual revenues and expenses for FY 2021-2022.

TABLE 5

	FY21/22 Budget	FY21/22 Actual	Budget to Actual %
Revenues	\$10,787,296	\$12,396,247	15%
Expenses	\$11,613,099	\$12,029,407	(3.58%)
Revenue over Expense	\$ (825,803)	\$ 366,840	\$1,192,643

District revenues exceeded budgeted revenues by \$1.6 million (15%) for FY 2021-2022. The primary sources of additional revenue came from higher than anticipated property tax revenues received from Nevada and Placer Counties, higher than anticipated users of programs and facilities, and greater that budgeted Mitigation Fees and Quimby Fees.

District expenses were \$.04 million (4%) over budgeted expenses for FY 2021-2022. The primary source of increased expenses over budgeted amounts were in professional and special services and costs associated with capital expenditures. Note 12 identifies the budget line items with excess expenditures.

A comparison of the final budget to actual revenues and expenditures for each fund is presented in the Required Supplementary Information section of this report. For the General Fund, the actual revenues were \$2.6 million favorably over budget, the actual expenditures were \$0.4 million unfavorably over budget resulting in a positive net change in fund balance of \$0.9 million.

**TRUCKEE-DONNER RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SEPTEMBER 30, 2022 AND 2021

BUDGET ANALYSIS (CONTINUED)

For the Mitigation Fees Fund the revenues were \$0.8 million favorably over budget by 117%, and with the budgeted transfers of \$1.0 million to the General Fund resulted in a decrease in fund balance of \$0.3 million. For the Quimby Fees Fund the revenues were \$.02 million favorably over budget by 39%, and with the budgeted transfers of \$.03 million to the General Fund resulted in a decrease in fund balance of \$0.2 million.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District's overall financial outlook continues to be positive. The District services an area that continues to be an attractive place for primary and secondary home construction and purchases, providing both increased property taxes and users of programs and facilities, the two main sources of District revenue. In fact, the majority of the District's operating revenues are collected as part of the property tax assessments. Consistent with County and Town planning, and barring a real-estate downturn, staff expects continued residential growth with the District into the near future.

Another source of District revenue includes program fees for activities and facility rental fees. Increases in number of users is anticipated as the unemployment rates for the Truckee area are expected to continue to decrease. Also, the Board annually approves minimal increases to the user fees to help recoup the additional cost of services not covered by the increased property taxes collected.

The District's operating expenses are primarily labor, labor-related costs, debt service, and capital expenditures. The expenses are anticipated to rise in the future and the District has budgeted \$10.4 million in general government expenditures for the next fiscal year. Labor cost increases are expected to be commensurate with that of the cost of living experienced in the area, and the Debt Service payments will continue to be made from the District's General Fund and are budgeted at \$1.5 million for the next fiscal year. Other expenses anticipated are those associated with the Boat Ramp Grant Project, completion of both the Ponderosa Golf Course Club House Project and the Downtown Park Project.

BASIC FINANCIAL STATEMENTS

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

AS OF SEPTEMBER 30, 2022 AND 2021

	2022	2021
	Governmental	Governmental
	Activities	Activities
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 6,048,494	\$ 5,023,893
Restricted cash and cash equivalents	2,115,913	1,678,692
FMV adjustment of cash and cash equivalents	(408,513)	65,694
Receivables - net of allowances of \$1,750	486,545	283,839
Prepaid expenses	125,737	185,015
Inventory	23,323	11,074
Total Current Assets	<u>8,391,499</u>	<u>7,248,207</u>
Non-Current Assets		
Capital Assets:		
Land	3,997,736	3,997,736
Construction in progress	1,709,795	941,225
Depreciable capital assets	46,499,194	46,207,383
Accumulated depreciation	(15,170,912)	(13,708,119)
Capital assets - net	<u>37,035,813</u>	<u>37,438,225</u>
Total Assets	<u>45,427,312</u>	<u>44,686,432</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of COP	<u>1,314,967</u>	<u>1,409,456</u>
LIABILITIES		
Current Liabilities		
Accounts payable	983,310	178,376
Accrued expenses	396,253	350,711
Pension liability	10,065	10,064
Other liabilities	59,512	133,537
Interest payable	51,349	54,721
Current portion of long-term obligations	939,408	902,729
Total Current Liabilities	<u>2,439,897</u>	<u>1,630,138</u>
Long-Term Liabilities		
Compensated absences	607,033	287,207
Other long-term obligations - net of current portion	16,240,584	17,179,992
Total Long-Term Liabilities	<u>16,847,617</u>	<u>17,467,199</u>
Total Liabilities	<u>19,287,514</u>	<u>19,097,337</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred COP premium revenue	<u>1,096,413</u>	<u>1,175,197</u>
NET POSITION		
Net investment in capital assets	19,855,821	19,355,504
Restricted		
Mitigation	423,067	711,550
Quimby Fees	246,052	464,653
Unrestricted	5,833,412	5,291,647
Total Net Position	<u>\$ 26,358,352</u>	<u>\$ 25,823,354</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, 2022

