

**TOWN OF TRUCKEE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015**



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TOWN OF TRUCKEE, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

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# INTRODUCTORY SECTION

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- List of Officials

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TOWN OF TRUCKEE, CALIFORNIA  
TOWN COUNCIL  
FOR THE YEAR ENDED JUNE 30, 2015

| <u>Name</u>         | <u>Office</u> |
|---------------------|---------------|
| Alicia Barr         | Mayor         |
| Joan deRyk Jones    | Vice Mayor    |
| Morgan Goodwin      | Councilmember |
| Patrick Flora       | Councilmember |
| Carolyn Wallace Dee | Councilmember |

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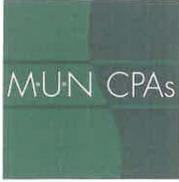
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## FINANCIAL SECTION

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- Independent Auditor's Report
  - Management's Discussion and Analysis
  - Basic Financial Statements
  - Required Supplementary Information
  - Combining Fund Statements and Schedules

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Truckee, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Truckee's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Truckee's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016, on our consideration of the Town of Truckee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Truckee's internal control over financial reporting and compliance.

*Manjit N. CPAs*

Sacramento, California  
January 14, 2016

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

This discussion and analysis of the Town of Truckee's (Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying basic financial statements and the notes to the financial statements.

### **FINANCIAL HIGHLIGHTS**

The Town's government-wide total assets exceeded liabilities (net position) at the close of the fiscal year by \$188.0 million. Of this amount, \$45.1 million is in unrestricted net position, which is available to meet the Town's ongoing commitments to citizens and creditors.

The Town's governmental activities ended the year with total net position of \$186.1 million. Of this balance, \$43.7 million is unrestricted and available for spending at the Town's discretion.

The Town's General Fund ended the year with a fund balance of \$27.1 million. The non-spendable balance of \$.4 million is for the Town's public works inventory on hand. The restricted balance is \$.1 million. The assigned balance of \$17.2 million is designated for various contingencies, economic development projects and future capital needs and \$9.3 million is unassigned and available for spending at the Town Council's discretion.

Capital projects completed in fiscal 2015 were the Glenshire Drive reconstruction project and the 2014 Paving and Drainage project. Additions to infrastructure projects still in construction at year end in fiscal 2015 were related to work performed on the Truckee River Legacy and Trout Creek Trails, the Mousehole project, and the Brickeltown Streetscape project

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. These statements include all activities of the Town of Truckee using the integrated approach as prescribed by GASB Statement No. 34. The Statement of Net Position and Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements tell how these services are financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

### **GOVERNMENT- WIDE STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources of the Town using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received.

The Statement of Net Position presents information on all the Town's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the Town's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed in the most recent fiscal year. All changes of net position are reported as soon as the underlying event giving rise to the change occurs. Thus, revenues and expenses are reported on this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements of the Town are divided as follows:

**Governmental Activities:** Most of the Town's basic services are included here such as public safety, public works (snow removal, streets and roads), community development, facilities and general government. These services are primarily financed by property and sales taxes, federal and state grants, and development fees.

# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

**Business-type Activities:** The Town charges fees to customers to cover the costs of services provided. The Town's solid waste removal service, parking, building & safety and transit services are included in business-type activities.

The government-wide financial statements can be found on pages 15, 16 and 17 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Since the resources of these funds are not available to support the Town's own programs, they are not reflected in the government-wide financial statements. The Statement of Fiduciary Net Position is on page 34 and includes the assets and liabilities of the Truckee Redevelopment Successor Agency formed in accordance with State law requiring the dissolution of redevelopment agencies.

### **FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the Town's most significant funds, not the Town as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State Law or by bond covenants. Management establishes other funds to control and manage money for particular purposes or to show the Town is meeting legal responsibilities for using certain taxes, grants, and other money. All the funds of the Town can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliations between governmental funds and governmental activities. These reconciliations explain the relationship (or differences) between the fund statements and the government-wide statements. The basic governmental fund financial statements can be found on pages 19-26.

**Proprietary Funds.** The Town utilizes enterprise funds (one type of proprietary fund) to account for those activities that are supported primarily by user charges to external users, specifically solid waste removal service, parking, building & safety, and transit services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Parking, Solid Waste, Transit and Building & Safety divisions. The basic proprietary fund financial statements can be found on pages 28-33.

**Fiduciary Funds.** The Town utilizes fiduciary funds to account for resources held for the benefit of parties outside the Town. The Statement of Fiduciary Net Position is on page 34 and includes the assets and liabilities of the Truckee Redevelopment Successor Agency formed in accordance with State law requiring the dissolution of redevelopment agencies.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 39-70.

TOWN OF TRUCKEE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

Below is a table showing the Town's net position for the fiscal year ended June 30, 2015.

| Town of Truckee<br>Net Position<br>(in thousands of dollars) |                            |                   |                             |                 |                     |                   |                               |
|--|----------------------------|-------------------|-----------------------------|-----------------|---------------------|-------------------|-------------------------------|
|  | Governmental<br>Activities |                   | Business-type<br>Activities |                 | Total<br>Activities |                   | Total<br>Percentage<br>Change |
|  | 2014                       | 2015              | 2014                        | 2015            | 2014                | 2015              |                               |
| Current and other assets                                     | \$ 68,731                  | \$ 71,975         | \$ 1,831                    | \$ 2,662        | \$ 70,562           | \$ 74,637         | 6%                            |
| Capital assets   | 123,407                    | 134,010           | 421                         | 538             | 123,828             | 134,548           | 9%                            |
| <b>Total assets</b>  | <b>192,138</b>             | <b>205,985</b>    | <b>2,252</b>                | <b>3,200</b>    | <b>194,390</b>      | <b>209,185</b>    | 8%                            |
| Deferred outflows  | -                          | 1,707             | -                           | 86              | -                   | 1,793             | 100%                          |
| <b>Total deferred outflows</b>                               | <b>-</b>                   | <b>1,707</b>      | <b>-</b>                    | <b>86</b>       | <b>-</b>            | <b>1,793</b>      |                               |
| Current Liabilities  | 3,057                      | 3,167             | 578                         | 732             | 3,635               | 3,899             | 7%                            |
| Net pension liability  | -                          | 5,605             | -                           | 351             | -                   | 5,956             | 100%                          |
| Long-term debt outstanding                                   | 10,037                     | 10,180            | 97                          | 108             | 10,134              | 10,288            | 2%                            |
| <b>Total liabilities</b>                                     | <b>13,094</b>              | <b>18,952</b>     | <b>675</b>                  | <b>1,191</b>    | <b>13,769</b>       | <b>20,143</b>     |                               |
| Deferred inflows   |                            | 2,629             |                             | 158             |                     | 2,787             | 100%                          |
| Net position   |                            |                   |                             |                 |                     |                   |                               |
| Invested in capital assets<br>net of related debt            | 113,973                    | 124,887           | 421                         | 538             | 114,394             | 125,425           | 10%                           |
| Restricted   | 24,674                     | 18,235            | -                           | -               | 24,674              | 18,235            | -26%                          |
| Unrestricted   | 40,397                     | 42,989            | 1,156                       | 1,399           | 41,553              | 44,388            | 7%                            |
| <b>Total net position</b>                                    | <b>\$ 179,044</b>          | <b>\$ 186,111</b> | <b>\$ 1,577</b>             | <b>\$ 1,937</b> | <b>\$ 180,621</b>   | <b>\$ 188,048</b> |                               |

As of June 30, 2015, the Town's government-wide total assets exceeded liabilities (net position) by \$188.0 million. Governmental activities finished the year with a positive net position balance of \$186.1 million. Business type activities finished the year with a positive balance of \$1.9 million. Net position as noted earlier may serve over time as a useful indicator of the Town's financial position. The change in net position from fiscal 2014 to fiscal 2015 of \$7.4 million was affected by a prior period adjustment related to pension accounting that decreased net position by \$8.4 million (see notes 4 and 7), and by an extraordinary item related to the transfer of bond proceeds to the general fund that increased net position by \$6.2 million (see note 8).

Of the total net position, \$125.4 million is the Town's investment in capital assets (e.g. land, buildings and improvements, machinery and equipment and the road network) less any related debt used to acquire those assets that is still outstanding. Significant projects completed in fiscal 2015 included the 2014 Paving and Drainage project and the Glenshire Drive road reconstruction project.

The Town's long-term liabilities include debt incurred to acquire the Town's administrative facility, debt issued in 2009 to pay for the land purchased for the Public Service Facility, compensated absences payable and net pension liability recognized in fiscal 2015 related to the Town's pension plans. The proceeds of the debt issued for the administrative facility and land for the public service facility are utilized to provide services to citizens and are not available for future spending. The repayment of the debt on the general fund assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. See Note 3 D for debt schedules and Note 4 for further discussion of the net pension liability.

Restricted net position amounts to \$18.2 million or 9.8% of total net position. Restricted net position represents those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

Unrestricted net position represents those resources which may be used to meet the Town's ongoing commitments to citizens and creditors. Government-wide unrestricted net position is \$44.4 million or 23.1% of the total net position. Governmental activities account for \$43.0 million or 96.85% of the total unrestricted net position. Business-type activities account for \$1.4 million or 3.1% of the total. The Town can use unrestricted net position of the solid waste, parking, building & safety and transit funds to finance their continuing operations.

TOWN OF TRUCKEE, CALIFORNIA

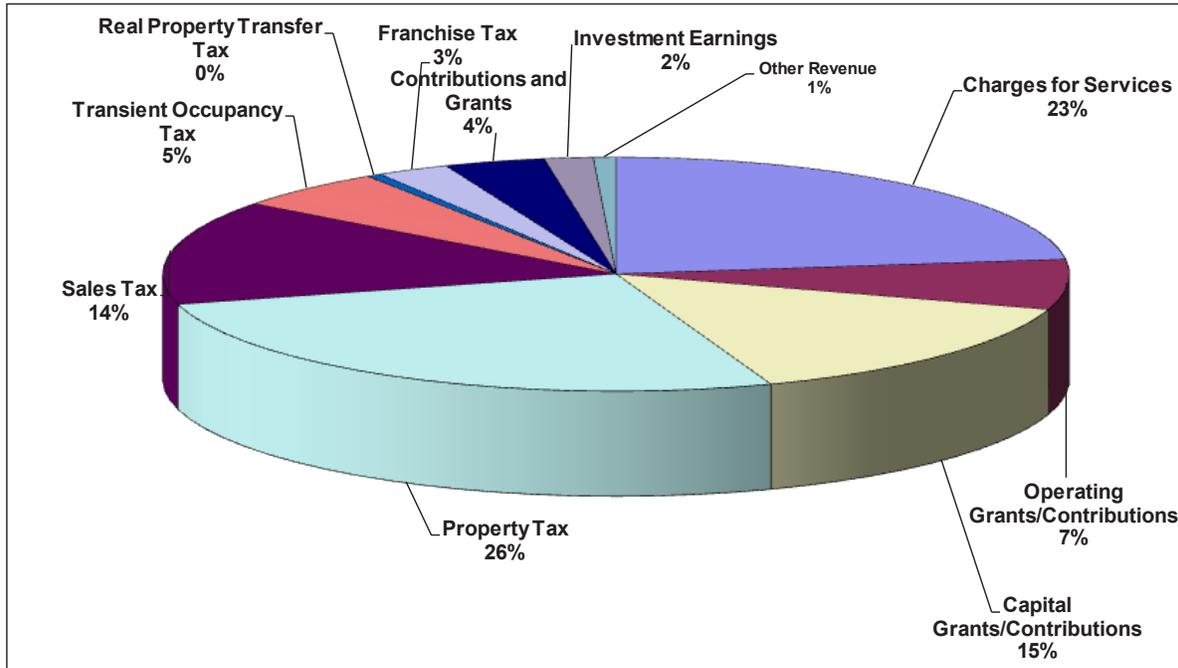
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2015

**GOVERNMENTAL ACTIVITIES**

The following lists key components of net position and highlights the changes between fiscal 2014 and fiscal 2015 for both Governmental Activities and Business-type Activities:

|                                    | Town of Truckee<br>Changes in Net Position<br><i>(in thousands of dollars)</i> |                  |                             |                 |                     |                  | Total<br>Percentage<br>Change |
|------------------------------------|--|------------------|-----------------------------|-----------------|---------------------|------------------|-------------------------------|
|                                    | Governmental<br>Activities   |                  | Business-type<br>Activities |                 | Total<br>Activities |                  |                               |
|                                    | 2014   | 2015             | 2014                        | 2015            | 2014                | 2015             |                               |
| <b>Revenues</b>                    |  |                  |                             |                 |                     |                  |                               |
| <i>Program Revenues</i>            |  |                  |                             |                 |                     |                  |                               |
| Charges for services               | \$ 2,617   | \$ 3,438         | \$ 5,127                    | \$ 5,446        | \$ 7,744            | \$ 8,884         | 15%                           |
| Operating grants and contributions | 2,170  | 1,817            | 659                         | 861             | 2,829               | 2,678            | -5%                           |
| Capital grants and contributions   | 5,102  | 5,622            | -                           | -               | 5,102               | 5,622            | 10%                           |
| <i>General Revenues</i>            |  |                  |                             |                 |                     |                  |                               |
| Property taxes                     | 9,621  | 10,179           | -                           | -               | 9,621               | 10,179           | 6%                            |
| Sales taxes                        | 4,372  | 5,595            | -                           | -               | 4,372               | 5,595            | 28%                           |
| Transient occupancy tax            | 1,843  | 2,119            | -                           | -               | 1,843               | 2,119            | 15%                           |
| Other taxes                        | 1,212  | 1,200            | -                           | -               | 1,212               | 1,200            | -1%                           |
| Interest and contributed capital   | 956  | 662              | 5                           | 10              | 961                 | 672              | -30%                          |
| Other revenue                      | 1,795  | 1,695            | 78                          | 5               | 1,873               | 1,700            | -9%                           |
| <b>Total revenues</b>              | <b>\$ 29,688</b>   | <b>\$ 32,327</b> | <b>\$ 5,869</b>             | <b>\$ 6,322</b> | <b>\$ 35,557</b>    | <b>\$ 38,649</b> |                               |



Total governmental revenues for the year were \$32.3 million, an increase of \$2.6 million or 8.9% when compared to 2014. Revenues from charges for services increased \$.8 million or 31% when compared to 2014 and in 2015 the Town received \$7.4 million in operating and capital grants and contributions compared with \$7.3 million in 2014. An overall tax revenue increase of \$2.0 million or 12% was driven by increased property values, increased sales tax receipts and increased transient occupancy tax. Property tax revenue, the Town’s largest revenue source, had an increase of 6% compared with 2014. Ongoing sales taxes had a 8.5% increase compared with 2014, indicating continued recovery in all types of sales, offset by falling fuel prices. In addition, the Town collected \$744,000 in Measure R trails taxes for the first time as approved by the voters in June of 2014. Transient occupancy tax revenues increased for a fourth year in a row, with the highest collection year in the Town’s history. Taxes, which include property, sales, and other taxes account for \$19.1

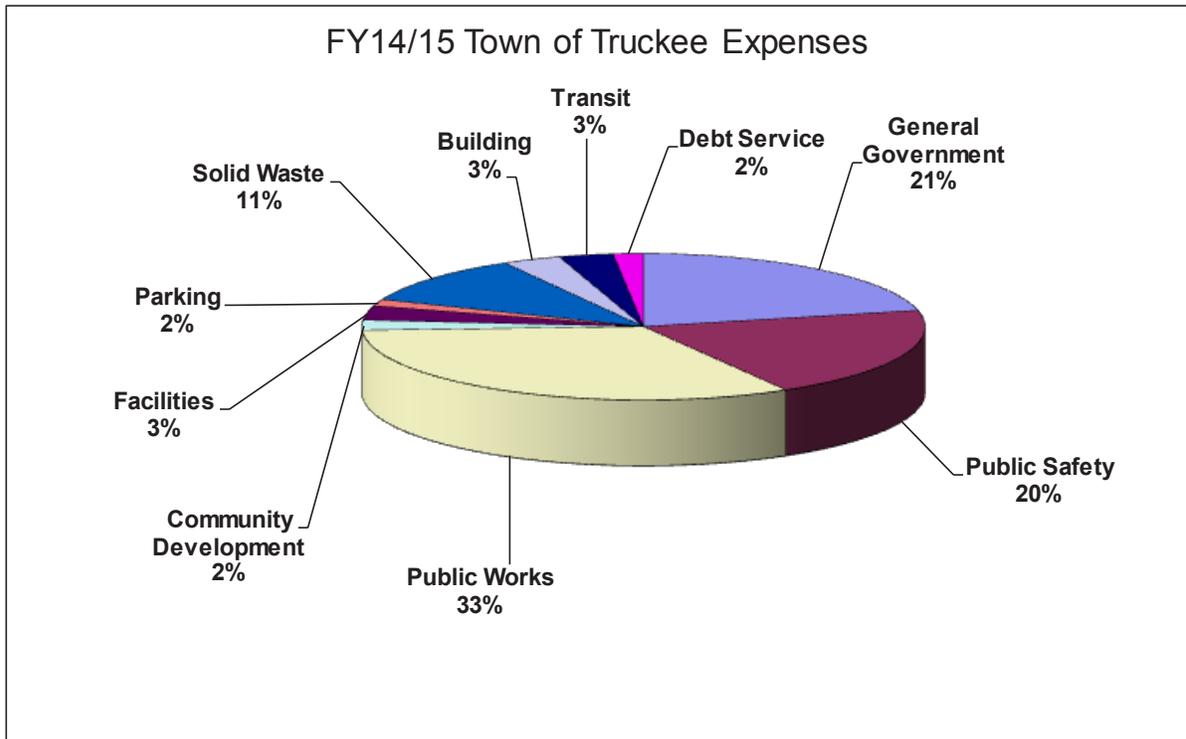
# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

million or 59.1% of the Town's governmental activities revenue. Without capital grants, taxes would be 71.5% of the Town's governmental activities revenue. The Town did not accept any roads in fiscal 2014 and fiscal 2015. Interest income is also consistent with 2014 while the reduction reflects the reclassification of certain other income items from this category.

|   | Governmental Activities |                  | Business-type Activities |               | Total Activities |                  | Total Percentage Change |
|---|-------------------------|------------------|--------------------------|---------------|------------------|------------------|-------------------------|
|   | 2014                    | 2015             | 2014                     | 2015          | 2014             | 2015             |                         |
| <b>Expenses</b>                             |                         |                  |                          |               |                  |                  |                         |
| General government                          | \$ 4,401                | \$ 6,239         | \$ -                     | \$ -          | \$ 4,401         | \$ 6,239         | 42%                     |
| Public safety                               | 6,109                   | 5,854            | -                        | -             | 6,109            | 5,854            | -4%                     |
| Public works                                | 9,213                   | 9,487            | -                        | -             | 9,213            | 9,487            | 3%                      |
| Community development                       | 705                     | 649              | -                        | -             | 705              | 649              | -8%                     |
| Facilities                                  | 955                     | 915              | -                        | -             | 955              | 915              | -4%                     |
| Interest on long-term debt                  | 518                     | 505              | -                        | -             | 518              | 505              | -3%                     |
| Parking                                     | -                       | -                | 427                      | 423           | 427              | 423              | -1%                     |
| Solid Waste                                 | -                       | -                | 3,069                    | 3,130         | 3,069            | 3,130            | 2%                      |
| Building & Safety                           | -                       | -                | 821                      | 978           | 821              | 978              | 19%                     |
| Transit                                     | -                       | -                | 861                      | 904           | 861              | 904              | 5%                      |
| <b>Total expenses</b>                       | <b>21,901</b>           | <b>23,649</b>    | <b>5,178</b>             | <b>5,435</b>  | <b>27,079</b>    | <b>29,084</b>    | <b>7%</b>               |
| <b>Excess (deficiency) before transfers</b> | <b>7,787</b>            | <b>8,678</b>     | <b>691</b>               | <b>887</b>    | <b>8,478</b>     | <b>9,565</b>     |                         |
| Transfers                                   | 65                      | 90               | (65)                     | (90)          | -                | -                |                         |
| Extraordinary Items                         | -                       | 6,216            | -                        | -             | -                | 6,216            |                         |
| <b>Increase (decrease) in net position</b>  | <b>\$ 7,852</b>         | <b>\$ 14,984</b> | <b>\$ 626</b>            | <b>\$ 797</b> | <b>\$ 8,478</b>  | <b>\$ 15,781</b> |                         |



Total governmental expenses for the year were \$23.6 million as compared to \$22.0 million in 2014, a 8.0% increase. The most significant changes from 2014 were higher general government costs, primarily related to expenditures of \$2.1million on various projects such as the Trout Creek restoration project.

Governmental net position was also increased by an extraordinary item when the remaining 2010 Redevelopment Successor Agency bond funds were transferred to the Town in order to complete infrastructure work in the former agency boundaries.

# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

### **BUSINESS-TYPE ACTIVITIES**

Business-type activities account for a total increase in net position of \$.8 million to a net position of \$1.9 million or 1% of the total Government-wide net position. The increase in net position is the result of a 6% increase in charges for services in the parking, solid waste, transit, and building & safety funds. Due to cost controls and an increase in permit revenues, building and safety's revenues exceeded expenses by \$.51 million and the fund built on the positive net position gained in fiscal 2013 and 2014. Solid waste revenue increased 3% compared to 2014 due to budgeted rate increases for enhancements in service. Overall net position for all business type activities was reduced by \$437,000 due to the prior period adjustment related to the implementation of GASBs 68 and 71 pertaining to pension liabilities. See Notes 4 and 7 for more detail.

### **FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The ending fund balance for all funds is \$50.3 million. Of the Town's governmental funds all but the capital projects fund ended the year with positive fund balance. The negative balance in the capital projects fund was due to uncollected grant revenues for grant expenditures in the fiscal year, see note 2.A on page 48 on the financials statements. Of the total fund balance, \$9.3 million or 19% is unassigned, which is available for spending at the Town's discretion. See the notes to the financial statements, note 1.P on page 45. for more in-depth discussion of the fund balance designations.

The general fund is the chief operating fund of the Town. As of June 30, 2015 the total fund balance of the general fund was \$27.1 million with \$.4 million in non-spendable inventory, \$105,000 restricted for self-insurance, and \$17.2 million in assigned funds for contingencies, equipment replacement, facilities construction, long-term road maintenance, economic development and capital projects. The \$9.3 million in unassigned fund balance is available for other Council priorities.

