

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

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

**FOR THE FISCAL YEARS ENDING
SEPTEMBER 30, 2023 AND 2022**

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

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TRUCKEE-DONNER RECREATION AND PARK DISTRICT

SEPTEMBER 30, 2023 AND 2022

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Expires November</u>
Mark Tanner	Chairman	2024
Jason Hansford	Vice Chairman	2024
Lori Marquette	Secretary	2026
Eric Smith	Director	2026
Mark Wasley	Director	2026

* * * *

General Manager
Sven Leff

Accounting Manager
Teresa McNamara

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

SEPTEMBER 30, 2023 AND 2022

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TRUCKEE-DONNER RECREATION AND PARK DISTRICT

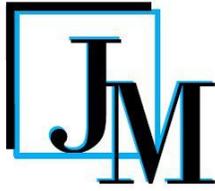
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James Marta & Company LLP

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, 2023 and 2022, 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, 2023 and 2022, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 February 9, 2024, 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". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 9, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023 AND 2022

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, 2023 (FY 2022-2023). 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 activities without 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 17,810 residents.

The District is governed by a five-member Board of Directors elected at-large for staggered four-year terms. The Board of Directors set policy and procedures, which are then administered by the General Manager. The District had 32 full-time employees, 18 part-time benefited employees, and 153 part-time seasonal employees on September 30, 2023.

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, 2023 AND 2022

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 12% (\$0.79 million) when compared to FY 2021-2022. Program Revenues increased by 5% (\$.29 million) when compared to FY 2021-2022.

District Non-Operating Revenue, comprised primarily of Mitigation and Quimby Fees, increased by 203% (\$2.5 million) when compared to FY 2021-2022.

District Expenses increased by 7.5% (\$0.89 million) when compared to FY 2021-2022.

The District's Total Net Position increased by 12.23% (\$3.2 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 District 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 2022-2023. 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, 2023 AND 2022

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, 2023 and 2022.

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, 2023 is \$29.6 million. This represents a 12% increase (\$3.2 million) from the close of the previous fiscal year. The net increase is attributed to an increase in capital assets and a decrease in liabilities.

TABLE 1
Condensed Statement of Net Position as of September 30, 2023 and 2022
Governmental Activities

	2023	2022	\$ Change	% Change
Assets				
Current and Other Assets	\$ 7,767,921	\$ 8,391,499	\$ (623,578)	-7.43%
Capital Assets, Net of Depreciation	39,388,740	37,035,813	2,352,927	6.35%
Total Assets	47,156,661	45,427,312	1,729,349	3.81%
Deferred outflows of resources				
Deferred loss on refunding	1,220,479	1,314,967	(94,488)	-7.19%
Liabilities				
Current Liabilities	2,213,247	2,439,897	(226,650)	-9.29%
Non-Current Liabilities	15,564,757	16,847,617	(1,282,860)	-7.61%
Total Liabilities	17,778,004	19,287,514	(1,509,510)	-7.83%
Deferred inflows of resources				
Deferred premium revenue	1,017,629	1,096,413	(78,784)	-7.19%
Net Position				
Net Investment in Capital Assets	23,148,156	19,855,821	3,292,335	16.58%
Restricted	232,797	669,119	(436,322)	-65.21%
Unrestricted	6,200,554	5,833,412	367,142	6.29%
Total Net Position	\$ 29,581,507	\$ 26,358,352	\$ 3,223,155	12.23%

The District's Capital Assets include land, buildings, furniture, and equipment. Net Capital Assets of \$39 million represents the net book value (cost less accumulated depreciation). The District's Net Investment in Capital Assets is \$23.1 million.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023 AND 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

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 2022-2023 is \$0.2 million.

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 2022-2023 is \$6.2 million.

The Condensed Statement of Activities (Table 2) shows the Revenues, Expenses, and Change in Net Position for the General Fund between FY 2021-2022 and FY 2022-2023.

TABLE 2
Condensed Statement of Activities as of September 30, 2023 and 2022
Governmental Activities

	2023	2022	\$ Change	% Change
Revenues				
Program Revenues				
Charges for Services	\$ 4,750,574	\$ 4,507,506	\$ 243,068	5.39%
Grants, Contributions, Mitigation & Quimby Fees	652,092	1,641,041	(988,949)	-60.26%
General Revenues				
Property Taxes	7,419,078	6,633,616	785,462	11.84%
Investment Income	242,186	88,291	153,895	174.30%
Contributed equity contribution	2,557,759	-	2,557,759	100.00%
Increase (Decrease) in FMV of Cash and Cash Equivalents	347,731	(474,207)	821,938	-173.33%
Total Revenues	15,969,420	12,396,247	3,573,173	28.82%
Expenses				
General Government	12,195,319	11,189,955	1,005,364	8.98%
Interest on Long-Term Debt	535,242	655,589	(120,347)	-18.36%
Amortization Expense	15,704	15,705	(1)	-0.01%
Total Expenses	12,746,265	11,861,249	885,016	7.46%
Change in Net Position	3,223,155	534,998	2,688,157	502.46%
Net Position, Beginning of Year	26,358,352	25,823,354	534,998	2.07%
Net Position, End of Year	\$ 29,581,507	\$ 26,358,352	\$ 3,223,155	12.23%

