
**TOWN OF TRUCKEE, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

**SMITH AND NEWELL
CERTIFIED PUBLIC ACCOUNTANTS
1425 BUTTE HOUSE ROAD, SUITE B
YUBA CITY, CALIFORNIA 95993**

**TOWN OF TRUCKEE, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

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INTRODUCTORY SECTION

-
- **List of Officials**

TOWN OF TRUCKEE, CALIFORNIA
TOWN COUNCIL
FOR THE YEAR ENDED JUNE 30, 2007

<u>Name</u>	<u>Office</u>
Richard Anderson	Mayor
Barbara Green	Vice-Mayor
Joshua Susman	Member
Dr. Mark Brown	Member
Carolyn Wallace Dee	Member

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**

INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and
Members of the Town Council
Town of Truckee
Truckee, California

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, California (Town), as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, as of June 30, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2007, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 2 through 9 and 37 through 43, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Smith & Newell CPA's
Yuba City, California
October 25, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

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, 2007. 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 assets) at the close of the fiscal year by \$117.1 million. Of this amount, \$22.5 million is in unrestricted net assets, 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 assets of \$117.1 million. Of this balance, \$23.0 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 \$20.5 million. The reserved balance is \$6.4 million. The unreserved designated balance of \$12.6 million is designated for various contingencies and future capital needs and \$1.5 million is unreserved and undesignated and available for spending at the Town's discretion.

The Town received a donation of 9.5 acres of land from a private developer; then sold 2.3 acres for development of Frishman Hollow, a very low income housing project. The remaining 7.2 acres held by the Town are for future donation or sale for development of workforce housing.

The Town constructed a roundabout on Brockway and Martis Valley Roads, completed the construction of a roundabout at I80/SR89 and obtained a HOME grant for development of Henness Flats low/very low income 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 Assets 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. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the Government.

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 liabilities 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 Assets presents information on all the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed in the most recent fiscal year. All changes of net assets 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).

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

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, transportation (street and roads), community development and general government. These services are primarily financed by property and sales taxes, federal and state grants, and development fees.

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 here.

The government-wide financial statements can be found on pages 10 and 11 of this report.

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 a reconciliation between governmental funds and governmental activities. This reconciliation explains the relationship (or differences) between the fund statements and the government-wide statements. The basic governmental fund financial statements can be found on pages 12-15 of this report.

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 and Building Departments which are major funds, and Other Enterprise funds that are combined into a single aggregated presentation. Individual fund data for each of these enterprise funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the Town cannot use these funds to finance its operations. The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

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 21-36 of this report.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Below is a table showing the Town's net assets for the fiscal year ended June 30, 2007.

Town of Truckee Net Assets <i>(in thousands of dollars)</i>							
	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2007	2006	2007	2006	2007	2006	
Current and other assets	\$ 50,986	\$ 38,715	\$ (181)	\$ 239	\$ 50,805	\$ 19,891	155%
Capital assets	81,945	74,708	621	635	82,566	60,922	36%
Total assets	132,931	113,423	441	874	133,372	80,813	65%
Current Liabilities	9,732	5,088	279	185	10,011	5,273	90%
Long-term debt outstanding	6,150	5,993	81	49	6,231	6,042	3%
Total liabilities	15,881	11,081	360	234	16,241	11,315	
Net assets							
Invested in capital assets net of related debt	75,815	68,637	621	635	76,437	69,272	10%
Restricted	18,178	16,814	-	-	18,178	16,814	8%
Unrestricted	23,056	16,891	(541)	5	22,515	16,896	33%
Total net assets	\$ 117,049	\$ 102,342	\$ 81	\$ 640	\$ 117,130	\$ 102,982	

As of June 30, 2007, the Town's government-wide total assets exceeded liabilities (net assets) by \$117.1 million. Governmental activities finished the year with a positive net asset balance, \$117.0 million. Business type activities finished the year with a positive balance of \$.081 million. Net assets as noted earlier may serve over time as a useful indicator of the Town's financial position.

Of the total net assets, \$76 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. The Town added \$8.7 million of roadways infrastructure, expended \$1.7 million towards the construction of a box culvert system at Donner Pass Road and expended \$2.2 million towards the construction of a roundabout at the intersection of Martis Valley and Old Brockway Roads.

The Town's long-term liabilities include debt incurred to acquire the Town's administrative facility and compensated absences payable. The Town's administrative facility is utilized to provide services to citizens and is not available for future spending. The repayment of the debt on this asset must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

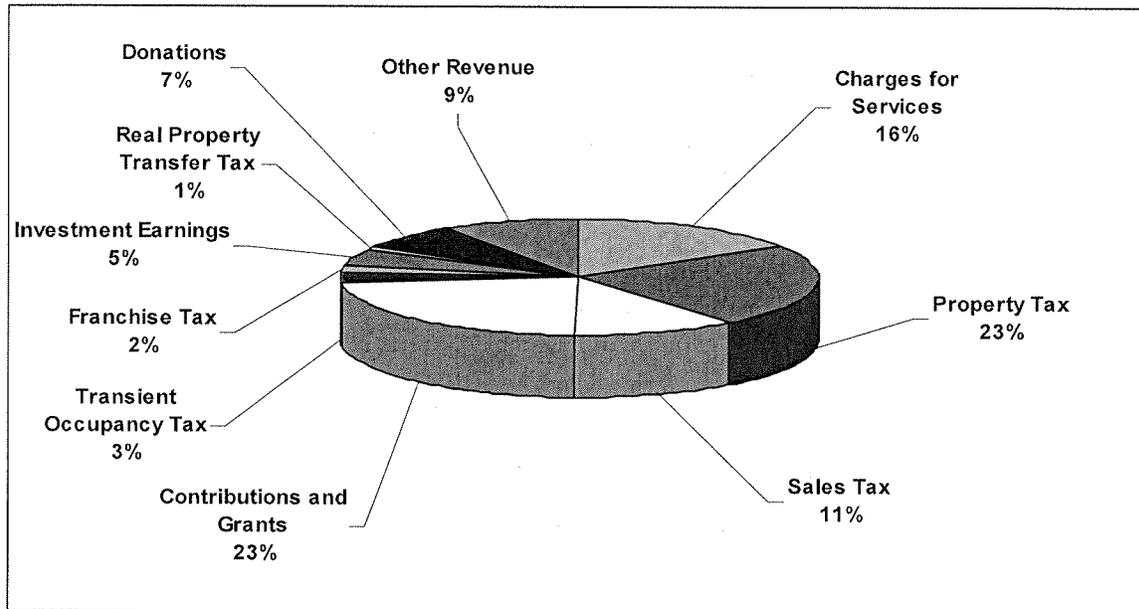
Restricted net assets amount to \$18.2 million or 15.5% of the total. Restricted net assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

Unrestricted net assets are those resources which may be used to meet the Town's ongoing commitments to citizens and creditors. Government-wide unrestricted net assets are \$22.5 million or 19% of the total net assets. Governmental activities account for \$23.0 million or 102% of the total unrestricted net assets. Business-type activities account for \$(.05) million or (2)% of the total. This negative unrestricted net asset position is due to deficits in the parking and building funds as shown on page 16 of this report. The Town can use unrestricted net assets to finance the continuing operations of the solid waste and transit funds. Negative net assets in the parking fund are financed by a loan from the general fund. The parking district hopes to increase future revenues through expansion of its district via redevelopment efforts. The building fund negative net assets are being addressed with increased fees and reduced departmental expenses.

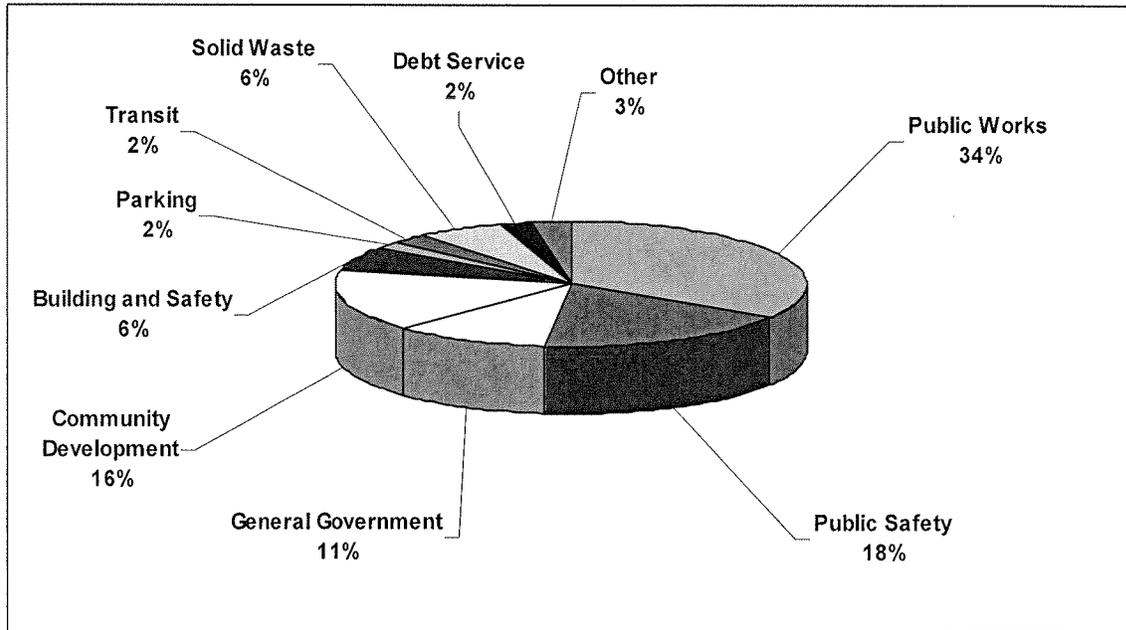
REVENUES



TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

EXPENSES



GOVERNMENTAL ACTIVITIES

Governmental activities account for \$117.0 million or 99.9% of the total Government-wide net assets. The following lists key components of net assets and highlights the changes between fiscal 2006 and fiscal 2007 for both Governmental Activities and Business-type Activities:

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2007	2006	2007	2006	2007	2006	
Revenues							
<i>Program Revenues</i>							
Charges for services	\$ 3,134	\$ 3,943	\$ 3,891	\$ 3,684	\$ 7,025	\$ 7,627	-8%
Operating grants and contributions	6,805	3,084	547	517	7,352	3,601	104%
Capital grants and contributions	3,232	-	-	-	3,232	-	100%
<i>General Revenues</i>							
Property taxes	10,399	8,284	-	-	10,399	8,284	26%
Sales taxes	5,030	5,130	-	-	5,030	5,130	-2%
Transient occupancy tax	1,296	1,184	-	-	1,296	1,184	9%
Other taxes	2,499	2,349	-	-	2,499	2,349	6%
Investment earnings	2,063	1,954	19	21	2,082	1,975	5%
Donations	3,261	-	-	-	3,261	-	100%
Other revenue / Transfers	2,381	644	(13)	(44)	2,369	600	295%
Total revenues	40,101	26,572	4,445	4,178	44,546	30,750	

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2007	2006	2007	2006	2007	2006	
Expenses							
General government	3,206	2,676	-	-	3,206	2,676	20%
Public safety	5,465	4,829	-	-	5,465	4,829	13%
Public works	10,360	6,327	-	-	10,360	6,327	64%
Community development	4,871	1,020	-	-	4,871	1,020	378%
Transit	-	-	740	702	740	702	5%
Solid Waste	-	-	1,787	1,579	1,787	1,579	13%
Building & Safety	-	-	1,896	1,626	1,896	1,626	17%
Parking	-	-	582	368	582	368	58%
Interest on long-term debt	656	1,082	-	-	656	1,082	-39%
Other	836	1,082	-	-	836	1,082	-23%
Total expenses	25,393	17,016	5,005	4,275	30,398	21,291	
Increase (decrease) in net assets	\$ 14,708	\$ 9,556	\$ (560)	\$ (97)	\$ 14,148	\$ 9,459	

Total governmental revenues for the year were \$40.1 million, an increase of \$13.5 million or 50.9% when compared to 2006. The Town received \$3.2 million in capital grants in 2007 for general government and public works projects compared to none in 2006. Increases in property tax, transient occupancy tax and interest earnings as well as the donation of \$3 million contributed to the increase in revenues. Taxes, which include property, sales, and other taxes account for \$19.2 million or 47.9% of the Town's governmental activities revenue; this percentage decreased from 2006 due to capital grant and donation revenues; without these revenues taxes would be 55.8% of the Town's governmental activities revenue.

Total governmental expenses for the year were \$25.4 million as compared to \$17.0 million in 2006. The primary factors driving the increase are expenditures related to Henness Flats Home Grant for workforce housing, and capital improvement projects including flood damage repairs. Other budgeted increases include additional staffing in the public works department, increased wage and benefit costs, and the implementation of Fleet replacement reserves funded by operating expenses.

BUSINESS-TYPE ACTIVITIES

Business-type activities account for \$(.05) million or (2)% of the total Government-wide net assets. The decrease in net assets is the result of increased net losses in the Town's parking and building & safety funds compared with 2006. The increase in revenues is primarily due to parking fund revenues as 2007 was the first year revenues were collected for a full year. Building fund revenues decreased by 10% compared to 2006 due to a slowdown in the construction of single family homes. The increase in expenditures is due to budgeted employee compensation increases and parking fund expenditures for a full fiscal year as well as increased costs in the solid waste enterprise fund.

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. All of the Town's governmental funds, except the capital projects fund, ended the year with positive fund balances. The ending fund balance for all funds is \$38.7 million. Of the total fund balance, \$19.3 million or 49.8% is unreserved/undesignated, which is available for spending at the Town's discretion, within the limitations of the fund's purpose.

The general fund is the chief operating fund of the Town. As of June 30, 2007 the total fund balance of the general fund was \$20.5 million with \$5.1 million reserved for advances to the Town's redevelopment agency, \$75,000 reserved for self-insurance, \$1.25 million reserved for long term notes receivable and \$12.6 million in unreserved/designated funds for contingencies, equipment replacement, facilities construction and capital projects.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

Total governmental revenues exceeded expenses by \$5.4 million primarily as a result of unanticipated general fund revenues, budgetary savings and the accumulation of special revenue funds for impact fees and road construction and maintenance to be used for future capital projects.

Proprietary Funds. The Town's solid waste and transit enterprise funds ended the year with positive unrestricted net assets; parking and building & safety ended the year with negative unrestricted net assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Budgetary Comparison Schedule is shown on page 37. There were no significant changes to the original budget.

Actual revenues exceeded budgeted revenues primarily as a result of higher than anticipated taxes and assessments as well as a donation of land. Property taxes, sales taxes, real property transfer tax, franchise fees, motor vehicle privilege tax and transient occupancy taxes were the primary contributors to the higher than anticipated tax revenues.

Actual expenditures were lower than budgeted expenditures as a result of lower than expected snow removal costs, lower than anticipated administrative costs and deferral of capital project cost into fiscal year 2007-2008.

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, 2007, amounts to \$82.6 million (net of depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and the road network.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2006	2007	2006	2007	2006	
Right of way	\$ 38,661	\$ 38,661	\$ -	\$ -	\$ 38,661	\$ 38,661	0%
Land	2,802	786	-	-	2,802	786	256%
Construction in progress	2,842	5,743	-	-	2,842	5,743	-
Buildings and improvements	8,256	8,415	151	163	8,407	8,578	-2%
Equipment	6,054	5,147	470	472	6,524	5,619	16%
Infrastructure	23,331	15,956	-	-	23,331	15,956	46%
TOTALS	\$ 81,946	\$ 74,708	\$ 621	\$ 635	\$ 82,567	\$ 75,343	

Major capital asset additions this year were primarily the result of the completion of roundabout projects at the intersection of Interstate 80/State Route 89 and Brockway and Martis Valley Roads as well as the completion of the box culvert at Donner Pass Road.

Additional information on the Town's capital assets can be found in note 3 on page 31.

Long-term Debt. The Town's long-term debt as of June 30, 2007 was \$6.4 million. The majority of the Town's debt is lease revenue bonds used to acquire the Town's current administrative office facility. Additional information on the Town's long-term debt, including business-type activities debt, can be found in note 3 on page 32.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

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 statutes limit the amount of general obligation debt to 15% of the Town's total assessed valuation which was \$4,577 million in fiscal 2007. The Town of Truckee's debt limit is \$686.6 million. The Town currently has no general obligation debt outstanding.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The Town is experiencing a slow down in residential growth. During the budget process for fiscal 2008 it was estimated that 270 new single-family units would be constructed within the Town, compared with 300 units in fiscal 2007. Non-residential growth is estimated to be 4.5% during fiscal 2008. These growth factors were utilized in developing the Town's revenue estimates.

Total Town-wide expenditures excluding capital expenditures were projected to increase approximately 10%. The biggest portion of these costs are salary and benefit increases based on negotiated agreements with the Town's bargaining units and increases in staffing levels to meet increased demand for services. Most other expenditures were estimated to grow at the rate of inflation.

The Town's general fund is currently contributing approximately \$1.4 million to the Town's capital programs as well as \$.5 million reserved for street overlay maintenance. The Town has reserved \$10 million for construction of a new corporation yard which will be built on land purchased in fiscal 2008. The Town Council has also designated \$3.4 million of general fund balance to be reserved for contingencies.

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.

BASIC FINANCIAL STATEMENTS
Government Wide Financial Statements

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2007

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and investments	\$ 37,647,218	\$ 313,869	\$ 37,961,087
Cash with fiscal agent	132,637	-	132,637
Accounts receivable	3,128,715	173,090	3,301,805
Interest receivable	479,825	3,860	483,685
Taxes receivable	1,466,138	-	1,466,138
Internal balances	698,552	(698,552)	-
Deposits	140	-	140
Due from other governments	263,234	-	263,234
Prepaid costs	10,400	27,213	37,613
Long-term receivables	1,664,513	-	1,664,513
Loans receivable	5,294,115	-	5,294,115
Land held for resale	200,000	-	200,000
Capital assets:			
Non depreciable assets	44,304,059	-	44,304,059
Depreciable assets, net of depreciation	37,641,171	621,308	38,262,479
Total capital assets	<u>81,945,230</u>	<u>621,308</u>	<u>82,566,538</u>
Total Assets	<u>132,930,717</u>	<u>440,788</u>	<u>133,371,505</u>
 <u>LIABILITIES</u>			
Accounts payable	1,739,307	256,071	1,995,378
Salaries and benefits payable	603,311	-	603,311
Deposits payable	797,254	10,515	807,769
Unearned revenue	6,467,264	-	6,467,264
Long-term liabilities:			
Due within one year	124,366	12,432	136,798
Due in more than one year	6,149,894	81,011	6,230,905
Total Liabilities	<u>15,881,396</u>	<u>360,029</u>	<u>16,241,425</u>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	75,815,230	621,308	76,436,538
Restricted for:			
Capital projects	34,583	-	34,583
Debt service	132,687	-	132,687
Grants, taxes, and fees	18,010,920	-	18,010,920
Unrestricted	<u>23,055,901</u>	<u>(540,549)</u>	<u>22,515,352</u>
Total Net Assets	<u>\$ 117,049,321</u>	<u>\$ 80,759</u>	<u>\$ 117,130,080</u>

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, 2007

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 3,206,005	\$ 89,180	\$ 155,219	\$ 1,362,682
Public safety	5,464,639	1,082,420	37,975	-
Public works	10,359,957	1,962,165	1,566,633	1,869,743
Community development	4,870,698	-	5,045,051	-
Facilities	835,887	-	-	-
Interest on long-term debt	656,016	-	-	-
Total Governmental Activities	25,393,202	3,133,765	6,804,878	3,232,425
Business-type activities:				
Solid waste	1,787,141	1,764,963	82,497	-
Building and safety	1,895,530	1,402,970	-	-
Parking	582,018	467,057	-	-
Transit	739,844	256,289	464,664	-
Total Business-type Activities	5,004,533	3,891,279	547,161	-
Total	\$ 30,397,735	\$ 7,025,044	\$ 7,352,039	\$ 3,232,425

General revenues:

Taxes:
 Property taxes
 Sales and use taxes
 Transient occupancy taxes
 Property transfer taxes
 Franchise taxes
Grants and contributions - unrestricted
Interest and investment earnings
Donations
Miscellaneous