Total governmental revenues, excluding other financing sources/uses, were less than expenditures by \$1.4 million. A combination of higher than expected property, sales and transient occupancy tax revenues and savings in the public works department as a result of a low snow year offset increases capital project expenditures of over \$15 million contributed to this result.

**Proprietary Funds.** The Town's parking, solid waste, building and safety and transit funds ended the year with positive unrestricted net position.

**Fiduciary Funds.** The Town of Truckee Redevelopment Successor Agency fiduciary fund incurred an extraordinary loss and has a negative net position due to the transfer of assets and liabilities from the former Redevelopment Agency in fiscal 2012. In addition, the Fund incurred another extraordinary item which reduced net position when the remaining 2010 bond funds were transferred to the Town in order to complete infrastructure work in the former agency boundaries.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund Budgetary Comparison Schedule is shown on page 73. There were no significant changes to the original budget.

Total actual revenues of \$19.9 million were \$1.7 million higher than budgeted revenues. Taxes and assessments, licenses and permits, fines and forfeitures, intergovernmental revenues, use of money and property, other revenues and charges for services all exceeded budgeted revenues. Property tax, sales tax, and transient occupancy tax revenues were over budget by a total of \$1.1 million and other revenues were over budget by \$.6 million primarily due mandated cost reimbursement from the State of California and higher than anticipated reimbursement of labor costs for capital projects.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Actual expenditures were lower than budgeted expenditures as a result of budgetary savings, primarily due to lower than budgeted snow activity during the winter season, and deferral of capital project costs into later years.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$134.5 million (net of depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and the road network.

|                            | Governmental<br>Activities |                   | Business-type<br>Activities |               | Total             |                   | Total<br>Percentage<br>Change |
|----------------------------|----------------------------|-------------------|-----------------------------|---------------|-------------------|-------------------|-------------------------------|
|                            | 2014                       | 2015              | 2014                        | 2015          | 2014              | 2015              |                               |
| Right of way               | \$ 44,993                  | \$ 44,993         | \$ -                        | \$ -          | \$ 44,993         | \$ 44,993         | 0.0%                          |
| Land                       | 6,960                      | 7,165             | -                           | -             | 6,960             | 7,165             | 2.9%                          |
| Construction in progress   | 10,867                     | 19,631            | -                           | -             | 10,867            | 19,631            | 80.6%                         |
| Buildings and improvements | 25,996                     | 25,610            | 267                         | 251           | 26,263            | 25,861            | -1.5%                         |
| Equipment                  | 6,838                      | 6,976             | 154                         | 287           | 6,992             | 7,263             | 3.9%                          |
| Infrastructure             | 27,753                     | 29,635            | -                           | -             | 27,753            | 29,635            | 6.8%                          |
| <b>TOTALS</b>              | <b>\$ 123,407</b>          | <b>\$ 134,010</b> | <b>\$ 421</b>               | <b>\$ 538</b> | <b>\$ 123,828</b> | <b>\$ 134,548</b> |                               |

Major capital asset additions this year were due to the completion of the Glenshire Drive reconstruction project and the 2014 Paving and Drainage project. Additions to infrastructure projects still in construction at year end in fiscal 2015 were related to work performed on the Truckee River Legacy and Trout Creek Trails, the Mousehole project, and the Brickeltown Streetscape project.

Additional information on the Town's capital assets can be found in note 3 C on pages 52 and 53.

**Long-term Debt.** The Town's long-term debt as of June 30, 2015 was \$10.3 million. The majority of the Town's debt is lease revenue bonds used to acquire the Town's current administrative office facility and land for the Public Service Facility. Additional information on the Town's long-term debt, including business-type activities debt, can be found in note 3 D on pages 53-54.

General obligation debts are direct obligations of the Town and are backed by the full faith and credit of the Town requiring voter approval, and may have a tax rate set to cover repayment. State statues limit the amount of general obligation debt to 15% of the Town's total assessed valuation which was \$5,591 million in fiscal 2015. The Town of Truckee's debt limit is \$839 million. The Town currently has no general obligation debt outstanding.

The Town recognized a net pension liability in the amount of \$6.0 million related to the implementation of GASBs 68 and 71 in the current year. See Note 4 for additional details.

**ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

The Town continues to experience moderate residential growth, 2015 growth increased over 2014 and the revenue budget for 2016 was increased compared to the 2015 budget. During the budget process for fiscal 2016 it was estimated that 93 new single-family units would be constructed within the Town, compared with 55 budgeted units and 98 actual units in fiscal 2015. Non-residential growth is estimated to be similar in 2016 when compared to 2015. These factors as well as the changing economy statewide were utilized in developing the Town's revenue estimates.

General Fund expenditures, excluding debt service, overlay reserve and capital expenditures, were projected to increase approximately 5% compared with 2014 budgeted expenditures. Personnel costs were budgeted in June 2015 to increase 5.8% for the fiscal year 15-16. This budgeted increase incorporates current Memorandums of Understanding with all three employee groups in which all employees pay the full employee share of pension costs. The 15-16 budget also includes a 2.5% CPI based compensation increase and an

TOWN OF TRUCKEE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

overall 5% pay for performance pool. Overall service and supply costs are expected to be flat from the 2014 budget.

The Town's two other primary general fund revenue sources continue to gain strength. Sales taxes (not including Measures V and R) increased by 7.5% over fiscal 2014 as all areas of sales increased, offset by continued lower than usual collections on gasoline sales due to falling oil prices. The Transient Occupancy Tax, which represents 10% of revenues collected for hotel or home stays for 30 days or less, continue to climb each year. The 2015 collections, continuing a four year growth trend, were 15% more than what was experienced in 2014 despite a very poor snow and winter sports year for both years.

The Town's general fund is budgeted to contribute approximately \$1.8 million to the Town's capital programs, as well as an annual contribution of \$750,000 for street overlay maintenance reserve and an additional \$100,000 for Town facilities improvements. The 2015-16 budget includes \$13.0 million in assigned fund balance which includes \$5.3 million (25% of revenues) of general fund balance to be assigned for contingencies and \$4.5 million for long-term road maintenance program, and \$2.0M for streetscape projects. The \$2.3M for economic development infrastructure is budgeted to be spent in 2015/16.

In June 2014 the voters approved a one-quarter cent sales tax add-on ("Measure R") to build and maintain trails within the Town limits. Collections of the revenues began in October 2014 and the Town Council approved the creation of a Trails Maintenance division within Public Works to segregate operating costs related to trails construction and maintenance. Collections for fiscal 2015 were \$744,000 and budgeted collections for fiscal 2016 are 1.1 million.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town of Truckee's finances and to demonstrate the Town's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Administrative Services Director, Town of Truckee, 10183 Truckee Airport Road, Truckee, CA, 96161-3306.

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# **BASIC FINANCIAL STATEMENTS**

Government Wide Financial Statements

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2015

|  | Primary Government         |                             |                |
|--|----------------------------|-----------------------------|----------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total          |
| <b>Assets</b>                            |                            |                             |                |
| Cash and investments                     | \$ 48,561,370              | \$ 2,225,186                | \$ 50,786,556  |
| Cash with fiscal agent                   | 323,312                    | -                           | 323,312        |
| Accounts receivable                      | 652,047                    | 187,434                     | 839,481        |
| Interest receivable                      | 94,308                     | 477                         | 94,785         |
| Taxes receivable                         | 1,885,062                  | 156,664                     | 2,041,726      |
| Due from other governments               | 2,679,503                  | 23,954                      | 2,703,457      |
| Inventories                              | 449,614                    | -                           | 449,614        |
| Prepaid costs and deposits               | 103,759                    | 68,172                      | 171,931        |
| Loans receivable (net of allowance)      | 17,170,616                 | -                           | 17,170,616     |
| Net other post-employment benefits asset | 55,690                     | -                           | 55,690         |
| Capital assets:                          |                            |                             |                |
| Nondepreciable assets                    | 71,789,041                 | -                           | 71,789,041     |
| Depreciable assets, net of depreciation  | 62,220,991                 | 538,002                     | 62,758,993     |
| Total Assets:                            | 205,985,313                | 3,199,889                   | 209,185,202    |
| <b>Deferred Outflows of Resources</b>    |                            |                             |                |
| Deferred outflows                        | 1,707,416                  | 85,776                      | 1,793,192      |
| <b>Liabilities</b>                       |                            |                             |                |
| Accounts payable                         | 2,548,684                  | 644,824                     | 3,193,508      |
| Salaries and benefits payable            | 234,595                    | -                           | 234,595        |
| Deposits payable                         | 312,868                    | 4,918                       | 317,786        |
| Interest payable                         | 50,085                     | -                           | 50,085         |
| Unearned revenue                         | 21,023                     | 82,575                      | 103,598        |
| Net pension liability                    | 5,605,448                  | 350,543                     | 5,955,991      |
| Long-term liabilities:                   |                            |                             |                |
| Due within one year                      | 389,444                    | 17,373                      | 406,817        |
| Due in more than one year                | 9,790,963                  | 90,580                      | 9,881,543      |
| Total Liabilities:                       | 18,953,110                 | 1,190,813                   | 20,143,923     |
| <b>Deferred Inflows of Resources</b>     |                            |                             |                |
| Deferred inflows                         | 2,629,064                  | 157,677                     | 2,786,741      |
| <b>Net Position</b>                      |                            |                             |                |
| Net investment in capital assets         | 124,887,323                | 538,002                     | 125,425,325    |
| Restricted for::                         |                            |                             |                |
| Capital projects                         | 5,652,941                  | -                           | 5,652,941      |
| Grants, taxes, and fees                  | 12,581,608                 | -                           | 12,581,608     |
| Unrestricted                             | 42,988,683                 | 1,399,173                   | 44,387,856     |
| Total Net Position:                      | \$ 186,110,555             | \$ 1,937,175                | \$ 188,047,730 |

The notes to the financial statements are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

| Functions/Programs              | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                 |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary Government</b>       |                      |                      |                                    |                                  |
| Governmental Activities:        |                      |                      |                                    |                                  |
| General Government              | \$ 6,239,048         | \$ 310,490           | \$ 189,813                         | \$ -                             |
| Public Safety                   | 5,853,651            | 404,737              | 162,671                            | -                                |
| Public Works                    | 9,487,136            | 2,513,465            | 1,464,818                          | 5,622,054                        |
| Community Development           | 648,742              | 209,679              | -                                  | -                                |
| Facilities                      | 914,838              | -                    | -                                  | -                                |
| Interest                        | 505,254              | -                    | -                                  | -                                |
| Total Governmental Activities:  | <u>23,648,669</u>    | <u>3,438,371</u>     | <u>1,817,302</u>                   | <u>5,622,054</u>                 |
| Business-Type Activities:       |                      |                      |                                    |                                  |
| Parking                         | 423,385              | 613,437              | -                                  | -                                |
| Solid Waste                     | 3,129,633            | 3,146,578            | 52,569                             | -                                |
| Building                        | 978,184              | 1,580,072            | -                                  | -                                |
| Transit                         | 903,940              | 105,535              | 808,515                            | -                                |
| Total Business-Type Activities: | <u>5,435,142</u>     | <u>5,445,622</u>     | <u>861,084</u>                     | <u>-</u>                         |
| Total Primary Government:       | <u>\$ 29,083,811</u> | <u>\$ 8,883,993</u>  | <u>\$ 2,678,386</u>                | <u>\$ 5,622,054</u>              |

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

| Functions/Programs                                    | Net (Expense) Revenue and Changes in Net Position |                             |                       |
|---|---|-----------------------------|-----------------------|
|   | Primary Government                                |                             |                       |
|   | Governmental<br>Activities                        | Business-Type<br>Activities | Total                 |
| <b>Primary Government</b>                             |   |                             |                       |
| Governmental Activities:                              |   |                             |                       |
| General Government                                    | \$ (5,738,745)                                    | \$ -                        | \$ (5,738,745)        |
| Public Safety   | (5,286,243)                                       | -                           | (5,286,243)           |
| Public Works  | 113,201   | -                           | 113,201               |
| Community Development                                 | (439,063)   | -                           | (439,063)             |
| Facilities  | (914,838)   | -                           | (914,838)             |
| Interest  | (505,254)   | -                           | (505,254)             |
| Total Governmental Activities:                        | <u>(12,770,942)</u>                               | <u>-</u>                    | <u>(12,770,942)</u>   |
| Business-Type Activities:                             |   |                             |                       |
| Parking   | -   | 190,051                     | 190,051               |
| Solid Waste   | -   | 69,513                      | 69,513                |
| Building  | -   | 601,888                     | 601,888               |
| Transit   | -   | 10,112                      | 10,112                |
| Total Business-Type Activities:                       | <u>-</u>  | <u>871,564</u>              | <u>871,564</u>        |
| Total Primary Government:                             | <u>(12,770,942)</u>                               | <u>871,564</u>              | <u>(11,899,378)</u>   |
| Taxes:  |   |                             |                       |
| Property taxes  | 10,179,159  | -                           | 10,179,159            |
| Sales and use taxes                                   | 5,594,587   | -                           | 5,594,587             |
| Transient occupancy taxes                             | 2,119,343   | -                           | 2,119,343             |
| Property transfer taxes                               | 204,493   | -                           | 204,493               |
| Franchise taxes                                       | 995,665   | -                           | 995,665               |
| Grants and contributions - unrestricted               | 1,388,301   | -                           | 1,388,301             |
| Interest and investment earnings                      | 662,457   | 10,104                      | 672,561               |
| Miscellaneous   | 306,132   | 5,296                       | 311,428               |
| Transfers   | 89,668  | (89,668)                    | -                     |
| Extraordinary items (See Note 8)                      | 6,215,529   | -                           | 6,215,529             |
| Total General Revenues, Special Items, and Transfers: | <u>27,755,334</u>                                 | <u>(74,268)</u>             | <u>27,681,066</u>     |
| Change in Net Position:                               | 14,984,392  | 797,296                     | 15,781,688            |
| Net Position - Beginning, as previously reported      | 179,043,886                                       | 1,577,142                   | 180,621,028           |
| Prior period restatement (Note 7)                     | (7,917,723)                                       | (437,263)                   | (8,354,987)           |
| Net Position - Beginning                              | <u>171,126,163</u>                                | <u>1,139,879</u>            | <u>172,266,041</u>    |
| Net Position - Ending:                                | <u>\$ 186,110,555</u>                             | <u>\$ 1,937,175</u>         | <u>\$ 188,047,730</u> |

Continued (Page 2 of 2)

The notes to the financial statements are an integral part of this statement.

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# **BASIC FINANCIAL STATEMENTS**

Fund Financial Statements

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|  | General              | Capital Projects Fund | Measure R Trails Fund | Traffic Impact Fees Fund | Measure A / Measure V |
|--|----------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| <b>Assets</b>  |                      |                       |                       |                          |                       |
| Cash and investments   | \$ 24,702,227        | \$ -                  | \$ 452,274            | \$ 6,282,242             | \$ 2,429,805          |
| Cash with fiscal agent   | -                    | -                     | -                     | -                        | -                     |
| Accounts receivable  | 161,367              | 405,515               | -                     | 33,954                   | -                     |
| Interest receivable  | 88,455               | -                     | 104                   | 1,752                    | 1,366                 |
| Taxes receivable   | 1,222,916            | -                     | 196,900               | -                        | 322,400               |
| Due from other funds   | 860,442              | -                     | -                     | -                        | -                     |
| Due from other governments   | 61,846               | 2,592,656             | -                     | -                        | -                     |
| Inventories  | 449,614              | -                     | -                     | -                        | -                     |
| Prepaid costs and deposits   | 90,709               | 13,050                | -                     | -                        | -                     |
| Loans receivable   | 2,664,847            | -                     | -                     | -                        | -                     |
| Total Assets:  | <u>\$ 30,302,423</u> | <u>\$ 3,011,221</u>   | <u>\$ 649,278</u>     | <u>\$ 6,317,948</u>      | <u>\$ 2,753,571</u>   |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                      |                       |                       |                          |                       |
| Liabilities:   |                      |                       |                       |                          |                       |
| Accounts payable   | 224,291              | 1,446,392             | -                     | 354                      | 569                   |
| Salaries and benefits payable  | 234,595              | -                     | -                     | -                        | -                     |
| Deposits payable   | 76,768               | 236,100               | -                     | -                        | -                     |
| Due to other funds   | -                    | 860,442               | -                     | -                        | -                     |
| Unearned revenue   | 21,023               | -                     | -                     | -                        | -                     |
| Total Liabilities:   | <u>556,677</u>       | <u>2,542,934</u>      | <u>-</u>              | <u>354</u>               | <u>569</u>            |
| Deferred Inflows of Resources:                                       |                      |                       |                       |                          |                       |
| Deferred inflows   | 2,689,728            | 1,130,083             | -                     | 33,954                   | -                     |
| Total Deferred Inflows of Resources:                                 | <u>2,689,728</u>     | <u>1,130,083</u>      | <u>-</u>              | <u>33,954</u>            | <u>-</u>              |
| Fund Balances:   |                      |                       |                       |                          |                       |
| Nonspendable   | 449,614              | -                     | -                     | -                        | -                     |
| Restricted   | 105,000              | -                     | 649,278               | 6,283,640                | 2,753,002             |
| Assigned   | 17,237,444           | -                     | -                     | -                        | -                     |
| Unassigned   | 9,263,960            | (661,796)             | -                     | -                        | -                     |
| Total Fund Balances:   | <u>27,056,018</u>    | <u>(661,796)</u>      | <u>649,278</u>        | <u>6,283,640</u>         | <u>2,753,002</u>      |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 30,302,423</u> | <u>\$ 3,011,221</u>   | <u>\$ 649,278</u>     | <u>\$ 6,317,948</u>      | <u>\$ 2,753,571</u>   |

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

|  | HOME Grant           | Town Special<br>Service Areas-<br>TSSA | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--|--------------------------------|--------------------------------|
| <b>Assets</b>  |                      |  |                                |                                |
| Cash and investments   | \$ -                 | \$ 5,524,657                           | \$ 9,170,165                   | \$ 48,561,370                  |
| Cash with fiscal agent   | -                    | -                                      | 323,312                        | 323,312                        |
| Accounts receivable  | -                    | -                                      | 51,211                         | 652,047                        |
| Interest receivable  | -                    | 1,718                                  | 913                            | 94,308                         |
| Taxes receivable   | -                    | 38,600                                 | -                              | 1,780,816                      |
| Due from other funds   | -                    | -                                      | -                              | 860,442                        |
| Due from other governments   | -                    | -                                      | 25,000                         | 2,679,502                      |
| Inventories  | -                    | -                                      | -                              | 449,614                        |
| Prepaid costs and deposits   | -                    | -                                      | -                              | 103,759                        |
| Loans receivable   | 11,225,968           | -                                      | 3,279,801                      | 17,170,616                     |
| Total Assets:  | <u>\$ 11,225,968</u> | <u>\$ 5,564,975</u>                    | <u>\$ 12,850,402</u>           | <u>\$ 72,675,786</u>           |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                      |  |                                |                                |
| Liabilities:   |                      |  |                                |                                |
| Accounts payable   | -                    | 303                                    | 876,775                        | 2,548,684                      |
| Salaries and benefits payable  | -                    | -                                      | -                              | 234,595                        |
| Deposits payable   | -                    | -                                      | -                              | 312,868                        |
| Due to other funds   | -                    | -                                      | -                              | 860,442                        |
| Unearned revenue   | -                    | -                                      | -                              | 21,023                         |
| Total Liabilities:   | <u>-</u>             | <u>303</u>                             | <u>876,775</u>                 | <u>3,977,612</u>               |
| Deferred Inflows of Resources:                                       |                      |  |                                |                                |
| Deferred inflows   | 11,225,968           | -                                      | 3,318,154                      | 18,397,887                     |
| Total Deferred Inflows of Resources:                                 | <u>11,225,968</u>    | <u>-</u>                               | <u>3,318,154</u>               | <u>18,397,887</u>              |
| Fund Balances:   |                      |  |                                |                                |
| Nonspendable   | -                    | -                                      | -                              | 449,614                        |
| Restricted   | -                    | 5,564,672                              | 2,878,957                      | 18,234,549                     |
| Assigned   | -                    | -                                      | 5,776,516                      | 23,013,960                     |
| Unassigned   | -                    | -                                      | -                              | 8,602,164                      |
| Total Fund Balances:   | <u>-</u>             | <u>5,564,672</u>                       | <u>8,655,473</u>               | <u>50,300,287</u>              |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 11,225,968</u> | <u>\$ 5,564,975</u>                    | <u>\$ 12,850,402</u>           | <u>\$ 72,675,786</u>           |

Continued (Page 2 of 2)

The notes to the financial statements are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION -  
GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015

|  |                              |
|--|------------------------------|
| <b>Total Governmental Fund Balances</b>  | \$ 50,300,287                |
| Amounts reported for governmental activities in the Statement of Net Position are different because:   |                              |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.   | 134,010,032                  |
| Long-term liabilities, including bonds payable, bond interest payable, and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.   | (10,230,492)                 |
| Long-term pension liability, which is based on GASB 68 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.   |                              |
| Net pension liability  | (5,605,448)                  |
| Deferred outflows, related to pension expense  | 1,707,416                    |
| Deferred inflows, related to pension expense   | (2,629,064)                  |
| Prior year actual contribution to OPEB health care plan exceeded the actual OPEB required contribution; the balance is reported as an asset in the Statement of Net Position.  | 55,690                       |
| Adjustment to deferred inflows of resources for grant receivables, long-term loan payments, accrued interest, new loans, and prior period adjustments.   | 18,397,887                   |
| Under the modified accrual basis of accounting used in governmental funds, revenues are not recognized for transactions that do not represent available financial resources. In the Statement of Activities, however, revenues and assets are reported regardless of when financial resources are available. |                              |
| Accounts receivable  | <u>104,247</u>               |
| <b>Net Position of Governmental Activities</b>   | <u><u>\$ 186,110,555</u></u> |

The notes to the financial statements are an integral part of this statement.