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023 AND 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

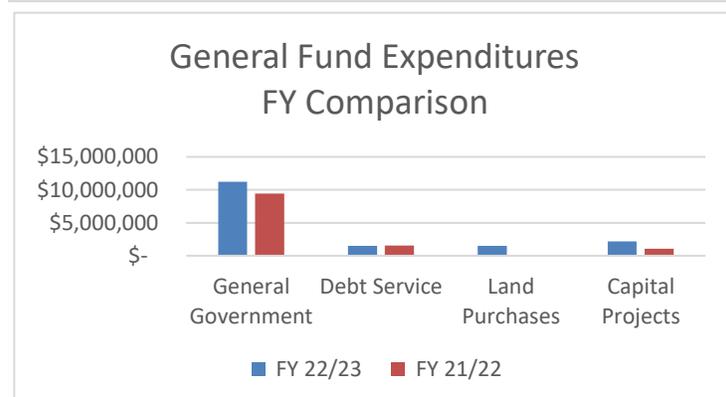
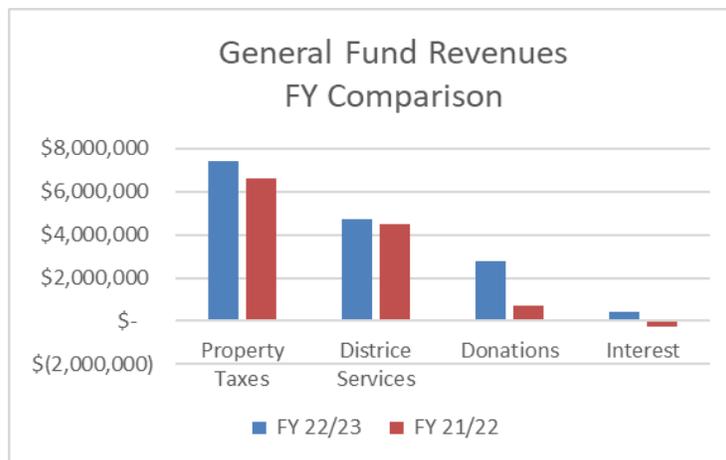
District revenues are broken down into two categories, Program Revenues and General Revenues. Program Revenues are made up of charges for program and activity registrations and facility rentals that are unrestricted, and restricted revenues of grants, contributions, Mitigation Fees and Quimby fees.

General Revenues include property taxes, investment income, and increase or decrease in fair market value of cash and cash equivalents. Total Revenues were \$15.9 million, an increase of 28% when compared for FY 2021-2022. Charges for Services account for 88% of the District’s Program Revenues and 30% of the Total Revenues. In FY 2022-2023, the District received \$4.8 million in charges for services, up 5% from FY 2021-2022. The increase in charges for services is attributed to a 5% increase in fees.

The District’s restricted portion of Program Revenue, specifically Mitigation Fees and Quimby Fees, decreased by 60% (\$.98 million) when compared to FY 2021-2022. The decrease in these fees is due to a slow down in building and development starts during the fiscal year.

The District’s General Revenues of Property Taxes increased by 12% (\$.79 million) when compared to FY 2021-2022. The increased property tax revenue is primarily attributed to a continued healthy real estate market including increased sales of existing homes as well as new construction.

Total Expenses in FY 2022-2023 were \$12.7 million, increasing 7% from the prior fiscal year.



TRUCKEE-DONNER RECREATION AND PARK DISTRICT

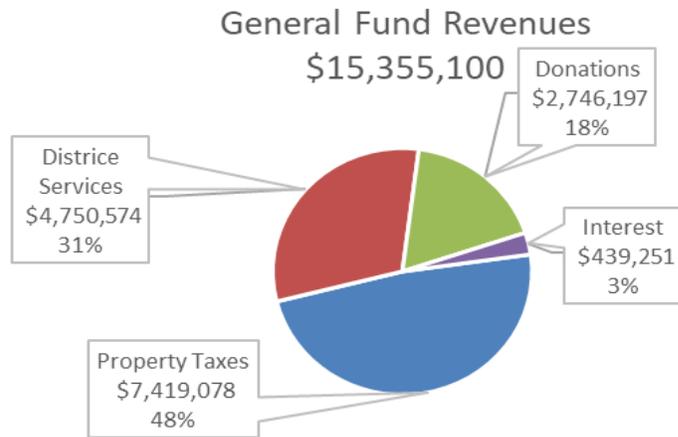
MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023 AND 2022