Transfers

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

**Net (Expense) Revenue and
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,598,924)	\$ -	\$ (1,598,924)
(4,344,244)	-	(4,344,244)
(4,961,416)	-	(4,961,416)
174,353	-	174,353
(835,887)	-	(835,887)
(656,016)	-	(656,016)
<u>(12,222,134)</u>	<u>-</u>	<u>(12,222,134)</u>
-	60,319	60,319
-	(492,560)	(492,560)
-	(114,961)	(114,961)
-	(18,891)	(18,891)
-	(566,093)	(566,093)
<u>(12,222,134)</u>	<u>(566,093)</u>	<u>(12,788,227)</u>
10,399,414	-	10,399,414
5,030,264	-	5,030,264
1,295,909	-	1,295,909
282,697	-	282,697
947,611	-	947,611
1,269,058	-	1,269,058
2,062,799	18,983	2,081,782
3,260,870	-	3,260,870
2,347,693	21,054	2,368,747
33,597	(33,597)	-
<u>26,929,912</u>	<u>6,440</u>	<u>26,936,352</u>
14,707,778	(559,653)	14,148,125
<u>102,341,543</u>	<u>640,412</u>	<u>102,981,955</u>
<u>\$ 117,049,321</u>	<u>\$ 80,759</u>	<u>\$ 117,130,080</u>

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

TOWN OF TRUCKEE, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Measure A	Impact Fees	Boulders Moderate Housing	HOME Grant
ASSETS					
Cash and investments	\$ 13,313,630	\$ 5,897,689	\$ 5,040,824	\$ 815,573	\$ 19,984
Cash with fiscal agent	-	-	-	-	-
Accounts receivable	133,842	-	60,278	-	10,750
Interest receivable	196,234	67,301	70,263	8,948	220
Taxes receivable	972,208	314,300	-	-	-
Deposits	140	-	-	-	-
Due from other funds	959,703	-	-	-	-
Due from other governments	199,705	-	21,575	-	-
Prepaid costs	10,400	-	-	-	-
Advances to other funds	5,102,176	-	-	-	-
Long-term interest receivable	-	-	-	-	404,342
Notes receivable	1,260,171	-	-	-	-
Loans receivable	-	-	-	290,068	4,424,104
RDA land held for resale	-	-	-	-	-
Total Assets	\$ 22,148,209	\$ 6,279,290	\$ 5,192,940	\$ 1,114,589	\$ 4,859,400
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 484,154	\$ -	\$ -	\$ 6,250	\$ 2,500
Salaries and benefits payable	603,311	-	-	-	-
Deposits payable	533,293	-	-	-	-
Due to other funds	-	-	-	-	5,321
Unearned revenue	19,638	-	-	1,062,068	4,828,446
Advances from other funds	-	-	-	-	-
Total Liabilities	1,640,396	-	-	1,068,318	4,836,267
FUND BALANCES					
Reserved for:					
Self insurance retention	75,000	-	-	-	-
Advances	5,102,176	-	-	-	-
RDA land held for resale	-	-	-	-	-
Notes receivable	1,250,000	-	-	-	-
Loans receivable	-	-	-	-	-
Debt service	-	-	-	-	-
Unreserved, reported in:					
General					
Designated	12,575,102	-	-	-	-
Undesignated	1,505,535	-	-	-	-
Special Revenue					
Undesignated	-	6,279,290	5,192,940	46,271	23,133
Capital Projects					
Undesignated	-	-	-	-	-
Total Fund Balances	20,507,813	6,279,290	5,192,940	46,271	23,133
Total Liabilities and Fund Balances	\$ 22,148,209	\$ 6,279,290	\$ 5,192,940	\$ 1,114,589	\$ 4,859,400

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

Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 73,184	\$ 5,836,520	\$ 6,649,814	\$ 37,647,218
-	-	132,637	132,637
-	-	233,198	438,068
-	60,024	76,835	479,825
-	84,328	95,302	1,466,138
-	-	-	140
-	-	-	959,703
-	-	41,954	263,234
-	-	-	10,400
-	-	-	5,102,176
-	-	-	404,342
-	-	-	1,260,171
-	21,395	558,548	5,294,115
-	200,000	-	200,000
<u>\$ 73,184</u>	<u>\$ 6,202,267</u>	<u>\$ 7,788,288</u>	<u>\$ 53,658,167</u>

\$ 666,038	\$ 336,736	\$ 243,629	\$ 1,739,307
-	-	-	603,311
258,210	-	5,751	797,254
255,830	-	-	261,151
-	-	557,112	6,467,264
-	5,102,176	-	5,102,176
<u>1,180,078</u>	<u>5,438,912</u>	<u>806,492</u>	<u>14,970,463</u>

-	-	-	75,000
-	-	-	5,102,176
-	200,000	-	200,000
-	-	-	1,250,000
-	21,395	82,085	103,480
-	-	132,687	132,687
-	-	-	12,575,102
-	-	-	1,505,535
-	-	6,387,201	17,928,835
(1,106,894)	541,960	379,823	(185,111)
(1,106,894)	763,355	6,981,796	38,687,704
<u>\$ 73,184</u>	<u>\$ 6,202,267</u>	<u>\$ 7,788,288</u>	<u>\$ 53,658,167</u>

TOWN OF TRUCKEE, CALIFORNIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total Governmental Fund Balances	\$ 38,687,704
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	81,945,230
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.	(6,274,260)
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>2,690,647</u>
Net Assets of Governmental Activities	<u><u>\$ 117,049,321</u></u>

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General	Measure A	Impact Fees	Boulders Moderate Housing	HOME Grant
REVENUES					
Taxes and assessments	\$ 14,265,761	\$ 2,128,465	\$ -	\$ -	\$ -
Licenses and permits	82,096	-	-	-	-
Fines and forfeitures	433,530	-	-	-	-
Use of money and property	940,049	215,296	261,371	35,987	828
Intergovernmental revenues	1,381,561	-	-	-	3,453,269
Charges for services	1,121,416	-	629,213	-	-
Donations	1,250,000	-	-	-	-
Other revenues	585,672	-	-	20,000	-
Total Revenues	20,060,085	2,343,761	890,584	55,987	3,454,097
EXPENDITURES					
Current:					
General government	2,349,545	84	22,868	45,000	-
Public safety	5,236,831	-	-	-	-
Public works	4,963,434	-	-	-	-
Community development	893,610	-	-	-	3,435,202
Facilities	835,887	-	-	-	-
Capital outlay	162,642	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total Expenditures	14,441,949	84	22,868	45,000	3,435,202
Excess of Revenues Over (Under) Expenditures	5,618,136	2,343,677	867,716	10,987	18,895
OTHER FINANCING SOURCES (USES)					
Transfers in	1,709,145	-	-	-	-
Transfers out	(3,109,910)	(395,979)	(1,488,642)	-	(401)
Total Other Financing Sources (Uses)	(1,400,765)	(395,979)	(1,488,642)	-	(401)
Net Change in Fund Balances	4,217,371	1,947,698	(620,926)	10,987	18,494
Fund Balances - Beginning	16,290,442	4,331,592	5,813,866	35,284	4,639
Fund Balances - Ending	\$ 20,507,813	\$ 6,279,290	\$ 5,192,940	\$ 46,271	\$ 23,133

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

Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,046,853	\$ 1,876,118	\$ 19,317,197
-	-	-	82,096
-	-	-	433,530
361	204,375	273,764	1,932,031
550,508	18,942	1,928,120	7,332,400
-	-	1,307,563	3,058,192
-	-	-	1,250,000
1,752,399	-	25,133	2,383,204
<u>2,303,268</u>	<u>1,270,170</u>	<u>5,410,698</u>	<u>35,788,650</u>
196,375	-	134,667	2,748,539
-	-	12,931	5,249,762
3,278,347	-	7,007	8,248,788
-	242,102	299,784	4,870,698
-	-	-	835,887
5,829,372	5,090	1,825,840	7,822,944
-	-	140,000	140,000
-	253,070	268,097	521,167
<u>9,304,094</u>	<u>500,262</u>	<u>2,688,326</u>	<u>30,437,785</u>
<u>(7,000,826)</u>	<u>769,908</u>	<u>2,722,372</u>	<u>5,350,865</u>
4,913,933	-	1,483,789	8,106,867
-	(471,147)	(2,607,191)	(8,073,270)
<u>4,913,933</u>	<u>(471,147)</u>	<u>(1,123,402)</u>	<u>33,597</u>
(2,086,893)	298,761	1,598,970	5,384,462
979,999	464,594	5,382,826	33,303,242
<u>\$ (1,106,894)</u>	<u>\$ 763,355</u>	<u>\$ 6,981,796</u>	<u>\$ 38,687,704</u>

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, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ 5,384,462
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 (\$7,822,944) and capital assets acquired through donations (\$2,010,871) exceeded depreciation expense (\$2,559,069) in the current period.	7,274,746
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the loss on the disposal of the capital assets.	(37,023)
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.	
Change in accounts receivable	2,628,121
Change in deferred revenue	(323,235)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayment exceeded proceeds.	140,000
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	(224,444)
Amortization of bond discount, cost of issuance and refunding difference	(134,849)
Change in Net Assets of Governmental Activities	\$ 14,707,778

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Parking</u>	<u>Solid Waste</u>	<u>Building and Safety</u>	<u>Other Enterprise Funds</u>
<u>ASSETS</u>				
Current Assets				
Cash and investments	\$ -	\$ 143,520	\$ -	\$ 170,349
Accounts receivable	2,009	142,581	-	28,500
Interest receivable	8	1,374	385	2,093
Prepaid costs	-	-	-	27,213
Total Current Assets	2,017	287,475	385	228,155
Noncurrent Assets:				
Capital Assets:				
Depreciable capital assets	412,154	36,304	319,853	345,115
Less: accumulated depreciation	(49,258)	(3,317)	(243,517)	(196,026)
Total Noncurrent Assets	362,896	32,987	76,336	149,089
Total Assets	364,913	320,462	76,721	377,244
<u>LIABILITIES</u>				
Current Liabilities				
Accounts payable	5,604	183,181	23,680	43,606
Deposits payable	-	-	10,515	-
Due to other funds	669,815	-	28,737	-
Compensated absences	1,634	1,597	8,519	682
Total Current Liabilities	677,053	184,778	71,451	44,288
Noncurrent Liabilities				
Compensated absences payable	13,338	4,301	58,524	4,848
Total Noncurrent Liabilities	13,338	4,301	58,524	4,848
Total Liabilities	690,391	189,079	129,975	49,136
<u>NET ASSETS</u>				
Invested in capital assets	362,896	32,987	76,336	149,089
Unrestricted	(688,374)	98,396	(129,590)	179,019
Total Net Assets	\$ (325,478)	\$ 131,383	\$ (53,254)	\$ 328,108

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

Totals

\$ 313,869
173,090
3,860

27,213

518,032

1,113,426

(492,118)

621,308

1,139,340

256,071
10,515
698,552

12,432

977,570

81,011

81,011

1,058,581

621,308

(540,549)

