

TOWN OF TRUCKEE, CALIFORNIA

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

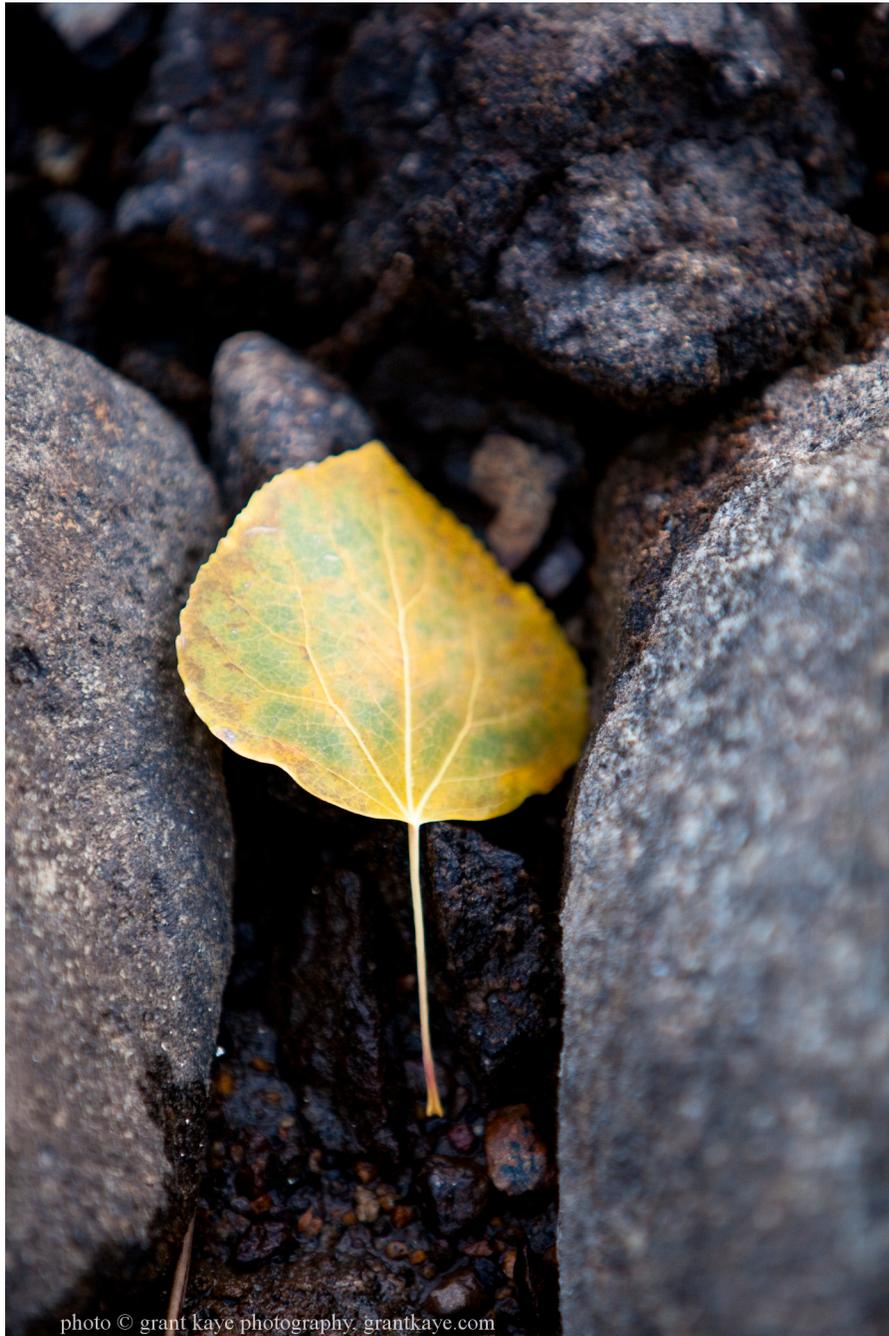


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TOWN OF TRUCKEE, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

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- List of Officials

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TOWN OF TRUCKEE, CALIFORNIA
TOWN COUNCIL
FOR THE YEAR ENDED JUNE 30, 2010

<u>Name</u>	<u>Office</u>
Carolyn Wallace Dee	Mayor
Richard Anderson	Vice Mayor
Dr. Mark Brown	Councilmember
Barbara Green	Councilmember
Joan deRyk Jones	Councilmember

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
 Town of Truckee
 Truckee, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Truckee as of and for the year ended June 30, 2010, 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 of Truckee'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, 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 December 6, 2010, on our consideration of the Town of Truckee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

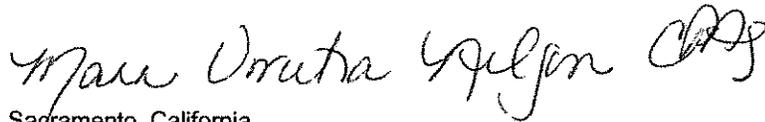
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the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

PRINCIPALS

Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Kriss Ann Mann, CPA, CCPS

Christine L. Collins, EA • Justin J. Williams, CPA, CVA • Neil J. Beeman, CPA

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Truckee's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Sacramento, California
December 6, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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, 2010. 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 \$152.4 million. Of this amount, \$29.7 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 \$152.1 million. Of this balance, \$30.0 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 \$24.4 million. The reserved balance is \$2.4 million. The unreserved designated balance of \$17.1 million is designated for various contingencies and future capital needs and \$4.9 million is unreserved and undesignated and available for spending at the Town's discretion.