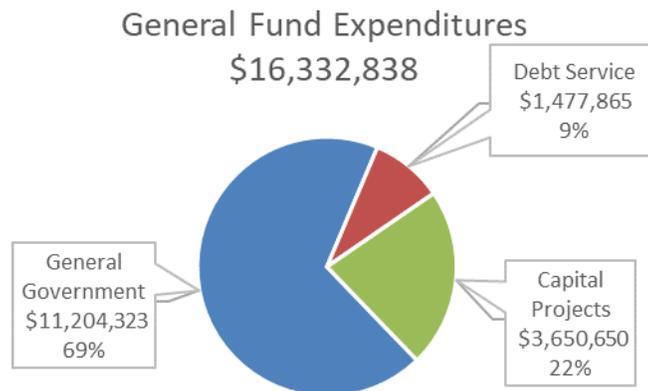
FUND FINANCIAL STATEMENTS

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, 2023, the District governmental funds had a combined fund balance of \$6.6 million, a decrease of \$.3 million from September 30, 2022.

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 \$7.4 million and was 48% of total General Fund revenue of \$15.4 million. The other large revenue sources for the year were district services, totaling \$4.8 million which accounted for 31% of the General Fund revenue, and donations, totaling \$2.7 million which accounted for 18% of General Fund revenue. On September 30, 2023, the General Fund balance was \$6.3 million, an increase of \$0.07 million from the beginning of the year fund balance of \$6.2 million.



The primary expenditure categories supported by general revenues in fiscal year 2022-2023 were general government, capital outlay, and debt service, which totaled \$16.3 million. General government expenses were \$11.2 million (69%), capital outlay was \$3.7 million (22%), and debt service was \$1.5 million (9%).



TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023 AND 2022

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, \$0.6 million of the accumulated fees were expended on development of recreational facilities. On September 30, 2023, the Mitigation Fund balance was \$0.2 million, a decrease of \$0.2 million from the beginning of the year fund balance of \$0.4 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, \$0.4 million in accumulated fees were expended on recreational facilities. On September 30, 2023, the Quimby Fees Fund balance was \$0.05 million, a decrease of \$0.15 million from the beginning of the year fund balance of \$0.2 million.

CAPITAL ASSETS

Table 3 shows fixed assets, net of depreciation on a historic cost basis for the fiscal year ending September 30, 2023, total \$39.4 million compared to \$37 million at September 30, 2022, an increase of \$2.4 million.

TABLE 3
Governmental Activities

	<u>2023</u>	<u>2022</u>
Land	\$ 5,483,696	\$ 3,997,736
Construction in Progress	3,531,883	1,709,795
Structures, Improvements and Equipment	47,030,583	46,499,194
Less Depreciation	<u>(16,657,422)</u>	<u>(15,170,912)</u>
Totals	<u>\$ 39,388,740</u>	<u>\$ 37,035,813</u>

Additions of capital assets of \$3.8 million included \$1.8 million in construction in progress for CAC Downtown Park, Regional Park Ballfield, Ponderosa Golf Course Club House Remodel, Boat Ramp Grant, Skate Park, Pickleball Complex, and Donner Lake Pier Replacement projects; \$1.5 million addition to land for Cold Stream Park; and \$0.5 million in equipment purchases of CAC audio visual equipment, CAC movie screen, Zamboni, ice rink dasher boards, Yamaha Karavan, Mahindra Loader Backhoe with bucket, Turf Star field seeder, and a Bobcat utility vehicle.

Deletions to capital assets included \$0.01 million of computer equipment.

Depreciation for fiscal year ending September 30, 2023 totaled \$1.5 million compared to \$1.5 million in fiscal year 2021-2022.

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, 2023 AND 2022

DEBT ADMINISTRATION

Information regarding the District’s debt can be found in detail in Note 5, beginning on page 34 of the financial statements. On September 30, 2022, and September 30, 2023, the District had balances of \$17.8 million and \$16.5 million respectively, in long term debt outstanding as summarized below in table 4.

TABLE 4
Governmental Activities

	2023	2022
2016 Refunding Certificates of Participation	\$ 14,840,000	\$ 15,715,000
2020 Lease Financing	1,400,584	1,464,992
Compensated Absences	300,306	607,033
Total	<u>\$ 16,540,890</u>	<u>\$ 17,787,025</u>

BUDGET ANALYSIS

The District prepares an annual budget for operating, debt service, and capital activities each year. The final budget for FY 2022-2023 was approved by the Board of Directors on October 6, 2022.

Table 5 summarizes the budget and actual revenues and expenses for FY 2022-2023.