\$ 80,759

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Parking</u>	<u>Solid Waste</u>	<u>Building and Safety</u>	<u>Other Enterprise Funds</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ 378,242	\$ 1,764,963	\$ 1,402,970	\$ 256,289
Fines and forfeitures	88,815	-	-	-
Other revenues	528	-	526	20,000
Total Operating Revenues	<u>467,585</u>	<u>1,764,963</u>	<u>1,403,496</u>	<u>276,289</u>
<u>OPERATING EXPENSES</u>				
Salaries and benefits	250,404	110,137	1,343,821	54,411
Services and supplies	269,408	1,674,109	529,214	657,681
Depreciation	30,518	2,895	22,495	27,752
Total Operating Expenses	<u>550,330</u>	<u>1,787,141</u>	<u>1,895,530</u>	<u>739,844</u>
Operating Income (Loss)	<u>(82,745)</u>	<u>(22,178)</u>	<u>(492,034)</u>	<u>(463,555)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Intergovernmental revenues	-	82,497	-	464,664
Interest income	731	2,140	11,011	5,101
Interest expense	(31,688)	-	-	-
Total Non-Operating Revenues (Expenses)	<u>(30,957)</u>	<u>84,637</u>	<u>11,011</u>	<u>469,765</u>
Income (Loss) before Contributions and Transfers	<u>(113,702)</u>	<u>62,459</u>	<u>(481,023)</u>	<u>6,210</u>
Transfers in	2,615	-	-	-
Transfers out	-	-	(36,212)	-
Change in Net Assets	<u>(111,087)</u>	<u>62,459</u>	<u>(517,235)</u>	<u>6,210</u>
Total Net Assets - Beginning	<u>(214,391)</u>	<u>68,924</u>	<u>463,981</u>	<u>321,898</u>
Total Net Assets - Ending	<u>\$ (325,478)</u>	<u>\$ 131,383</u>	<u>\$ (53,254)</u>	<u>\$ 328,108</u>

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

Totals

\$ 3,802,464
88,815
21,054

3,912,333

1,758,773
3,130,412
83,660

4,972,845

(1,060,512)

547,161
18,983
(31,688)

534,456

(526,056)

2,615
(36,212)

(559,653)

640,412

\$ 80,759

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Parking</u>	<u>Solid Waste</u>	<u>Building and Safety</u>	<u>Other Enterprise Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 467,326	\$ 1,703,593	\$ 1,409,084	\$ 274,113
Payments to suppliers	(271,162)	(1,611,457)	(530,329)	(633,309)
Payments to employees	(241,263)	(106,764)	(1,320,694)	(51,602)
Net Cash Provided (Used) by Operating Activities	(45,099)	(14,628)	(441,939)	(410,798)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Intergovernmental revenues received	-	82,497	-	464,664
Operating subsidies and transfers to other funds	64,291	-	(7,475)	-
Net Cash Provided (Used) by Noncapital Financing Activities	64,291	82,497	(7,475)	464,664
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase of capital assets	-	(30,147)	(40,192)	-
Interest paid on debt	(31,688)	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(31,688)	(30,147)	(40,192)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received on investments	723	2,729	14,667	3,301
Net Cash Provided (Used) by Investing Activities	723	2,729	14,667	3,301
Net Increase (Decrease) in Cash and Cash Equivalents	(11,773)	40,451	(474,939)	57,167
Balances - Beginning of the Year	11,773	103,069	474,939	113,182
Balances - End of the Year	\$ -	\$ 143,520	\$ -	\$ 170,349
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ (82,745)	\$ (22,178)	\$ (492,034)	\$ (463,555)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	30,518	2,895	22,495	27,752
Decrease (increase) in:				
Accounts receivable	(259)	(61,370)	1,527	(2,176)
Prepaid costs	-	-	-	235
Increase (decrease) in:				
Accounts payable	(1,754)	62,652	(1,115)	24,137
Deposits payable	-	-	4,061	-
Compensated absenses	9,141	3,373	23,127	2,809
Net Cash Provided (Used) by Operating Activities	\$ (45,099)	\$ (14,628)	\$ (441,939)	\$ (410,798)

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

Totals

\$ 3,854,116
(3,046,257)
(1,720,323)

(912,464)

547,161
56,816

603,977

(70,339)
(31,688)

(102,027)

21,420

21,420

(389,094)

702,963

\$ 313,869

\$ (1,060,512)

83,660

(62,278)
235

83,920
4,061
38,450

\$ (912,464)

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	<u>Pine Forest TTUSD Project</u>
<u>ASSETS</u>	
Cash and investments	\$ 502,927
Interest receivable	<u>5,518</u>
Total Assets	<u>508,445</u>
<u>LIABILITIES</u>	
Accounts payable	<u>-</u>
Total Liabilities	<u>-</u>
<u>NET ASSETS</u>	
Held in trust for other purposes	<u>\$ 508,445</u>

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Pine Forest TTUSD Project</u>
<u>ADDITIONS</u>	
Investment earnings:	
Interest	\$ 21,575
Total Additions	<u>21,575</u>
<u>DEDUCTIONS</u>	
Services and supplies	<u>-</u>
Total Deductions	<u>-</u>
Total Change in Net Assets	21,575
Net Assets - Beginning	<u>486,870</u>
Net Assets - Ending	<u>\$ 508,445</u>

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

BASIC FINANCIAL STATEMENTS
Notes to the Financial Statements

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

A. Reporting Entity

The Town of Truckee 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 units 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 (i) either 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, on the other hand, 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 Redevelopment Agency

The Town of Truckee Redevelopment Agency is organized under the State of California Community Redevelopment Law. The governing body is substantially the same as the primary government and the Town and the component unit are financially interdependent, hence, the unit is presented by blending with the primary government. Separate audited financial statements for Truckee Redevelopment Agency may be obtained by writing to the Town of Truckee, 10183 Truckee Airport Road, Truckee, CA 96161-3306.

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 Agency. The Financing Authority was created for the purpose of providing financing of public capital improvements for the Town and the Agency. The governing body is substantially the same as the primary government and the Town and the component unit are financially interdependent, hence, the unit is presented by blending with the primary government. Separate audited financial statements for Truckee Public Financing Authority are not issued.

Debt of the Truckee Public Financing Authority is shown as long-term debt of the Town.

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 assets and statement of activities display information about the primary government, the Town, and its component units. 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. 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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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 separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, 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 major if it is the primary operating fund of the Town or meets the following criteria:

- Total assets, liabilities, 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, liabilities, revenues or expenditures/expenses of the individual governmental fund 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, community development, and public improvements.
- The Measure A Fund is a special revenue fund used to account for Measure A revenues and expenditures.
- The Impact Fees Fund is a special revenue fund used to account for impact fee revenues and expenditures.
- The Boulders Moderate Housing Fund is a special revenue fund used to account for revenues and expenditures related to the Boulders Moderate Housing development.
- The HOME Grant Fund is a special revenue fund used to account for the HOME Grant program.
- The Capital Projects Fund is a capital projects fund used to account for the expenditures of most capital projects undertaken by the Town. This fund receives transfers of resources from various Town funds.
- The Redevelopment Capital Projects Fund is a capital projects fund used to account for revenues and expenditures related to Redevelopment Agency capital projects.

The Town reports the following major proprietary funds:

- The Parking Fund is an enterprise fund used to account for the operation of Town Parking Facilities.
- The Solid Waste Fund is an enterprise fund used to account for regular garbage collection services, collection of yard waste, and a mixed paper 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 State and Town laws and regulations concerning the safety of structures.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

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. Nonexchange 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 taxes 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.

All trust funds employ the same economic resources measurement focus and accrual basis of accounting as do proprietary funds. Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

For its business-type activities and enterprise funds, the Town has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute accounting principles generally accepted in the United States of America (GAAP) for governmental units.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

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. The 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 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, 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. Nonexchange transactions collectible but not available are deferred 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 either 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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

H. Inventory and Prepaid Costs

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

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, special revenue fund expenditures relating to long-term loans receivable arising from mortgage subsidy programs are charged to operations at the time of funding and the loans receivable are recorded. The balance of the long-term 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.

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 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.

Government-Wide 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 Assets. 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	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 statements.

K. Unearned Revenue/Deferred Revenue

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue. In addition, loans receivable, including accrued interest, for which repayment is deferred or for which the balance may be forgiven if certain terms and conditions of the loans are met have also been offset by unearned revenue.

Deferred revenue is recorded on the modified accrual basis of accounting when revenue which has been earned during the current period and has met the measurable criteria but has not met the available criteria.

**TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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

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 are reported as liabilities in the government-wide 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 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 absences is recorded as long-term debt in the government-wide 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 social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Net Assets/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt – 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 net assets – Consists of net assets 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. Net assets restricted for other purposes included \$6,279,290 restricted by enabling legislation (Measure A).
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

At June 30, 2007, the Town had recorded restricted net assets in governmental activities as follows:

	Governmental Activities
Restricted for:	
Capital Projects	\$ 34,583
Debt Service	132,687
Grants, taxes and fees	18,010,920
Total Restricted	\$ 18,178,190

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

N. Net Assets/Fund Balances (Continued)

In the governmental fund financial statements, reserves and designations segregate portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change.

As of June 30, 2007, reservations of fund balance included:

- Self Insurance Retention - to reflect funds held to cover the deductible on self-insurance programs.
- Advances - to reflect interfund loans that are long term in nature.
- RDA Land held for resale - to reflect RDA land held for resale which does not represent available, spendable resources.
- Notes Receivable - To reflect the principal portion of a note receivable that is long term in nature.
- Loans Receivable - to reflect the portion of loans receivable which is not deferred but which is long term in nature.
- Debt Service - to reflect funds set aside for future debt service payments.

As of June 30, 2007, designations of fund balance were reported in the following governmental fund:

- General Fund - to reflect management's intention to set aside funds for general contingencies, health insurance contingency, litigation, KUNR radio, facility construction, affordable housing and historic district incentive.

O. 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 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 (1 st installment) February 1 (2 nd installment)	July 1
Delinquent dates	December 10 (1 st installment) April 10 (2 nd 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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

P. 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 susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

Q. 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 Nonoperating

R. 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.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Assets

The following major governmental fund had a deficit fund balance at June 30, 2007:

The Capital Projects fund had a fund balance deficit of \$1,106,894, which is expected to be eliminated in future years through the receipt of anticipated grant funding as well as transfers from other funds.