	Program Revenues		Net Revenue
Expenses	Charges For Services	Grants and Contributions	Governmental Activities
Governmental Activities:			
General government	\$ 11,189,955	\$ 4,507,506	\$ 712,283
Interest on long-term debt	655,589	-	-
Amortization of deferred loss on debt refunding	94,489	-	-
Amortization of deferred debt premium	(78,784)	-	-
Total Governmental Activities	\$ 11,861,249	\$ 4,507,506	\$ 712,283
			\$ (6,641,460)
General Revenues:			
Property taxes and assessments			6,633,616
Investment income (loss)			(385,916)
Mitigation & Quimby fees			928,758
Total General Revenues and Transfers			7,176,458
Change in Net Position			534,998
Net Position - October 1, 2021			25,823,354
Net Position - September 30, 2022			\$ 26,358,352

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, 2021

	Program Revenues		Net Revenue
	Charges For Services	Grants and Contributions	
Governmental Activities:			
General government	\$ 8,521,722	\$ 3,199,896	\$ 159,311
Interest on long-term debt	640,999	-	-
Amortization of deferred loss on debt refunding	105,993	-	-
Amortization of deferred debt premium	(78,784)	-	-
Total Governmental Activities	<u>\$ 9,189,930</u>	<u>\$ 3,199,896</u>	<u>\$ 159,311</u>
			<u>\$ (5,830,723)</u>
General Revenues:			
Property taxes and assessments			6,088,365
Investment income			368
Mitigation & Quimby fees			<u>729,351</u>
Total General Revenues and Transfers			<u>6,818,084</u>
Change in Net Position			987,361
Net Position - October 1, 2020			<u>24,835,993</u>
Net Position - September 30, 2021			<u>\$ 25,823,354</u>

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF SEPTEMBER 30, 2022

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,048,494	\$ -	\$ -	\$ 6,048,494
Restricted cash and cash equivalents	10,065	1,558,252	547,596	2,115,913
FMV adjustment of cash and cash equivalents	(293,388)	(85,188)	(29,937)	(408,513)
Accounts receivable - net of allowance of \$1,750	486,545	-	-	486,545
Prepaid expenditures	125,737	-	-	125,737
Inventory	23,323	-	-	23,323
Due from other funds	1,321,604	-	-	1,321,604
Total Assets	<u>\$ 7,722,380</u>	<u>\$ 1,473,064</u>	<u>\$ 517,659</u>	<u>\$ 9,713,103</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 983,310	\$ -	\$ -	\$ 983,310
Accrued payroll and related liabilities	396,253	-	-	396,253
Pension liability	10,065	-	-	10,065
Other liabilities	59,512	-	-	59,512
Due to other funds	-	1,049,997	271,607	1,321,604
Total Liabilities	<u>1,449,140</u>	<u>1,049,997</u>	<u>271,607</u>	<u>2,770,744</u>
Fund Balances				
Nonspendable	149,060	-	-	149,060
Restricted	-	423,067	246,052	669,119
Committed	4,552,776	-	-	4,552,776
Unassigned	1,571,404	-	-	1,571,404
Total Fund Balances	<u>6,273,240</u>	<u>423,067</u>	<u>246,052</u>	<u>6,942,359</u>
Total Liabilities and Fund Balances	<u>\$ 7,722,380</u>	<u>\$ 1,473,064</u>	<u>\$ 517,659</u>	<u>\$ 9,713,103</u>