TABLE 5
Governmental Activities

	FY22/23 Budget	FY22/23 Actual	Budget to Actual	
			\$	%
Revenues	\$11,991,973	\$15,355,100	\$3,363,127	22%
Expenses	\$12,861,113	\$16,332,838	\$(3,471,725)	(21%)
Revenue over Expense	<u>\$ (869,140)</u>	<u>\$ (977,738)</u>	<u>\$ (108,598)</u>	

District revenues exceeded budgeted revenues by \$3.4 million (22%) for FY 2022-2023. 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, greater than budgeted Mitigation Fees and Quimby Fees, and donated land for Cold Stream Park and Downtown Park.

District expenses were \$3.5 million (21%) over budgeted expenses for FY 2022-2023. The primary source of increased expenses over budgeted amounts were in professional and special services and costs associated with capital expenditures, and land acquisition of Cold Stream Park. 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 \$3.4 million favorably over budget, the actual expenditures were \$3.5 million unfavorably over budget resulting in an unfavorable net change in fund balance of \$0.1 million.

For the Mitigation Fees Fund the revenues were \$0.06 million favorably over budget by 14%, and with the budgeted transfers of \$0.6 million to the General Fund resulted in a decrease in fund balance of \$0.2 million.

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2023 AND 2022

For the Quimby Fees Fund the revenues were \$0.2 million favorably over budget by 80%, and with the budgeted transfers of \$.04 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 \$11.8 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 the Ponderosa Golf Course Club House Project, replacement of the roof/siding at the Veteran's Hall, regrading of pads for the Ice Rink at Regional Park, relocation of Sand Volleyball Courts at Regional Park, replace roof gutters at the Community Recreation Center, replace fencing at West End Beach, replace two piers at Donner Lake, replace ADA floating pier at Shoreline Park, retaining wall at Rodeo Arena, and purchase a Toro reel mower for Ponderosa Golf Course.

BASIC FINANCIAL STATEMENTS

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION

AS OF SEPTEMBER 30, 2023 AND 2022

	2023	2022
	Governmental	Governmental
	Activities	Activities
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,364,154	\$ 6,048,494
Restricted cash and cash equivalents	252,601	2,115,913
FMV adjustment of cash and cash equivalents	(60,783)	(408,513)
Receivables - net of allowances of \$1,750	39,009	486,545
Prepaid expenses	150,225	125,737
Inventory	22,715	23,323
Total Current Assets	<u>7,767,921</u>	<u>8,391,499</u>
Non-Current Assets		
Capital Assets:		
Land	5,483,696	3,997,736
Construction in progress	3,531,883	1,709,795
Depreciable capital assets	47,030,583	46,499,194
Accumulated depreciation	(16,657,422)	(15,170,912)
Capital assets - net	<u>39,388,740</u>	<u>37,035,813</u>
Total Assets	<u>47,156,661</u>	<u>45,427,312</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding of COP	1,220,479	1,314,967
Total Deferred Outflows	<u>1,220,479</u>	<u>1,314,967</u>
LIABILITIES		
Current Liabilities		
Accounts payable	387,070	983,310
Accrued expenses	515,248	396,253
Pension liability	10,066	10,065
Other liabilities	49,381	59,512
Unearned revenue	227,215	-
Interest payable	48,134	51,349
Current portion of long-term obligations	976,133	939,408
Total Current Liabilities	<u>2,213,247</u>	<u>2,439,897</u>
Long-Term Liabilities		
Compensated absences	300,306	607,033
Other long-term obligations - net of current portion	15,264,451	16,240,584
Total Long-Term Liabilities	<u>15,564,757</u>	<u>16,847,617</u>
Total Liabilities	<u>17,778,004</u>	<u>19,287,514</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred COP premium revenue	1,017,629	1,096,413
NET POSITION		
Net investment in capital assets	23,148,156	19,855,821
Restricted		
Mitigation	185,241	423,067
Quimby Fees	47,556	246,052
Unrestricted	6,200,554	5,833,412
Total Net Position	<u>\$ 29,581,507</u>	<u>\$ 26,358,352</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, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue</u>
		<u>Charges For Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
General government	\$ 12,195,319	\$ 4,750,574	\$ 188,438	\$ (7,256,307)
Interest on long-term debt	535,242	-	-	(535,242)
Amortization of deferred loss on debt refunding	94,488	-	-	(94,488)
Amortization of deferred debt premium	(78,784)	-	-	78,784
Total Governmental Activities	<u>\$ 12,746,265</u>	<u>\$ 4,750,574</u>	<u>\$ 188,438</u>	<u>\$ (7,807,253)</u>
General Revenues:				
Property taxes and assessments				7,419,078
Investment income (loss)				589,917
Mitigation & Quimby fees				463,654
Contributed equity contribution				<u>2,557,759</u>
Total General Revenues and Transfers				<u>11,030,408</u>
Change in Net Position				3,223,155
Net Position - October 1, 2022				<u>26,358,352</u>
Net Position - September 30, 2023				<u>\$ 29,581,507</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