The Town nearly completed the widening of Donner Pass Road which included improved drainage and a bike lane. The roundabout at Pioneer Trail and Donner Pass Road was completed during the fiscal year and landscaping for the roundabout will be constructed in fiscal 2010-11. Riverview Drive from Estates Drive to the end was accepted into the Town's infrastructure.

During fiscal 2010 the Town issued \$5 million of lease revenue bonds to reimburse itself for the purchase of the 19.46 acres from the United States Forest Service. The land was purchased to house a new Public Service Center. Construction of the Public Service Center began in September, 2009 and is expected to be completed in fiscal 2011.

In January and May, 2010 the State of California withheld a total of \$903,366 under the authority of Proposition 1A. Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds"). The Town participated in the Proposition 1A Securitization Program. See Note 7.

In addition to Proposition 1A the state of California withheld from the Redevelopment Agency under SERAF take-away property taxes in the amount of \$623,720. In fiscal 2011 an additional \$128,290 is budgeted to be taken away from the Redevelopment Agency.

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.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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).

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

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

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 15, 16 and 17 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 reconciliations between governmental funds and governmental activities. These reconciliations explain the relationship (or differences) between the fund statements and the government-wide statements. The basic governmental fund financial statements can be found on pages 20-26 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, Transit and Building divisions. The basic proprietary fund financial statements can be found on pages 28-33 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 Town currently has no fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 37-57 of this report.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

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, 2010.

**Town of Truckee
Net Assets**
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2009	2010	2009	2010	2009	2010	
Current and other assets	\$ 62,137	\$ 82,456	\$ 332	\$ 105	\$ 62,469	\$ 82,561	32%
Capital assets	94,996	97,804	543	560	95,539	98,364	3%
Total assets	157,133	180,261	875	665	158,008	180,925	15%
Current Liabilities	15,342	4,553	487	260	15,829	4,813	-70%
Long-term debt outstanding	6,187	23,626	60	44	6,247	23,670	279%
Total liabilities	21,529	28,179	547	304	22,076	28,483	
Net assets							
Invested in capital assets net of related debt	89,390	86,524	543	560	89,933	87,084	-3%
Restricted	25,487	35,588	-	-	25,487	35,588	40%
Unrestricted	20,727	29,970	(215)	(199)	20,512	29,771	45%
Total net assets	\$ 135,604	\$ 152,082	\$ 328	\$ 361	\$ 135,932	\$ 152,443	

As of June 30, 2010, the Town's government-wide total assets exceeded liabilities (net assets) by \$152.4 million. Governmental activities finished the year with a positive net asset balance, \$152.1 million. Business type activities finished the year with a positive balance of \$.361 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, \$86.6 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 one road, made significant improvements to a portion of Donner Pass Road by Donner Lake, built a roundabout at Pioneer Trail and Donner Pass Road and added Riverview Drive to the Town's roadways infrastructure in 2010. Construction on the new Public Service Facility is underway and is expected to be completed in fiscal 2011.

The Town's long-term liabilities include debt incurred to acquire the Town's administrative facility; a new issue in 2009 for \$5 million to pay for the land purchased for the Public Service Facility; \$12.74 million in tax increment bonds by the Redevelopment Agency and compensated absences payable. The proceeds of the debt issued for the administrative facility and land for the public service facility are utilized to provide services to citizens and are not available for future spending. The tax increment proceeds will be used for redevelopment projects as outlined in the five year capital improvement project budget. The repayment of the debt on the assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Redevelopment tax increment will be used to pay the Redevelopment Agency debt.

Restricted net assets amount to \$35.6 million or 23.4% of total net assets. 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.