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF SEPTEMBER 30, 2021

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,023,893	\$ -	\$ -	\$ 5,023,893
Restricted cash and cash equivalents	10,064	1,168,436	500,192	1,678,692
FMV adjustment of cash and cash equivalents	47,476	12,757	5,461	65,694
Accounts receivable - net of allowance of \$1,750	283,839	-	-	283,839
Prepaid expenditures	185,015	-	-	185,015
Inventory	11,074	-	-	11,074
Due from other funds	510,643	-	-	510,643
Total Assets	<u>\$ 6,072,004</u>	<u>\$ 1,181,193</u>	<u>\$ 505,653</u>	<u>\$ 7,758,850</u>

**LIABILITIES AND
FUND BALANCES**

Liabilities

Accounts payable	\$ 178,376	\$ -	\$ -	\$ 178,376
Accrued payroll and related liabilities	350,711	-	-	350,711
Pension liability	10,064	-	-	10,064
Other liabilities	133,537	-	-	133,537
Due to other funds	-	469,643	41,000	510,643
Total Liabilities	<u>672,688</u>	<u>469,643</u>	<u>41,000</u>	<u>1,183,331</u>

Fund Balances

Nonspendable	196,089	-	-	196,089
Restricted	-	711,550	464,653	1,176,203
Committed	5,145,053	-	-	5,145,053
Unassigned	58,174	-	-	58,174
Total Fund Balances	<u>5,399,316</u>	<u>711,550</u>	<u>464,653</u>	<u>6,575,519</u>
Total Liabilities and Fund Balances	<u>\$ 6,072,004</u>	<u>\$ 1,181,193</u>	<u>\$ 505,653</u>	<u>\$ 7,758,850</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, 2022

Total Fund Balances - Governmental Funds	\$ 6,942,359
<p>In governmental funds only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>	
Capital assets at historical cost	\$ 52,206,725
Accumulated depreciation	(15,170,912)
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:	37,035,813
2016 Refunding Certificates of Participation	(15,715,000)
2020 Lease Financing	(1,464,992)
Compensated Absences	(607,033)
<p>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:</p>	
Unamortized portion of refunding COP premium	(1,096,413)
Unamortized portion of loss on refunding of 2007 COP	1,314,967
Unmatured interest on long-term liabilities is recognized in the period incurred.	218,554
Total Net Position - Governmental Activities	(51,349)
	\$ 26,358,352

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, 2021

Total Fund Balances - Governmental Funds \$ 6,575,519

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	\$ 51,146,344
Accumulated depreciation	<u>(13,708,119)</u>
	37,438,225

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	(16,555,000)
2020 Lease Financing	(1,527,721)
Compensated Absences	<u>(287,207)</u>
	(18,369,928)

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	(1,175,197)
Unamortized portion of loss on refunding of 2007 COP	<u>1,409,456</u>
	234,259
	<u>(54,721)</u>

Unmatured interest on long-term liabilities is recognized in the period incurred.

Total Net Position - Governmental Activities \$ 25,823,354

TRUCKEE-DONNER RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
REVENUES				
Tax and Assessments	\$ 6,633,616	\$ -	\$ -	\$ 6,633,616
Mitigation and Quimby Fees	-	841,350	87,408	928,758
District Services	4,507,506	-	-	4,507,506
Donations	98,513	-	-	98,513
Grants	613,770	-	-	613,770
Interest	69,186	13,966	5,139	88,291
Increase (Decrease) in FMV of Cash and Equivalents	(340,864)	(97,945)	(35,398)	(474,207)
Total Revenues	<u>11,581,727</u>	<u>757,371</u>	<u>57,149</u>	<u>12,396,247</u>
EXPENDITURES				
General Government	9,233,697	-	-	9,233,697
Capital Outlay	1,234,020	-	-	1,234,020
Debt service:				
Principal	902,729	-	-	902,729
Interest	658,961	-	-	658,961
Total Expenditures	<u>12,029,407</u>	<u>-</u>	<u>-</u>	<u>12,029,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(447,680)</u>	<u>757,371</u>	<u>57,149</u>	<u>366,840</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,321,604	-	-	1,321,604
Transfers out	-	(1,045,854)	(275,750)	(1,321,604)
Total other financing sources (uses)	<u>1,321,604</u>	<u>(1,045,854)</u>	<u>(275,750)</u>	<u>-</u>
Net Change in Fund Balance	873,924	(288,483)	(218,601)	366,840
Fund Balance - October 1, 2021	5,399,316	711,550	464,653	6,575,519
Fund Balance - September 30, 2022	<u>\$ 6,273,240</u>	<u>\$ 423,067</u>	<u>\$ 246,052</u>	<u>\$ 6,942,359</u>