	Expenses	Program Revenues		Net Revenue
		Charges For	Grants and	Governmental
		Services	Contributions	Activities
Governmental Activities:				
General government	\$ 11,189,955	\$ 4,507,506	\$ 712,283	\$ (5,970,166)
Interest on long-term debt	655,589	-	-	(655,589)
Amortization of deferred loss on debt refunding	94,489	-	-	(94,489)
Amortization of deferred debt premium	(78,784)	-	-	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

BALANCE SHEET - GOVERNMENTAL FUNDS

AS OF SEPTEMBER 30, 2023

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,364,154	\$ -	\$ -	\$ 7,364,154
Restricted cash and cash equivalents	10,066	192,574	49,961	252,601
FMV adjustment of cash and cash equivalents	(51,045)	(7,333)	(2,405)	(60,783)
Accounts receivable - net of allowance of \$1,750	39,009	-	-	39,009
Prepaid expenditures	150,225	-	-	150,225
Inventory	22,715	-	-	22,715
Due from other funds	-	-	-	-
Total Assets	\$ 7,535,124	\$ 185,241	\$ 47,556	\$ 7,767,921
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 387,070	\$ -	\$ -	\$ 387,070
Accrued payroll and related liabilities	515,248	-	-	515,248
Pension liability	10,066	-	-	10,066
Other liabilities	49,381	-	-	49,381
Unearned revenue	227,215	-	-	227,215
Due to other funds	-	-	-	-
Total Liabilities	1,188,980	-	-	1,188,980
Fund Balances				
Nonspendable	172,940	-	-	172,940
Restricted	-	185,241	47,556	232,797
Committed	5,140,420	-	-	5,140,420
Unassigned	1,032,784	-	-	1,032,784
Total Fund Balances	6,346,144	185,241	47,556	6,578,941
Total Liabilities and Fund Balances	\$ 7,535,124	\$ 185,241	\$ 47,556	\$ 7,767,921

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds		\$ 6,578,941
<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	\$ 56,046,162	
Accumulated depreciation	<u>(16,657,422)</u>	39,388,740
<p>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:</p>		
2016 Refunding Certificates of Participation	(14,840,000)	
2020 Lease Financing	(1,400,584)	
Compensated Absences	<u>(300,306)</u>	(16,540,890)
<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	(1,017,629)	
Unamortized portion of loss on refunding of 2007 COP	<u>1,220,479</u>	202,850
Unmatured interest on long-term liabilities is recognized in the period incurred.		<u>(48,134)</u>
Total Net Position - Governmental Activities		<u><u>\$ 29,581,507</u></u>

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	<u>(15,170,912)</u>	37,035,813
<p>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:</p>		
2016 Refunding Certificates of Participation	(15,715,000)	
2020 Lease Financing	(1,464,992)	
Compensated Absences	<u>(607,033)</u>	(17,787,025)
<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	<u>1,314,967</u>	218,554
Unmatured interest on long-term liabilities is recognized in the period incurred.		<u>(51,349)</u>
Total Net Position - Governmental Activities	\$	<u><u>26,358,352</u></u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Mitigation Fund	Quimby Fees Fund	Total Governmental Funds
REVENUES				
Tax and Assessments	\$ 7,419,078	\$ -	\$ -	\$ 7,419,078
Mitigation and Quimby Fees	-	292,199	171,455	463,654
District Services	4,750,574	-	-	4,750,574
Donations	2,746,197	-	-	2,746,197
Grants	-	-	-	-
Interest	196,908	36,119	9,159	242,186
Increase (Decrease) in FMV of Cash and Equivalents	242,343	77,856	27,532	347,731
Total Revenues	15,355,100	406,174	208,146	15,969,420
EXPENDITURES				
General Government	11,204,323	-	-	11,204,323
Capital Outlay	3,650,650	-	-	3,650,650
Debt service:				
Principal	939,408	-	-	939,408
Interest	538,457	-	-	538,457
Total Expenditures	16,332,838	-	-	16,332,838
Excess (deficiency) of revenues over (under) expenditures	(977,738)	406,174	208,146	(363,418)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,050,642	-	-	1,050,642
Transfers out	-	(644,000)	(406,642)	(1,050,642)
Total other financing sources (uses)	1,050,642	(644,000)	(406,642)	-
Net Change in Fund Balance	72,904	(237,826)	(198,496)	(363,418)
Fund Balance - October 1, 2022	6,273,240	423,067	246,052	6,942,359
Fund Balance - September 30, 2023	\$ 6,346,144	\$ 185,241	\$ 47,556	\$ 6,578,941