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TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | General              | Capital Projects<br>Fund | Measure R Trails<br>Fund | Traffic Impact<br>Fees Fund | Measure A /<br>Measure V |
|--|----------------------|--------------------------|--------------------------|-----------------------------|--------------------------|
| <b>Revenues</b>  |                      |                          |                          |                             |                          |
| Taxes and assessments                                      | \$ 16,240,093        | \$ -                     | \$ 743,928               | \$ -                        | \$ 2,114,791             |
| Licenses and permits                                       | 215,433              | -                        | -                        | -                           | -                        |
| Fines and forfeitures                                      | 274,605              | -                        | -                        | -                           | -                        |
| Use of money and property                                  | 135,435              | -                        | 757                      | 28,251                      | 19,344                   |
| Intergovernmental revenues                                 | 1,691,596            | 5,483,894                | -                        | -                           | -                        |
| Charges for services                                       | 973,421              | -                        | -                        | 798,102                     | -                        |
| Other revenues   | 366,907              | 6,182                    | -                        | -                           | -                        |
| Total Revenues:  | <u>19,897,490</u>    | <u>5,490,076</u>         | <u>744,685</u>           | <u>826,353</u>              | <u>2,134,135</u>         |
| <b>Expenditures</b>  |                      |                          |                          |                             |                          |
| Current:   |                      |                          |                          |                             |                          |
| General Government   | 3,607,142            | 2,176,108                | -                        | -                           | -                        |
| Public Safety  | 5,577,184            | -                        | -                        | -                           | -                        |
| Public Works   | 4,916,201            | 330,261                  | -                        | 8,382                       | 600                      |
| Community Development                                      | 782,600              | -                        | -                        | -                           | -                        |
| Facilities   | 921,305              | -                        | -                        | -                           | -                        |
| Capital Outlay   | 540,380              | 14,764,909               | -                        | -                           | -                        |
| Debt service:  |                      |                          |                          |                             |                          |
| Principal  | -                    | -                        | -                        | -                           | -                        |
| Interest   | -                    | -                        | -                        | -                           | -                        |
| Total Expenditures:  | <u>16,344,812</u>    | <u>17,271,278</u>        | <u>-</u>                 | <u>8,382</u>                | <u>600</u>               |
| Excess (Deficiency) of Revenues Over (Under) Expenditures: | <u>3,552,678</u>     | <u>(11,781,202)</u>      | <u>744,685</u>           | <u>817,971</u>              | <u>2,133,535</u>         |
| Other financing sources (uses):                            |                      |                          |                          |                             |                          |
| Transfers in   | 1,635,457            | 12,597,202               | -                        | -                           | -                        |
| Transfers out  | (5,106,965)          | -                        | (95,407)                 | (1,357,181)                 | (4,415,510)              |
| Total Other financing sources (uses):                      | <u>(3,471,508)</u>   | <u>12,597,202</u>        | <u>(95,407)</u>          | <u>(1,357,181)</u>          | <u>(4,415,510)</u>       |
| Extraordinary item   | 6,010,439            | -                        | -                        | -                           | -                        |
| Net Change in Fund Balances:                               | 6,091,609            | 816,000                  | 649,278                  | (539,210)                   | (2,281,975)              |
| Fund Balances - Beginning                                  | 20,964,409           | (1,477,796)              | -                        | 6,822,850                   | 5,034,977                |
| Fund Balances - Ending:                                    | <u>\$ 27,056,018</u> | <u>\$ (661,796)</u>      | <u>\$ 649,278</u>        | <u>\$ 6,283,640</u>         | <u>\$ 2,753,002</u>      |

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | HOME Grant | Town Special<br>Service Areas-<br>TSSA | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|------------|--|--------------------------------|--------------------------------|
| <b>Revenues</b>                              |            |  |                                |                                |
| Taxes and assessments                        | \$ -       | \$ 769,941                             | \$ 1,446,192                   | \$ 21,314,945                  |
| Licenses and permits                         | -          | -                                      | -                              | 215,433                        |
| Fines and forfeitures                        | -          | -                                      | 17,799                         | 292,404                        |
| Use of money and property                    | -          | 24,718                                 | 72,149                         | 280,654                        |
| Intergovernmental revenues                   | -          | -                                      | 1,093,768                      | 8,269,258                      |
| Charges for services                         | -          | -                                      | 374,297                        | 2,145,820                      |
| Other revenues                               | -          | -                                      | 454,771                        | 827,860                        |
| Total Revenues:                              | -          | 794,659                                | 3,458,976                      | 33,346,374                     |
| <b>Expenditures</b>                          |            |  |                                |                                |
| Current:                                     |            |  |                                |                                |
| General Government                           | -          | -                                      | -                              | 5,783,250                      |
| Public Safety                                | -          | -                                      | 78,486                         | 5,655,670                      |
| Public Works                                 | -          | 4,318                                  | 4,238                          | 5,264,000                      |
| Community Development                        | -          | -                                      | 93,000                         | 875,600                        |
| Facilities                                   | -          | -                                      | -                              | 921,305                        |
| Capital Outlay                               | -          | -                                      | 159,545                        | 15,464,834                     |
| Debt service:                                |            |  |                                |                                |
| Principal                                    | -          | -                                      | 315,000                        | 315,000                        |
| Interest                                     | -          | -                                      | 505,254                        | 505,254                        |
| Total Expenditures:                          | -          | 4,318                                  | 1,155,523                      | 34,784,913                     |
| Excess (Deficiency) of Revenues Over (Under) |            |  |                                |                                |
| Expenditures:                                | -          | 790,341                                | 2,303,453                      | (1,438,539)                    |
| Other financing sources (uses):              |            |  |                                |                                |
| Transfers in                                 | -          | -                                      | 1,125,055                      | 15,357,714                     |
| Transfers out                                | -          | (1,994,846)                            | (2,298,137)                    | (15,268,046)                   |
| Total Other financing sources (uses):        | -          | (1,994,846)                            | (1,173,082)                    | 89,668                         |
| Extraordinary item                           | -          | -                                      | -                              | 6,010,439                      |
| Net Change in Fund Balances:                 | -          | (1,204,505)                            | 1,130,371                      | 4,661,568                      |
| Fund Balances - Beginning                    | -          | 6,769,177                              | 7,525,102                      | 45,638,719                     |
| Fund Balances - Ending:                      | \$ -       | \$ 5,564,672                           | \$ 8,655,473                   | \$ 50,300,287                  |

Continued (Page 2 of 2)

The notes to the financial statements are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

The schedule below reconciles the net changes in fund balances reported on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the changes in net position of governmental activities reported in the Statement of Activities, which is prepared on the full accrual basis.

|   |                             |
|---|-----------------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>   | <b>\$ 4,661,568</b>         |
| Amounts reported for governmental activities in the Statement of Activities are different because:  |                             |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$15,464,833) exceeded depreciation expense (\$5,054,887) in the current period.  | 10,409,946                  |
| Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. The additional net effect of various transactions involving capital assets (i.e. sales) is a decrease to net position.   | (11,853)                    |
| Governmental funds do not report gains on capital assets. The transfer of land from the Redevelopment Successory Agency is not recognized in governmental funds.  | 205,090                     |
| Some revenues reported in the Statement of Activities will not be collected for several months after the Town's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds (\$1,331,516). Some revenues reported in prior year Statement of Activities were recognized in the governmental funds in current year (\$2,321,505).   | (989,989)                   |
| Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the net amount of principal repayments.   | 315,000                     |
| Repayment of long-term receivables is treated as revenues in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Position. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Position. Also, interest accrued on long-term loans increases unearned revenue in the governmental funds, but increases revenue in the Statement of Activities. |                             |
| Loan program receipts   | (493,613)                   |
| Loans made during the year  | 212,393                     |
| Long-term loan interest accrual   | 439,609                     |
| Adjustment to allowance for doubtful accounts   | 34,178                      |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.   |                             |
| Bad debt expense  | (34,178)                    |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.   |                             |
| Change in compensated absences  | (79,916)                    |
| Amortization of bond discount, cost of issuance and refunding difference  | (3,512)                     |
| Bond interest payable in the next fiscal year   | (50,085)                    |
| Reduction of pension expense based on GASB 68 adjustments   | 366,579                     |
| Other post-employment benefits  | 3,175                       |
| <b>Change in Net Position of Governmental Activities</b>  | <b><u>\$ 14,984,392</u></b> |

The notes to the financial statements are an integral part of this statement.

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2015

|                                       | <b>Enterprise Funds</b> |                     |                         |
|---------------------------------------|-------------------------|---------------------|-------------------------|
|                                       | <b>Parking Fund</b>     | <b>Transit Fund</b> | <b>Solid Waste Fund</b> |
| <b>Assets</b>                         |                         |                     |                         |
| Current Assets:                       |                         |                     |                         |
| Cash and investments                  | \$ 557,151              | \$ 83,861           | \$ 584,180              |
| Accounts receivable, net of allowance | 18,699                  | 158,808             | 181,400                 |
| Interest receivable                   | 138                     | 9                   | 87                      |
| Prepaid costs                         | -                       | 68,172              | -                       |
| Total Current Assets:                 | <u>575,988</u>          | <u>310,850</u>      | <u>765,667</u>          |
| Noncurrent Assets:                    |                         |                     |                         |
| Capital assets:                       |                         |                     |                         |
| Depreciable capital assets            | 136,700                 | 773,458             | 36,304                  |
| Less: accumulated depreciation        | <u>(21,629)</u>         | <u>(496,801)</u>    | <u>(30,697)</u>         |
| Total Noncurrent Assets:              | <u>115,071</u>          | <u>276,657</u>      | <u>5,607</u>            |
| Total Assets:                         | <u>691,059</u>          | <u>587,507</u>      | <u>771,274</u>          |
| <b>Deferred Outflows of Resources</b> |                         |                     |                         |
| Deferred outflows                     | <u>14,440</u>           | <u>12,924</u>       | <u>10,334</u>           |
| Total Deferred Outflows of Resources: | <u>14,440</u>           | <u>12,924</u>       | <u>10,334</u>           |
| <b>Liabilities</b>                    |                         |                     |                         |
| Current Liabilities:                  |                         |                     |                         |
| Accounts payable                      | 6,136                   | 140,925             | 488,387                 |
| Deposits payable                      | -                       | -                   | -                       |
| Unearned revenue                      | -                       | 82,575              | -                       |
| Compensated absences                  | <u>6,524</u>            | <u>4,911</u>        | <u>634</u>              |
| Total Current Liabilities:            | <u>12,660</u>           | <u>228,411</u>      | <u>489,021</u>          |
| Noncurrent Liabilities:               |                         |                     |                         |
| Net pension liability                 | 59,013                  | 52,815              | 42,235                  |
| Compensated absences                  | <u>11,998</u>           | <u>14,267</u>       | <u>16,646</u>           |
| Total Noncurrent Liabilities:         | <u>71,011</u>           | <u>67,082</u>       | <u>58,881</u>           |
| Total Liabilities:                    | <u>83,671</u>           | <u>295,493</u>      | <u>547,902</u>          |
| <b>Deferred Inflows of Resources</b>  |                         |                     |                         |
| Deferred inflows                      | <u>26,545</u>           | <u>23,757</u>       | <u>18,997</u>           |
| Total Deferred Inflows of Resources:  | <u>26,545</u>           | <u>23,757</u>       | <u>18,997</u>           |
| <b>Net Position</b>                   |                         |                     |                         |
| Invested in capital assets            | 115,071                 | 276,657             | 5,607                   |
| Unrestricted                          | <u>480,212</u>          | <u>4,524</u>        | <u>209,102</u>          |
| Total Net Position:                   | <u>\$ 595,283</u>       | <u>\$ 281,181</u>   | <u>\$ 214,709</u>       |

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

JUNE 30, 2015

|                                       | <u>Building and<br/>Safety Fund</u> | <u>Total</u>        |
|---------------------------------------|-------------------------------------|---------------------|
| <b>Assets</b>                         |                                     |                     |
| Current Assets:                       |                                     |                     |
| Cash and investments                  | \$ 999,994                          | \$ 2,225,186        |
| Accounts receivable, net of allowance | 9,145                               | 368,052             |
| Interest receivable                   | 243                                 | 477                 |
| Prepaid costs                         | -                                   | 68,172              |
| Total Current Assets:                 | <u>1,009,382</u>                    | <u>2,661,887</u>    |
| Noncurrent Assets:                    |                                     |                     |
| Capital assets:                       |                                     |                     |
| Depreciable capital assets            | 473,255                             | 1,419,717           |
| Less: accumulated depreciation        | <u>(332,588)</u>                    | <u>(881,715)</u>    |
| Total Noncurrent Assets:              | <u>140,667</u>                      | <u>538,002</u>      |
| Total Assets:                         | <u>1,150,049</u>                    | <u>3,199,889</u>    |
| <b>Deferred Outflows of Resources</b> |                                     |                     |
| Deferred outflows                     | <u>48,078</u>                       | <u>85,776</u>       |
| Total Deferred Outflows of Resources: | <u>48,078</u>                       | <u>85,776</u>       |
| <b>Liabilities</b>                    |                                     |                     |
| Current Liabilities:                  |                                     |                     |
| Accounts payable                      | 9,376                               | 644,824             |
| Deposits payable                      | 4,918                               | 4,918               |
| Unearned revenue                      | -                                   | 82,575              |
| Compensated absences                  | <u>5,304</u>                        | <u>17,373</u>       |
| Total Current Liabilities:            | <u>19,598</u>                       | <u>749,690</u>      |
| Noncurrent Liabilities:               |                                     |                     |
| Net pension liability                 | 196,480                             | 350,543             |
| Compensated absences                  | <u>47,669</u>                       | <u>90,580</u>       |
| Total Noncurrent Liabilities:         | <u>244,149</u>                      | <u>441,123</u>      |
| Total Liabilities:                    | <u>263,747</u>                      | <u>1,190,813</u>    |
| <b>Deferred Inflows of Resources</b>  |                                     |                     |
| Deferred inflows                      | <u>88,378</u>                       | <u>157,677</u>      |
| Total Deferred Inflows of Resources:  | <u>88,378</u>                       | <u>157,677</u>      |
| <b>Net Position</b>                   |                                     |                     |
| Invested in capital assets            | 140,667                             | 538,002             |
| Unrestricted                          | <u>705,335</u>                      | <u>1,399,173</u>    |
| Total Net Position:                   | <u>\$ 846,002</u>                   | <u>\$ 1,937,175</u> |

Continued (Page 2 of 2)

The notes to the financial statements are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | Enterprise Funds  |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | Parking Fund      | Transit Fund      | Solid Waste Fund  |
| <b>Operating Revenues</b>                        |                   |                   |                   |
| Charges for services                             | \$ 568,788        | \$ 105,535        | \$ 3,146,578      |
| Fines and forfeitures                            | 44,648            | -                 | -                 |
| Other revenues                                   | 152               | 66,854            | -                 |
| Total Operating Revenues:                        | <u>613,588</u>    | <u>172,389</u>    | <u>3,146,578</u>  |
| <b>Operating Expenses</b>                        |                   |                   |                   |
| Salaries and benefits                            | 150,610           | 137,690           | 122,053           |
| Services and supplies                            | 272,151           | 710,084           | 3,004,353         |
| Depreciation                                     | 624               | 56,165            | 3,228             |
| Total Operating Expenses:                        | <u>423,385</u>    | <u>903,939</u>    | <u>3,129,634</u>  |
| Operating Income (Loss):                         | <u>190,203</u>    | <u>(731,550)</u>  | <u>16,944</u>     |
| <b>Nonoperating Revenues (Expenses)</b>          |                   |                   |                   |
| Intergovernmental revenues                       | -                 | 745,583           | 52,569            |
| Interest income                                  | 2,812             | 207               | 691               |
| Total Nonoperating Revenues (Expenses):          | <u>2,812</u>      | <u>745,790</u>    | <u>53,260</u>     |
| Income (Loss) Before Transfers:                  | <u>193,015</u>    | <u>14,240</u>     | <u>70,204</u>     |
| Transfers in                                     | 12,312            | -                 | -                 |
| Transfers out                                    | -                 | -                 | -                 |
| Change in Net Position:                          | <u>205,327</u>    | <u>14,240</u>     | <u>70,204</u>     |
| Net Position - Beginning, as previously reported | 463,568           | 332,822           | 197,188           |
| Prior period restatement (Note 7)                | (73,612)          | (65,881)          | (52,683)          |
| Net Position - Beginning                         | 389,956           | 266,941           | 144,505           |
| Total Net Position - Ending:                     | <u>\$ 595,283</u> | <u>\$ 281,181</u> | <u>\$ 214,709</u> |

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | <u>Building and<br/>Safety Fund</u> | <u>Total</u>        |
|--|-------------------------------------|---------------------|
| <b>Operating Revenues</b>                        |                                     |                     |
| Charges for services                             | \$ 1,572,798                        | \$ 5,393,699        |
| Fines and forfeitures                            | 7,275                               | 51,923              |
| Other revenues                                   | 1,223                               | 68,229              |
| Total Operating Revenues:                        | <u>1,581,296</u>                    | <u>5,513,851</u>    |
| <b>Operating Expenses</b>                        |                                     |                     |
| Salaries and benefits                            | 641,215                             | 1,051,568           |
| Services and supplies                            | 318,499                             | 4,305,087           |
| Depreciation                                     | 18,471                              | 78,488              |
| Total Operating Expenses:                        | <u>978,185</u>                      | <u>5,435,143</u>    |
| Operating Income (Loss):                         | <u>603,111</u>                      | <u>78,708</u>       |
| <b>Nonoperating Revenues (Expenses)</b>          |                                     |                     |
| Intergovernmental revenues                       | -                                   | 798,152             |
| Interest income                                  | 6,394                               | 10,104              |
| Total Nonoperating Revenues (Expenses):          | <u>6,394</u>                        | <u>808,256</u>      |
| Income (Loss) Before Transfers:                  | 609,505                             | 886,964             |
| Transfers in                                     | -                                   | 12,312              |
| Transfers out                                    | <u>(101,980)</u>                    | <u>(101,980)</u>    |
| Change in Net Position:                          | 507,525                             | 797,296             |
| Net Position - Beginning, as previously reported | 583,564                             | 1,577,142           |
| Prior period restatement (Note 7)                | (245,087)                           | (437,263)           |
| Net Position - Beginning                         | 338,477                             | 1,139,879           |
| Total Net Position - Ending:                     | <u>\$ 846,002</u>                   | <u>\$ 1,937,175</u> |

Continued (Page 2 of 2)

The notes to the financial statements are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

|   | Parking           | Solid Waste       | Building and<br>Safety | Transit             |
|---|-------------------|-------------------|------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                   |                        |                     |
| Receipts from customers   | \$ 611,164        | \$ 3,191,723      | \$ 1,574,052           | \$ 22,488           |
| Payments to suppliers   | (267,715)         | (3,005,167)       | (311,263)              | (661,185)           |
| Payments to employers   | (150,658)         | (127,199)         | (659,969)              | (141,786)           |
| Net Cash Provided by (Used for) Operating Activities  | <u>192,791</u>    | <u>59,357</u>     | <u>602,820</u>         | <u>(780,483)</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>   |                   |                   |                        |                     |
| Intergovernmental revenues  |                   | -                 |                        | 801,116             |
| Transfers to/from other funds   | 12,312            | 52,569            | (101,980)              |                     |
| Net Cash Provided by (Used for) Non-Capital Financing Activities  | <u>12,312</u>     | <u>52,569</u>     | <u>(101,980)</u>       | <u>801,116</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>   |                   |                   |                        |                     |
| Acquisition of capital assets   | (112,172)         |                   | (82,858)               | -                   |
| Net Cash Provided by (Used for) Capital and Related Financing Activities                                  | <u>(112,172)</u>  | <u>-</u>          | <u>(82,858)</u>        | <u>-</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                   |                        |                     |
| Interest received on investments  | 3,186             | 801               | 6,789                  | 198                 |
| Net Cash Provided by (Used for) Investing Activities  | <u>3,186</u>      | <u>801</u>        | <u>6,789</u>           | <u>198</u>          |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 96,117            | 112,727           | 424,771                | 20,831              |
| Cash and Cash Equivalents - Beginning of the Year   | 461,034           | 471,453           | 575,223                | 63,030              |
| Cash and Cash Equivalents - End of the Year   | <u>\$ 557,151</u> | <u>\$ 584,180</u> | <u>\$ 999,994</u>      | <u>\$ 83,861</u>    |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>  |                   |                   |                        |                     |
| Operating income (loss)   | \$ 190,203        | \$ 16,944         | \$ 603,111             | \$ (731,550)        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |                   |                   |                        |                     |
| Depreciation  | 624               | 3,228             | 18,471                 | 56,165              |
| Pension   | (2,494)           | (1,785)           | (8,307)                | (2,233)             |
| Decrease (increase) in:   |                   |                   |                        |                     |
| Accounts receivable   | (2,424)           | 45,145            | (8,767)                | (149,901)           |
| Prepaid expenses  | 6,302             |                   | -                      | (68,172)            |
| Increase (decrease) in:   |                   |                   |                        |                     |
| Accounts payable  | (1,866)           | (814)             | 7,236                  | 117,071             |
| Salaries and benefits payable   | (2,296)           | (3,063)           | (13,452)               | (2,731)             |
| Deposits payable  | -                 | -                 | 1,523                  | -                   |
| Compensated absences  | 4,742             | (298)             | 3,005                  | 868                 |
| Net Cash Provided by (Used for) Operating Activities  | <u>\$ 192,791</u> | <u>\$ 59,357</u>  | <u>\$ 602,820</u>      | <u>\$ (780,483)</u> |

The notes to the financial statements are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | <b>Total</b> |
|--|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |
| Receipts from customers  | \$ 5,399,427 |
| Payments to suppliers  | (4,245,330)  |
| Payments to employers  | (1,079,612)  |
| Net Cash Provided by (Used for) Operating Activities   | 74,485       |
| <br><b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>  |              |
| Intergovernmental revenues   | 801,116      |
| Transfers to/from other funds  | (37,099)     |
| Net Cash Provided by (Used for) Non-Capital Financing Activities   | 764,017      |
| <br><b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |              |
| Acquisition of capital assets  | (195,030)    |
| Net Cash Provided by (Used for) Capital and Related Financing Activities                                     | (195,030)    |
| <br><b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |
| Interest received on investments   | 10,974       |
| Net Cash Provided by (Used for) Investing Activities   | 10,974       |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 654,446      |
| Cash and Cash Equivalents - Beginning of the Year  | 1,570,740    |
| Cash and Cash Equivalents - End of the Year  | \$ 2,225,186 |
| <br><b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b> |              |
| Operating income (loss)  | \$ 78,708    |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:    |              |
| Depreciation   | 78,488       |
| Pension  | (14,819)     |
| Decrease (increase) in:  |              |
| Accounts receivable  | (115,947)    |
| Prepaid expenses   | (61,870)     |
| Increase (decrease) in:  |              |
| Accounts payable   | 121,627      |
| Salaries and benefits payable  | (21,542)     |
| Deposits payable   | 1,523        |
| Compensated absences   | 8,317        |
| Net Cash Provided by (Used for) Operating Activities   | \$ 74,485    |

The notes to the financial statements are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

JUNE 30, 2015

|                                  | <u>Successor Agency<br/>Fund</u> |
|----------------------------------|----------------------------------|
| <b>Assets</b>                    |                                  |
| Cash and cash equivalents        | \$ -                             |
| Investments, held with trustees  | 1,826,751                        |
| Notes receivable                 | 546,480                          |
| Capital assets:                  |                                  |
| Depreciable capital assets       | 217,816                          |
| Less: accumulated depreciation   | <u>(104,596)</u>                 |
| Total Capital assets:            | <u>113,220</u>                   |
| Total Assets:                    | <u><u>2,486,451</u></u>          |
| <b>Liabilities</b>               |                                  |
| Accounts payable                 | 3,758                            |
| Interest payable                 | 205,827                          |
| Long-term liabilities:           |                                  |
| Due within one year              | 74,126                           |
| Due in more than one year        | <u>12,554,888</u>                |
| Total Long-term liabilities:     | <u>12,629,014</u>                |
| Total Liabilities:               | <u><u>12,838,599</u></u>         |
| <b>Net Position</b>              |                                  |
| Held in trust for other purposes | <u>(10,352,148)</u>              |
| Total Net Position:              | <u><u>\$ (10,352,148)</u></u>    |

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

|  | <u>Successor Agency<br/>Fund</u> |
|--|----------------------------------|
| <b>Additions</b>   |                                  |
| Property taxes   | \$ 718,398                       |
| Use of money and property                                      | 21,675                           |
| Other revenue  | 365,926                          |
| Total Additions:   | <u>1,105,999</u>                 |
| <b>Deductions</b>  |                                  |
| Program expenses   | 71,618                           |
| Administrative expenses  | 249,310                          |
| Interest and fiscal agency expenses                            | 741,450                          |
| Noncash expenses: depreciation, amortization, loan forgiveness | 74,427                           |
| Extraordinary items  | 6,215,529                        |
| Total Deductions:  | <u>7,352,334</u>                 |
| Change in Net Position:  | <u>(6,246,335)</u>               |
| Net Position - Beginning                                       | <u>(4,105,813)</u>               |
| Net Position - Ending:   | <u>\$ (10,352,148)</u>           |

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# **BASIC FINANCIAL STATEMENTS**

Notes to the Basic Financial Statements

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TOWN OF TRUCKEE, CALIFORNIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Town of Truckee (Town) was incorporated on March 23, 1993, became a charter city on September 15, 1995 and is governed under the charter and applicable state statutes. The Town operates under a Council form of government and provides the following services: public safety, highways and streets, public improvements, planning and zoning, general administrative services, solid waste, building and safety, parking, and transit.