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
REVENUES				
Tax and Assessments	\$ 6,088,365	\$ -	\$ -	\$ 6,088,365
Mitigation and Quimby Fees	-	464,587	264,764	729,351
District Services	3,199,896	-	-	3,199,896
Donations	130,408	-	-	130,408
Grants	28,903	-	-	28,903
Interest	64,619	14,150	1,898	80,667
Increase (Decrease) in FMV of Cash and Equivalents	(72,727)	(6,480)	(1,092)	(80,299)
Total Revenues	9,439,464	472,257	265,570	10,177,291
EXPENDITURES				
General Government	7,318,496	-	-	7,318,496
Capital Outlay	619,918	-	-	619,918
Debt service:				
Principal	882,279	-	-	882,279
Interest	654,684	-	-	654,684
Total Expenditures	9,475,377	-	-	9,475,377
Excess (deficiency) of revenues over (under) expenditures	(35,913)	472,257	265,570	701,914
OTHER FINANCING SOURCES (USES)				
Transfers in	506,500	-	-	506,500
Transfers out	-	(465,500)	(41,000)	(506,500)
Total other financing sources (uses)	506,500	(465,500)	(41,000)	-
Net Change in Fund Balance	470,587	6,757	224,570	701,914
Fund Balance - October 1, 2020	4,928,729	704,793	240,083	5,873,605
Fund Balance - September 30, 2021	\$ 5,399,316	\$ 711,550	\$ 464,653	\$ 6,575,519

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

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, 2022

Net Change in Fund Balances	\$ 366,840
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
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.	1,119,381
Depreciation of capital assets is an expense that is not recorded in the governmental funds.	(1,521,793)
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.	902,729
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:	
Deferred outflows relating to loss from debt refunding upon issuance	(94,489)
Deferred inflows relating to debt issue premium upon issuance	78,784
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is paid.	3,372
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.	
Change in Net Position of Governmental Activities	(319,826)
	\$ 534,998

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

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, 2021

Net Change in Fund Balances	\$ 701,914
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
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.	659,108
Depreciation of capital assets is an expense that is not recorded in the governmental funds.	(1,220,732)
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.	882,279
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:	
Deferred outflows relating to loss from debt refunding upon issuance	(94,489)
Deferred inflows relating to debt issue premium upon issuance	78,784
Amortization of deferred outflows relating to loss from debt refunding	(11,504)
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is paid.	13,685
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.	
Change in Net Position of Governmental Activities	(21,684)
	\$ 987,361

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 Districts 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, 2022

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, 2022

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, 2022

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 \$5,000 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, 2022

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, 2022

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.

Q. FINANCING LEASES

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term liability and corresponding asset for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, \$750,000. Amortization of related assets using the straight-line method over the life of the contract. As of September 30, 2022, the District did not have any financial leases that met the threshold.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. LEASE REVENUE

A lease is defined as a contract that conveys control of the right to use the District's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The long-term asset and corresponding liability for financial leases are recorded in the financial statements to the extent that the District's lease capitalization threshold is met, \$500,000. Amortization of related assets using the straight-line method over the life of the contract. As of September 30, 2022, the District did not have any financial leases that met the threshold.