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	<u>5,399,316</u>	<u>711,550</u>	<u>464,653</u>	<u>6,575,519</u>
Fund Balance - September 30, 2022	<u>\$ 6,273,240</u>	<u>\$ 423,067</u>	<u>\$ 246,052</u>	<u>\$ 6,942,359</u>

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, 2023

Net Change in Fund Balances	\$ (363,418)
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.	3,840,437
Depreciation of capital assets is an expense that is not recorded in the governmental funds.	(1,487,510)
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.	939,408
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	(94,488)
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.	3,215
In the Statement of Activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used.	<u>306,727</u>
Change in Net Position of Governmental Activities	<u>\$ 3,223,155</u>

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.	(319,826)
Change in Net Position of Governmental Activities	<u>\$ 534,998</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

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

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

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Basic Financial Statements

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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, 2023

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. INVENTORY

Inventory consists of equipment, supplies, and concessions sold at Ponderosa Golf Course and Truckee Community 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 type.

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, 2023

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, 2023

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, 2023, 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, 2023

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, 2023, the District did not have any financial leases that met the threshold.

S. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets) 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 SBITAs are recorded in the financial statements to the extent that the District's 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, 2023, the District did not have any subscription based information technology agreements 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, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents:		
Cash on Hand	\$ 4,900	\$ 3,920
BMO Bank	313,730	808,486
Cash in Nevada County Treasury	370,982	5,234,157
CalCLASS	6,674,542	-
Cash and Cash Equivalents Subtotal	<u>7,364,154</u>	<u>6,046,563</u>
Restricted - Cash and Cash Equivalents		
Restricted - Cash in Nevada County Treasury	186,902	2,105,848
Restricted - CalCLASS	55,633	-
Restricted - Cash in Pension Fund	10,066	10,065
Restricted - Cash and Cash Equivalents Subtotal	<u>252,601</u>	<u>2,115,913</u>
Increase (Decrease) in FMV of Cash and Cash Equivalents	<u>(60,783)</u>	<u>(408,513)</u>
Total Cash and Cash Equivalents	<u>\$ 7,555,972</u>	<u>\$ 7,755,894</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in CalCLASS Joint Powers Authority, BMO Bank, and Nevada County Treasury

The District maintains most of its cash in the CalCLASS Joint Powers Authority, BMO Bank, and the Nevada County Treasury. Both the CalCLASS Joint Powers Authority and the Nevada County Treasury pool and invest the cash on behalf of the pool members. These pooled funds are carried at cost, which approximates fair value. For both the CalCLASS Joint Powers Authority and the BMO Bank accounts, interest is earned and deposited monthly into the respective accounts.

For Nevada County Treasury interest is apportioned into participating funds on a quarterly basis. 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 Nevada 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, 2023, the Nevada County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations. The District's investments were in compliance with the above provisions as of and during the year ended September 30, 2023.

The table on the following page 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:

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
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. Per Government Code section 16521 – banks are required to deposit securities as collateral with the State Treasurer valued at least 110 percent of the uninsured portion of the collected funds deposited with the banks, BMO Bank adheres to this requirement for government funds.

At September 30, 2023, the reconciled balances of the District’s accounts were \$6,991,472 and the bank statement balances were \$7,058,444. At September 30, 2022, the reconciled balances of the District’s accounts were \$814,337 and the bank statement balances were \$850,592.

Interest Rate Risk

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

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

2. CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration of Credit Risk

The District's investment policy limits the amount it may invest with certain issuers. At September 30, 2023, the District had no concentration of credit risk and complied with the requirements of the District's investment policy.

3. INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables

As of September 30, 2023, the interfund receivable and payable balances were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ -
Mitigation Fund	-	-
Quimby Fees Fund	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>

As of September 30, 2022, the interfund receivable and payable balances were as follows:

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

Interfund Transfers

For the fiscal years ended September 30, 2023 and 2022, the interfund transfers were as follows:

	<u>2023</u>
Transfer from Mitigation Fund to the General Fund per FY 2022-23 budget	\$ 644,000
Transfer from Quimby Fees Fund to the General Fund per FY 2022-23 budget	406,642
Total Transfers	<u>\$ 1,050,642</u>
	<u>2022</u>
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	<u>\$ 1,321,604</u>

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

4. CAPITAL ASSETS

A schedule of changes in Governmental Activities capital assets for the year ended September 30, 2023 is as follows:

	Balance October 1, 2022	Additions	Deletions	Balance September 30, 2023
Non-depreciable assets:				
Land	\$ 3,997,736	\$ 1,485,960	\$ -	\$ 5,483,696
Construction in Progress	1,709,795	2,210,626	388,538	3,531,883
	<u>5,707,531</u>	<u>3,696,586</u>	<u>388,538</u>	<u>9,015,579</u>
Depreciable assets:				
Structures, improvements, and equipment	46,499,194	532,389	1,000	47,030,583
Totals, at cost	<u>52,206,725</u>	<u>4,228,975</u>	<u>389,538</u>	<u>56,046,162</u>
Accumulated depreciation:				
Structures, improvements, and equipment	(15,170,912)	(1,487,510)	(1,000)	(16,657,422)
Depreciable assets, net	<u>31,328,282</u>	<u>(955,121)</u>	<u>-</u>	<u>30,373,161</u>
Capital assets, net	<u>\$ 37,035,813</u>	<u>\$ 2,741,465</u>	<u>\$ 388,538</u>	<u>\$ 39,388,740</u>

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>

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, 2023

5. LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the fiscal year ended September 30, 2023 is as follows:

	Balance October 1, 2022	Additions	Deductions	Balance September 30, 2023	Amounts Due Within One Year
2016 Refunding Certificates of Participation	\$ 15,715,000	\$ -	\$ 875,000	\$ 14,840,000	\$ 910,000
2020 Lease Financing	1,464,992	-	64,408	1,400,584	66,133
Compensated Absences	607,033	-	306,727	300,306	-
Total	\$ 17,787,025	\$ -	\$ 1,246,135	\$ 16,540,890	\$ 976,133

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

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, 2023

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, 2023 are as follows:

Fiscal Year Ended	Total Debt		
September 30,	Principal	Interest	Service
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	1,060,000	351,050	1,411,050
2029-2033	5,920,000	1,155,250	7,075,250
2034-2036	4,000,000	242,250	4,242,250
Total	<u>\$ 14,840,000</u>	<u>\$ 3,546,150</u>	<u>\$ 18,386,150</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, 2023

5. LONG-TERM LIABILITIES (CONTINUED)

Fiscal Year Ended September 30,	Total Debt		
	Principal	Interest	Service
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	73,506	29,446	102,952
2029-2033	398,130	116,629	514,759
2034-2038	454,365	60,394	514,759
2039-2040	199,235	6,668	205,903
Total	\$ 1,400,584	\$ 349,597	\$ 1,750,181

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, 2023:

	General Fund	Mitigation Fund	Quimby Fees Fund	Total
Nonspendable:				
Prepaid Expenditures	\$ 150,225	\$ -	\$ -	\$ 150,225
Inventory	22,715	-	-	22,715
Total Nonspendable	172,940	-	-	172,940
Restricted For:				
Grants for Designated Programs/Projects	-	-	-	-
Capital Projects	-	185,241	47,556	232,797
Total Restricted	-	185,241	47,556	232,797
Committed For:				
Operating Reserve	2,679,062	-	-	2,679,062
Operating Reserve-				
Debt Service Portion	1,520,364	-	-	1,520,364
Equipment Replacement Reserve	300,000	-	-	300,000
Board Special Project Reserve	100,000	-	-	100,000
Facility Maintenance Reserve	500,000	-	-	500,000
Pickleball Complex Project	25,444	-	-	25,444
Rocker Skate Park Project	15,550	-	-	15,550
Total Committed	5,140,420	-	-	5,140,420
Unassigned:				
Unassigned/Unappropriated	1,032,784	-	-	1,032,784
Total Unassigned	1,032,784	-	-	1,032,784
Total Fund Balances	\$ 6,346,144	\$ 185,241	\$ 47,556	\$ 6,578,941

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

6. FUND BALANCES (CONTINUED)

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, 2023

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 2023 and 2022 fiscal years were \$215,921 and \$198,001, 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, 2023

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>\$ 181,131</u>
F. Condensed Financial Information	
	June 30, 2022 (Audited)
Total Assets	<u>\$ 27,868,966</u>
Deferred Outflows of Resources	<u>152,337</u>
Total Assets and Deferred Outflows	<u>\$ 28,021,303</u>
Total Liabilities	\$ 19,347,062
Deferred Inflows of Resources	433,498
Net Position	<u>8,240,743</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 28,021,303</u>
Total Revenues	\$ 12,656,797
Total Expenses	<u>10,857,208</u>
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, 2023

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, 2023, the District estimates its liability regarding these funds is \$10,066. This estimate assumes a reasonable rate of growth that ranged from 4.76% to 3.57% for the years 2004 through 2023.

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. However, these expenditures were approved by the District's Board of Directors.