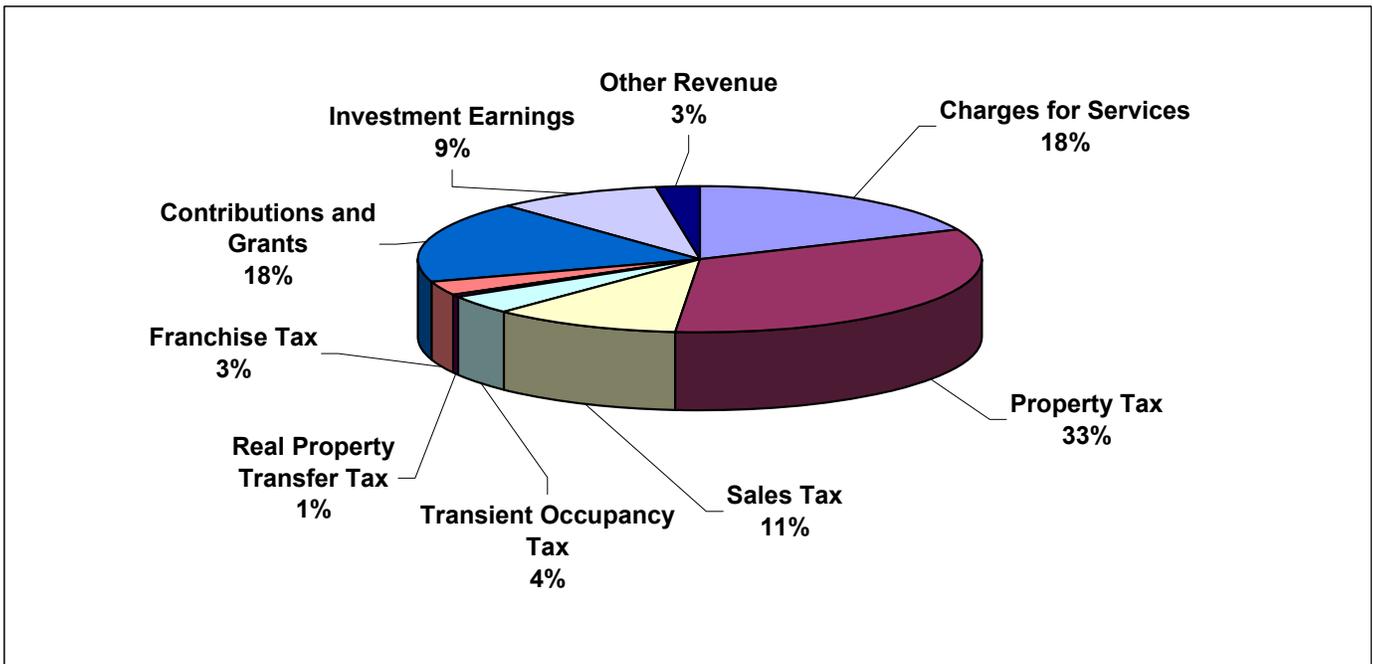
TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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 \$29.8 million or 19.5% of the total net assets. Governmental activities account for \$30.0 million or 100.7% of the total unrestricted net assets. Business-type activities account for \$(.199) million or (.7)% of the total. This negative unrestricted net asset position is due to deficits in the building fund as shown on page 28 of this report. The Town can use unrestricted net assets of the solid waste and transit funds to finance their continuing operations. Negative net assets in the building fund is financed by a loan from the general fund. The building fund decreased revenues by 13.5% due to continued effects of the tightened economy and its effect on the building market and reduced expenses by 29.8% to address the reduced operational demand and reduced revenues realized by the fund. Building division costs have been reduced to minimum levels; continued operational efficiencies will be pursued during the ongoing down turn in new construction.