The following major proprietary funds had a deficit net asset balance at June 30, 2007:

The Parking Fund had a net asset deficit of \$325,478, which is expected to be eliminated in future years through cost reductions and anticipated expansion of the service area through redevelopment efforts.

The Building and Safety fund had a net asset deficit of \$53,254, which is expected to be eliminated in future years through increased user charges and planned cost reductions.

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, 2007, the Gann Limit Calculation reflected excess appropriations subject to the limit in the amount of \$385,035. This amount has not been reflected as a Town liability since in June 2007, the calculation for the year ended June 30, 2008 was calculated based upon the advise of legal counsel to exclude police and animal control services from the appropriations subject to the limit. The recalculation resulted in the elimination of the excess appropriations subject to the limit.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3: DETAILED NOTES

A. Cash and Investments

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

Primary Government	\$ 38,093,724
Trust funds	<u>502,927</u>
Total Cash and Investments	<u>\$ 38,596,651</u>

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

Cash and Deposits:	
Cash on hand	\$ 824
Deposits in Town's pool (less outstanding checks)	242,861
Deposits with fiscal agents	<u>132,637</u>
Total Cash and Deposits	<u>376,322</u>
Investments:	
In Town's pool	<u>38,220,329</u>
Total Investments	<u>38,220,329</u>
Total Cash and Investments	<u>\$ 38,596,651</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 \$100,000 by Federal Deposit insurance.

At year end, the carrying amount of the Town's cash deposits (including amount in checking accounts and money market accounts) was \$375,498 and the bank balance was \$1,305,592. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$253,614 was covered by federal depository insurance and \$1,051,978 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

As of June 30, 2007, the Town had the following investments:

	<u>Maturities</u>			Fair Value	Weighted Average Maturity (Years)
	<u>0-1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>		
Investments in Investment Pool					
U.S. Government Agency Securities	\$ 2,204,016	\$ 10,318,074	\$ -	\$ 12,522,090	.62
Corporate Notes	366,294	3,073,691	-	3,439,985	.13
Local Agency Investment Fund (LAIF)	<u>22,258,254</u>	<u>-</u>	<u>-</u>	<u>22,258,254</u>	<u>-</u>
Total Investments in Investment Pool	<u>\$ 24,828,564</u>	<u>\$ 13,391,765</u>	<u>\$ -</u>	<u>\$ 38,220,329</u>	<u>.74</u>

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 Town are invested in accordance with the investment policies of the Town. Of the Town's \$38,220,329 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.

**TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

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 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 Town does not have credit limits on U.S. government securities or U.S. government agency securities.

<u>Investments at June 30, 2007</u>	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Federal Home Loan Mortgage Corporation	AAA	10.78%
Federal Home Loan Bank	AAA	10.08%
Federal National Mortgage Association	AAA	8.91%
US Treasury	TSY	2.99%
Corporate Obligations	A	1.28%
Corporate Obligations	A+	4.08%
Corporate Obligations	AA-	2.61%
Corporate Obligations	AAA	1.03%
LAIF	Unrated	58.24%
Total		<u>100.00%</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

Nearly 33% 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 9% of the portfolio invested in corporate notes and money market funds, no investment in a single issuer exceeds 5%.

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, 2007, the Town's investment position in the State of California Local Agency Investment Fund (LAIF) was \$22,258,254. The total amount invested by all public agencies in LAIF on that day was \$65,756,665,933. Of that amount, 96.534% is invested in non-derivative financial products and 3.466% in structured notes and asset-backed securities.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3: DETAILED NOTES (CONTINUED)

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2007</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 785,700	\$ 2,015,960	\$ -	\$ 2,801,660
Right of Way	38,660,668	-	-	38,660,668
Construction in Progress	<u>5,743,280</u>	<u>1,908,796</u>	<u>(4,810,345)</u>	<u>2,841,731</u>
Total Capital Assets, Not Being Depreciated	<u>45,189,648</u>	<u>3,924,756</u>	<u>(4,810,345)</u>	<u>44,304,059</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	9,508,507	63,190	-	9,571,697
Equipment	9,077,400	1,925,293	<u>(82,836)</u>	10,919,857
Infrastructure	<u>21,611,633</u>	<u>8,730,921</u>	<u>-</u>	<u>30,342,554</u>
Total Capital Assets, Being Depreciated	<u>40,197,540</u>	<u>10,719,404</u>	<u>(82,836)</u>	<u>50,834,108</u>
Less Accumulated Depreciation For:				
Buildings and improvements	<u>(1,094,105)</u>	<u>(221,439)</u>	-	<u>(1,315,544)</u>
Equipment	<u>(3,929,863)</u>	<u>(981,934)</u>	45,813	<u>(4,865,984)</u>
Infrastructure	<u>(5,655,713)</u>	<u>(1,355,696)</u>	<u>-</u>	<u>(7,011,409)</u>
Total Accumulated Depreciation	<u>(10,679,681)</u>	<u>(2,559,069)</u>	<u>45,813</u>	<u>(13,192,937)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,517,859</u>	<u>8,160,335</u>	<u>(37,023)</u>	<u>37,641,171</u>
Governmental Activities Capital Assets, Net	<u>\$ 74,707,507</u>	<u>\$ 12,085,091</u>	<u>(\$ 4,847,368)</u>	<u>\$ 81,945,230</u>
	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2007</u>
Business-Type Activities				
Capital Assets, Being Depreciated:				
Structures and improvements	\$ 198,215	\$ -	\$ -	\$ 198,215
Equipment	<u>844,872</u>	<u>70,338</u>	<u>-</u>	<u>915,210</u>
Total Capital Assets, Being Depreciated	<u>1,043,087</u>	<u>70,338</u>	<u>-</u>	<u>1,113,425</u>
Less Accumulated Depreciation For:				
Structures and improvements	<u>(35,614)</u>	<u>(11,295)</u>	-	<u>(46,909)</u>
Equipment	<u>(372,843)</u>	<u>(72,365)</u>	<u>-</u>	<u>(445,208)</u>
Total Accumulated Depreciation	<u>(408,457)</u>	<u>(83,660)</u>	<u>-</u>	<u>(492,117)</u>
Total Capital Assets, Being Depreciated, Net	<u>634,630</u>	<u>(13,322)</u>	<u>-</u>	<u>621,308</u>
Business-Type Activities Capital Assets, Net	<u>\$ 634,630</u>	<u>(13,322)</u>	<u>\$ -</u>	<u>\$ 621,308</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 233,022
Public safety	214,877
Public works	<u>2,111,170</u>
Total Depreciation Expense – Governmental Functions	<u>\$ 2,559,069</u>

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

Parking	\$ 30,518
Solid Waste	2,895
Building and Safety	22,495
Transit	<u>27,752</u>
Total Depreciation Expense – Business-Type Functions	<u>\$ 83,660</u>

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3: DETAILED NOTES (CONTINUED)

B. Capital Assets (Continued)

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on the Truckee River Trail, the DPR Bike Lane, Trout Creek Restoration, Frishman Hollow, and the new Corp Yard.

Donated Land

The Town received a donation of 9.5 acres from a private developer; then sold 2.3 acres for development of Frishman Hollow, a very low income housing project. The remaining 7.2 acres held by the Town are included in capital assets in the government-wide statements but not included in the Fund Financial Statements in accordance with Governmental Accounting Standards. It is the intention of the Town to sell or donate the remaining 7.2 acres to a developer for workforce housing.

C. Long-Term Liabilities

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2007:

	Balance July 1, 2006	Additions/ Adjustments	Retirements	Balance June 30, 2007	Amounts Due Within One Year
Governmental Activities					
Lease Revenue Bonds	\$ 6,270,000	\$ -	(\$ 140,000)	\$ 6,130,000	\$ 145,000
Less: Unamortized Discount	(7,236)	-	1,206	(6,030)	(1,206)
Less: Cost of Issuance	(24,484)	-	4,081	(20,403)	(4,081)
Less: Refunding Difference	(592,523)	-	129,562	(462,961)	(129,562)
Lease Revenue Bonds, Net	5,645,757	-	(5,151)	5,640,606	10,151
Compensated Absences (Note 1M)	409,210	480,314	(255,870)	633,654	114,215
Total Governmental Activities					
-Long-Term Liabilities	<u>\$ 6,054,967</u>	<u>\$ 480,314</u>	<u>(\$ 261,021)</u>	<u>\$ 6,274,260</u>	<u>\$ 124,366</u>
Business-Type Activities					
Compensated Absences (Note 1M)	\$ 54,993	\$ 81,540	(\$ 43,090)	\$ 93,443	\$ 12,432
Total Business-Type Activities					
-Long-Term Liabilities	<u>\$ 54,993</u>	<u>\$ 81,540</u>	<u>(\$ 43,090)</u>	<u>\$ 93,443</u>	<u>\$ 12,432</u>

At June 30, 2007 lease revenue bonds consisted of the following:

	Governmental Activities
Lease Revenue Bonds Series 2000A and Series 2000B, dated May 1, 2000, in the amount of \$6,130,000, payable in annual installments of \$5,000 to \$445,000, with an interest rate of 5.2% to 8.375% and maturity on November 1, 2030 for the Series 2000A and November 1, 2019 for the Series 2000B. In prior years a portion of these bonds were advance refunded. See Note 3D.	\$ 515,000
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.	<u>5,615,000</u>
Total Lease Revenue Bonds	<u>\$ 6,130,000</u>

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 3: DETAILED NOTES (CONTINUED)

C. Long-Term Liabilities (Continued)

The annual aggregate maturities for years subsequent to June 30, 2007, are as follows:

<u>Lease Revenue Bonds</u>	<u>Governmental Activities</u>		
Year Ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 145,000	\$ 259,588	\$ 404,588
2009	160,000	250,473	410,473
2010	165,000	240,683	405,683
2011	180,000	230,328	410,328
2012	190,000	219,024	409,024
2013-2017	1,055,000	979,566	2,034,566
2018-2022	1,245,000	770,286	2,015,286
2023-2027	1,525,000	489,163	2,014,163
2028-2032	1,465,000	131,578	1,596,578
Total	<u>\$ 6,130,000</u>	<u>\$ 3,570,689</u>	<u>\$ 9,700,689</u>

D. Advance Refunding

In prior years, the Town has defeased various debt issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used in part to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. As of June 30, 2007, the amount of defeased debt outstanding but not reflected in the long-term debt of the Town amounted to \$5,185,000.

E. Leases

Operating Leases

Rental expenses incurred under operating leases are not considered material.