2. CASH AND CASH EQUIVALENTS

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

Cash and investments at September 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Cash on hand and in banks	\$ 814,337	\$ 675,506
Cash in County Treasury	<u>5,234,157</u>	<u>4,348,387</u>
Cash and cash equivalents subtotal	<u>6,048,494</u>	<u>5,023,893</u>
Restricted - Cash in County Treasury	2,105,848	1,668,628
Restricted - Cash in pension fund	<u>10,065</u>	<u>10,064</u>
Restricted - Cash and cash equivalents subtotal	<u>2,115,913</u>	<u>1,678,692</u>
Increase (Decrease) in FMV of cash and cash equivalents	<u>(408,513)</u>	<u>65,694</u>
Total Cash and Cash Equivalents	<u>\$ 7,755,894</u>	<u>\$ 6,768,279</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, 2022, the Nevada County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

2. CASH AND CASH EQUIVALENTS (CONTINUED)

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, 2022.

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, 2022, the reconciled balances of the District's accounts were \$814,337 and the bank statement balances were \$850,592. At September 30, 2021, the reconciled balances of the District's accounts were \$675,506 and the bank statement balances were \$685,841.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

2. CASH AND CASH EQUIVALENTS (CONTINUED)

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.

Concentration of Credit Risk

The District's investment policy limits the amount it may invest with certain issuers. At September 30, 2022, the District had no concentration of credit risk and complied with the requirements of the District's investment policy.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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, 2022, the interfund receivable and payable balances were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 1,321,604	\$ -
Mitigation Fund	-	1,049,997
Quimby Fees Fund	-	271,607
Totals	\$ 1,321,604	\$ 1,321,604

As of September 30, 2021, the interfund receivable and payable balances were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 510,643	\$ -
Mitigation Fund	-	469,643
Quimby Fees Fund	-	41,000
Totals	\$ 510,643	\$ 510,643

Interfund Transfers

For the fiscal years ended September 30, 2022 and 2021, the interfund transfers were as follows:

	2022	2021
Transfer from Mitigation Fund to the General Fund per FY 2021-22 budget	\$ 1,045,854	
Transfer from Quimby Fees Fund to the General Fund per FY 2021-22 budget	275,750	
Total Transfers	\$ 1,321,604	
Transfer from Mitigation Fund to the General Fund per FY 2020-21 budget		\$ 465,500
Transfer from Quimby Fees Fund to the General Fund per FY 2020-21 budget		41,000
Total Transfers		\$ 506,500

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

4. CAPITAL ASSETS

A schedule of changes in Governmental Activities capital assets for the year ended September 30, 2022 is as follows:

	Balance October 1, 2021	Additions / Transfers In	Deletions / Transfers Out	Balance September 30, 2022
Non-depreciable assets:				
Land	\$ 3,997,736	\$ -	-	\$ 3,997,736
Construction in Progress	941,225	780,829	12,259	1,709,795
	<u>4,938,961</u>	<u>780,829</u>	<u>12,259</u>	<u>5,707,531</u>
Depreciable assets:				
Structures, improvements, and equipment	46,207,383	350,811	59,000	46,499,194
Totals, at cost	<u>51,146,344</u>	<u>1,131,640</u>	<u>71,259</u>	<u>52,206,725</u>
Accumulated depreciation:				
Structures, improvements, and equipment	(13,708,119)	(1,521,793)	(59,000)	(15,170,912)
Depreciable assets, net	<u>32,499,264</u>	<u>(1,170,982)</u>	<u>-</u>	<u>31,328,282</u>
Capital assets, net	<u>\$ 37,438,225</u>	<u>\$ (390,153)</u>	<u>\$ 12,259</u>	<u>\$ 37,035,813</u>

A schedule of changes in Governmental Activities capital assets for the year ended September 30, 2021 is as follows:

	Balance October 1, 2020	Additions / Transfers In	Deletions / Transfers Out	Balance September 30, 2021
Non-depreciable assets:				
Land	\$ 3,997,736	\$ -	-	\$ 3,997,736
Construction in Progress	5,391,806	636,945	5,087,526	941,225
	<u>9,389,542</u>	<u>636,945</u>	<u>5,087,526</u>	<u>4,938,961</u>
Depreciable assets:				
Structures, improvements, and equipment	41,135,952	5,109,689	38,258	46,207,383
Totals, at cost	<u>50,525,494</u>	<u>5,746,634</u>	<u>5,125,784</u>	<u>51,146,344</u>
Accumulated depreciation:				
Structures, improvements, and equipment	(12,525,645)	(1,220,732)	(38,258)	(13,708,119)
Depreciable assets, net	<u>28,610,307</u>	<u>3,888,957</u>	<u>-</u>	<u>32,499,264</u>
Capital assets, net	<u>\$ 37,999,849</u>	<u>\$ 4,525,902</u>	<u>\$ 5,087,526</u>	<u>\$ 37,438,225</u>

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

5. LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the fiscal year ended September 30, 2022 is as follows:

	Balance October 1, 2021	Additions	Deductions	Balance September 30, 2022	Amounts Due Within One Year
2016 Refunding Certificates of Participation	\$ 16,555,000	\$ -	\$ 840,000	\$ 15,715,000	\$ 875,000
2020 Lease Financing	1,527,721	-	62,729	1,464,992	64,408
Compensated Absences	287,207	319,826	-	607,033	-
Total	\$ 18,369,928	\$ 319,826	\$ 902,729	\$ 17,787,025	\$ 939,408

A schedule of changes in long-term liabilities for the fiscal year ended September 30, 2021 is as follows:

	Balance October 1, 2020	Additions	Deductions	Balance September 30, 2021	Amounts Due Within One Year
2016 Refunding Certificates of Participation	\$ 17,380,000	\$ -	\$ 825,000	\$ 16,555,000	\$ 840,000
2020 Lease Financing	1,585,000	-	57,279	1,527,721	62,729
Compensated Absences	265,523	21,684	-	287,207	-
Total	\$ 19,230,523	\$ 21,684	\$ 882,279	\$ 18,369,928	\$ 902,729

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, 2022

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, 2022 are as follows:

Fiscal Year Ended	Total Debt			
	September 30,	Principal	Interest	Service
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		985,000	431,250	1,416,250
2027		1,020,000	391,850	1,411,850
2028-2032		5,720,000	1,348,500	7,068,500
2033-2036		5,260,000	400,050	5,660,050
Total	\$	<u>15,715,000</u>	<u>\$ 4,086,600</u>	<u>\$ 19,801,600</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, 2022

5. LONG-TERM LIABILITIES (CONTINUED)

Fiscal Year Ended September 30,	Principal	Interest	Total Debt Service
2023	\$ 64,408	\$ 38,543	\$ 102,951
2024	66,133	36,819	102,952
2025	67,904	35,048	102,952
2026	69,722	33,230	102,952
2027	71,589	31,363	102,952
2028-2032	387,747	127,012	514,759
2033-2037	442,516	72,243	514,759
2038-2040	294,973	13,882	308,855
Total	<u>\$ 1,464,992</u>	<u>\$ 388,140</u>	<u>\$ 1,853,132</u>

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, 2022:

	General Fund	Mitigation Fund	Quimby Fees Fund	Total
Nonspendable:				
Prepaid Expenditures	\$ 125,737	\$ -	\$ -	\$ 125,737
Inventory	23,323	-	-	23,323
Total Nonspendable	<u>149,060</u>	<u>-</u>	<u>-</u>	<u>149,060</u>
Restricted For:				
Capital Projects	-	423,067	246,052	669,119
Total Restricted	<u>-</u>	<u>423,067</u>	<u>246,052</u>	<u>669,119</u>
Committed For:				
Operating Reserve	2,282,774	-	-	2,282,774
Operating Reserve- Debt Service Portion	1,517,002	-	-	1,517,002
Equipment Replacement Reserve	128,000	-	-	128,000
Board Special Project Reserve	100,000	-	-	100,000
Facility Maintenance Reserve	500,000	-	-	500,000
Scholarship Reserve	25,000	-	-	25,000
Total Committed	<u>4,552,776</u>	<u>-</u>	<u>-</u>	<u>4,552,776</u>
Unassigned:				
Unassigned/Unappropriated	1,571,404	-	-	1,571,404
Total Fund Balances	<u>\$ 6,273,240</u>	<u>\$ 423,067</u>	<u>\$ 246,052</u>	<u>\$ 6,942,359</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