REVENUES

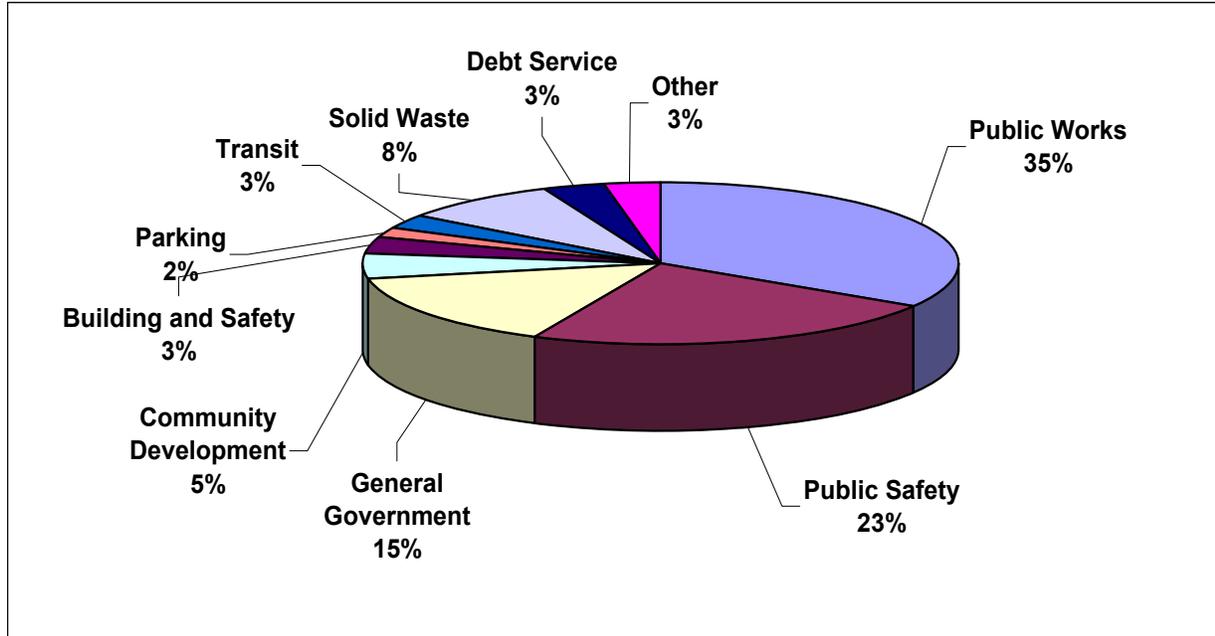


TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

EXPENSES



GOVERNMENTAL ACTIVITIES

Governmental activities account for \$152.1 million or 99.8% of the total Government-wide net assets. The following lists key components of net assets and highlights the changes between fiscal 2009 and fiscal 2010 for both Governmental Activities and Business-type Activities:

	Town of Truckee Changes in Net Assets (in thousands of dollars)						Total Percentage Change
	Governmental Activities		Business-type Activities		Total Activities		
	2009	2010	2009	2010	2009	2010	
Revenues							
<i>Program Revenues</i>							
Charges for services	\$ 1,930	\$ 2,395	\$ 3,499	\$ 3,606	\$ 5,429	\$ 6,000	11%
Operating grants and contributions	2,172	2,098	737	584	2,909	2,682	-8%
Capital grants and contributions	2,334	1,701	-	-	2,334	1,701	-27%
<i>General Revenues</i>							
Property taxes	11,648	10,907	-	-	11,648	10,907	-6%
Sales taxes	3,821	3,539	-	-	3,821	3,539	-7%
Transient occupancy tax	1,334	1,432	-	-	1,334	1,432	7%
Other taxes	1,200	1,135	-	-	1,200	1,135	-5%
Investment earnings	2,387	3,082	10	2	2,397	3,083	29%
Other revenue	1,865	2,353	65	82	1,930	2,435	26%
Total revenues	\$ 28,691	\$ 28,642	\$ 4,311	\$ 4,273	\$ 33,002	\$ 32,915	

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2009	2010	2009	2010	2009	2010	
Expenses							
General government	\$ 3,644	\$ 3,926	\$ -	\$ -	\$ 3,644	\$ 3,926	8%
Public safety	6,212	6,141	-	-	6,212	6,141	-1%
Public works	9,263	8,925	-	-	9,263	8,925	-4%
Community development	1,362	1,355	-	-	1,362	1,355	-1%
Transit	-	-	689	758	689	758	10%
Solid Waste	-	-	1,984	2,211	1,984	2,211	11%
Building & Safety	-	-	1,203	844	1,203	844	-30%
Parking	-	-	593	556	593	556	-6%
Interest on long-term debt	710	921	-	-	710	921	30%
Other	880	805	-	-	880	805	-9%
Total expenses	22,071	22,072	4,469	4,368	26,540	26,439	
Excess (deficiency) before transfers	6,620	6,570	(158)	(94)	6,462	6,476	
Transfers	(458)	(126)	458	126	-	-	
Increase (decrease) in net assets	\$ 6,161	\$ 6,444	\$ 300	\$ 33	\$ 6,462	\$ 6,476	

Total governmental revenues for the year were \$28.6 million, a decrease of \$.49 million or .17% when compared to 2009. The more significant decreases in revenues are due to decreases in grant revenues, property taxes and sales taxes. In 2009 the Town received \$4.5 million in operating and capital grants and contributions compared with \$3.8 million in 2010. Public works capital grants decreased \$.536 million and other grants decreased to a lesser degree compared with 2009. Property tax revenue decreased \$.741 million compared with 2009, a 6% decrease. Sales taxes decreased 7% compared with 2009, continuing to show the slow down in the economy. Charges for services increased due engineering staff time charges to capital projects where funding is available from grant sources. Taxes, which include property, sales, and other taxes account for \$17.0 million or 59.4% of the Town's governmental activities revenue. Without capital grants, taxes would be 63.2% of the Town's governmental activities revenue.

Total governmental expenses for the year were \$22.1 million as compared to \$22.1 million, a 0% decrease and the same amount when compared with 2009. Expenses remained relatively flat due to cost containment in anticipation of economic slow down and decreased tax revenues.