F. Interfund Transactions

Due To/From Other Funds

Operating receivables and payables between funds are classified as due from or due to other funds. The following are due to and due from balances as of June 30, 2007:

	<u>Due from Other funds</u>	<u>Due to Other funds</u>
General Fund	\$ 959,703	\$ -
HOME Grant	-	5,321
Capital Projects	-	255,830
Parking	-	669,815
Building and Safety	-	28,737
Total	<u>\$ 959,703</u>	<u>\$ 959,703</u>

**TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 3: DETAILED NOTES (CONTINUED)

F. Interfund Transactions (Continued)

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. The following are advances to/from other funds as of June 30, 2007:

	<u>Advances to Other funds</u>	<u>Advances from Other funds</u>
General Fund	\$ 5,102,176	\$ -
Redevelopment Capital Projects	-	5,102,176
Total	<u>\$ 5,102,176</u>	<u>\$ 5,102,176</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various Town operations and re-allocations of special revenues. The following are the interfund transfers for the year ended June 30, 2007:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,709,145	\$ 3,109,910
Measure A	-	395,979
Impact Fees	-	1,488,642
HOME Grant	-	401
Capital Projects	4,913,933	-
Redevelopment Capital Projects	-	471,147
Nonmajor Governmental Funds	1,483,789	2,607,191
Parking	2,615	-
Building and Safety	-	36,212
Total	<u>\$ 8,109,482</u>	<u>\$ 8,109,482</u>

NOTE 4: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS

A. Defined Benefit Pension Plan

Plan Description

The Town contributes to the miscellaneous plan of the Town of Truckee and the safety plan of the Town of Truckee (plans) which are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Miscellaneous plan members are required to contribute 7 percent of their annual covered salary. Safety plan members are required to contribute 9 percent of their annual covered salary. The Town pays the employees contribution on their behalf. The Town is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2006/2007 was 15.995 percent for miscellaneous employees and 35.790 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

**TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 4: EMPLOYEES' RETIREMENT PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

Annual Pension Cost

For fiscal year 2006/2007, the Town's annual pension cost of \$861,125 for the miscellaneous plan and \$622,318 for the safety plan was equal to the Town's actual contributions. The required contributions for fiscal year 2006/2007 were determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets were determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percent of pay over a closed-20-year period.

Three Year Trend Information for PERS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2005	\$ 899,335	100%	-
June 30, 2006	1,167,710	100%	-
June 30, 2007	1,483,443	100%	-

B. 457 Plan

The Town maintains a deferred compensation plan (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 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.

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 pool which serves as a common risk management and insurance program for 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.

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.

**TOWN OF TRUCKEE, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE 6: OTHER INFORMATION

A. Construction Commitments

The Town has signed agreements for various construction projects subsequent to June 30 2007. The balance owed on the commitments at June 30, 2007, was \$853,756.

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.

C. Joint Agencies

Public Agency Risk Sharing Authority of California (PARSAC) is a joint powers agency organized for the purpose of pooled joint-protection coverage to member entities. PARSAC operates public entity pools for auto and general liability coverage, plus workers compensation and errors and omissions coverage and the pool purchases excess insurance for members. PARSAC is under the control and direction of a 9 member executive committee consisting of representatives of the 37 member cities.

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

D. Subsequent Event

On July 18, 2007, the Town purchased 19.46 acres of land for \$3,930,000. The land is located at California Interstate 80 and Donner Pass Road and was purchased for the purpose of relocating the Town Corporation Yard and Animal Control Facilities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF TRUCKEE, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 12,680,000	\$ 12,680,000	\$ 14,265,761	\$ 1,585,761
Licenses and permits	91,000	91,000	82,096	(8,904)
Fines and forfeitures	350,000	350,000	433,530	83,530
Use of money and property	380,000	380,000	940,049	560,049
Intergovernmental revenues	840,400	840,400	1,381,561	541,161
Charges for services	1,047,300	1,047,300	1,121,416	74,116
Donations	-	-	1,250,000	1,250,000
Other revenues	495,000	495,000	585,672	90,672
Total Revenues	<u>15,883,700</u>	<u>15,883,700</u>	<u>20,060,085</u>	<u>4,176,385</u>
<u>EXPENDITURES</u>				
Current:				
General government	2,420,223	2,420,223	2,349,545	70,678
Public safety	5,188,243	5,188,243	5,236,831	(48,588)
Public works	5,555,805	5,555,805	4,963,434	592,371
Community development	936,562	936,562	893,610	42,952
Facilities	953,393	953,393	835,887	117,506
Capital outlay	716,539	716,539	162,642	553,897
Total Expenditures	<u>15,770,765</u>	<u>15,770,765</u>	<u>14,441,949</u>	<u>1,328,816</u>
Excess of Revenues Over (Under) Expenditures	<u>112,935</u>	<u>112,935</u>	<u>5,618,136</u>	<u>5,505,201</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	45,000	45,000	1,709,145	1,664,145
Transfers out	(860,071)	(860,071)	(3,109,910)	(2,249,839)
Total Other Financing Sources (Uses)	<u>(815,071)</u>	<u>(815,071)</u>	<u>(1,400,765)</u>	<u>(585,694)</u>
Net Change in Fund Balance	<u>(702,136)</u>	<u>(702,136)</u>	<u>4,217,371</u>	<u>4,919,507</u>
Fund Balance - Beginning	<u>16,290,442</u>	<u>16,290,442</u>	<u>16,290,442</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 15,588,306</u>	<u>\$ 15,588,306</u>	<u>\$ 20,507,813</u>	<u>\$ 4,919,507</u>

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
MEASURE A - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 1,807,282	\$ 1,807,282	\$ 2,128,465	\$ 321,183
Use of money and property	40,000	40,000	215,296	175,296
Total Revenues	<u>1,847,282</u>	<u>1,847,282</u>	<u>2,343,761</u>	<u>496,479</u>
<u>EXPENDITURES</u>				
Current:				
General government	-	-	84	(84)
Total Expenditures	<u>-</u>	<u>-</u>	<u>84</u>	<u>(84)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,847,282</u>	<u>1,847,282</u>	<u>2,343,677</u>	<u>496,395</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	(728,347)	(728,347)	(395,979)	332,368
Total Other Financing Sources (Uses)	<u>(728,347)</u>	<u>(728,347)</u>	<u>(395,979)</u>	<u>332,368</u>
Net Change in Fund Balance	1,118,935	1,118,935	1,947,698	828,763
Fund Balance - Beginning	<u>4,331,592</u>	<u>4,331,592</u>	<u>4,331,592</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,450,527</u>	<u>\$ 5,450,527</u>	<u>\$ 6,279,290</u>	<u>\$ 828,763</u>

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
IMPACT FEES - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Use of money and property	\$ 75,000	\$ 75,000	\$ 261,371	\$ 186,371
Charges for services	1,500,000	1,500,000	629,213	(870,787)
Total Revenues	1,575,000	1,575,000	890,584	(684,416)
<u>EXPENDITURES</u>				
Current:				
General government	-	-	22,868	(22,868)
Total Expenditures	-	-	22,868	(22,868)
Excess of Revenues Over (Under) Expenditures	1,575,000	1,575,000	867,716	(707,284)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	(1,487,178)	(1,487,178)	(1,488,642)	(1,464)
Total Other Financing Sources (Uses)	(1,487,178)	(1,487,178)	(1,488,642)	(1,464)
Net Change in Fund Balance	87,822	87,822	(620,926)	(708,748)
Fund Balance - Beginning	5,813,866	5,813,866	5,813,866	-
Fund Balance - Ending	\$ 5,901,688	\$ 5,901,688	\$ 5,192,940	\$ (708,748)

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
BOULDERS MODERATE HOUSING - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ 24,744	\$ 35,987	\$ 11,243
Other revenues	-	-	20,000	20,000
Total Revenues	-	24,744	55,987	31,243
<u>EXPENDITURES</u>				
Current:				
General government	-	50,000	45,000	5,000
Total Expenditures	-	50,000	45,000	5,000
Excess of Revenues Over (Under) Expenditures	-	(25,256)	10,987	36,243
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	(25,256)	10,987	36,243
Fund Balance - Beginning	35,284	35,284	35,284	-
Fund Balance - Ending	<u>\$ 35,284</u>	<u>\$ 10,028</u>	<u>\$ 46,271</u>	<u>\$ 36,243</u>

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
HOME GRANT - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ 450	\$ 828	\$ 378
Intergovernmental revenues	-	3,442,520	3,453,269	10,749
Total Revenues	-	3,442,970	3,454,097	11,127
<u>EXPENDITURES</u>				
Current:				
Community development	-	3,430,527	3,435,202	(4,675)
Total Expenditures	-	3,430,527	3,435,202	(4,675)
Excess of Revenues Over (Under) Expenditures	-	12,443	18,895	6,452
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	(401)	(401)
Total Other Financing Sources (Uses)	-	-	(401)	(401)
Net Change in Fund Balance	-	12,443	18,494	6,051
Fund Balance - Beginning	4,639	4,639	4,639	-
Fund Balance - Ending	<u>\$ 4,639</u>	<u>\$ 17,082</u>	<u>\$ 23,133</u>	<u>\$ 6,051</u>

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

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 Finance 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 following funds had expenditures in excess of appropriations at June 30, 2007:

	<u>Expenditures and Other Financing Uses</u>	<u>Appropriations</u>	<u>Expenditures in Excess of Appropriations</u>
Impact Fees	1,511,510	1,487,178	24,332
HOME Grant	3,435,202	3,430,527	4,675

The expenditures incurred in excess of appropriations were primarily caused by professional services and advertising which were not budgeted in the Impact Fees fund, and services which were not budgeted in the HOME Grant fund.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

C. PERS SCHEDULE OF FUNDING PROGRESS

As of June 30, 2003, retirement plans with less than 100 active members were required to participate in a risk pool. Therefore, the schedule of funding progress for the Town for the June 30, 2003 valuation date and thereafter is for the entire pool not just the Town employees.