The governmental reporting entity consists of the Town (Primary Government) and its component units. Component units are legally separate organizations for which the Council is financially accountable or other organizations whose component unit nature and significant relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (i) the Town's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Town.

Reporting for component units on the Town's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the Town's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the Town's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Town Council.

**Blended Component Units**

Component units that are blended into the reporting activity types of the Town's report are presented below:

Truckee Public Financing Authority

The Truckee Public Financing Authority is a public agency created under a joint exercise of powers agreement between the Town and the former Agency. The governing body is substantially the same as the primary government and the Town and the component units are financially interdependent, hence, the unit is presented by blending with the primary government. Separate audited financial statements for the Truckee Public Financing Authority are not issued.

Debt of the Truckee Public Financing Authority related to Town operations is shown as long-term debt of the Town. Debt related to the Successor Agency is shown as debt of the fiduciary fund.

**Discretely Presented Component Units**

There are no component units of the Town which meet the criteria for discrete presentation.

B. Basis of Presentation

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the primary government, the Town, and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town.

# TOWN OF TRUCKEE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

### **NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the Town's business-type activities and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

#### **Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered to be major if it is the primary operating fund of the Town or meets both of the following criteria:

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Town that are not accounted for through other funds. For the Town, the General Fund includes such activities as public safety, road maintenance, community development, general government, and public improvements.
- The Town Special Service Area (TSSA) Funds are collected in certain Town neighborhoods and are available for enhanced road and transportation related maintenance.
- Measure A and V, its successor measure, are special revenue funds used to account for Measure A and V revenues and expenditures. Measures A and V are a ½ percent sales tax which are used to maintain roads and related infrastructure within the Town of Truckee.
- Measure R Trails is a special revenue fund used to account for revenue and expenditures related to a ¼ percent sales tax passed in June of 2014 for trail construction and maintenance within the Town boundaries.
- Traffic Impact Fees Fund is a special revenue fund used to account for traffic impact fee revenues and expenditures.
- HOME Grant Fund is a special revenue fund used to account for the activity of various HOME Grant programs used to fund long term loans for low/very low housing units.
- The Capital Projects Fund is used to account for the expenditures of most capital projects undertaken by the Town. This fund receives transfers of resources from various Town funds.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

The Town reports the following proprietary funds:

- The Parking Fund is an enterprise fund used to account for the operation of the Town's downtown parking facilities.
- The Solid Waste Fund is an enterprise fund used to account for regular garbage collection services, collection of yard waste, and a recycling collection program. Services are provided on a user charge basis to residences and businesses.
- The Building and Safety Fund is an enterprise fund used to account for the operations of the department, enforcing State and Town laws and regulations concerning the safety of structures.
- The Transit Fund is an enterprise fund used to account for the operations of public transportation.

The Town reports the following fiduciary fund:

- The Redevelopment Successor Agency Fund is used to account for the activities of the former Truckee Redevelopment Agency formed in accordance with State law.

**C. Basis of Accounting and Measurement Focus**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, or other governments, or other funds. These funds share characteristics with both the governmental and proprietary funds and therefore use the measurements focus and basis of accounting most appropriate to their specific operations.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

D. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the Town's investment pool, to be cash equivalents.

E. Investments

The Town pools cash and investments of all funds except for amounts held by fiscal agent. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the Town to invest its cash surplus in obligations of the U.S. treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investment income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of average month end cash balance amounts for each fund as a percentage of the total balance. Income from non-pooled investments is recorded based on the specific investments held by the fund. Interest income is recorded in the fund that earned the interest.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at a carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, loans, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions that are collectible but not available are recorded as deferred inflows in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. User fee receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

G. Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements or transfers.

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

See Note 3 for details of interfund transactions, including receivables and payables at year end.

H. Inventory and Prepaid Costs

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased. The Town's inventory balance includes supplies used in the road maintenance, snow removal, and fleet divisions of the public works department. Change in the inventory balance is reported as a direct adjustment to public works expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

I. Loans Receivable

For the purpose of the fund financial statements, capital fund and special revenue fund expenditures relating to loans receivable arising from mortgage subsidy programs and other loan programs are charged to operations at the time of funding and the loans receivable are recorded. Loans receivable includes loans for which repayment is deferred or for which repayment may be forgiven if certain terms and conditions of the loans are met.

As of June 30, 2015, the Town has outstanding loans receivable from the Humane Society of Truckee-Tahoe ("HSTT") and the Police of Chief for the Town of Truckee. The Town and HSTT jointly constructed an animal shelter and shared the costs of the construction. The Town advanced funds to the HSTT for a portion of their share of the construction costs. The loan to the Police Chief is a home loan for the purchase of a home within Truckee Town limits.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks and similar items), are defined by the Town as an asset with a expected life greater than a year and a cost greater than \$5,000.

Property, plant and equipment have been stated at actual cost. Infrastructure assets, including roads, have been stated at historical cost, beginning with the 1996-97 fiscal year. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Government-Wide Financial Statements**

In the government-wide financial statements, property, plant, and equipment are accounted for as capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| <u>Depreciable Asset</u>    | <u>Estimated Lives</u> |
|-----------------------------|------------------------|
| Equipment                   | 4 – 25 years           |
| Structures and improvements | 25 – 60 years          |
| Infrastructure              | 15 – 25 years          |

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund at the time of acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will be not recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability in the government-wide financial statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide financial statements.

M. Compensated Absences

The Town's policy regarding compensated absences is to permit employees to accumulate a limited amount of earned but unused vacation leave, compensatory time, and sick time. The liability for these compensated

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. The Town includes its share of medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Pensions

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

O. Net Position/Fund Balances

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital, restricted and unrestricted.

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted resources - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Resources restricted for other purposes included \$3,402,280 restricted by enabling legislation (Measures A, V and R).
- Unrestricted resources - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available, unrestricted resources are depleted first before the restricted resources are used.

At June 30, 2015, the Town had recorded restricted resources in governmental activities as follows:

|                         |                      |
|-------------------------|----------------------|
| Restricted for:         |                      |
| Capital Projects        | \$ 5,652,941         |
| Grants, taxes, and fees | <u>12,581,608</u>    |
| Total Restricted        | <u>\$ 18,234,549</u> |

# TOWN OF TRUCKEE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following Classifications describe the relative strength of the spending constraints:

- *Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of another governments.
- *Committed* – amounts that can be used only for specific purposes determined by a formal action of Town Council. Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Town Council. The Town did not have any committed resources as of June 30, 2015.
- *Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Town Council or by an official or body to which the Town Council delegates the authority.
- *Unassigned* – amounts not included in other spendable classifications. Positive amounts are reported only in the General Fund.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fleet equipment, construction, litigation, pavement management program, etc.) When an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Town considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

As of June 30, 2015, restricted fund balance included:

- Self Insurance Retention - to reflect funds held to cover the deductible on self-insurance programs.
- Special Revenue fund balances – to reflect funds restricted to a specific purpose based on the nature of the fund.

As of June 30, 2015, assigned fund balance in the following governmental funds included:

- General Fund - to reflect the Town Council's intention to set aside funds for general fund contingencies, litigation, future economic development programs or projects, capital facilities needs, and designations related to long-term pavement management.
- Fleet Replacement Fund – to reflect the Town Council's intention to set aside funds for replacement of the Town's vehicle fleet based on a fleet management plan.
- CDBG Miscellaneous Income – to reflect the Town Council's intention to set aside funds for housing related expenditures.

#### P. Property Tax Levy, Collection and Maximum Rates

The State of California's (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts.

The County of Nevada assesses properties and bills for and collects property taxes as follows:

|                      | Secured  | Unsecured |
|----------------------|--|-----------|
| Valuation/lien dates | January 1  | January 1 |
| Levy dates           | January 1  | January 1 |
| Due Dates            | November 1 (1st installment)<br>February 1 (2nd installment) | July 1    |
| Delinquent dates     | December 10 (1st installment)<br>April 10 (2nd installment)  | August 31 |

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end.

The County of Nevada apportions secured property tax revenue in accordance with the alternate methods of distribution, the "Teeter Plan", as prescribed by Section 4717 of the California Revenue and Taxation code. Therefore, the Town receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

**Q. Grant Revenues**

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if accrual criteria are met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

**R. Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Government Funds - By Character
  - Current (further classified by function)
  - Debt Service
  - Capital Outlay
- Proprietary Fund - By Operating and Non-operating

**S. 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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

T. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2015 or later. The Town has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 72

In February 2015 GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. Application of this statement is effective for the Town's fiscal year ending June 30, 2016.

Government Accounting Standards Board Statement No. 75

In June, 2015 GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB") and would replace GASB statements 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB. Application of this statement is effective for the Town's fiscal year ending June 30, 2017.

U. Current GASB Implementation

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement no. 68*. This statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. See note 4 for more information.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. Deficit Fund Balance/Net Position

The following funds had a deficit fund balance at June 30, 2015:

Major Governmental funds:

The Capital Projects fund had a fund balance deficit of \$661,796 which was caused by uncollected grant revenues for grant expenditures in the fiscal year.

B. GANN Spending Limit

Under Article XIII B of the California Constitution (the Gann Spending Limitation), the Town is restricted as to the amount of annual appropriations from proceeds of taxes, and of proceeds of taxes allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements.

For the year ended June 30, 2015, the Gann Limit Calculation was calculated based upon the advice of legal counsel to exclude police and animal control services from the appropriations subject to the limit.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 3: DETAILED NOTES**

A. Cash and Investments

Total cash and investments are presented on the Town's financial statements as follows:

|   |                             |
|---|-----------------------------|
| Governmental Activities:                |                             |
| Unrestricted Cash and investments       | \$ 48,561,370               |
| Restricted Cash and investments         | 323,312                     |
| Total Governmental Cash and investments | <u>48,884,682</u>           |
| Business Type Activities                | 2,225,186                   |
| Total Cash and Investments              | <u><u>\$ 51,109,868</u></u> |

Total cash and investments of the Town at fair value are comprised of the following:

|  |                             |
|--|-----------------------------|
| Cash and Deposits:   |                             |
| Cash on hand   | \$ 900                      |
| Deposits in Town's depository institutions (less outstanding checks) | 6,219,908                   |
| Deposits with fiscal agents  | <u>323,312</u>              |
| Total Cash and Deposits  | <u>6,544,120</u>            |
| Investments:   |                             |
| In Town's pool   | <u>44,565,748</u>           |
|  | <u><u>\$ 51,109,868</u></u> |

**Deposits**

The California Government Code requires California banks and savings and loan associations to collateralize a Town's deposits by pledging government securities. The market value of pledged securities must equal at least 110 percent of a Town's deposits. California law also allows financial institutions to collateralize Town deposits by pledging first trust deed mortgage notes having a value of 150 percent of a Town's total deposits. The Town may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

At year end, the carrying amount of the Town's cash deposits (including only checking accounts and money market accounts) was \$6,219,907 and the bank balance was \$7,949,989. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, including bond trust funds, \$1,833,280 was covered by federal depository insurance and \$6,116,709 was uninsured and collateralized (i.e. collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the Town's name).

**Investments**

The Town adopts an investment policy annually. Authorized investments include:

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 3: DETAILED NOTES (CONTINUED)**

| <b>Investment Category</b> | <b>Standard</b>  |
|----------------------------|--|
| Treasury Bills and Notes   | No limitations   |
| Federal Agencies           | 35% per issuer   |
| Banker's Acceptances       | A-1/P-1/F-1 rated; 40% maximum; 180 days; 5% per issuer                                  |
| Commercial Paper           | A-1/P-1/F-1 rated; and >A-rated long term ratings; 25% maximum; <270 days; 5% per issuer |
| Negotiable CDs             | 30% maximum; >A-rated issuer; 5% per issuer  |
| Medium Term Notes          | 30% maximum; >A-rated issuer; 5% per issuer  |
| Money Market Funds         | AAA/Aaa rated; assets greater than \$500MM; 20% maximum                                  |
| Repurchase Agreements      | Not currently used   |
| LAIF                       | No limitations   |

As of June 30, 2015, the Town had the following investments:

|                                     | Maturities    |               |              | Fair Value    | Weighted Average Maturity (Years) |
|-------------------------------------|---------------|---------------|--------------|---------------|-----------------------------------|
|                                     | 0 - 1 year    | 1 - 5 years   | Over 5 years |               |                                   |
| <b>Investments</b>                  |               |               |              |               |                                   |
| U.S. Government Agency Securities   | \$ 5,654,856  | \$ 11,615,648 | \$ -         | \$ 17,270,504 | 0.65                              |
| Corporate Notes                     | 795,368       | 3,903,307     | -            | 4,698,675     | 0.23                              |
| Local Agency Investment Fund (LAIF) | 22,596,569    | -             | -            | 22,596,569    | -                                 |
| Total Investments                   | \$ 29,046,793 | \$ 15,518,955 | \$ -         | \$ 44,565,748 | 0.28                              |

**Interest Rate Risk**

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. In general, the longer the amount of time to the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. All investments of the Town are invested in accordance with the investment policies of the Town. Of the Town's \$44,565,748 investment portfolio, over 65% of the investments have a maturity of one year or less. Of the remainder, none have a maturity of more than 5 years. The Town had no investments that were highly sensitive to interest rate fluctuations as of June 30, 2015.

**Credit Risk**

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and Town investment pool policy limit investments in commercial paper to the rating of A-1 by Standards & Poor's or P-1 by Moody's Investors Service. State law also limits investments in corporate bonds to the rating of A by both Standards & Poor's and Moody's Investors Service. The Town does not have credit limits on U.S. government securities or U.S. government agency securities.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 3: DETAILED NOTES (CONTINUED)**

| <u>Investments at June 30, 2015</u>    | <u>Standard &amp; Poor's</u> | <u>% of Portfolio</u> |
|--|------------------------------|-----------------------|
| Federal Home Loan Mortgage Corporation | AA+                          | 8.0%                  |
| Federal Home Loan Bank                 | AA+                          | 7.2%                  |
| Federal National Mortgage Association  | AA+                          | 6.9%                  |
| Federal Farm Credit Bank               | AA+                          | 5.7%                  |
| US Treasury                            | TSY                          | 10.8%                 |
| Commercial Paper                       | A-1+                         | 1.0%                  |
| Corporate Obligations                  | A                            | 2.7%                  |
| Corporate Obligations                  | A+                           | 3.3%                  |
| Corporate Obligations                  | AA                           | 0.9%                  |
| Corporate Obligations                  | AA-                          | 2.1%                  |
| Corporate Obligations                  | AA+                          | 0.6%                  |
| LAIF                                   | Unrated                      | 50.8%                 |
| Total                                  |                              | <u>100.0%</u>         |

**Custodial Credit Risk**

At year end, the Town did not participate in any repurchase agreements or securities lending that would result in any possible risk in this area.

**Concentration of Credit Risk**

Over 38% of the Town's investments at year-end are in U.S. Government or Agencies issues. There is no limitation on amounts invested in these types of issues. Of the 10.6% of the portfolio invested in corporate notes and money market funds, no investment in a single issuer exceeds 2.0%.

**Investment in Local Agency Investment Fund**

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based upon the Town's share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

At June 30, 2015, the Town's investment position in the State of California Local Agency Investment Fund (LAIF) was \$22,596,569. The total amount invested by all public agencies in LAIF on that day was \$69,672,945,247. Of that amount, 97.92% is invested in non-derivative financial products and 2.08% in structured notes and asset-backed securities.

**B. Loans Receivable**

Loans receivable include notes for down payment assistance and for the purchase of land and the construction of the Frishman Hollow, Henness Flats and Sierra Pines low/very low housing complexes. Loans were funded by various grants and developer contributions. Loans receivable also includes a note from the Humane Society of Truckee-Tahoe related to the construction of the Town's new animal shelter and a loan to Town Police Chief for the purchase of a home within the Truckee Town limits. The 30 year loan to the Chief, secured by his home, was made in 2014 for a total of \$412,000, \$100,000 of which carries 2% compounding interest and does not require current payments. \$312,000 of the loan carries interest adjusted quarterly to the Town's Local Agency Investment Fund interest earnings rate plus one-half percent with principal and interest deducted from each bi-weekly paycheck. The total loan balance at June 30, 2015 is \$401,083.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 3: DETAILED NOTES (CONTINUED)**

Loans in governmental funds are treated as expenditures in the year advanced and as revenue in the year repayment is measurable and available. Loans receivable are recorded in the fund statements but are reported as deferred inflows of resources to indicate they do not represent current financial resources. In the government-wide statements, loans receivable are recorded at their net realizable value.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2015, was as follows:

| <b>Governmental Activities</b>               | Balance<br>July 1, 2014 | Additions            | Retirements        | Transfers          | Balance<br>June 30, 2015 |
|--|-------------------------|----------------------|--------------------|--------------------|--------------------------|
| Capital Assets, Not Being Depreciated:       |                         |                      |                    |                    |                          |
| Land   | \$ 6,960,070            | \$ -                 | \$ -               | \$ 205,090         | \$ 7,165,160             |
| Right of Way                                 | 44,992,586              | -                    | -                  | -                  | 44,992,586               |
| Construction in Progress                     | 10,867,086              | 13,993,984           | -                  | (5,229,775)        | 19,631,295               |
| Total Capital Assets, Not Being Depreciated  | <u>62,819,742</u>       | <u>13,993,984</u>    | <u>-</u>           | <u>(5,024,685)</u> | <u>71,789,041</u>        |
| Capital Assets, Being Depreciated:           |                         |                      |                    |                    |                          |
| Building & Improvements                      | 29,775,010              | 313,685              | -                  | -                  | \$ 30,088,695            |
| Equipment                                    | 16,751,917              | 1,157,164            | (136,005)          | (52,082)           | 17,720,994               |
| Infrastructure                               | 52,585,191              | -                    | -                  | 5,229,775          | 57,814,966               |
| Total Capital Assets, Being Depreciated      | <u>99,112,118</u>       | <u>1,470,849</u>     | <u>(136,005)</u>   | <u>5,177,693</u>   | <u>105,624,655</u>       |
| Less Accumulated Depreciation For:           |                         |                      |                    |                    |                          |
| Building & Improvements                      | (3,778,786)             | (700,024)            | -                  | -                  | (4,478,810)              |
| Equipment                                    | (9,914,308)             | (1,006,765)          | 124,096            | 52,082             | (10,744,895)             |
| Infrastructure                               | (24,831,861)            | (3,348,098)          | -                  | -                  | (28,179,959)             |
| Total Accumulated Depreciation               | <u>(38,524,955)</u>     | <u>(5,054,887)</u>   | <u>124,096</u>     | <u>52,082</u>      | <u>(43,403,664)</u>      |
| Total Capital Assets, Being Depreciated, Net | 60,587,162              | (3,584,038)          | (11,909)           | 5,229,775          | 62,220,991               |
| Governmental Activities Capital Assets, Net  | <u>\$ 123,406,904</u>   | <u>\$ 10,409,946</u> | <u>\$ (11,909)</u> | <u>\$ 205,090</u>  | <u>\$ 134,010,032</u>    |

| <b>Business-Type Activities</b>              | Balance<br>July 1, 2014 | Additions         | Retirements     | Transfers       | Balance<br>June 30, 2015 |
|--|-------------------------|-------------------|-----------------|-----------------|--------------------------|
| Capital Assets, Being Depreciated:           |                         |                   |                 |                 |                          |
| Structures and improvements                  | \$ 371,416              | \$ -              | \$ -            | \$ 39,348       | \$ 410,764               |
| Equipment                                    | 836,992                 | 195,030           | (35,803)        | 12,734          | 1,008,953                |
| Total Capital Asset, Being Depreciated       | <u>1,208,408</u>        | <u>195,030</u>    | <u>(35,803)</u> | <u>52,082</u>   | <u>1,419,717</u>         |
| Less Accumulated Depreciation For:           |                         |                   |                 |                 |                          |
| Structures and improvements                  | (104,660)               | (18,088)          | -               | (37,353)        | (160,101)                |
| Equipment                                    | (682,273)               | (60,400)          | 35,788          | (14,729)        | (721,614)                |
| Total Accumulated Depreciation               | <u>(786,933)</u>        | <u>(78,488)</u>   | <u>35,788</u>   | <u>(52,082)</u> | <u>(881,715)</u>         |
| Total Capital Assets, Being Depreciated, Net | 421,475                 | 116,542           | (15)            | -               | 538,002                  |
| Business-Type Activities Capital Assets, Net | <u>\$ 421,475</u>       | <u>\$ 116,542</u> | <u>\$ (15)</u>  | <u>\$ -</u>     | <u>\$ 538,002</u>        |

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 3: DETAILED NOTES (CONTINUED)**

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

|                                      |                                |
|--------------------------------------|--------------------------------|
| General Government                   | \$ 404,496                     |
| Public Safety                        | 352,941                        |
| Public Works                         | <u>4,297,450</u>               |
| <br>Total Depreciation Gov Functions | <br><u><u>\$ 5,054,887</u></u> |

Depreciation expense was charged to the business-type functions as follows:

|   |                             |
|---|-----------------------------|
| Parking                                   | \$ 624                      |
| Transit                                   | 56,165                      |
| Solid Waste                               | 3,228                       |
| Building & Safety                         | <u>18,471</u>               |
| <br>Total Depreciation Business Functions | <br><u><u>\$ 78,488</u></u> |

**Construction in Progress**

Construction in progress for governmental activities relates primarily to work performed on the Truckee River Legacy and Trout Creek Trails, the Mousehole project, and Brickelltown Streetscape projects. The majority of the transfer from construction in progress for fiscal 2015 is due to the completion of the Glenshire Drive Reconstruction and the 2014 Paving and Drainage project.