BUSINESS-TYPE ACTIVITIES

Business-type activities account for \$(.199) million or (.7)% of the total Government-wide unrestricted net assets. The decrease in net assets is the result of net losses in the Town's building & safety and transit funds, offset by a transfer in from the General Fund. Revenues increased in the solid waste fund while decreasing in the building, parking and transit funds. Solid waste revenue increased 13.3% compared to 2009 due to budgeted rate increases for increases in service. Total parking fund revenue decreased 3.5% compared to 2009 due to decreased fines; 2009 fine revenues included collections from prior years enforcement efforts. Building revenue decreased by 15.5% compared to 2009 due the continued fall off of building construction throughout the Town.

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 ended the year with positive fund balances. The ending fund balance for all funds is \$63.66 million. Of the total fund balance, \$43.8 million or 68.8% 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, 2010 the total fund balance of the general fund was \$24.4 million with \$2.3 million reserved for advances to the Town's redevelopment agency, \$75,000 reserved for self-insurance and \$22 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, 2010

Total governmental revenues, excluding other financing sources/uses, exceeded expenditures by \$1.5 million primarily as a result 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 parking, solid waste and transit enterprise funds ended the year with positive unrestricted net assets; the building fund ended the year with negative unrestricted net assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Budgetary Comparison Schedule is shown on page 61. There were no significant changes to the original budget.

Actual revenues were less than budgeted revenues primarily as a result of lower than anticipated taxes and assessments. Property taxes, sales taxes, real property transfer tax, and motor vehicle privilege tax were the primary contributors to the lower than anticipated tax revenues.

Actual expenditures were lower than budgeted expenditures as a result of budgetary savings, primarily as a reaction to the lower than budgeted revenues, and deferral of capital project costs into later years. Savings were also realized in personnel costs in the police department due to unfilled vacancies and in the snow removal division due to lower than expected needs for snow removal over the winter.

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, 2010, amounts to \$98.4 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
	2009	2010	2009	2010	2009	2010	
Right of way	\$ 40,913	\$ 41,651	\$ -	\$ -	\$ 40,913	\$ 41,651	1.8%
Land	8,195	8,195	-	-	8,195	8,195	0.0%
Construction in progress	10,307	9,408	-	-	10,307	9,408	-8.7%
Buildings and improvements	8,061	7,860	30	158	8,092	8,017	-0.9%
Equipment	5,562	4,824	513	403	6,075	5,227	-14.0%
Infrastructure	21,957	25,865	-	-	21,957	25,865	17.8%
TOTALS	\$ 94,995	\$ 97,803	\$ 543	\$ 561	\$ 95,538	\$ 98,363	

Major capital asset additions this year were due to the addition of projects still in construction at year end, primarily the Donner Pass Road Erosion Control and Bike Lane project, the pre-construction and construction work on the Public Service Facility, Pioneer Trail/Donner Pass Road roundabout and others.

Additional information on the Town's capital assets can be found in note 3 on page 48.

Long-term Debt. The Town's long-term debt as of June 30, 2010 was \$23.3 million. The majority of the Town's debt is lease revenue bonds used to acquire the Town's current administrative office facility and land for the Public Service Facility and redevelopment tax increment bonds to fund capital projects for the Redevelopment Agency as outlined in the capital improvement projects budget. Additional information on the Town's long-term debt, including business-type activities debt, can be found in note 3 on page 50.

General obligation debts are direct obligations of the Town and are backed by the full faith and credit of the Town requiring voter approval, and may have a tax rate set to cover repayment. State statues limit the amount of general obligation debt to 15% of the Town's total assessed valuation which was \$5,596.3 million in fiscal 2010. The Town of Truckee's debt limit is \$839.44 million. The Town currently has no general obligation debt outstanding.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The Town continues to experience a slow down in residential growth. During the budget process for fiscal 2011 it was estimated that 30 new single-family units would be constructed within the Town, compared with 40 budgeted units and 20 actual units in fiscal 2010. Non-residential growth is also estimated lower in 2011. These negative growth factors as well as the changing economy statewide were utilized in developing the Town's revenue estimates.

General Fund expenditures excluding debt service, overlay reserve and capital expenditures were projected to decrease approximately 2.18% compared with 2010 budgeted expenditures. There were decreases in regular employee staffing levels in the 2011 budget, primarily as a result of matching staffing levels to customer demands resulting in a 3.6% decrease in personnel costs. Overall service and supply costs are expected to increase 1.67% above the 2010 budget.