Miscellaneous Plan:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
June 30, 2003	\$ 515,421,442	\$ 456,062,891	\$ 59,359,278	88.5%	\$ 120,692,360	49.2%
June 30, 2004	681,517,006	580,960,981	100,556,115	85.2%	160,107,449	62.8%
June 30, 2005	872,346,612	729,556,809	142,789,803	83.6%	203,995,039	70.0%

Safety Plan:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
June 30, 2003	\$ 4,270,573,982	\$ 3,577,742,166	\$ 692,831,816	83.8%	\$ 476,089,674	145.5%
June 30, 2004	5,383,921,942	4,424,586,846	959,335,096	82.2%	575,296,434	166.8%
June 30, 2005	6,367,049,264	5,295,150,375	1,071,898,889	83.2%	664,147,796	161.4%

**COMBINING FUND STATEMENTS
AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF TRUCKEE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<u>ASSETS</u>				
Cash and investments	\$ 6,056,240	\$ 591,691	\$ 1,883	\$ 6,649,814
Cash with fiscal agent	1,833	-	130,804	132,637
Accounts receivable	233,198	-	-	233,198
Interest receivable	76,835	-	-	76,835
Taxes receivable	95,302	-	-	95,302
Due from other governments	41,954	-	-	41,954
Loans receivable	558,548	-	-	558,548
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 7,063,910	\$ 591,691	\$ 132,687	\$ 7,788,288
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 31,761	\$ 211,868	\$ -	\$ 243,629
Deposits payable	5,751	-	-	5,751
Unearned revenue	557,112	-	-	557,112
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	594,624	211,868	-	806,492
FUND BALANCES				
Reserved for:				
Loans receivable	82,085	-	-	82,085
Debt service	-	-	132,687	132,687
Unreserved:				
Undesignated	6,387,201	379,823	-	6,767,024
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	6,469,286	379,823	132,687	6,981,796
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 7,063,910	\$ 591,691	\$ 132,687	\$ 7,788,288

TOWN OF TRUCKEE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 1,876,118	\$ -	\$ -	\$ 1,876,118
Use of money and property	273,764	-	-	273,764
Intergovernmental revenues	819,924	1,108,196	-	1,928,120
Charges for services	1,307,563	-	-	1,307,563
Other revenues	25,133	-	-	25,133
Total Revenues	4,302,502	1,108,196	-	5,410,698
<u>EXPENDITURES</u>				
Current:				
General government	119,395	15,272	-	134,667
Public safety	12,931	-	-	12,931
Public works	7,007	-	-	7,007
Community development	299,784	-	-	299,784
Capital outlay	52,739	1,773,101	-	1,825,840
Debt service				
Principal	-	-	140,000	140,000
Interest and other charges	-	-	268,097	268,097
Total Expenditures	491,856	1,788,373	408,097	2,688,326
Excess of Revenues Over (Under) Expenditures	3,810,646	(680,177)	(408,097)	2,722,372
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	15,692	1,060,000	408,097	1,483,789
Transfers out	(2,607,191)	-	-	(2,607,191)
Total Other Financing Sources (Uses)	(2,591,499)	1,060,000	408,097	(1,123,402)
Net Change in Fund Balances	1,219,147	379,823	-	1,598,970
Fund Balances - Beginning	5,250,139	-	132,687	5,382,826
Fund Balances - Ending	\$ 6,469,286	\$ 379,823	\$ 132,687	\$ 6,981,796

NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

TOWN OF TRUCKEE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	Asset Forfeiture	Animal Control	Abandoned Vehicle	Air Quality Mitigation
<u>ASSETS</u>				
Cash and investments	\$ 24,467	\$ 856	\$ 15,462	\$ 253,740
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	4,150
Interest receivable	268	-	170	2,869
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
	Total Assets	\$ 856	\$ 15,632	\$ 260,759
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	5,751	-	-	-
Unearned revenue	-	-	-	-
	Total Liabilities	-	-	-
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	18,984	856	15,632	260,759
	Total Fund Balances	856	15,632	260,759
	Total Liabilities and Fund Balances	\$ 856	\$ 15,632	\$ 260,759

Downtown in Lieu Parking	Downtown Frontage Improvement	COPS Program	CLEEP Project	Assessment Districts	CDBG 05-STBG 1416	Housing Reimbursement	Homeland Security/ OES Grant
\$ 291,076	\$ 14,790	\$ 166,247	\$ 19,483	\$ 3,349,459	\$ 6,122	\$ 246,382	\$ 4,660
-	-	-	-	-	-	-	-
-	-	-	-	-	224,015	-	-
3,193	162	2,014	214	40,219	-	2,353	51
-	-	-	-	39,419	-	-	-
-	-	-	-	-	-	-	16,078
-	-	-	-	-	-	151,405	-
<u>\$ 294,269</u>	<u>\$ 14,952</u>	<u>\$ 168,261</u>	<u>\$ 19,697</u>	<u>\$ 3,429,097</u>	<u>\$ 230,137</u>	<u>\$ 400,140</u>	<u>\$ 20,789</u>
\$ -	\$ -	\$ 18,772	\$ -	\$ -	\$ 1,075	\$ -	\$ 11,402
-	-	-	-	-	-	-	-
-	-	-	-	-	-	232,054	-
-	-	18,772	-	-	1,075	232,054	11,402
-	-	-	-	-	-	-	-
294,269	14,952	149,489	19,697	3,429,097	229,062	168,086	9,387
294,269	14,952	149,489	19,697	3,429,097	229,062	168,086	9,387
<u>\$ 294,269</u>	<u>\$ 14,952</u>	<u>\$ 168,261</u>	<u>\$ 19,697</u>	<u>\$ 3,429,097</u>	<u>\$ 230,137</u>	<u>\$ 400,140</u>	<u>\$ 20,789</u>

TOWN OF TRUCKEE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	ABC Grant	Office of Traffic Safety	Gas Tax	Town Hall
<u>ASSETS</u>				
Cash and investments	\$ 15,552	\$ 41,192	\$ 18,571	\$ -
Cash with fiscal agent	-	-	-	1,833
Accounts receivable	5,033	-	-	-
Interest receivable	161	452	1,685	-
Taxes receivable	-	-	35,617	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
	Total Assets	\$ 41,644	\$ 55,873	\$ 1,833
	\$ 20,746	\$ 41,644	\$ 55,873	\$ 1,833
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 118	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
	Total Liabilities	-	-	-
	118	-	-	-
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved:				
Undesignated	20,628	41,644	55,873	1,833
	Total Fund Balances	41,644	55,873	1,833
	20,628	41,644	55,873	1,833
	Total Liabilities and Fund Balances	\$ 41,644	\$ 55,873	\$ 1,833
	\$ 20,746	\$ 41,644	\$ 55,873	\$ 1,833

Redevelopment Housing	CDBG Miscellaneous Income	CDBG Program Income	CDBG Housing Rehab	Economic Development Block Grant	Recycling Grant	CDBG 04-EDBG-1022	1st Time Homeowners Downpayment Assistance
\$ 844,582	\$ 21,686	\$ 30,023	\$ 5,763	\$ 2,531	\$ 22,550	\$ 10,335	\$ 63,854
-	-	-	-	-	-	-	-
11,807	66	446	61	152	-	102	701
20,266	-	-	-	-	-	-	-
-	-	-	-	-	-	25,876	-
42,441	-	38,361	65,432	198,564	-	62,345	-
<u>\$ 919,096</u>	<u>\$ 21,752</u>	<u>\$ 68,830</u>	<u>\$ 71,256</u>	<u>\$ 201,247</u>	<u>\$ 22,550</u>	<u>\$ 98,658</u>	<u>\$ 64,555</u>
\$ 181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 213	\$ -
-	-	-	-	-	-	-	-
42,441	-	38,361	45,692	198,564	-	-	-
42,622	-	38,361	45,692	198,564	-	213	-
-	-	-	19,740	-	-	62,345	-
876,474	21,752	30,469	5,824	2,683	22,550	36,100	64,555
876,474	21,752	30,469	25,564	2,683	22,550	98,445	64,555
<u>\$ 919,096</u>	<u>\$ 21,752</u>	<u>\$ 68,830</u>	<u>\$ 71,256</u>	<u>\$ 201,247</u>	<u>\$ 22,550</u>	<u>\$ 98,658</u>	<u>\$ 64,555</u>

TOWN OF TRUCKEE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2007

	<u>Household Hazardous Waste</u>	<u>STBG Housing Needs Assessment</u>	<u>Impact Fees Miscellaneous</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 1,803	\$ 186	\$ 584,868	\$ 6,056,240
Cash with fiscal agent	-	-	-	1,833
Accounts receivable	-	-	-	233,198
Interest receivable	-	2	9,687	76,835
Taxes receivable	-	-	-	95,302
Due from other governments	-	-	-	41,954
Loans receivable	-	-	-	558,548
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,803</u>	<u>\$ 188</u>	<u>\$ 594,555</u>	<u>\$ 7,063,910</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 31,761
Deposits payable	-	-	-	5,751
Unearned revenue	-	-	-	557,112
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>594,624</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	82,085
Unreserved:				
Undesignated	1,803	188	594,555	6,387,201
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,803</u>	<u>188</u>	<u>594,555</u>	<u>6,469,286</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,803</u>	<u>\$ 188</u>	<u>\$ 594,555</u>	<u>\$ 7,063,910</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, 2007

	<u>Asset Forfeiture</u>	<u>Animal Control</u>	<u>Abandoned Vehicle</u>	<u>Air Quality Mitigation</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,050	-	327	10,120
Intergovernmental revenues	-	-	-	-
Charges for services	-	470	1,129	81,113
Other revenues	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,050	470	1,456	91,233
	<hr/>	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>				
Current:				
General government	4,371	-	-	67,976
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	4,371	-	-	67,976
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(3,321)	470	1,456	23,257
	<hr/>	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	(465)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	(465)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(3,321)	5	1,456	23,257
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - Beginning	22,305	851	14,176	237,502
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances - Ending	<u>\$ 18,984</u>	<u>\$ 856</u>	<u>\$ 15,632</u>	<u>\$ 260,759</u>

Downtown in Lieu Parking	Downtown Frontage Improvement	COPS Program	CLEEP Project	Assessment Districts	CDBG 05-STBG 1416	Housing Reimbursement	Homeland Security/ OES Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,486	633	7,468	836	141,694	-	3,086	265
-	-	100,250	-	-	235,725	315,000	37,975
-	-	-	-	758,281	-	-	-
-	-	2,750	-	-	-	-	-
<u>12,486</u>	<u>633</u>	<u>110,468</u>	<u>836</u>	<u>899,975</u>	<u>235,725</u>	<u>318,086</u>	<u>38,240</u>
-	-	26,834	-	-	-	-	-
-	-	-	-	-	-	-	12,931
-	-	-	-	7,007	-	-	-
-	-	-	-	-	6,663	150,000	-
-	-	36,817	-	-	-	-	15,922
-	-	63,651	-	7,007	6,663	150,000	28,853
<u>12,486</u>	<u>633</u>	<u>46,817</u>	<u>836</u>	<u>892,968</u>	<u>229,062</u>	<u>168,086</u>	<u>9,387</u>
-	-	-	-	-	-	-	-
-	-	-	-	(316,406)	-	-	-
-	-	-	-	(316,406)	-	-	-
12,486	633	46,817	836	576,562	229,062	168,086	9,387
281,783	14,319	102,672	18,861	2,852,535	-	-	-
<u>\$ 294,269</u>	<u>\$ 14,952</u>	<u>\$ 149,489</u>	<u>\$ 19,697</u>	<u>\$ 3,429,097</u>	<u>\$ 229,062</u>	<u>\$ 168,086</u>	<u>\$ 9,387</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, 2007