D. Long-Term Liabilities

The following is a summary of all long-term liabilities activity for the year ended June 30, 2015:

|  | Balance<br>July 1, 2014     | Additions/<br>Adjustments | Retirements                | Balance<br>June 30, 2015    | Amounts Due<br>Within One Year |
|--|-----------------------------|---------------------------|----------------------------|-----------------------------|--------------------------------|
| <b>Governmental Activities</b>                         |                             |                           |                            |                             |                                |
| Lease Revenue Bonds                                    | \$ 9,490,000                | \$ -                      | \$ (315,000)               | \$ 9,175,000                | \$ 320,000                     |
| Less: Unamortized Discount                             | (55,803)                    | -                         | 3,512                      | (52,291)                    | (3,512)                        |
| Lease Revenue Bonds, Net                               | <u>9,434,197</u>            | -                         | <u>(311,488)</u>           | <u>9,122,709</u>            | <u>316,488</u>                 |
| Compensated Absences (Note 1N)                         | <u>977,782</u>              | <u>749,744</u>            | <u>(669,828)</u>           | <u>1,057,698</u>            | <u>72,956</u>                  |
| Total Governmental Activities - Long-term Liabilities  | <u><u>\$ 10,411,979</u></u> | <u><u>\$ 749,744</u></u>  | <u><u>\$ (981,316)</u></u> | <u><u>\$ 10,180,407</u></u> | <u><u>\$ 389,444</u></u>       |
| <b>Business-Type Activities</b>                        |                             |                           |                            |                             |                                |
| Compensated Absences (Note 1N)                         | \$ 99,635                   | \$ 70,441                 | \$ (62,123)                | \$ 107,953                  | \$ 17,373                      |
| Total Business-Type Activities - Long-term Liabilities | <u><u>\$ 99,635</u></u>     | <u><u>\$ 70,441</u></u>   | <u><u>\$ (62,123)</u></u>  | <u><u>\$ 107,953</u></u>    | <u><u>\$ 17,373</u></u>        |

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 3: DETAILED NOTES (CONTINUED)**

As of June 30, 2015 lease revenue bonds consisted of the following:

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| Lease Revenue Refunding Bonds Series 2005, dated September 21, 2005, in the amount of \$5,670,000, payable in annual installments of \$55,000 to \$390,000, with an interest rate of 3.000% to 4.375% and maturity on November 1, 2030.   | \$ 4,675,000                       |
| Lease Revenue Bonds Series 2009, dated September 8, 2009, in the amount of \$1,645,000 (Series 2009A) and \$3,355,000 (Series 2009B) for a total issue of \$5,000,000, payable in annual installments of \$95,000 to \$290,000. Series 2009A interest rate of 2.000% to 4.650% and maturity on December 1, 2039 and Series 2009B Build America Bonds (Taxable) interest rate of 7.700% to 7.900% prior to 35% United States Treasury subsidy (net rates of 5.01% to 5.145%), maturing December 1, 2039. | 4,500,000                          |
| Total Lease Revenue Bonds   | <u>\$ 9,175,000</u>                |

The 2005 Refunding Bonds were refunded with a new lease revenue financing on August 5, 2015 in the amount of \$4,645,000 with a final maturity on November 1, 2030 and a total interest cost of 3.095%. See Note 9 for further discussion of this transaction.

The annual aggregate maturities for years subsequent to June 30, 2015 are as follows:

| <u>Lease Revenue Bonds</u> | <u>Governmental Activities</u> |                  |   |                                     |                                       |   |
|----------------------------|--------------------------------|------------------|---|-------------------------------------|---------------------------------------|---|
|                            | <u>Year Ended<br/>June 30</u>  | <u>Principal</u> | <u>Gross Interest<br/>Revenue Bonds</u> | <u>Less US Treasury<br/>Subsidy</u> | <u>Net Interest<br/>Revenue Bonds</u> | <u>Total Principal &amp;<br/>Net Interest</u> |
| 2016                       | \$                             | 320,000          | \$ 495,165                              | \$ (92,087)                         | \$ 403,078                            | \$ 723,078                                    |
| 2017                       | \$                             | 335,000          | \$ 484,190                              | \$ (92,087)                         | \$ 392,103                            | \$ 727,103                                    |
| 2018                       | \$                             | 345,000          | \$ 472,226                              | \$ (92,087)                         | \$ 380,139                            | \$ 725,139                                    |
| 2019                       | \$                             | 355,000          | \$ 459,403                              | \$ (92,087)                         | \$ 367,316                            | \$ 722,316                                    |
| 2020                       | \$                             | 365,000          | \$ 445,475                              | \$ (92,087)                         | \$ 353,388                            | \$ 718,388                                    |
| 2021-2025                  | \$                             | 2,095,000        | \$ 1,980,060                            | \$ (458,952)                        | \$ 1,521,109                          | \$ 3,616,109                                  |
| 2026-2030                  | \$                             | 2,585,000        | \$ 1,392,321                            | \$ (389,421)                        | \$ 1,002,900                          | \$ 3,587,900                                  |
| 2031-2035                  | \$                             | 1,455,000        | \$ 746,984                              | \$ (258,458)                        | \$ 488,525                            | \$ 1,943,525                                  |
| 2036-2040                  | \$                             | 1,320,000        | \$ 270,575                              | \$ (94,701)                         | \$ 175,874                            | \$ 1,495,874                                  |
| Total                      | \$                             | <u>9,175,000</u> | <u>\$ 6,746,397</u>                     | <u>\$ (1,661,965)</u>               | <u>\$ 5,084,432</u>                   | <u>\$ 14,259,432</u>                          |

E. Leases

**Operating Leases**

Rental expenses incurred under operating leases are not considered material.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 3: DETAILED NOTES (CONTINUED)**

F. Interfund Transactions

**Due To/From Other Funds**

Operating receivables and payables between funds are classified as due from or due to the General Fund. Amounts due from other funds include amounts due from other funds for loans to fund negative cash balances.

|                       | Due From Other<br>Funds | Due to Other<br>Funds |
|-----------------------|-------------------------|-----------------------|
| General Fund          | \$ 860,442              | \$ -                  |
| Capital Projects Fund | -                       | 860,442               |
| Total                 | <u>\$ 860,442</u>       | <u>\$ 860,442</u>     |

**Transfers**

Transfers are indicative of funding for or purchase of capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfers for the year ended June 30, 2015:

|                                   | Transfers In         | Transfers Out        |
|-----------------------------------|----------------------|----------------------|
| General Fund                      | \$ 1,635,457         | \$ 5,106,965         |
| Capital Projects Fund             | 12,597,202           | -                    |
| Measure R Trails Funds            | -                    | 95,407               |
| Traffic Impact Fees Fund          | -                    | 1,357,181            |
| Measure A/ Measure V              | -                    | 4,415,510            |
| Town Special Service Areas (TSSA) | -                    | 1,994,846            |
| Nonmajor Governmental Funds       | 1,125,055            | 2,298,137            |
| Parking                           | 12,312               | -                    |
| Building and Safety               | -                    | 101,980              |
| Total                             | <u>\$ 15,370,026</u> | <u>\$ 15,370,026</u> |

**NOTE 4: EMPLOYEES' RETIREMENT PLAN**

A. Pension Plans

**General Information about the Pension Plans**

Plan Description – all qualified regular and probationary employees are eligible to participate in the Town's separate Safety (sworn police) and Miscellaneous (all other employees) Employee Pension Plans, cost-sharing, multiple employer defined benefit pension plans administered by the California Public Employee's Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with or without statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employee's Retirement Law. The 2.7% at 55 Miscellaneous Plan and the 3.0% at 50 Safety Plan are closed to new entrants.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

The Plans provisions and benefits in effect at June 30, 2015 are summarized as below:

| Hire Date   | Miscellaneous                   |  |                                  |
|---|---------------------------------|--|----------------------------------|
|   | Prior to July 1, 2011 " Tier 1" | July 1, 2011 to December 31, 2012 "Tier 2" | After December 31, 2012 "Tier 3" |
| Benefit Formula                                   | 2.7% @ 55                       | 2.5% @ 55                                  | 2.0% @ 62                        |
| Benefit Vesting Schedule                          | 5 years service                 | 5 years service                            | 5 years service                  |
| Benefit Payments                                  | monthly for life                | monthly for life                           | monthly for life                 |
| Retirement Age                                    | 50-55                           | 50-55                                      | 52 and up                        |
| Monthly Benefits, as a % of eligible compensation | 2.0% to 2.7%                    | 2.0% - 2.5%                                | 1.0% to 2.5%                     |
| Required Employee Contribution Rates              | 8%                              | 8%   | 6.50%                            |
| Required Employer Contribution Rates              | 17.69%                          | 16.04%                                     | 6.70%                            |

| Hire Date   | Safety                          |  |                                  |
|---|---------------------------------|--|----------------------------------|
|   | Prior to July 1, 2011 " Tier 1" | July 1, 2011 to December 31, 2012 "Tier 2" | After December 31, 2012 "Tier 3" |
| Benefit Formula                                   | 3.0% @ 50                       | 3.0% @ 55                                  | 2.7% @ 57                        |
| Benefit Vesting Schedule                          | 5 years service                 | 5 years service                            | 5 years service                  |
| Benefit Payments                                  | monthly for life                | monthly for life                           | monthly for life                 |
| Retirement Age                                    | 50 and up                       | 50 and up                                  | 50 and up                        |
| Monthly Benefits, as a % of eligible compensation | 3.00%                           | 2.4% - 3%                                  | 2.0% to 2.7%                     |
| Required Employee Contribution Rates              | 9%                              | 9%   | 12.25%                           |
| Required Employer Contribution Rates              | 29.56%                          | 23.07%                                     | 12.25%                           |

**Funding Policy**

Each plan requires employee contributions equal to some percentage of the employees' annual covered salary. The Town has a variety of agreements regarding these employee contributions to the CalPERS retirement program. During fiscal 2015 the Town paid a portion of the employee's contribution on their behalf for employees hired prior to July 1, 2011. Section 20814 (c).of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Fund contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each plan were as follows:

|   | Miscellaneous |          |          |
|---|---------------|----------|----------|
|   | Tier 1        | Tier 2   | Tier 3   |
| Contributions - Employer                    | \$817,113     | \$43,124 | \$55,782 |
| Contributions - Employee (paid by Employer) | \$86,436      | \$0      | \$0      |

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

|   | Safety    |           |          |
|---|-----------|-----------|----------|
|   | Tier 1    | Tier 2    | Tier 3   |
| Contributions - Employer                    | \$448,306 | \$110,189 | \$28,983 |
| Contributions - Employee (paid by Employer) | \$52,176  | \$2,786   | \$7,652  |

**Pension Liabilities, Pension Expenses and Deferred Outflows of Resources Related to Pensions**

As of June 30, 2015, the Town reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

|               | Proportionate Share of Net Pension Liability |          |        |             |
|---------------|--|----------|--------|-------------|
|               | Tier 1                                       | Tier 2   | Tier 3 | Total       |
| Miscellaneous | \$4,319,420                                  | \$6,867  | \$333  | \$4,326,620 |
| Safety        | \$1,609,356                                  | \$19,560 | \$455  | \$1,629,371 |
| Total         | \$5,928,776                                  | \$26,427 | \$788  | \$5,955,991 |

The Town's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for each Plan as of June 30, 2013 and June 30, 2014 was as follows:

|                              | Miscellaneous |          |          |
|------------------------------|---------------|----------|----------|
|                              | Tier 1        | Tier 2   | Tier 3   |
| Proportion - June 30, 2013   | 0.08015%      | 0.00120% | 0.00000% |
| Proportion - June 30, 2014   | 0.07560%      | 0.00011% | 0.00000% |
| Change - decrease (increase) | 0.00455%      | 0.00109% | 0.00000% |

|                            | Safety   |          |          |
|----------------------------|----------|----------|----------|
|                            | Tier 1   | Tier 2   | Tier 3   |
| Proportion - June 30, 2013 | 0.03149% | 0.00031% | 0.00000% |
| Proportion - June 30, 2014 | 0.03081% | 0.00031% | 0.00000% |
| Change - decrease          | 0.00068% | 0.00000% | 0.00000% |

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

For the year ended June 30, 2015 the Town recognized pension expense of \$1,230,533. At June 30, 2015 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Pension contributions subsequent measurement date   | \$1,652,544                                   | \$249,687                                |
| differences between actual and expected experience  | \$130,686                                     |  |
| changes in assumptions  |   |  |
| changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | \$9,962                                       | \$360,999                                |
| Net differences between projected and actual earnings on plan investments   |   | \$2,176,055                              |
| Total   | <u>\$1,793,192</u>                            | <u>\$2,786,741</u>                       |

The \$1,652,544 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year Ended<br/>June 30</u> | <u>Amount</u> |
|-------------------------------|---------------|
| 2016                          | \$711,884     |
| 2017                          | 711,884       |
| 2018                          | 678,310       |
| 2019                          | 544,015       |
| 2020                          | 0             |
| Thereafter                    | 0             |

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

|                                  |   |
|----------------------------------|---|
| Valuation Date                   | June 30, 2013   |
| Measurement Date                 | June 30, 2014   |
| Actuarial Cost Method            | Entry Age Normal Cost Method  |
| Actuarial Assumptions:           |   |
| Discount Rate                    | 7.50%   |
| Inflation                        | 2.75%   |
| Projected Salary Increase        | Varies by Entry Age & Service   |
| Investment Rate of Return        | 7.50% net of pension plan investment and administrative expenses; includes inflation                                      |
| Mortality (1)                    | Derived using CalPERS membership data for all funds   |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter |

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using the Society of Actuary Scale BB. For more details on this table, please refer to the Experience Study Report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Allocation Amongst Town Funds**

The net pension liability has been allocated to the Town's enterprise funds based on their relative annual required pension contributions.

**Discount rate**

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employee's Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and GASB 68 calculations through 2017-18 fiscal

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

year. CalPERS will continue to check the materiality of the difference in calculation until such time as methodology is changed.

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

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

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

| <u>Asset Class</u>            | <u>New Strategic Allocation</u> | <u>Real Return Years 1-10(a)</u> | <u>Real Return Years 11+ (b)</u> |
|-------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Global Equity                 | 47.00%                          | 5.25%                            | 5.71%                            |
| Global Fixed Income           | 19.00%                          | 0.99%                            | 2.43%                            |
| Inflation Sensitive           | 6.00%                           | 0.45%                            | 3.36%                            |
| Private Equity                | 12.00%                          | 6.83%                            | 6.95%                            |
| Real Estate                   | 11.00%                          | 4.50%                            | 5.13%                            |
| Infrastructure and Forestland | 3.00%                           | 4.50%                            | 5.09%                            |
| Liquidity                     | 2.00%                           | -0.55%                           | -1.05%                           |
| Total                         | <u>100.00%</u>                  |                                  |                                  |

(a) An expected inflation rate of 2.5% used for this period

(b) An expected inflation rate of 3.0% used for this period

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

| Net Pension Liability (Asset) | Discount Rate<br>1% (6.50%) | - Current Discount<br>Rate (7.50%) | Discount Rate<br>+1% (8.50%) |
|-------------------------------|-----------------------------|------------------------------------|------------------------------|
| Miscellaneous - Tier 1        | \$ 8,425,000                | \$ 4,319,420                       | \$ 1,661,038                 |
| Miscellaneous - Tier 2        | \$ 12,532                   | \$ 6,867                           | \$ 2,471                     |
| Miscellaneous - Tier 3        | \$ 199                      | \$ 333                             | \$ 40                        |
| Safety - Tier 1               | \$ 3,298,893                | \$ 1,609,356                       | \$ 778,363                   |
| Safety - Tier 2               | \$ 32,788                   | \$ 19,560                          | \$ 7,737                     |
| Safety - Tier 3               | \$ 289                      | \$ 455                             | \$ 68                        |

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**B. 457 Plan**

The Town maintains deferred compensation plans (the Plan) for its employees. The Plan was created in accordance with the Internal Revenue Code Section 457. The Plan is available to all regular Town employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees for withdrawal until termination, retirement, death or unforeseeable emergency. The Town has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The Town has not reflected the Plan's assets and corresponding liabilities (if any) on the accompanying financial statements.

**C. Other Post Retirement Benefits (OPEB)**

**Plan Description**

The Town administers a single-employer defined benefit health care plan for its employees. The plan provides medical, dental and vision coverage. As of January 1, 2012, medical coverage is provided through CalPERS under the Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The PEMHCA plan requires that medical benefits be made available to qualified retirees. Dependent children are covered until age 26. The Town currently has 38 retirees eligible to participate in the plan and 91 active employees who participate in the health plan.

**Funding Policy**

Employees become eligible to retire under PEMHCA and receive healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The Town has selected the unequal contribution method, where it contributes a percent of the amount paid for actives to its eligible retirees. For calendar 2015 this amount is \$18.30 per month per retiree. Concurrent with implementing the PERS Health Plan the Town Council passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust fund established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed Board not under the control of the Town Council. The Trust is not considered a component unit by the Town and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained for CalPERS at P.O. Box 942709, Sacramento, Ca. 94229-2709.

For the year ended June 30, 2015, the Town's annual cost for the healthcare plan was \$68,689. The Town's annual OPEB cost contributed to the plan and the net OPEB asset for the year ended June 30, 2015 were as follows:

TOWN OF TRUCKEE, CALIFORNIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)**

|  |           |
|--|-----------|
| Annual Required Contribution             |           |
| Service Cost at year end                 | \$ 42,961 |
| 30-year amortization of funded liability | 22,553    |
| Total fiscal year required contribution  | 65,514    |
| Employer contribution during fiscal year | 68,689    |
| Net OPEB asset July 1, 2014              | 52,515    |
| Net OPEB asset, June 30, 2015            | \$ 55,690 |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the health plan, and the net OPEB asset for the fiscal year ended June 30, 2015 are as follows:

| <u>Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Actual Employer Contribution</u> | <u>Percentage Contributed</u> | <u>Net Ended OPEB Asset (Liability)</u> |
|-------------------|-------------------------|-------------------------------------|-------------------------------|---|
| June 30, 2013     | (66,858)                | 141,205                             | 211%                          | 52,515                                  |
| June 30, 2014     | (65,514)                | 65,514                              | 100%                          | 52,515                                  |
| June 30, 2015     | (65,514)                | 68,689                              | 105%                          | 55,690                                  |

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are based on the values which the Town's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the projected cost sharing between the Town and the employees based on the PERS Health requirements. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2013 actuarial valuation, the Projected Unit Credit Cost Method was used. Demographic assumptions regarding retirement, disability, and turnover are based on statistics taken from pension valuations for California PERS under a 3.0% @ 50 formula for sworn Police employees and a 2.7% @ 55 formula for all other employees. The actuarial assumptions included a 6.00% interest rate if funded, and a 4.00% annual increase to the minimum Town contribution.

**NOTE 5: RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities to participate in the Public Agency Risk Sharing Authority of California (PARSAC) for general liability, vehicle liability, errors and omissions, and workers' compensation and employers' liability purposes. PARSAC is a public entity risk

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 5: RISK MANAGEMENT (CONTINUED)**

pool which serves as a common risk management and insurance program. PARSAC is under the control and direction of a 9 member executive committee consisting of representatives of the 37 member cities. The Town pays an annual premium to PARSAC for its insurance coverage. The agreements with PARSAC provide that they will be self sustaining through member premiums and will reinsure through commercial companies for excess coverage.

Complete audited financial statements of PARSAC can be obtained at 1525 Response Road, Suite One, Sacramento, California 95815-4805.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years. There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 6: OTHER INFORMATION**

A. Construction Commitments

The Town has signed agreements for \$12,875,303 in various construction projects that were not complete as of June 30, 2015. Construction completed and paid subsequent to June 30, 2015 on these projects was \$5,575,061. The Town has also signed agreements for construction projects subsequent to June 30, 2015 in the amount of \$5,785,159 of which \$1,628,660 was constructed and paid by the date of financial statement preparation.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

On August 4, 2014, Operating Engineers Local Union No. 3 filed a request for coverage determination with the Department of Industrial Relations asking that the Director determine that the Town's Trout Creek Trail & Bikeway Project is covered by the California prevailing wage law. While the Town vigorously refutes this position, if this determination is made, the Town, via its contractors, would be liable for an amount of at least \$196,125. The Town's Counsel on this matter believes there is an approximately 50% chance that the determination will be unfavorable to the Town.