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 annually. It has almost \$8 million in designated reserves toward the Public Service Facility, and the Town Council has also designated \$3.4 million (18.0% of revenues) 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

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 56,607,071	\$ 230,722	\$ 56,837,793
Restricted cash and investments	6,344,271	-	6,344,271
Cash with fiscal agent	2,650,009	-	2,650,009
Accounts receivable, net of allowance	582,055	229,756	811,811
Interest receivable	212,752	188	212,940
Taxes receivable	1,290,145	-	1,290,145
Internal balances	356,065	(356,065)	-
Due from other governments	413,200	-	413,200
Prepaid costs and deposits	11,849	-	11,849
Deferred charges	671,895	-	671,895
Loans receivable, net of allowance (\$30,000)	13,117,149	-	13,117,149
Land held for resale	200,000	-	200,000
Capital assets:			
Non-depreciable assets	59,254,018	-	59,254,018
Depreciable assets, net of depreciation	38,550,164	560,105	39,110,269
Total capital assets	<u>97,804,182</u>	<u>560,105</u>	<u>98,364,287</u>
Total Assets	<u>180,260,643</u>	<u>664,706</u>	<u>180,925,349</u>
LIABILITIES			
Accounts payable	1,984,435	197,416	2,181,851
Salaries and benefits payable	467,310	41,201	508,511
Deposits payable	1,027,295	7,621	1,034,916
Unearned revenue	775,341	-	775,341
Long-term liabilities			
Due within one year	298,015	14,122	312,137
Due in more than one year	23,625,891	43,675	23,669,566
Total Liabilities	<u>28,178,287</u>	<u>304,035</u>	<u>28,482,322</u>
NET ASSETS			
Invested in capital assets, net of related debt	86,524,004	560,105	87,084,109
Restricted for:			
Capital Projects	12,384,997	-	12,384,997
Debt service	199,961	-	199,961
Grants, taxes, and fees	23,003,588	-	23,003,588
Unrestricted	29,969,806	(199,434)	29,770,372
Total Net Assets	<u>\$ 152,082,356</u>	<u>\$ 360,671</u>	<u>\$ 152,443,027</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, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,925,743	\$ 46,432	\$ 117,912	\$ 958,949
Public safety	6,141,141	555,059	141,485	-
Public works	8,924,623	1,600,378	1,753,488	683,237
Community development	1,354,568	192,718	85,350	58,593
Facilities	804,574	-	-	-
Interest on long-term debt	920,757	-	-	-
Total Governmental Activities	22,071,406	2,394,587	2,098,235	1,700,779
Business-type activities:				
Parking	555,657	478,772	-	-
Solid waste	2,210,503	2,237,705	15,098	-
Building and safety	843,742	822,731	-	-
Transit	757,916	66,632	568,709	-
Total Business-type Activities	4,367,818	3,605,840	583,807	-
Total	\$ 26,439,224	\$ 6,000,427	\$ 2,682,042	\$ 1,700,779

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net (Expense) Revenue and Changes in Net Assets

FUNCTIONS/PROGRAMS	Governmental Activities	Business-type Activities	Total
Governmental activities:			
General government	\$ (2,802,450)	\$ -	\$ (2,802,450)
Public safety	(5,444,597)	-	(5,444,597)
Public works	(4,887,520)	-	(4,887,520)
Community development	(1,017,907)	-	(1,017,907)
Facilities	(804,574)	-	(804,574)
Interest on long-term debt	(920,757)	-	(920,757)
Total Governmental Activities	(15,877,805)	-	(15,877,805)
Business-type activities:			
Parking	-	(76,885)	(76,885)
Solid waste	-	42,300	42,300
Building and safety	-	(21,011)	(21,011)
Transit	-	(122,575)	(122,575)
Total Business-type Activities	-	(178,171)	(178,171)
Total	(15,877,805)	(178,171)	(16,055,976)
General revenues:			
Taxes:			
Property taxes	10,906,951	-	10,906,951
Sales and use taxes	3,539,355	-	3,539,355
Transient occupancy taxes	1,431,928	-	1,431,928
Property transfer taxes	185,005	-	185,005
Franchise taxes	950,477	-	950,477
Grants and contributions - unrestricted	1,585,209	-	1,585,209
Interest and investment earnings	3,081,673	1,513	3,083,186
Miscellaneous	767,881	83,002	850,883
Transfers	(126,243)	126,243	-
Total General Revenues and Transfers	22,322,236	210,758	22,532,994
Change in Net Assets	6,444,431	32,587	6,477,018
Net Assets - Beginning, as previously reported	135,604,095	328,084	135,932,179
Prior period restatement (Note 7)	10,033,830	-	10,033,830
Net Assets - Beginning, as restated	145,637,925	328,084	145,966,009
Net Assets - Ending	\$ 152,082,356	\$ 360,671	\$ 152,443,027

Continued (Page 2 of 2)