6. FUND BALANCES (CONTINUED)

The following schedule is a summary of the components of the ending fund balance by fund type at September 30, 2021:

	General Fund	Mitigation Fund	Quimby Fees Fund	Total
Nonspendable:				
Prepaid Expenditures	\$ 185,015	\$ -	\$ -	\$ 185,015
Inventory	11,074	-	-	11,074
Total Nonspendable	196,089	-	-	196,089
Restricted For:				
Capital Projects	-	711,550	464,653	1,176,203
Total Restricted	-	711,550	464,653	1,176,203
Committed For:				
Operating Reserve	4,220,053	-	-	4,220,053
Equipment Replacement Reserve	300,000	-	-	300,000
Board Special Project Reserve	100,000	-	-	100,000
Facility Maintenance Reserve	500,000	-	-	500,000
Scholarship Reserve	25,000	-	-	25,000
Total Committed	5,145,053	-	-	5,145,053
Unassigned:				
Unassigned/Unappropriated	58,174	-	-	58,174
Total Fund Balances	<u>\$ 5,399,316</u>	<u>\$ 711,550</u>	<u>\$ 464,653</u>	<u>\$ 6,575,519</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 2022 and 2021 fiscal years were \$198,001 and \$195,175, respectively.

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, 2022

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, 2022:

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><u>\$ 181,131</u></u>

F. Condensed Financial Information

	<u>June 30, 2022</u>
	<u>(Audited)</u>
Total Assets	\$ 27,868,966
Deferred Outflows of Resources	152,337
Total Assets and Deferred Outflows	<u>\$ 28,021,303</u>
Total Liabilities	\$ 19,347,062
Deferred Inflows of Resources	433,498
Net Position	8,240,743
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 28,021,303</u>
Total Revenues	\$ 12,656,797
Total Expenses	10,857,208
Change in Net Position	<u>\$ 1,799,589</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, 2022

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, 2022, the District estimates its liability regarding these funds is \$10,065. This estimate assumes a reasonable rate of growth that ranged from 4.76% to 3.57% for the years 2004 through 2022.

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, 2022 were as follows:

	Excess Expenditures
General Fund:	
Communications	\$ 1,270
Food and beverage	53,349
Household/janitorial	8,338
Insurance	9,666
Maintenance	22,966
Memberships	5,198
Office expenses	28,367
Professional and special services	100,923
Publications	4,906
Rents and leases	42,986
Small tools and supplies	45,441
Special district services	573
Transportation and education	15,474
Utilities	28,589
Taxes and assessments	13,045
Debt service	44,688
Equipment	970,934
Miscellaneous expense	43,338

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (CONTINUED)

Excess of expenditures over appropriations for the year ended September 30, 2021 were as follows:

	Excess Expenditures
General Fund:	
Food and beverage	\$ 3,833
Household/janitorial	9,451
Insurance	67,283
Maintenance	11,855
Employee incentives	1,220
Office expenses	30,890
Professional and special services	149,485
Small tools and supplies	62,844
Special district services	9,330
Utilities	4,982
Bad debt	873
Structures and improvements	550,493
Equipment	48,925