**NOTE 7: PRIOR PERIOD ADJUSTMENTS**

As a result of implementing GASB Statement No. 68, the Town has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014 by \$6,893,674 in governmental activities and \$437,264 in business-type activities. In addition, as part of the implementation, the side-fund payoff that occurred in 2011 and which had been reported in the Government Wide statements as an asset were written off. The total government-wide net position decrease of \$8,354,986 resulted from the following:

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 7: PRIOR PERIOD ADJUSTMENTS (CONTINUED)**

| <u>Description of Restatement</u>  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>         |
|------------------------------------|------------------------------------|-------------------------------------|----------------------|
| Recording of net pension liability | (\$8,510,404)                      | (\$524,266)                         | (\$9,034,670)        |
| Application of 2014 contributions  | \$1,616,730                        | \$87,003                            | \$1,703,733          |
| Side Fund Payoff                   | (\$1,024,049)                      |                                     | (\$1,024,049)        |
| Total Prior Period Adjustment      | <u>(\$7,917,723)</u>               | <u>(\$437,263)</u>                  | <u>(\$8,354,986)</u> |

In addition, the Town made the following prior period adjustments in the fund financial statements related to the implementation of GASB Nos. 68 and 71:

Proprietary Funds

|                  |                   |
|------------------|-------------------|
| Building Fund    | \$ 245,087        |
| Transit Fund     | 65,881            |
| Solid Waste Fund | 52,683            |
| Parking Fund     | 73,612            |
|                  | <u>\$ 437,263</u> |

**NOTE 8: EXTRAORDINARY ITEMS**

During fiscal 2015, the Town continued the wind-down of the former Redevelopment Agency. In accordance with the State of California Department of Finance ("DOF") review, the remaining unspent bond proceeds from the issuance of the 2010 Tax Increment Bonds were transferred to the Town. The funds were used to complete the planned infrastructure improvements in the former Agency's boundaries. The liability for the bonds as well as the debt service remain with the Fiduciary Fund. The transfer of the remaining proceeds created an extraordinary gain for the Town's General Fund and the Government Wide Statement of Activities and an extraordinary loss in the Fiduciary Fund Statement of Activities.

The DOF also authorized the transfer of land previously held by the former agency to the Town in accordance with the completed long-range property management plan. This transaction resulted in an extraordinary gain in the Government Wide Statement of Activities and an extraordinary loss in the Fiduciary Fund.

TOWN OF TRUCKEE, CALIFORNIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 8: EXTRAORDINARY ITEMS (CONTINUED)**

| Description of Extraordinary Items   | Amount                |
|--|-----------------------|
| <u>Government Wide</u>   |                       |
| Governmental Activities  |                       |
| Extraordinary Gain for transfer of land to the Town General Fund per the Long Range Property Management Plan | \$ (205,090)          |
| Extraordinary Gain for transfer of 2010 Bond Proceeds from the Town Successor Agency                         | \$ (6,010,439)        |
| <b>Total Government Wide Gain(Loss)</b>  | <b>\$ (6,215,529)</b> |
| <br><u>Governmental</u>  |                       |
| General Fund   |                       |
| Extraordinary Gain for transfer of 2010 Bond Proceeds from the Town Successor Agency                         | \$ 6,010,439          |
| <b>Total Governmental Gain(Loss)</b>   | <b>\$ 6,010,439</b>   |
| <br><u>Fiduciary Funds</u>   |                       |
| Redevelopment Successor Agency   |                       |
| Extraordinary Loss for transfer of land to the Town General Fund per the Long Range Property Management Plan | \$ (205,090)          |
| Extraordinary Loss for transfer of 2010 bond proceeds to the Town General Fund                               | (6,010,439)           |
| <b>Total Fiduciary Fund Extraordinary Gain(Loss)</b>   | <b>\$ (6,215,529)</b> |

**NOTE 9: SUBSEQUENT EVENT**

On August 5, 2015, the Truckee Public Financing Authority issued lease revenue refund financing in the amount of \$4,645,000 and retired the Series 2005 refunding bonds. This financing, which matures in 2030, is secured by the Town of Truckee Town Hall and carry a face interest rate of 2.823% and a total interest cost of 3.095%.

**NOTE 10: FIDUCIARY FUNDS**

The Town of Truckee Redevelopment Agency was organized under the State of California Community Redevelopment Law. The governing body was substantially the same as the primary government and the Town and the component units were financially interdependent, hence, the unit had been presented by blending with the primary government. The Agency was dissolved as of January 31, 2012 and therefore is no longer reported as a component unit and the Town no longer issues separate financial statements for the Agency or its successor. The Redevelopment Successor Agency is reported as a Fiduciary Fund in the financial statements.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 10: FIDUCIARY FUNDS (CONTINUED)**

A. Cash and Investments

Total cash and investments are presented on the Agency's financial statements as follows:

|                            |              |
|----------------------------|--------------|
| Fiduciary Activities:      |              |
| Cash and cash equivalents  | \$ -         |
| Investments                | 1,826,751    |
|                            | <hr/>        |
| Total Cash and Investments | \$ 1,826,751 |
|                            | <hr/>        |

Total cash and investments of the Agency at fair value are comprised of the following:

|  |              |
|--|--------------|
| Cash and Deposits:   |              |
| Cash on hand   | \$ -         |
| Deposits in Town's depository institutions (less outstanding checks) | -            |
| Deposits with fiscal agents  | 1,217,816    |
|  | <hr/>        |
| Total Cash and Deposits  | \$ 1,217,816 |
|  | <hr/>        |
| Investments:   |              |
| In Town's pool   | \$ 608,935   |
|  | <hr/>        |
|  | \$ 1,826,751 |
|  | <hr/>        |

**Deposits**

The California Government Code requires California banks and savings and loan associations to collateralize an Agency's deposits by pledging government securities. The market value of pledged securities must equal at least 110 percent of an Agency's deposits. California law also allows financial institutions to collateralize Agency deposits by pledging first trust deed mortgage notes having a value of 150 percent of an Agency's total deposits. The Agency may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

**Investments**

The Agency bond proceeds investment policy authorized investments include:

| <u>Investment Category</u>         | <u>Standard</u>             |
|------------------------------------|-----------------------------|
| Treasury Issues                    | No limitations              |
| Government sponsored Agency Issues | No limitations              |
| Banker's Acceptances               | A-1 and P-1 rated or better |
| Commercial Paper                   | A-1 and P-1 rated or better |
| Money Market Mutual Funds          | Aaa or AAA rated            |
| Investment Agreements              | Not currently used          |
| Repurchase Agreements              | Not currently used          |
| LAIF                               | No limitations              |

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 10: FIDUCIARY FUNDS (CONTINUED)**

As of June 30, 2015, the Agency had the following investments:

|   | Maturities        |             |                 | Fair Value        | Weighted<br>Average Maturity<br>(Years) |
|---|-------------------|-------------|-----------------|-------------------|---|
|   | 0 - 1 year        | 1 - 5 years | Over 5<br>years |                   |   |
| <b>Investments in Investment Pool</b>       |                   |             |                 |                   |   |
| U.S. Government Agency Securities           | \$ -              | \$ -        | \$ -            | \$ -              | 0.00                                    |
| Local Agency Investment Fund (LAIF)         | 608,935           | -           | -               | 608,935           | -                                       |
| <b>Total Investments in Investment Pool</b> | <b>\$ 608,935</b> | <b>\$ -</b> | <b>\$ -</b>     | <b>\$ 608,935</b> | <b>0.00</b>                             |

**Interest Rate Risk**

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments of the Agency are invested in accordance with the investment policies of the Agency. Of the Agency's \$608,935 investment portfolio, 100% of the investments have a maturity of one year or less. The Agency had no investments that were highly sensitive to interest rate fluctuations as of June 30, 2015.

**Credit Risk**

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and Agency investment pool policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law also limits investments in corporate bonds to the rating of A by both Standards & Poor's and Moody's Investors Service. The Agency does not have credit limits on U.S. government securities or U.S. government agency securities.

| Investments at June 30, 2014           | Standard & Poor's | % of Portfolio |
|--|-------------------|----------------|
| Federal Home Loan Mortgage Corporation | AA+               | 0.0%           |
| Federal Home Loan Bank                 | AA+               | 0.0%           |
| Federal National Mortgage Association  | AA+               | 0.0%           |
| Federal Farm Credit Bank               | AA+               | 0.0%           |
| US Treasury                            | TSY               | 0.0%           |
| Corporate Obligations                  | AA+               | 0.0%           |
| LAIF                                   | Unrated           | 100.0%         |
| <b>Total</b>                           |                   | <b>100.0%</b>  |

**Custodial Credit Risk**

At year end, the Agency did not participate in any repurchase agreements or securities lending that would result in any possible risk in this area.

**Concentration of Credit Risk**

None of the portfolio was invested in U.S. Government or Agencies issues, corporate notes, or money market funds on June 30, 2015.

**Investment in Local Agency Investment Fund**

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 10: FIDUCIARY FUNDS (CONTINUED)**

portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

At June 30, 2015, the Agency's investment position in the State of California Local Agency Investment Fund (LAIF) was \$608,935. The total amount invested by all public agencies in LAIF on that day was \$69,672,945,247. Of that amount, 97.92% is invested in non-derivative financial products and 2.08% in structured notes and asset-backed securities.

**B. Land Held for Resale**

The Agency purchased land on West River Street from Nevada County during fiscal years 2004 and 2005. The land required environmental hazard remediation prior to sale or use. Further clean-up is required before the land will be sold or redeveloped. Based on the approval of the Agency's long range property management plan in July 2014, the land held for resale was transferred to the Town of Truckee during the fiscal year. See Note 8 for the effect of this transaction.

**C. Notes Receivable**

Notes receivable include notes for economic development, improvements to the former Redevelopment Project Area, historical preservation, and down payment assistance.

Notes receivable are recorded at their net realizable value.

**D. Capital Assets**

Capital assets activity for the year ended June 30, 2015, was as follows:

| <b>Fiduciary Activities</b>                  | Balance<br>July 1, 2014 | Additions          | Retirements | Transfers         | Balance<br>June 30, 2015 |
|--|-------------------------|--------------------|-------------|-------------------|--------------------------|
| Capital Assets, Not Being Depreciated:       |                         |                    |             |                   |                          |
| Land   | \$ 5,090                | \$ -               |             | \$ (5,090)        | \$ -                     |
| Total Capital Assets, Not Being Depreciated  | <u>5,090</u>            | <u>-</u>           | <u>-</u>    | <u>(5,090)</u>    | <u>-</u>                 |
| Capital Assets, Being Depreciated:           |                         |                    |             |                   |                          |
| Structures and improvements                  | \$ 67,440               | \$ -               | \$ -        | \$ -              | \$ 67,440                |
| Equipment                                    | 150,376                 | -                  | -           | -                 | 150,376                  |
| Total Capital Asset, Being Depreciated       | <u>217,816</u>          | <u>-</u>           | <u>-</u>    | <u>-</u>          | <u>217,816</u>           |
| Less Accumulated Depreciation For:           |                         |                    |             |                   |                          |
| Structures and improvements                  | (17,308)                | \$ (14,301)        | \$ -        | \$ -              | \$ (31,609)              |
| Equipment                                    | (38,592)                | (34,395)           | -           | -                 | (72,987)                 |
| Total Accumulated Depreciation               | <u>(55,900)</u>         | <u>(48,696)</u>    | <u>-</u>    | <u>-</u>          | <u>(104,596)</u>         |
| Total Capital Assets, Being Depreciated, Net | 161,916                 | (48,696)           | -           | -                 | 113,220                  |
| Fiduciary Activities Capital Assets, Net     | <u>\$ 167,006</u>       | <u>\$ (48,696)</u> | <u>\$ -</u> | <u>\$ (5,090)</u> | <u>\$ 113,220</u>        |

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 10: FIDUCIARY FUNDS (CONTINUED)**

**Depreciation**

Depreciation expense was charged to fiduciary functions as follows:

|  |                  |
|--|------------------|
| Redevelopment Successor Agency                   | <u>\$ 48,696</u> |
| Total Depreciation Expense - Fiduciary Functions | <u>\$ 48,696</u> |

**E. Long-Term Liabilities**

The following is a summary of all long-term liabilities activity for the year ended June 30, 2015:

|  | Balance<br>July 1, 2014 | Additions/<br>Adjustments | Retirements        | Balance<br>June 30, 2015 | Amounts Due<br>Within One Year |
|--|-------------------------|---------------------------|--------------------|--------------------------|--------------------------------|
| Tax Increment Revenue Bonds                        | \$ 12,700,000           | \$ -                      | \$ (55,000)        | \$ 12,645,000            | \$ 75,000                      |
| Less: Unamortized Discount                         | <u>(47,760)</u>         | -                         | 1,860              | <u>(45,900)</u>          | <u>(1,860)</u>                 |
| Tax Increment Revenue Bonds, Net                   | 12,652,240              | -                         | (53,140)           | 12,599,100               | 73,140                         |
| <br>   |                         |                           |                    |                          |                                |
| Compensated Absences (Note 1N)                     | <u>30,604</u>           | <u>9,587</u>              | <u>(10,277)</u>    | <u>29,914</u>            | <u>986</u>                     |
| <br>   |                         |                           |                    |                          |                                |
| Total Fiduciary Activities - Long-term Liabilities | <u>\$ 12,682,844</u>    | <u>\$ 9,587</u>           | <u>\$ (63,417)</u> | <u>\$ 12,629,014</u>     | <u>\$ 74,126</u>               |

Long-term liabilities due within one year are net of unamortized discount.

As of June 30, 2015 tax increment bonds consisted of the following:

|  |                                 |
|--|---------------------------------|
| Tax Increment Bonds  | <u>Fiduciary<br/>Activities</u> |
| Tax increment Bonds Series 2010, dated February 9, 2010, in the amount of \$9,385,000 (Series 2010A) and \$3,355,000 (Series 2010B) for a total issue of \$12,740,000, payable in annual installments of \$40,000 to \$1,085,000. Series 2010A interest rate of 3.000% to 4.500% and maturity on September 1, 2034 and Series 2010B Recovery Zone Economic Development Bonds (Taxable) with an interest rate of 8.193% prior to the 45% United States Treasury subsidy (net interest rate of 4.51%). | \$ 12,645,000                   |
| Total Bonds  | <u>\$ 12,645,000</u>            |

TOWN OF TRUCKEE, CALIFORNIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015

**NOTE 10: FIDUCIARY FUNDS (CONTINUED)**

The annual aggregate maturities for years subsequent to June 30, 2015 are as follows:

| Year Ended<br>June 30 | Principal            | Total Gross Interest | Less US Treasury<br>Subsidy | Net Interest         | Total Principal &<br>Net Interest |
|-----------------------|----------------------|----------------------|-----------------------------|----------------------|-----------------------------------|
| 2016                  | \$ 75,000            | \$ 740,050           | \$ (123,694)                | \$ 616,356           | \$ 691,356                        |
| 2017                  | \$ 95,000            | \$ 737,263           | \$ (123,694)                | \$ 613,569           | \$ 708,569                        |
| 2018                  | \$ 115,000           | \$ 733,588           | \$ (123,694)                | \$ 609,894           | \$ 724,894                        |
| 2019                  | \$ 135,000           | \$ 729,213           | \$ (123,694)                | \$ 605,519           | \$ 740,519                        |
| 2020                  | \$ 160,000           | \$ 723,650           | \$ (123,694)                | \$ 599,956           | \$ 759,956                        |
| 2021-2025             | \$ 1,205,000         | \$ 3,488,663         | \$ (618,469)                | \$ 2,870,194         | \$ 4,075,194                      |
| 2026-2030             | \$ 2,070,000         | \$ 3,106,376         | \$ (618,469)                | \$ 2,487,907         | \$ 4,557,907                      |
| 2031-2035             | \$ 3,180,000         | \$ 2,431,629         | \$ (618,469)                | \$ 1,813,160         | \$ 4,993,160                      |
| 2036-2040             | \$ 4,525,000         | \$ 1,329,651         | \$ (520,399)                | \$ 809,252           | \$ 5,334,252                      |
| 2041                  | \$ 1,085,000         | \$ 44,447            | \$ (20,001)                 | \$ 24,446            | \$ 1,109,446                      |
|                       | <u>\$ 12,645,000</u> | <u>\$ 14,064,530</u> | <u>\$ (3,014,276)</u>       | <u>\$ 11,050,253</u> | <u>\$ 23,695,253</u>              |

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**REQUIRED SUPPLEMENTARY INFORMATION**

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TOWN OF TRUCKEE, CALIFORNIA  
Required Supplementary Information  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015

|   | <u>Budgeted Amounts</u> |                      |                      | Variance with Final<br>Budget - Positive<br>(Negative) |
|---|-------------------------|----------------------|----------------------|--|
|   | Original                | Final                | Actual Amounts       |  |
| <b>Revenues</b>   |                         |                      |                      |  |
| Taxes and assessments   | \$ 15,063,072           | \$ 15,063,072        | \$ 16,240,093        | \$ 1,177,021   |
| Licenses and permits  | 136,700                 | 136,700              | 215,433              | 78,733   |
| Fines and forfeitures   | 230,000                 | 230,000              | 274,605              | 44,605   |
| Use of money and property                                     | 68,229                  | 68,229               | 135,435              | 67,206   |
| Intergovernmental revenues                                    | 1,540,594               | 1,540,594            | 1,691,596            | 151,002  |
| Charges for services  | 793,780                 | 793,780              | 973,421              | 179,641  |
| Other revenues  | 359,350                 | 359,350              | 366,907              | 7,557  |
| <b>Total Revenues:</b>  | <u>18,191,725</u>       | <u>18,191,725</u>    | <u>19,897,490</u>    | <u>1,705,765</u>                                       |
| <b>Expenditures</b>   |                         |                      |                      |  |
| Current:  |                         |                      |                      |  |
| General Government  | 3,733,353               | 3,733,353            | 3,607,142            | 126,211  |
| Public Safety   | 5,780,542               | 5,780,542            | 5,577,184            | 203,358  |
| Public Works  | 5,732,561               | 6,278,503            | 4,916,201            | 1,362,302  |
| Community Development   | 923,395                 | 923,395              | 782,600              | 140,795  |
| Facilities  | 1,235,608               | 1,235,608            | 921,305              | 314,303  |
| Capital Outlay  | -                       | -                    | 540,380              | (540,380)  |
| <b>Total Expenditures:</b>                                    | <u>17,405,459</u>       | <u>17,951,401</u>    | <u>16,344,812</u>    | <u>1,606,589</u>                                       |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>786,266</u>          | <u>240,324</u>       | <u>3,552,678</u>     | <u>99,176</u>  |
| Other financing sources (uses):                               |                         |                      |                      |  |
| Transfers in  | 1,670,455               | 1,670,455            | 1,635,457            | (34,998)   |
| Transfers out   | (2,984,602)             | (2,984,602)          | (5,106,965)          | (2,122,363)  |
| <b>Total Other financing sources (uses):</b>                  | <u>(1,314,147)</u>      | <u>(1,314,147)</u>   | <u>(3,471,508)</u>   | <u>(2,157,361)</u>                                     |
| <b>Extraordinary items</b>                                    |                         |                      |                      |  |
| Total Extraordinary items:                                    | -                       | -                    | 6,010,439            | 6,010,439  |
| <b>Net Change in Fund Balances:</b>                           | <u>(527,881)</u>        | <u>(1,073,823)</u>   | <u>6,091,609</u>     | <u>3,952,254</u>                                       |
| Fund Balances - Beginning                                     | 19,969,467              | 19,969,467           | 20,964,409           | 994,942  |
| <b>Fund Balances - Ending:</b>                                | <u>\$ 19,441,586</u>    | <u>\$ 18,895,644</u> | <u>\$ 27,056,018</u> | <u>\$ 4,947,196</u>                                    |

See accompanying notes to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA  
 Required Supplementary Information  
 BUDGETARY COMPARISON SCHEDULE  
 MEASURE R - MAJOR SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

|   | <u>Budgeted Amounts</u> |                | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget -<br/>Positive (Negative)</u> |
|---|-------------------------|----------------|-----------------------|---|
|   | <u>Original *</u>       | <u>Final *</u> |                       |   |
| <b>Revenues</b>   |                         |                |                       |   |
| Taxes and assessments   | \$ -                    | \$ -           | \$ 743,928            | \$ 743,928  |
| Use of money and property                                     | -                       | -              | 757                   | 757   |
| Total Revenues:   | <u>-</u>                | <u>-</u>       | <u>744,685</u>        | <u>744,685</u>  |
| <b>Expenditures</b>   |                         |                |                       |   |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>-</u>                | <u>-</u>       | <u>744,685</u>        | <u>744,685</u>  |
| Other financing sources (uses):                               |                         |                |                       |   |
| Transfers out   | -                       | -              | (95,407)              | (95,407)  |
| Total Other financing sources (uses):                         | <u>-</u>                | <u>-</u>       | <u>(95,407)</u>       | <u>(95,407)</u>   |
| Net Change in Fund Balances:                                  | <u>-</u>                | <u>-</u>       | <u>649,278</u>        | <u>649,278</u>  |
| Fund Balances - Beginning:                                    | <u>-</u>                | <u>-</u>       | <u>-</u>              | <u>-</u>  |
| Fund Balances - Ending:                                       | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 649,278</u>     | <u>\$ 649,278</u>   |

\* There was no budget adopted for the Measure R Fund as of June 30, 2015

See accompanying notes to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA  
Required Supplementary Information  
BUDGETARY COMPARISON SCHEDULE  
IMPACT FEES - MAJOR SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015

|   | <u>Budgeted Amounts</u> |                     | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget -<br/>Positive (Negative)</u> |
|---|-------------------------|---------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                       |   |
| <b>Revenues</b>   |                         |                     |                       |   |
| Use of money and property                                     | \$ 10,000               | \$ 10,000           | \$ 28,251             | \$ 18,251   |
| Charges for services  | 461,680                 | 461,680             | 798,102               | 336,422   |
| Total Revenues:   | <u>471,680</u>          | <u>471,680</u>      | <u>826,353</u>        | <u>354,673</u>  |
| <b>Expenditures</b>   |                         |                     |                       |   |
| Current:  |                         |                     |                       |   |
| Public Works  | 4,000                   | 4,000               | 8,382                 | (4,382)   |
| Total Expenditures:   | <u>4,000</u>            | <u>4,000</u>        | <u>8,382</u>          | <u>(4,382)</u>  |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>467,680</u>          | <u>467,680</u>      | <u>817,971</u>        | <u>359,055</u>  |
| Other financing sources (uses):                               |                         |                     |                       |   |
| Transfers out   | (2,137,689)             | (2,137,689)         | (1,357,181)           | 780,508   |
| Total Other financing sources (uses):                         | <u>(2,137,689)</u>      | <u>(2,137,689)</u>  | <u>(1,357,181)</u>    | <u>780,508</u>  |
| Net Change in Fund Balances:                                  | <u>(1,670,009)</u>      | <u>(1,670,009)</u>  | <u>(539,210)</u>      | <u>1,139,563</u>  |
| Fund Balances - Beginning                                     | 6,578,919               | 6,578,919           | 6,822,850             | 243,931   |
| Fund Balances - Ending:                                       | <u>\$ 4,908,910</u>     | <u>\$ 4,908,910</u> | <u>\$ 6,283,640</u>   | <u>\$ 1,383,494</u>   |