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

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	General	Measure A / Measure V	Impact Fees	HOME Grant
Cash and investments	\$ 22,265,506	\$ 7,260,940	\$ 5,897,429	\$ 22,002
Restricted cash and investments	-	-	-	-
Cash with fiscal agent	-	-	-	-
Accounts receivable	198,763	-	-	-
Interest receivable	50,279	27,071	25,244	203
Taxes receivable	910,065	198,100	-	-
Due from other funds	362,710	-	-	-
Due from other governments	391,990	-	793	-
Prepaid costs and deposits	8,610	-	-	-
Advances to other funds	2,284,461	-	-	-
Loans receivable, net of allowance	1,372,671	-	-	9,558,124
RDA land held for resale	-	-	-	-
Total Assets	27,845,055	7,486,111	5,923,466	9,580,329
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	539,649	77	4,501	-
Salaries and benefits payable	435,328	-	-	-
Deposits payable	730,336	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	1,786,935	-	-	9,558,124
Advances from other funds	-	-	-	-
Total Liabilities	3,492,248	77	4,501	9,558,124
FUND BALANCES				
Reserved for:				
Self insurance retention	75,000	-	-	-
Advances	2,284,461	-	-	-
RDA land held for resale	-	-	-	-
Debt service	-	-	-	-
Unreserved, reported in:				
General				
Designated	17,094,073	-	-	-
Undesignated	4,899,273	-	-	-
Special Revenue				
Undesignated	-	7,486,034	5,918,965	22,205
Capital Projects				
Undesignated	-	-	-	-
Total Fund Balances	24,352,807	7,486,034	5,918,965	22,205
Total Liabilities and Fund Balances	\$ 27,845,055	\$ 7,486,111	\$ 5,923,466	\$ 9,580,329

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 2,224,304	\$ 6,464,027	\$ 12,472,863	\$ 56,607,071
Restricted cash and investments	-	6,344,271	-	6,344,271
Cash with fiscal agent	-	2,194,450	455,559	2,650,009
Accounts receivable	383,290	3	-	582,056
Interest receivable	-	75,933	34,022	212,752
Taxes receivable	-	82,330	99,650	1,290,145
Due from other funds	-	-	-	362,710
Due from other governments	-	-	20,417	413,200
Prepaid costs and deposits	-	3,239	-	11,849
Advances to other funds	-	-	-	2,284,461
Loans receivable, net of allowance	-	203,310	1,983,044	13,117,149
RDA land held for resale	-	200,000	-	200,000
Total Assets	2,607,594	15,567,563	15,065,555	84,075,673
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	993,050	436,883	10,276	1,984,436
Salaries and benefits payable	16,704	10,371	4,907	467,310
Deposits payable	291,208	-	5,751	1,027,295
Due to other funds	-	-	6,645	6,645
Unearned revenue	352,104	207,450	2,743,092	14,647,705
Advances from other funds	-	2,284,461	-	2,284,461
Total Liabilities	1,653,066	2,939,165	2,770,671	20,417,852
FUND BALANCES				
Reserved for:				
Self insurance retention	-	-	-	75,000
Advances	-	-	-	2,284,461
RDA land held for resale	-	200,000	-	200,000
Debt service	-	-	199,961	199,961
Unreserved, reported in:				
General				
Designated	-	-	-	17,094,073
Undesignated	-	-	-	4,899,273
Special Revenue				
Undesignated	-	-	9,576,384	23,003,588
Capital Projects				
Undesignated	954,528	12,428,398	2,518,539	15,901,465
Total Fund Balances	954,528	12,628,398	12,294,884	63,657,821
Total Liabilities and Fund Balances	\$ 2,607,594	\$ 15,567,563	\$ 15,065,555	\$ 84,075,673

Continued (Page 2 of 2)

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

TOWN OF TRUCKEE, CALIFORNIA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS -
GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total Governmental Fund Balances	\$ 63,657,821
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Deferred charges represent costs associated with the issuance of long-term debt which are deferred and amortized over the period which the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds.	671,895
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	97,804,182
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	(23,923,906)
Adjustment to unearned revenue for grant receivables, long-term loan payments, accrued interest, new loans, and prior period adjustments.	<u>13,872,364</u>
Net Assets of Governmental Activities	<u>\$ 152,082,356</u>

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

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TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	General	Measure A / Measure V	Impact Fees	HOME Grant
Taxes and assessments	\$ 14,175,045	\$ 1,399,275	\$ -	\$ -
Licenses and permits	36,492	-	-	-
Fines and forfeitures	404,013	-	-	-
Use of money and property	619,262	118,413	97,794	846
Intergovernmental revenues	1,696,364	-	-	56,285
Charges for services	1,080,113	-	366,280	-
Other revenues	362,041	-	-	-
Total Revenues	18,373,330	1,517,688	464,074	57,131
EXPENDITURES				
Current:				
General government	3,063,793	305	-	-
Public safety	5,773,545	-	-	-
Public works	5,200,078	-	-	-
Community development	725,556	-	-	41,947
Facilities	802,224	-	-	-
Capital outlay	67,397	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	15,632,593	305	-	41,947
Excess of Revenues Over (Under) Expenditures	2,740,737	1,517,383	464,074	15,184
OTHER FINANCING SOURCES (USES)				
Lease Revenue Bond Issuance	-	-	-	-
Tax Increment Bond Issuance	-	-	-	-
Discount - Lease Revenue Bonds	-	-	-	-
Discount - Tax Increment Bonds	-	-	-	-
Transfers in	6,389,677	-	-	-
Transfers out	(4,015,761)	(677,473)	(1,444,493)	-
Total Other Financing Sources (Uses)	2,373,916	(677,473)	(1,444,493)	-
Net Change in Fund Balances	5,114,653	839,910	(980,419)	15,184
Beginning Fund Balances, as previously reported	20,488,154	6,646,124	6,899,384	7,021
Prior Period Restatement (Note 7)	(1,250,000)	-	-	-
Beginning Fund Balances, as restated	19,238,154	6,646,124	6,899,384	7,021
Fund Balances - Ending	\$ 24,352,807	\$ 7,486,034	\$ 5,918,965	\$ 22,205