13. SUBSEQUENT EVENTS

The District's management evaluated its September 30, 2022 financial statements for subsequent events through April 18, 2023, 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Tax and assessments	\$ 5,967,225	\$ 5,967,225	\$ 6,633,616	\$ 666,391
District services	2,801,297	2,801,297	4,507,506	1,706,209
Donations	72,575	72,575	98,513	25,938
Grants	50,000	50,000	613,770	563,770
Interest	60,000	60,000	69,186	9,186
Increase (Decrease) in FMV of cash and cash equivalents	-	-	(340,864)	(340,864)
Total revenues	8,951,097	8,951,097	11,581,727	2,630,630
EXPENDITURES				
Employee services	6,142,588	6,142,588	5,897,880	244,708
Communications	40,470	40,470	41,740	(1,270)
Food and beverage	62,250	62,250	115,599	(53,349)
Household/janitorial	40,500	40,500	48,838	(8,338)
Insurance	265,000	265,000	274,666	(9,666)
Maintenance	196,870	196,870	219,836	(22,966)
Memberships	21,763	21,763	26,961	(5,198)
Employee incentives	1,750	1,750	182	1,568
Office expenses	158,630	158,630	186,997	(28,367)
Professional and special services	557,955	557,955	658,878	(100,923)
Publications	33,900	33,900	38,806	(4,906)
Rents and leases	233,050	233,050	276,036	(42,986)
Small tools and supplies	282,591	282,591	328,032	(45,441)
Special district services	209,680	209,680	210,253	(573)
Transportation and education	108,725	108,725	124,199	(15,474)
Utilities	547,500	547,500	576,089	(28,589)
Taxes and assessments	135,975	135,975	149,020	(13,045)
Scholarship	25,000	25,000	16,347	8,653
Debt service	1,517,002	1,517,002	1,561,690	(44,688)
Structures and improvements	172,000	172,000	171,186	814
Equipment	91,900	91,900	1,062,834	(970,934)
Miscellaneous expense	-	-	43,338	(43,338)
Capital projects & equipment	768,000	768,000	-	768,000
Total expenditures	11,613,099	11,613,099	12,029,407	(416,308)
Excess (deficiency) of revenues over (under) expenditures	(2,662,002)	(2,662,002)	(447,680)	2,214,322
OTHER FINANCING SOURCES (USES)				
Transfers in	1,321,604	1,321,604	1,321,604	-
Total other financing sources (uses)	1,321,604	1,321,604	1,321,604	-
Net change in fund balance	(1,340,398)	(1,340,398)	873,924	2,214,322
Fund Balance - October 1, 2021	5,399,316	5,399,316	5,399,316	-
Fund balance - September 30, 2022	\$ 4,058,918	\$ 4,058,918	\$ 6,273,240	\$ 2,214,322

See accompanying notes to required supplementary information.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL

MITIGATION FUND

SEPTEMBER 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Mitigation fees	\$ 346,000	\$ 346,000	\$ 841,350	\$ 495,350
Interest	3,000	3,000	13,966	10,966
Increase (Decrease) in FMV of cash and cash equivalents	-	-	(97,945)	(97,945)
Total revenues	<u>349,000</u>	<u>349,000</u>	<u>757,371</u>	<u>408,371</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,045,854)	(1,045,854)	(1,045,854)	-
Net change in fund balance	(696,854)	(696,854)	(288,483)	408,371
Fund balance - October 1, 2021	711,550	711,550	711,550	-
Fund balance - September 30, 2022	<u>\$ 14,696</u>	<u>\$ 14,696</u>	<u>\$ 423,067</u>	<u>\$ 408,371</u>

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Quimby fees	\$ 40,000	\$ 40,000	\$ 87,408	\$ 47,408
Interest	1,000	1,000	5,139	4,139
Increase (Decrease) in FMV of cash and cash equivalents	-	-	(35,398)	(35,398)
Total revenues	41,000	41,000	57,149	16,149
OTHER FINANCING SOURCES (USES)				
Transfers out	(275,750)	(275,750)	(275,750)	-
Net change in fund balance	(234,750)	(234,750)	(218,601)	16,149
Fund balance - October 1, 2021	464,653	464,653	464,653	-
Fund balance - September 30, 2022	\$ 229,903	\$ 229,903	\$ 246,052	\$ 16,149

TRUCKEE-DONNER RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

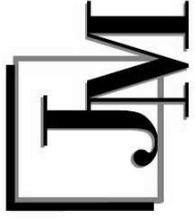
SEPTEMBER 30, 2022

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 years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 18, 2023.

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) 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 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.

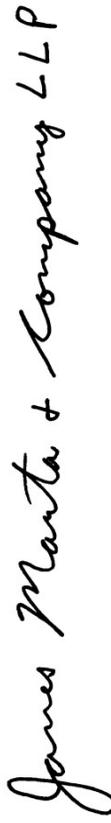
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Purpose of this Report

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



James Marta & Company LLP
Certified Public Accountants
Sacramento, California
April 18, 2023