See accompanying notes to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA  
 Required Supplementary Information  
 BUDGETARY COMPARISON SCHEDULE  
 MEASURE A & MEASURE V - MAJOR SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

|   | <u>Budgeted Amounts</u> |                    |                       | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |
|---|-------------------------|--------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>       | <u>Actual Amounts</u> |   |
| <b>Revenues</b>   |                         |                    |                       |   |
| Taxes and assessments   | \$ 1,843,000            | \$ 1,843,000       | \$ 2,114,791          | \$ 271,791  |
| Use of money and property                                     | 2,000                   | 2,000              | 19,344                | 17,344  |
| Total Revenues:   | <u>1,845,000</u>        | <u>1,845,000</u>   | <u>2,134,135</u>      | <u>289,135</u>  |
| <b>Expenditures</b>   |                         |                    |                       |   |
| Current:  |                         |                    |                       |   |
| Public Works  | -                       | -                  | 600                   | (600)   |
| Total Expenditures:   | <u>-</u>                | <u>-</u>           | <u>600</u>            | <u>(600)</u>  |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>1,845,000</u>        | <u>1,845,000</u>   | <u>2,133,535</u>      | <u>289,735</u>  |
| Other financing sources (uses):                               |                         |                    |                       |   |
| Transfers out   | (6,415,811)             | (6,415,811)        | (4,415,510)           | 2,000,301   |
| Total Other financing sources (uses):                         | <u>(6,415,811)</u>      | <u>(6,415,811)</u> | <u>(4,415,510)</u>    | <u>2,000,301</u>  |
| Net Change in Fund Balances:                                  | <u>(4,570,811)</u>      | <u>(4,570,811)</u> | <u>(2,281,975)</u>    | <u>2,290,036</u>  |
| Fund Balances - Beginning                                     | 4,830,558               | 4,830,558          | 5,034,977             | 204,419   |
| Fund Balances - Ending:                                       | <u>\$ 259,747</u>       | <u>\$ 259,747</u>  | <u>\$ 2,753,002</u>   | <u>\$ 2,494,455</u>   |

See accompanying notes to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA  
 Required Supplementary Information  
 BUDGETARY COMPARISON SCHEDULE  
 HOME GRANT - MAJOR SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

|  | <u>Budgeted Amounts</u> |                | <u>Actual Amounts</u> | <u>Variance with<br/>Final Budget -<br/>Positive (Negative)</u> |
|--|-------------------------|----------------|-----------------------|---|
|  | <u>Original *</u>       | <u>Final *</u> |                       |   |
| <b>Revenues</b>                              |                         |                |                       |   |
| <b>Expenditures</b>                          |                         |                |                       |   |
| Excess (Deficiency) of Revenues Over (Under) |                         |                |                       |   |
| Expenditures:                                | -                       | -              | -                     | -   |
| Net Change in Fund Balances:                 | -                       | -              | -                     | -   |
| Fund Balances - Beginning                    | -                       | -              | -                     | -   |
| Fund Balances - Ending:                      | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ -</u>           | <u>\$ -</u>   |

\* There was no budget adopted for the Home Grant Fund as of June 30, 2015

See accompanying notes to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA  
 Required Supplementary Information  
 BUDGETARY COMPARISON SCHEDULE  
 TOWN SPECIAL SERVICE AREAS - MAJOR SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015

|   | <u>Budgeted Amounts</u> |                     |                       | Variance with<br>Final Budget -<br>Positive (Negative) |
|---|-------------------------|---------------------|-----------------------|--|
|   | <u>Original</u>         | <u>Final</u>        | <u>Actual Amounts</u> |  |
| <b>Revenues</b>   |                         |                     |                       |  |
| Taxes and assessments   | \$ 766,000              | \$ 766,000          | \$ 769,941            | \$ 3,941   |
| Use of money and property                                     | 16,000                  | 16,000              | 24,778                | 8,778  |
| Total Revenues:   | <u>782,000</u>          | <u>782,000</u>      | <u>794,719</u>        | <u>12,719</u>  |
| <b>Expenditures</b>   |                         |                     |                       |  |
| Current:  |                         |                     |                       |  |
| Public Works  | 15,000                  | 15,000              | 4,318                 | 10,682   |
| Total Expenditures:   | <u>15,000</u>           | <u>15,000</u>       | <u>4,318</u>          | <u>10,682</u>  |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>767,000</u>          | <u>767,000</u>      | <u>790,401</u>        | <u>2,037</u>   |
| Other financing sources (uses):                               |                         |                     |                       |  |
| Transfers out   | (3,053,647)             | (3,053,647)         | (1,994,846)           | 1,058,801  |
| Total Other financing sources (uses):                         | <u>(3,053,647)</u>      | <u>(3,053,647)</u>  | <u>(1,994,846)</u>    | <u>1,058,801</u>                                       |
| Net Change in Fund Balances:                                  | <u>(2,286,647)</u>      | <u>(2,286,647)</u>  | <u>(1,204,445)</u>    | <u>1,060,838</u>                                       |
| Fund Balances - Beginning                                     | 6,959,327               | 6,959,327           | 6,769,177             | (190,150)  |
| Fund Balances - Ending:                                       | <u>\$ 4,672,680</u>     | <u>\$ 4,672,680</u> | <u>\$ 5,564,732</u>   | <u>\$ 870,688</u>                                      |

See accompanying notes to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

**A. BUDGETARY BASIS OF ACCOUNTING**

The approved Town procedures for establishing the budgetary data reflected in the financial statements are as follows:

1. Each year, the Administrative Services Department submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.

Public hearings are to be conducted at Town Hall to obtain taxpayer comments.

Generally by the first of July, after adjustment as appropriate by the Town Council, the budget is to be legally enacted through council motion.

2. Council approval is required for transfers between funds, or for an increase in total appropriations. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant adjustments.
4. All unused appropriations for budgeted amounts lapse at the end of the year.
5. Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate document presenting this information is available.

The Town does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The Town's general fund and major special revenue funds did not have any material excess expenditures over appropriations for fiscal 2015.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

**C. COST SHARING DEFINED BENEFIT PENSION PLANS**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Cost Sharing Defined Benefit Plans  
As of June 30, 2015  
Last Ten Years\*

|  | <b>Miscellaneous</b> |           |           |
|--|----------------------|-----------|-----------|
|  | Tier 1               | Tier 2    | Tier 3    |
| Portion of the net pension liability   | 0.075599%            | 0.000110% | 0.000000% |
| Proportionate share of the net pension liability   | \$4,319,420          | \$6,867   | \$333     |
| Covered - employee payroll   | \$4,838,001          | \$171,585 | \$99,900  |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 89.28%               | 4.00%     | 0.33%     |
| Plan's fiduciary net position  | \$23,134,077         | \$34,410  | \$545     |
| Plan fiduciary net position as a percentage of the total pension liability                 | 83.03%               | 83.03%    | 82.95%    |
|  | <b>Safety</b>        |           |           |
|  | Tier 1               | Tier 2    | Tier 3    |
| Portion of the net pension liability   | 0.030810%            | 0.000310% | 0.000000% |
| Proportionate share of the net pension liability   | \$1,609,356          | \$19,560  | \$455     |
| Covered - employee payroll   | \$1,632,410          | \$358,347 | \$149,349 |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 98.59%               | 5.46%     | 0.30%     |
| Plan's fiduciary net position  | \$8,399,753          | \$83,485  | \$738     |
| Plan fiduciary net position as a percentage of the total pension liability                 | 81.42%               | 81.42%    | 81.46%    |

\*Fiscal Year 2015 was the 1st year of implementation, therefore only one year is shown.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

**SCHEDULE OF CONTRIBUTIONS**  
Cost Sharing Defined Benefit Pension Plans  
As of June 30, 2015  
Last Ten Years\*

|   | <b>Miscellaneous</b> |            |            |
|---|----------------------|------------|------------|
|   | Tier 1               | Tier 2     | Tier 3     |
| Contractually required contribution (actuarially determined)          | \$804,257            | \$35,228   | \$28,270   |
| Contributions in relation to the actuarially determined contributions | \$804,257            | \$35,228   | \$28,270   |
| Contribution deficiency (excess)                                      | <u>\$0</u>           | <u>\$0</u> | <u>\$0</u> |
| <br>  |                      |            |            |
| Covered employee payroll  | \$4,838,001          | \$171,585  | \$99,900   |
| Contributions as a percentage of covered employee payroll             | 16.62%               | 20.53%     | 28.30%     |
|   |                      |            |            |
|   | <b>Safety</b>        |            |            |
|   | Tier 1               | Tier 2     | Tier 3     |
| Contractually required contribution (actuarially determined)          | \$468,581            | \$95,089   | \$21,607   |
| Contributions in relation to the actuarially determined contributions | \$468,581            | \$95,089   | \$21,607   |
| Contribution deficiency (excess)                                      | <u>\$0</u>           | <u>\$0</u> | <u>\$0</u> |
| <br>  |                      |            |            |
| Covered employee payroll  | \$1,632,410          | \$358,347  | \$149,349  |
| Contributions as a percentage of covered employee payroll             | 28.70%               | 26.54%     | 14.47%     |

Methods and assumptions used to determine contribution rates:

**Notes To Schedule:**

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

|                                  |   |
|----------------------------------|---|
| Actuarial Cost Method            | Entry Age Normal  |
| Amortization Method              | Level of Percentage Payroll   |
| Remain Amortization Period       | 15 Years  |
| Asset Valuation Method           | 5-year smoothed market  |
| Inflation                        | 2.75%   |
| Salary Increases                 | Varies by entry age and service   |
| Investment Rate of Return        | 7.50%, net of pension plan investment and administration expenses: includes inflation                                     |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies; 2.75% thereafter |
| Monthly Rate Table               | Derived using CalPERS' membership data for all funds  |

\*Fiscal Year 2015 was the 1st year of implementation, therefore only one year is shown.

TOWN OF TRUCKEE, CALIFORNIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

**D. OTHER POST EMPLOYMENT BENEFITS**

Schedule of Funding Progress for Other Post-Employment Benefits (OPEB)

| <u>Actuarial<br/>Valuation Date</u> | <u>Actuarial Value<br/>of Assets</u> | <u>Actuarial Accrued<br/>Liabilities</u> | <u>Unfunded<br/>Liability</u> | <u>Funded<br/>Ratio</u> | <u>Annual<br/>Covered<br/>Payroll</u> | <u>UAAL as a %<br/>of Covered<br/>Payroll</u> |
|-------------------------------------|--------------------------------------|--|-------------------------------|-------------------------|---------------------------------------|---|
| June 30, 2011                       | \$ -                                 | \$ 324,371                               | \$ 324,371                    | 0%                      | \$ 7,491,719                          | 4%  |
| June 30, 2013                       | 193,783                              | 496,121                                  | 302,338                       | 39%                     | 7,111,919                             | 4%  |

The Town's health plan did not include post-retirement benefits until January 1, 2012. See note 4 to the financial statements for further discussion.

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**COMBINING FUND STATEMENTS AND SCHEDULES**

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**NONMAJOR GOVERNMENTAL FUNDS**

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TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015

|  | Special Revenue<br>Funds | Debt Service<br>Funds | Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|--|--------------------------|-----------------------|---------------------------|---|
| <b>Assets</b>  |                          |                       |                           |   |
| Cash and investments   | \$ 3,517,224             | \$ -                  | \$ 5,652,941              | \$ 9,170,165                            |
| Cash with fiscal agent   | 323,312                  | -                     | -                         | 323,312                                 |
| Accounts receivable  | 51,211                   | -                     | -                         | 51,211                                  |
| Interest receivable  | 913                      | -                     | -                         | 913                                     |
| Due from other governments   | 25,000                   | -                     | -                         | 25,000                                  |
| Loans receivable   | 3,279,801                | -                     | -                         | 3,279,801                               |
| Total Assets:  | <u>\$ 7,197,461</u>      | <u>\$ -</u>           | <u>\$ 5,652,941</u>       | <u>\$ 12,850,402</u>                    |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                          |                       |                           |   |
| Liabilities:   |                          |                       |                           |   |
| Accounts payable   | 876,775                  | -                     | -                         | 876,775                                 |
| Total Liabilities:   | <u>876,775</u>           | <u>-</u>              | <u>-</u>                  | <u>876,775</u>                          |
| Deferred Inflows of Resources:                                       |                          |                       |                           |   |
| Deferred inflows   | 3,318,154                | -                     | -                         | 3,318,154                               |
| Total Deferred Inflows of Resources:                                 | <u>3,318,154</u>         | <u>-</u>              | <u>-</u>                  | <u>3,318,154</u>                        |
| Fund Balances:   |                          |                       |                           |   |
| Restricted   | 2,878,957                | -                     | -                         | 2,878,957                               |
| Assigned   | 123,575                  | -                     | 5,652,941                 | 5,776,516                               |
| Total Fund Balances:   | <u>3,002,532</u>         | <u>-</u>              | <u>5,652,941</u>          | <u>8,655,473</u>                        |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 7,197,461</u>      | <u>\$ -</u>           | <u>\$ 5,652,941</u>       | <u>\$ 12,850,402</u>                    |

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|   | Special Revenue<br>Funds | Debt Service<br>Funds | Capital Projects<br>Funds | Total Nonmajor<br>Governmental<br>Funds |
|---|--------------------------|-----------------------|---------------------------|---|
| <b>Revenues</b>   |                          |                       |                           |   |
| Taxes and assessments   | \$ 1,446,192             | \$ -                  | \$ -                      | \$ 1,446,192                            |
| Fines and forfeitures   | 17,799                   | -                     | -                         | 17,799                                  |
| Use of money and property                                     | 72,149                   | -                     | -                         | 72,149                                  |
| Intergovernmental revenues                                    | 137,116                  | -                     | 956,652                   | 1,093,768                               |
| Charges for services  | 374,297                  | -                     | -                         | 374,297                                 |
| Other revenues  | 369,407                  | 85,364                | -                         | 454,771                                 |
| Total Revenues:   | <u>2,416,960</u>         | <u>85,364</u>         | <u>956,652</u>            | <u>3,458,976</u>                        |
| <b>Expenditures</b>   |                          |                       |                           |   |
| Current:  |                          |                       |                           |   |
| Public Safety   | 78,486                   | -                     | -                         | 78,486                                  |
| Public Works  | 4,238                    | -                     | -                         | 4,238                                   |
| Community Development   | 93,000                   | -                     | -                         | 93,000                                  |
| Capital Outlay  | 9,276                    | -                     | 150,269                   | 159,545                                 |
| Debt service:   |                          |                       |                           |   |
| Principal   | -                        | 315,000               | -                         | 315,000                                 |
| Interest  | -                        | 505,254               | -                         | 505,254                                 |
| Total Expenditures:   | <u>185,000</u>           | <u>820,254</u>        | <u>150,269</u>            | <u>1,155,523</u>                        |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>2,231,960</u>         | <u>(734,890)</u>      | <u>806,383</u>            | <u>2,303,453</u>                        |
| Other financing sources (uses):                               |                          |                       |                           |   |
| Transfers in  | 304,801                  | 820,254               | -                         | 1,125,055                               |
| Transfers out   | (2,212,773)              | (85,364)              | -                         | (2,298,137)                             |
| Total Other financing sources (uses):                         | <u>(1,907,972)</u>       | <u>734,890</u>        | <u>-</u>                  | <u>(1,173,082)</u>                      |
| Net Change in Fund Balances:                                  | 323,988                  | -                     | 806,383                   | 1,130,371                               |
| Fund Balances - Beginning                                     | 2,678,544                | -                     | 4,846,558                 | 7,525,102                               |
| Fund Balances - Ending:                                       | <u>\$ 3,002,532</u>      | <u>\$ -</u>           | <u>\$ 5,652,941</u>       | <u>\$ 8,655,473</u>                     |

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**NONMAJOR GOVERNMENTAL FUNDS**  
Special Revenue Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

|  | Asset Forfeiture<br>Fund | Abandoned<br>Vehicle Abate<br>Fund | Air Quality<br>Mitigation Fund | Downtown In-Lieu<br>Parking Fund |
|--|--------------------------|------------------------------------|--------------------------------|----------------------------------|
| <b>Assets</b>  |                          |                                    |                                |                                  |
| Cash and investments   | \$ 923,379               | \$ 24,732                          | \$ 277,804                     | \$ 82,681                        |
| Cash with fiscal agent   | -                        | -                                  | -                              | -                                |
| Accounts receivable  | -                        | 736                                | -                              | 20,295                           |
| Interest receivable  | 219                      | 10                                 | 64                             | 19                               |
| Due from other governments   | -                        | -                                  | -                              | -                                |
| Loans receivable   | -                        | -                                  | -                              | -                                |
| Total Assets:  | <u>\$ 923,598</u>        | <u>\$ 25,478</u>                   | <u>\$ 277,868</u>              | <u>\$ 102,995</u>                |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                          |                                    |                                |                                  |
| Liabilities:   |                          |                                    |                                |                                  |
| Accounts payable   | 872,750                  | -                                  | -                              | -                                |
| Total Liabilities:   | <u>872,750</u>           | <u>-</u>                           | <u>-</u>                       | <u>-</u>                         |
| Deferred Inflows of Resources:                                       |                          |                                    |                                |                                  |
| Deferred inflows   | -                        | -                                  | -                              | 20,295                           |
| Total Deferred Inflows of Resources:                                 | <u>-</u>                 | <u>-</u>                           | <u>-</u>                       | <u>20,295</u>                    |
| Fund Balances:   |                          |                                    |                                |                                  |
| Restricted   | 50,848                   | 25,478                             | 277,868                        | 82,700                           |
| Assigned   | -                        | -                                  | -                              | -                                |
| Total Fund Balances:   | <u>50,848</u>            | <u>25,478</u>                      | <u>277,868</u>                 | <u>82,700</u>                    |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 923,598</u>        | <u>\$ 25,478</u>                   | <u>\$ 277,868</u>              | <u>\$ 102,995</u>                |

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

|  | Town Housing<br>Fund | Town Hall Bond<br>Reserve Fund | PEG Fund         | Brickelltown<br>Maintenance<br>District |
|--|----------------------|--------------------------------|------------------|---|
| <b>Assets</b>  |                      |                                |                  |   |
| Cash and investments   | \$ 58,838            | \$ -                           | \$ 9,654         | \$ 8,136                                |
| Cash with fiscal agent   | -                    | 323,312                        | -                | -                                       |
| Accounts receivable  | -                    | -                              | 8,468            | 3,654                                   |
| Interest receivable  | 13                   | -                              | 7                | -                                       |
| Due from other governments   | -                    | -                              | -                | -                                       |
| Loans receivable   | 686,425              | -                              | -                | -                                       |
| Total Assets:  | <u>\$ 745,276</u>    | <u>\$ 323,312</u>              | <u>\$ 18,129</u> | <u>\$ 11,790</u>                        |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                      |                                |                  |   |
| Liabilities:   |                      |                                |                  |   |
| Accounts payable   | -                    | -                              | -                | -                                       |
| Total Liabilities:   | <u>-</u>             | <u>-</u>                       | <u>-</u>         | <u>-</u>                                |
| Deferred Inflows of Resources:                                       |                      |                                |                  |   |
| Deferred inflows   | 686,425              | -                              | -                | -                                       |
| Total Deferred Inflows of Resources:                                 | <u>686,425</u>       | <u>-</u>                       | <u>-</u>         | <u>-</u>                                |
| Fund Balances:   |                      |                                |                  |   |
| Restricted   | 58,851               | 323,312                        | 18,129           | 11,790                                  |
| Assigned   | -                    | -                              | -                | -                                       |
| Total Fund Balances:   | <u>58,851</u>        | <u>323,312</u>                 | <u>18,129</u>    | <u>11,790</u>                           |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 745,276</u>    | <u>\$ 323,312</u>              | <u>\$ 18,129</u> | <u>\$ 11,790</u>                        |

Continued (Page 2 of 5)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

|  | COPS Fund         | Gas Tax Fund | BEGIN Housing<br>Reimb Grants | CDBG - Misc<br>Income Fund |
|--|-------------------|--------------|-------------------------------|----------------------------|
| <b>Assets</b>  |                   |              |                               |                            |
| Cash and investments   | \$ 98,596         | \$ -         | \$ -                          | \$ 123,546                 |
| Cash with fiscal agent   | -                 | -            | -                             | -                          |
| Accounts receivable  | -                 | -            | -                             | -                          |
| Interest receivable  | 28                | -            | -                             | 29                         |
| Due from other governments   | 25,000            | -            | -                             | -                          |
| Loans receivable   | -                 | -            | 331,230                       | 51,083                     |
| Total Assets:  | <u>\$ 123,624</u> | <u>\$ -</u>  | <u>\$ 331,230</u>             | <u>\$ 174,658</u>          |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                   |              |                               |                            |
| Liabilities:   |                   |              |                               |                            |
| Accounts payable   | 4,025             | -            | -                             | -                          |
| Total Liabilities:   | <u>4,025</u>      | <u>-</u>     | <u>-</u>                      | <u>-</u>                   |
| Deferred Inflows of Resources:                                       |                   |              |                               |                            |
| Deferred inflows   | -                 | -            | 331,230                       | 51,083                     |
| Total Deferred Inflows of Resources:                                 | <u>-</u>          | <u>-</u>     | <u>331,230</u>                | <u>51,083</u>              |
| Fund Balances:   |                   |              |                               |                            |
| Restricted   | 119,599           | -            | -                             | -                          |
| Assigned   | -                 | -            | -                             | 123,575                    |
| Total Fund Balances:   | <u>119,599</u>    | <u>-</u>     | <u>-</u>                      | <u>123,575</u>             |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 123,624</u> | <u>\$ -</u>  | <u>\$ 331,230</u>             | <u>\$ 174,658</u>          |