Excess of expenditures over appropriations for the year ended September 30, 2023 were as follows:

	<u>Excess Expenditures</u>
General Fund:	
Employee services	\$ 281,945
Food and beverage	78,463
Household/janitorial	85
Insurance	15,881
Maintenance	45,034
Professional and special services	98,537
Publications	5,044
Rents and leases	180,817
Small tools and supplies	86,533
Special district services	6,212
Transportation and education	7,844
Utilities	66,413
Taxes and assessments	8,783
Land	1,485,960
Structures and improvements	134,329
Equipment	324,062
Miscellaneous expense	50,644

TRUCKEE-DONNER RECREATION AND PARK DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

12. EXCESS OF EXPENDITURES OVER APPROPRIATIONS (CONTINUED)

Excess of expenditures over appropriations for the year ended September 30, 2022 were as follows:

	<u>Excess Expenditures</u>
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

13. SUBSEQUENT EVENTS

The District's management evaluated its September 30, 2023 financial statements for subsequent events through February 9, 2024, 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, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Tax and assessments	\$ 7,233,279	\$ 7,233,279	\$ 7,419,078	\$ 185,799
District services	4,398,759	4,398,759	4,750,574	351,815
Donations	299,935	299,935	2,746,197	2,446,262
Interest	60,000	60,000	196,908	136,908
Increase (Decrease) in FMV of cash and cash equivalents	-	-	242,343	242,343
Total revenues	11,991,973	11,991,973	15,355,100	3,363,127
EXPENDITURES				
Employee services	7,090,814	7,090,814	7,372,759	(281,945)
Communications	40,470	40,470	38,363	2,107
Food and beverage	70,560	70,560	149,023	(78,463)
Household/janitorial	50,500	50,500	50,585	(85)
Insurance	303,750	303,750	319,631	(15,881)
Maintenance	219,220	219,220	264,254	(45,034)
Memberships	25,323	25,323	16,900	8,423
Employee incentives	1,750	1,750	551	1,199
Office expenses	205,180	205,180	151,575	53,605
Professional and special services	672,570	672,570	771,107	(98,537)
Publications	36,000	36,000	41,044	(5,044)
Rents and leases	186,650	186,650	367,467	(180,817)
Small tools and supplies	322,043	322,043	408,576	(86,533)
Special district services	235,645	235,645	241,857	(6,212)
Transportation and education	124,325	124,325	132,169	(7,844)
Utilities	589,500	589,500	655,913	(66,413)
Taxes and assessments	133,500	133,500	142,283	(8,783)
Scholarship	25,000	25,000	24,617	383
Debt service	1,520,364	1,520,364	1,477,865	42,499
Land purchases	-	-	1,485,960	(1,485,960)
Structures and improvements	174,700	174,700	1,380,828	(1,206,128)
Equipment	459,800	459,800	783,862	(324,062)
Miscellaneous expense	-	-	50,644	(50,644)
Salary Survey Implementation	373,449	373,449	5,005	368,444
Total expenditures	12,861,113	12,861,113	16,332,838	(3,471,725)
Excess (deficiency) of revenues over (under) expenditures	(869,140)	(869,140)	(977,738)	(108,598)
OTHER FINANCING SOURCES (USES)				
Transfers in	913,355	913,355	1,050,642	137,287
Total other financing sources (uses)	913,355	913,355	1,050,642	137,287
Net change in fund balance	44,215	44,215	72,904	28,689
Fund Balance - October 1, 2022	6,273,240	6,273,240	6,273,240	-
Fund balance - September 30, 2023	\$ 6,317,455	\$ 6,317,455	\$ 6,346,144	\$ 28,689

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Mitigation fees	\$ 346,000	\$ 346,000	\$ 292,199	\$ (53,801)
Interest	3,000	3,000	36,119	33,119
Increase (Decrease) in FMV of cash and cash equivalents	-	-	77,856	77,856
Total revenues	<u>349,000</u>	<u>349,000</u>	<u>406,174</u>	<u>57,174</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(590,658)	(590,658)	(644,000)	(53,342)
Net change in fund balance	(241,658)	(241,658)	(237,826)	3,832
Fund balance - October 1, 2022	423,067	423,067	423,067	-
Fund balance - September 30, 2023	<u>\$ 181,409</u>	<u>\$ 181,409</u>	<u>\$ 185,241</u>	<u>\$ 3,832</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Quimby fees	\$ 40,000	\$ 40,000	\$ 171,455	\$ 131,455
Interest	1,000	1,000	9,159	8,159
Increase (Decrease) in FMV of cash and cash equivalents	-	-	27,532	27,532
Total revenues	41,000	41,000	208,146	167,146
OTHER FINANCING SOURCES (USES)				
Transfers out	(297,697)	(297,697)	(406,642)	(108,945)
Net change in fund balance	(256,697)	(256,697)	(198,496)	58,201
Fund balance - October 1, 2022	246,052	246,052	246,052	-
Fund balance - September 30, 2023	\$ (10,645)	\$ (10,645)	\$ 47,556	\$ 58,201

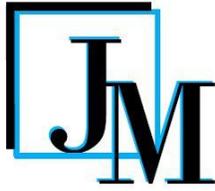
TRUCKEE-DONNER RECREATION AND PARK DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 9, 2024.

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 or significant deficiencies may exist that were not 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.

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

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
February 9, 2024