	ABC Grant	Office of Traffic Safety	Gas Tax	Town Hall
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ 1,525,729	\$ -
Use of money and property	252	740	6,171	6,950
Intergovernmental revenues	24,781	40,904	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	25,033	41,644	1,531,900	6,950
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	4,405	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	4,405	-	-	-
Excess of Revenues Over (Under) Expenditures	20,628	41,644	1,531,900	6,950
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	(1,660,620)	(6,560)
Total Other Financing Sources (Uses)	-	-	(1,660,620)	(6,560)
Net Change in Fund Balances	20,628	41,644	(128,720)	390
Fund Balances - Beginning	-	-	184,593	1,443
Fund Balances - Ending	\$ 20,628	\$ 41,644	\$ 55,873	\$ 1,833

Redevelopment Housing	CDBG Miscellaneous Income	CDBG Program Income	CDBG Housing Rehab	Economic Development Block Grant	Recycling Grant	CDBG 04-EDBG-1022	1st Time Homeowners Downpayment Assistance
\$ 350,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41,048	257	2,803	217	776	-	3,280	2,740
-	-	-	-	-	-	65,289	-
-	-	-	-	-	-	-	-
-	-	1,085	21,298	-	-	-	-
<u>391,437</u>	<u>257</u>	<u>3,888</u>	<u>21,515</u>	<u>776</u>	<u>-</u>	<u>68,569</u>	<u>2,740</u>
-	-	3,214	-	17,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
95,552	-	37,856	-	-	-	5,308	-
-	-	-	-	-	-	-	-
<u>95,552</u>	<u>-</u>	<u>41,070</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>5,308</u>	<u>-</u>
<u>295,885</u>	<u>257</u>	<u>(37,182)</u>	<u>21,515</u>	<u>(16,224)</u>	<u>-</u>	<u>63,261</u>	<u>2,740</u>
-	15,692	-	-	-	-	-	-
<u>(307,448)</u>	<u>-</u>	<u>(15,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(307,448)</u>	<u>15,692</u>	<u>(15,692)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(11,563)	15,949	(52,874)	21,515	(16,224)	-	63,261	2,740
<u>888,037</u>	<u>5,803</u>	<u>83,343</u>	<u>4,049</u>	<u>18,907</u>	<u>22,550</u>	<u>35,184</u>	<u>61,815</u>
<u>\$ 876,474</u>	<u>\$ 21,752</u>	<u>\$ 30,469</u>	<u>\$ 25,564</u>	<u>\$ 2,683</u>	<u>\$ 22,550</u>	<u>\$ 98,445</u>	<u>\$ 64,555</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, 2007

	Household Hazardous Waste	STBG Housing Needs Assessment	Impact Fees Miscellaneous	Totals
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 1,876,118
Use of money and property	-	7	30,558	273,764
Intergovernmental revenues	-	-	-	819,924
Charges for services	-	-	466,570	1,307,563
Other revenues	-	-	-	25,133
Total Revenues	-	7	497,128	4,302,502
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	119,395
Public safety	-	-	-	12,931
Public works	-	-	-	7,007
Community development	-	-	-	299,784
Capital outlay	-	-	-	52,739
Total Expenditures	-	-	-	491,856
Excess of Revenues Over (Under) Expenditures	-	7	497,128	3,810,646
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	15,692
Transfers out	-	-	(300,000)	(2,607,191)
Total Other Financing Sources (Uses)	-	-	(300,000)	(2,591,499)
Net Change in Fund Balances	-	7	197,128	1,219,147
Fund Balances - Beginning	1,803	181	397,427	5,250,139
Fund Balances - Ending	\$ 1,803	\$ 188	\$ 594,555	\$ 6,469,286

NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

TOWN OF TRUCKEE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2007

	<u>Fleet Replacement</u>	<u>Totals</u>
<u>ASSETS</u>		
Cash and investments	\$ 591,691	\$ 591,691
Total Assets	<u>\$ 591,691</u>	<u>\$ 591,691</u>
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts payable	\$ 211,868	\$ 211,868
Total Liabilities	<u>211,868</u>	<u>211,868</u>
FUND BALANCES		
Unreserved:		
Undesignated	<u>379,823</u>	<u>379,823</u>
Total Fund Balances	<u>379,823</u>	<u>379,823</u>
Total Liabilities and Fund Balances	<u>\$ 591,691</u>	<u>\$ 591,691</u>

TOWN OF TRUCKEE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Fleet Replacement</u>	<u>Totals</u>
<u>REVENUES</u>		
Intergovernmental revenues	\$ 1,108,196	\$ 1,108,196
Total Revenues	<u>1,108,196</u>	<u>1,108,196</u>
<u>EXPENDITURES</u>		
Current:		
General government	15,272	15,272
Capital outlay	1,773,101	1,773,101
Total Expenditures	<u>1,788,373</u>	<u>1,788,373</u>
Excess of Revenues Over (Under) Expenditures	<u>(680,177)</u>	<u>(680,177)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	1,060,000	1,060,000
Transfers out	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,060,000</u>	<u>1,060,000</u>
Net Change in Fund Balances	379,823	379,823
Fund Balances - Beginning	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 379,823</u>	<u>\$ 379,823</u>

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

**TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2007**

	Debt Service	Totals
<u>ASSETS</u>		
Cash and investments	\$ 1,883	\$ 1,883
Cash with fiscal agent	130,804	130,804
Total Assets	\$ 132,687	\$ 132,687
<u>LIABILITIES AND FUND BALANCES</u>		
LIABILITIES		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
FUND BALANCES		
Reserved for:		
Debt service	132,687	132,687
Total Fund Balances	132,687	132,687
Total Liabilities and Fund Balances	\$ 132,687	\$ 132,687

TOWN OF TRUCKEE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Debt Service	Totals
<u>REVENUES</u>		
Taxes and assessments	\$ -	\$ -
Total Revenues	-	-
<u>EXPENDITURES</u>		
Debt service		
Principal	140,000	140,000
Interest and other charges	268,097	268,097
Total Expenditures	408,097	408,097
Excess of Revenues Over (Under) Expenditures	(408,097)	(408,097)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	408,097	408,097
Transfers out	-	-
Total Other Financing Sources (Uses)	408,097	408,097
Net Change in Fund Balances	-	-
Fund Balances - Beginning	132,687	132,687
Fund Balances - Ending	\$ 132,687	\$ 132,687

NONMAJOR PROPRIETARY FUNDS
Enterprise Funds

TOWN OF TRUCKEE, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2007

	<u>Transit</u>	<u>Totals</u>
<u>ASSETS</u>		
Current Assets		
Cash and investments	\$ 170,349	\$ 170,349
Accounts receivable	28,500	28,500
Interest receivable	2,093	2,093
Prepaid expenses	27,213	27,213
	<hr/>	<hr/>
Total Current Assets	228,155	228,155
Noncurrent Assets:		
Capital Assets:		
Depreciable capital assets	345,115	345,115
Less: accumulated depreciation	(196,026)	(196,026)
	<hr/>	<hr/>
Total Noncurrent Assets	149,089	149,089
	<hr/>	<hr/>
Total Assets	377,244	377,244
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	43,606	43,606
Compensated absences	682	682
	<hr/>	<hr/>
Total Current Liabilities	44,288	44,288
Noncurrent Liabilities		
Compensated absences payable, net of current portion	4,848	4,848
	<hr/>	<hr/>
Total Noncurrent Liabilities	4,848	4,848
	<hr/>	<hr/>
Total Liabilities	49,136	49,136
<u>NET ASSETS</u>		
Invested in capital assets	149,089	149,089
Unrestricted	179,019	179,019
	<hr/>	<hr/>
Total Net Assets	\$ 328,108	\$ 328,108
	<hr/>	<hr/>

TOWN OF TRUCKEE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Transit</u>	<u>Totals</u>
<u>OPERATING REVENUES</u>		
Charges for services	\$ 256,289	\$ 256,289
Other revenues	20,000	20,000
	<hr/>	<hr/>
Total Operating Revenues	276,289	276,289
	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>		
Salaries and benefits	54,411	54,411
Services and supplies	657,681	657,681
Depreciation	27,752	27,752
	<hr/>	<hr/>
Total Operating Expenses	739,844	739,844
	<hr/>	<hr/>
Operating Income (Loss)	(463,555)	(463,555)
	<hr/>	<hr/>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Intergovernmental revenues	464,664	464,664
Interest income	5,101	5,101
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	469,765	469,765
	<hr/>	<hr/>
Income (Loss) before Transfers	6,210	6,210
	<hr/>	<hr/>
Transfers in	-	-
Transfers out	-	-
	<hr/>	<hr/>
Change in Net Assets	6,210	6,210
	<hr/>	<hr/>
Total Net Assets - Beginning	321,898	321,898
	<hr/>	<hr/>
Total Net Assets - Ending	<u>\$ 328,108</u>	<u>\$ 328,108</u>

TOWN OF TRUCKEE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Transit	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers	\$ 274,113	\$ 274,113
Payments to suppliers	(633,309)	(633,309)
Payments to employees	(51,602)	(51,602)
	(410,798)	(410,798)
Net Cash Provided (Used) by Operating Activities		
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Intergovernmental revenues received	464,664	464,664
	464,664	464,664
Net Cash Provided (Used) by Noncapital Financing Activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest received on investments	3,301	3,301
	3,301	3,301
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	57,167	57,167
Balances - Beginning of the Year	113,182	113,182
Balances - End of the Year	\$ 170,349	\$ 170,349
 <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (463,555)	\$ (463,555)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	27,752	27,752
Decrease (increase) in:		
Accounts receivable	(2,176)	(2,176)
Prepaid expenses	235	235
Increase (decrease) in:		
Accounts payables	24,137	24,137
Compensated absences	2,809	2,809
	(410,798)	(410,798)
Net Cash Provided (Used) by Operating Activities		