Continued (Page 3 of 5)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

|  | CDBG 01-STBG-<br>1614 | CDBG 10-STBG-<br>6741 | Housing<br>Assistance | Program Income    |
|--|-----------------------|-----------------------|-----------------------|-------------------|
| <b>Assets</b>  |                       |                       |                       |                   |
| Cash and investments   | \$ -                  | \$ -                  | \$ 794,356            | \$ 348,879        |
| Cash with fiscal agent   | -                     | -                     | -                     | -                 |
| Accounts receivable  | -                     | -                     | -                     | -                 |
| Interest receivable  | -                     | -                     | 181                   | 77                |
| Due from other governments   | -                     | -                     | -                     | -                 |
| Loans receivable   | 52,404                | 729,280               | 757,447               | 128,110           |
| Total Assets:  | <u>\$ 52,404</u>      | <u>\$ 729,280</u>     | <u>\$ 1,551,984</u>   | <u>\$ 477,066</u> |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                       |                       |                       |                   |
| Liabilities:   |                       |                       |                       |                   |
| Accounts payable   | -                     | -                     | -                     | -                 |
| Total Liabilities:   | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>-</u>          |
| Deferred Inflows of Resources:                                       |                       |                       |                       |                   |
| Deferred inflows   | 52,404                | 729,280               | 757,447               | 128,110           |
| Total Deferred Inflows of Resources:                                 | <u>52,404</u>         | <u>729,280</u>        | <u>757,447</u>        | <u>128,110</u>    |
| Fund Balances:   |                       |                       |                       |                   |
| Restricted   | -                     | -                     | 794,537               | 348,956           |
| Assigned   | -                     | -                     | -                     | -                 |
| Total Fund Balances:   | <u>-</u>              | <u>-</u>              | <u>794,537</u>        | <u>348,956</u>    |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 52,404</u>      | <u>\$ 729,280</u>     | <u>\$ 1,551,984</u>   | <u>\$ 477,066</u> |

Continued (Page 4 of 5)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2015

|  | CalHome Grant     | Impact Fees<br>Miscellaneous | Total Nonmajor<br>Special Revenue<br>Funds |
|--|-------------------|------------------------------|--|
| <b>Assets</b>  |                   |                              |  |
| Cash and investments   | \$ -              | \$ 766,623                   | \$ 3,517,224                               |
| Cash with fiscal agent   | -                 | -                            | 323,312                                    |
| Accounts receivable  | -                 | 18,058                       | 51,211                                     |
| Interest receivable  | -                 | 266                          | 913  |
| Due from other governments   | -                 | -                            | 25,000                                     |
| Loans receivable   | 543,822           | -                            | 3,279,801                                  |
| Total Assets:  | <u>\$ 543,822</u> | <u>\$ 784,947</u>            | <u>\$ 7,197,461</u>                        |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                   |                              |  |
| Liabilities:   |                   |                              |  |
| Accounts payable   | -                 | -                            | 876,775                                    |
| Total Liabilities:   | <u>-</u>          | <u>-</u>                     | <u>876,775</u>                             |
| Deferred Inflows of Resources:                                       |                   |                              |  |
| Deferred inflows   | 543,822           | 18,058                       | 3,318,154                                  |
| Total Deferred Inflows of Resources:                                 | <u>543,822</u>    | <u>18,058</u>                | <u>3,318,154</u>                           |
| Fund Balances:   |                   |                              |  |
| Restricted   | -                 | 766,889                      | 2,878,957                                  |
| Assigned   | -                 | -                            | 123,575                                    |
| Total Fund Balances:   | <u>-</u>          | <u>766,889</u>               | <u>3,002,532</u>                           |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances: | <u>\$ 543,822</u> | <u>\$ 784,947</u>            | <u>\$ 7,197,461</u>                        |

Continued (Page 5 of 5)

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TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|   | Asset Forfeiture<br>Fund | Abandoned<br>Vechicle Abate<br>Fund | Air Quality<br>Mitigation Fund | Downtown In-Lieu<br>Parking Fund |
|---|--------------------------|-------------------------------------|--------------------------------|----------------------------------|
| <b>Revenues</b>   |                          |                                     |                                |                                  |
| Taxes and assessments   | \$ -                     | \$ -                                | \$ -                           | \$ -                             |
| Fines and forfeitures   | 17,799                   | -                                   | -                              | -                                |
| Use of money and property                                     | 3,200                    | 166                                 | 1,339                          | 395                              |
| Intergovernmental revenues                                    | -                        | -                                   | -                              | -                                |
| Charges for services  | -                        | 284                                 | 600                            | 1,875                            |
| Other revenues  | -                        | -                                   | -                              | -                                |
| Total Revenues:   | <u>20,999</u>            | <u>450</u>                          | <u>1,939</u>                   | <u>2,270</u>                     |
| <b>Expenditures</b>   |                          |                                     |                                |                                  |
| Current:  |                          |                                     |                                |                                  |
| Public Safety   | 32,494                   | -                                   | -                              | -                                |
| Public Works  | -                        | -                                   | -                              | -                                |
| Community Development   | -                        | -                                   | -                              | -                                |
| Capital Outlay  | -                        | -                                   | -                              | -                                |
| Total Expenditures:   | <u>32,494</u>            | <u>-</u>                            | <u>-</u>                       | <u>-</u>                         |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>(11,495)</u>          | <u>450</u>                          | <u>1,939</u>                   | <u>2,270</u>                     |
| Other financing sources (uses):                               |                          |                                     |                                |                                  |
| Transfers in  | -                        | -                                   | -                              | -                                |
| Transfers out   | (5,214)                  | (8,902)                             | -                              | -                                |
| Total Other financing sources (uses):                         | <u>(5,214)</u>           | <u>(8,902)</u>                      | <u>-</u>                       | <u>-</u>                         |
| Net Change in Fund Balances:                                  | <u>(16,709)</u>          | <u>(8,452)</u>                      | <u>1,939</u>                   | <u>2,270</u>                     |
| Fund Balances - Beginning                                     | 67,557                   | 33,930                              | 275,929                        | 80,430                           |
| Fund Balances - Ending:                                       | <u>\$ 50,848</u>         | <u>\$ 25,478</u>                    | <u>\$ 277,868</u>              | <u>\$ 82,700</u>                 |

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | Town Housing<br>Fund | Town Hall Bond<br>Reserve Fund | PEG Fund         | Brickelltown<br>Maintenance<br>District |
|--|----------------------|--------------------------------|------------------|---|
| <b>Revenues</b>                              |                      |                                |                  |   |
| Taxes and assessments                        | \$ -                 | \$ -                           | \$ -             | \$ 14,773                               |
| Fines and forfeitures                        | -                    | -                              | -                | -                                       |
| Use of money and property                    | 7,907                | 315                            | 60               | 11                                      |
| Intergovernmental revenues                   | -                    | -                              | -                | -                                       |
| Charges for services                         | -                    | -                              | -                | -                                       |
| Other revenues                               | 26,249               | -                              | 39,428           | -                                       |
| Total Revenues:                              | <u>34,156</u>        | <u>315</u>                     | <u>39,488</u>    | <u>14,784</u>                           |
| <b>Expenditures</b>                          |                      |                                |                  |   |
| Current:                                     |                      |                                |                  |   |
| Public Safety                                | -                    | -                              | -                | -                                       |
| Public Works                                 | -                    | -                              | -                | 1,994                                   |
| Community Development                        | -                    | -                              | -                | -                                       |
| Capital Outlay                               | -                    | -                              | -                | -                                       |
| Total Expenditures:                          | <u>-</u>             | <u>-</u>                       | <u>-</u>         | <u>1,994</u>                            |
| Excess (Deficiency) of Revenues Over (Under) |                      |                                |                  |   |
| Expenditures:                                | <u>34,156</u>        | <u>315</u>                     | <u>39,488</u>    | <u>12,790</u>                           |
| Other financing sources (uses):              |                      |                                |                  |   |
| Transfers in                                 | -                    | -                              | -                | -                                       |
| Transfers out                                | -                    | (284)                          | (21,359)         | (1,000)                                 |
| Total Other financing sources (uses):        | <u>-</u>             | <u>(284)</u>                   | <u>(21,359)</u>  | <u>(1,000)</u>                          |
| Net Change in Fund Balances:                 | 34,156               | 31                             | 18,129           | 11,790                                  |
| Fund Balances - Beginning                    | 24,695               | 323,281                        | -                | -                                       |
| Fund Balances - Ending:                      | <u>\$ 58,851</u>     | <u>\$ 323,312</u>              | <u>\$ 18,129</u> | <u>\$ 11,790</u>                        |

Continued (Page 2 of 5)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|   | <u>COPS Fund</u>  | <u>Gas Tax Fund</u> | <u>BEGIN Housing<br/>Reimb Grants</u> | <u>CDBG - Misc<br/>Income Fund</u> |
|---|-------------------|---------------------|---------------------------------------|------------------------------------|
| <b>Revenues</b>   |                   |                     |                                       |                                    |
| Taxes and assessments   | \$ -              | \$ 1,431,419        | \$ -                                  | \$ -                               |
| Fines and forfeitures   | -                 | -                   | -                                     | -                                  |
| Use of money and property                                     | 426               | -                   | 14,653                                | 598                                |
| Intergovernmental revenues                                    | 137,116           | -                   | -                                     | -                                  |
| Charges for services  | -                 | -                   | -                                     | -                                  |
| Other revenues  | -                 | -                   | 60,000                                | -                                  |
| Total Revenues:   | <u>137,542</u>    | <u>1,431,419</u>    | <u>74,653</u>                         | <u>598</u>                         |
| <b>Expenditures</b>   |                   |                     |                                       |                                    |
| Current:  |                   |                     |                                       |                                    |
| Public Safety   | 45,992            | -                   | -                                     | -                                  |
| Public Works  | -                 | -                   | -                                     | -                                  |
| Community Development   | -                 | -                   | -                                     | 25,000                             |
| Capital Outlay  | 9,276             | -                   | -                                     | -                                  |
| Total Expenditures:   | <u>55,268</u>     | <u>-</u>            | <u>-</u>                              | <u>25,000</u>                      |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>82,274</u>     | <u>1,431,419</u>    | <u>74,653</u>                         | <u>(24,402)</u>                    |
| Other financing sources (uses):                               |                   |                     |                                       |                                    |
| Transfers in  | -                 | -                   | -                                     | -                                  |
| Transfers out   | (23,390)          | (1,431,419)         | (74,653)                              | -                                  |
| Total Other financing sources (uses):                         | <u>(23,390)</u>   | <u>(1,431,419)</u>  | <u>(74,653)</u>                       | <u>-</u>                           |
| Net Change in Fund Balances:                                  | <u>58,884</u>     | <u>-</u>            | <u>-</u>                              | <u>(24,402)</u>                    |
| Fund Balances - Beginning                                     | 60,715            | -                   | -                                     | 147,977                            |
| Fund Balances - Ending:                                       | <u>\$ 119,599</u> | <u>\$ -</u>         | <u>\$ -</u>                           | <u>\$ 123,575</u>                  |

Continued (Page 3 of 5)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|  | CDBG 01-STBG-<br>1614 | CDBG 10-STBG-<br>6741 | Housing<br>Assistance | Program Income    |
|--|-----------------------|-----------------------|-----------------------|-------------------|
| <b>Revenues</b>                              |                       |                       |                       |                   |
| Taxes and assessments                        | \$ -                  | \$ -                  | \$ -                  | \$ -              |
| Fines and forfeitures                        | -                     | -                     | -                     | -                 |
| Use of money and property                    | -                     | 14,765                | 9,442                 | 10,496            |
| Intergovernmental revenues                   | -                     | -                     | -                     | -                 |
| Charges for services                         | -                     | -                     | 11,235                | -                 |
| Other revenues                               | 850                   | 12,892                | 154,132               | 37,856            |
| Total Revenues:                              | <u>850</u>            | <u>27,657</u>         | <u>174,809</u>        | <u>48,352</u>     |
| <b>Expenditures</b>                          |                       |                       |                       |                   |
| Current:                                     |                       |                       |                       |                   |
| Public Safety                                | -                     | -                     | -                     | -                 |
| Public Works                                 | -                     | -                     | -                     | -                 |
| Community Development                        | -                     | -                     | -                     | 68,000            |
| Capital Outlay                               | -                     | -                     | -                     | -                 |
| Total Expenditures:                          | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>68,000</u>     |
| Excess (Deficiency) of Revenues Over (Under) |                       |                       |                       |                   |
| Expenditures:                                | <u>850</u>            | <u>27,657</u>         | <u>174,809</u>        | <u>(19,648)</u>   |
| Other financing sources (uses):              |                       |                       |                       |                   |
| Transfers in                                 | -                     | -                     | 160,225               | 144,576           |
| Transfers out                                | (850)                 | (27,657)              | (160,225)             | -                 |
| Total Other financing sources (uses):        | <u>(850)</u>          | <u>(27,657)</u>       | <u>-</u>              | <u>144,576</u>    |
| Net Change in Fund Balances:                 | -                     | -                     | 174,809               | 124,928           |
| Fund Balances - Beginning                    | -                     | -                     | 619,728               | 224,028           |
| Fund Balances - Ending:                      | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 794,537</u>     | <u>\$ 348,956</u> |

Continued (Page 4 of 5)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015

|   | CalHome Grant   | Impact Fees<br>Miscellaneous | Total Nonmajor<br>Special Revenue<br>Funds |
|---|-----------------|------------------------------|--|
| <b>Revenues</b>   |                 |                              |  |
| Taxes and assessments   | \$ -            | \$ -                         | \$ 1,446,192                               |
| Fines and forfeitures   | -               | -                            | 17,799                                     |
| Use of money and property                                     | 3,417           | 4,959                        | 72,149                                     |
| Intergovernmental revenues                                    | -               | -                            | 137,116                                    |
| Charges for services  | -               | 360,303                      | 374,297                                    |
| Other revenues  | 38,000          | -                            | 369,407                                    |
| Total Revenues:   | <u>41,417</u>   | <u>365,262</u>               | <u>2,416,960</u>                           |
| <b>Expenditures</b>   |                 |                              |  |
| Current:  |                 |                              |  |
| Public Safety   | -               | -                            | 78,486                                     |
| Public Works  | -               | 2,244                        | 4,238                                      |
| Community Development   | -               | -                            | 93,000                                     |
| Capital Outlay  | -               | -                            | 9,276                                      |
| Total Expenditures:   | <u>-</u>        | <u>2,244</u>                 | <u>185,000</u>                             |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | <u>41,417</u>   | <u>363,018</u>               | <u>2,231,960</u>                           |
| Other financing sources (uses):                               |                 |                              |  |
| Transfers in  | -               | -                            | 304,801                                    |
| Transfers out   | (41,417)        | (416,403)                    | (2,212,773)                                |
| Total Other financing sources (uses):                         | <u>(41,417)</u> | <u>(416,403)</u>             | <u>(1,907,972)</u>                         |
| Net Change in Fund Balances:                                  | <u>-</u>        | <u>(53,385)</u>              | <u>323,988</u>                             |
| Fund Balances - Beginning                                     | <u>-</u>        | <u>820,274</u>               | <u>2,678,544</u>                           |
| Fund Balances - Ending:                                       | <u>\$ -</u>     | <u>\$ 766,889</u>            | <u>\$ 3,002,532</u>                        |

Continued (Page 5 of 5)

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**NONMAJOR GOVERNMENTAL FUNDS**  
Capital Projects Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2015

|  | <b>Fleet Replacement<br/>Fund</b> |
|--|-----------------------------------|
| <b>Assets</b>  |                                   |
| Cash and investments   | \$ 5,652,941                      |
| Total Assets:  | \$ 5,652,941                      |
| <br><b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                                   |
| Fund Balances:   |                                   |
| Assigned   | 5,652,941                         |
| Total Fund Balances:   | 5,652,941                         |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances:     | \$ 5,652,941                      |

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

|   | <b>Fleet Replacement<br/>Fund</b> |
|---|-----------------------------------|
| <b>Revenues</b>   |                                   |
| Intergovernmental revenues                                    | \$ 956,652                        |
| Total Revenues:   | 956,652                           |
| <br><b>Expenditures</b>                                       |                                   |
| Capital Outlay  | 150,269                           |
| Total Expenditures:   | 150,269                           |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures: | 806,383                           |
| Net Change in Fund Balances:                                  | 806,383                           |
| Fund Balances - Beginning                                     | 4,846,558                         |
| Fund Balances - Ending:                                       | \$ 5,652,941                      |

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**NONMAJOR GOVERNMENTAL FUNDS**  
Debt Service Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2015

|  | <b>Debt Service Fund</b> |
|--|--------------------------|
| <b>Assets</b>  |                          |
| Cash and investments   | \$ -                     |
| Total Assets:  | \$ -                     |
| <br><b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b> |                          |
| Fund Balances:   |                          |
| Restricted   | -                        |
| Total Fund Balances:   | \$ -                     |

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

|  | <b>Debt Service Fund</b> |
|--|--------------------------|
| <b>Revenues</b>                              |                          |
| Other revenues                               | \$ 85,364                |
| Total Revenues:                              | 85,364                   |
| <br><b>Expenditures</b>                      |                          |
| Debt service:                                |                          |
| Principal                                    | 315,000                  |
| Interest                                     | 505,254                  |
| Total Expenditures:                          | 820,254                  |
| Excess (Deficiency) of Revenues Over (Under) |                          |
| Expenditures:                                | (734,890)                |
| <br>Other financing sources (uses):          |                          |
| Transfers in                                 | 820,254                  |
| Transfers out                                | (85,364)                 |
| Total Other financing sources (uses):        | 734,890                  |
| Net Change in Fund Balances:                 | -                        |
| Fund Balances - Ending:                      | \$ -                     |

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## **OTHER REPORTS**

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

To the Town Council  
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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Truckee's basic financial statements, and have issued our report thereon dated January 14, 2016.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

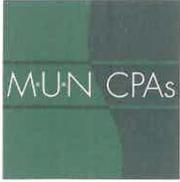
As part of obtaining reasonable assurance about whether the Town of Truckee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

**Purpose of this Report**

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

*Manisha N. CPAs*

Sacramento, California  
January 14, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Town Council  
Truckee, California

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Truckee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Truckee's major federal programs for the year ended June 30, 2015. The Town of Truckee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Truckee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Truckee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Truckee's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Town of Truckee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

Management of the Town of Truckee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Truckee's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Truckee's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Man Uti Nub CPAs*

Sacramento, California  
January 14, 2016

**TOWN OF TRUCKEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

| <u>Federal Grantor/Pass-Through Grantor Program</u>           | <u>Federal CFDA<br/>Number</u> | <u>Pass-Through<br/>Entity Identifying<br/>Number/Grant<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|--------------------------------|--|---------------------------------|
| <b>U.S Department of Housing and Urban Development</b>        |                                |  |                                 |
| Home Investment Partnership Program                           | 14.239                         | Loan Balance   | \$ <u>11,225,968</u>            |
| Total U.S. Department of Housing and Urban Development        |                                |  | <u>11,225,968</u>               |
| <b>U.S Department of Transportation</b>                       |                                |  |                                 |
| Pass-Through State of California Department of Transportation |                                |  |                                 |
| Highway Planning and Construction                             | 20.205                         | HPLU-5473(007)   | 257,677                         |
| Highway Planning and Construction                             | 20.205                         | TIGER  | 1,425,000                       |
| Highway Planning and Construction                             | 20.205                         | SHOPP  | 750,254                         |
| Highway Planning and Construction                             | 20.205                         | STIP/RIP   | <u>188,592</u>                  |
| Total Highway Planning and Construction                       |                                |  | <u>2,621,523</u>                |
| Highway Safety Improvement Program                            | 20.205                         | HSIP-5473(016)   | 17,096                          |
| Highway Safety Improvement Program                            | 20.205                         | HSIP-5473(019)   | <u>33,785</u>                   |
| Total Highway Safety Improvement Program                      |                                |  | <u>50,881</u>                   |
| Total U.S. Department of Transportation                       |                                |  | <u>2,672,404</u>                |
| <b>Total Expenditures of Federal Awards</b>                   |                                |  | <b>\$ <u>13,898,372</u></b>     |

**TOWN OF TRUCKEE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1: REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Truckee. The Town of Truckee reporting entity is defined in Note 1 of the Town's Annual Financial Report. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on accounting principles generally accepted in the United States of America. The information in this schedule is presented on the accrual basis of accounting and in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the Town's basic financial statements. Federal award revenues are reported principally in the Town's financial statements as intergovernmental revenues in the governmental funds.

**NOTE 4: CLAIMS**

The Town of Truckee has received federal grants for specific purposes that are subject to review and audit by the Federal Government pass-through entity. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material which have not already been recorded.

**NOTE 5: LOANS OUTSTANDING**

The programs listed below had the following aggregate federally funded loans outstanding at June 30, 2015:

| Federal CFDA<br>Number | Program Title                        | Amount<br>Outstanding |
|------------------------|--------------------------------------|-----------------------|
| 14.239                 | Home Investment Partnerships Program | \$ <u>11,225,968</u>  |
|                        | Total Loans Outstanding              | \$ <u>11,225,968</u>  |

**TOWN OF TRUCKEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

|   |               |
|---|---------------|
| Type of auditor's report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Material weakness(es) identified?                     | No            |
| Significant deficiency(ies) identified                | None reported |
| Noncompliance material to financial statements noted? | No            |

Federal Awards

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| Material weakness(es) identified?  | No            |
| Significant deficiency(ies) identified?  | None reported |
| Type of auditor's report issued on compliance for major programs:  | Unmodified    |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?             | No            |
| Identification of Major Programs:<br>Highway Planning and Construction, 20.205<br>Home Investment Partnerships Program, 14.239 |               |
| Dollar threshold used to distinguish between type A and type B programs:   | \$300,000     |
| Auditee qualified as low-risk auditee?   | Yes           |

**SECTION II - FINANCIAL STATEMENT FINDINGS**

|  |    |
|--|----|
| Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted <i>Government Auditing Standards</i> | No |
|--|----|

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

|   |    |
|---|----|
| Findings and questioned costs for Federal Awards, which includes audit findings and defined in section 510(a) | No |
|---|----|

**TOWN OF TRUCKEE  
SCHEDULE OF PRIOR YEAR FINDINGS  
JUNE 30, 2015**

There were no findings to report for the year ended June 30, 2014.