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
Taxes and assessments	\$ -	\$ 712,375	\$ 2,270,090	\$ 18,556,785
Licenses and permits	-	-	-	36,492
Fines and forfeitures	-	-	-	404,013
Use of money and property	2,069	267,948	155,625	1,261,957
Intergovernmental revenues	1,190,539	23,176	1,257,991	4,224,355
Charges for services	-	-	872,304	2,318,697
Other revenues	117,279	5,278	319,348	803,946
Total Revenues	1,309,887	1,008,777	4,875,358	27,606,245
 EXPENDITURES				
Current:				
General government	596,586	-	3,036	3,663,720
Public safety	-	-	107,393	5,880,938
Public works	838,472	-	11,765	6,050,315
Community development	-	658,026	695,906	2,121,435
Facilities	-	-	-	802,224
Capital outlay	5,771,890	-	95,266	5,934,553
Debt service				
Principal	-	-	165,000	165,000
Interest and other charges	-	802,339	657,196	1,459,535
Total Expenditures	7,206,948	1,460,365	1,735,562	26,077,720
Excess of Revenues Over (Under) Expenditures	(5,897,061)	(451,588)	3,139,796	1,528,525
 OTHER FINANCING SOURCES (USES)				
Lease Revenue Bond Issuance	-	-	5,000,000	5,000,000
Tax Increment Bond Issuance	-	12,740,000	-	12,740,000
Discount - Lease Revenue Bonds	-	-	(69,168)	(69,168)
Discount - Tax Increment Bonds	-	(55,821)	-	(55,821)
Transfers in	6,472,568	-	860,485	13,722,730
Transfers out	-	(1,157,379)	(6,553,867)	(13,848,973)
Total Other Financing Sources (Uses)	6,472,568	11,526,800	(762,550)	17,488,768
Net Change in Fund Balances	575,507	11,075,212	2,377,246	19,017,293
Beginning Fund Balances, as previously reported	379,021	1,565,045	9,990,086	45,974,835
Prior Period Restatement (Note 7)	-	(11,859)	(72,448)	(1,334,307)
Beginning Fund Balances, as restated	379,021	1,553,186	9,917,638	44,640,528
Fund Balances - Ending	\$ 954,528	\$ 12,628,398	\$ 12,294,884	\$ 63,657,821

Continued (Page 2 of 2)

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

TOWN OF TRUCKEE, CALIFORNIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

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

Net Change in Fund Balances - Total Governmental Funds	\$ 19,017,293
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 (\$5,934,553) exceeded depreciation expense (\$3,412,875) in the current period.	2,521,678
Governmental funds do not report infrastructure additions for contributed capital. This is the amount of contributed capital reported as an asset and revenue in the government-wide financial statements.	1,077,720
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. The additional net effect of various transactions involving capital assets (i.e. sales) is a decrease to net assets.	(20,491)
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 (\$754,818). Some revenues reported in prior year Statement of Activities were recognized in the governmental funds in current year (\$958,123).	(203,305)
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 net amount of proceeds less principal repayments.	(16,763,854)
Repayment of long-term receivables is treated as revenues in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Assets. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets. Also, interest accrued on long-term loans increases unearned revenue in the governmental funds, but increases revenue in the Statement of Activities.	
Loan program receipts	(171,290)
Loans made during the year	769,219
Long-term loan interest accrual	380,887
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	(16,047)
Amortization of bond discount, cost of issuance and refunding difference	(147,379)
Change in Net Assets of Governmental Activities	\$ 6,444,431

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

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Parking</u>	<u>Solid Waste</u>	<u>Building and Safety</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ 9,087	\$ 221,535	\$ 100
Accounts receivable, net of allowance	26,606	122,031	468
Interest receivable	27	161	-
Total Current Assets	<u>35,720</u>	<u>343,727</u>	<u>568</u>
Noncurrent Assets			
Capital Assets			
Depreciable capital assets	25,022	36,305	325,301
Less: accumulated depreciation	<u>(9,542)</u>	<u>(14,138)</u>	<u>(294,439)</u>
Total Noncurrent Assets	<u>15,480</u>	<u>22,167</u>	<u>30,862</u>
Total Assets	<u>51,200</u>	<u>365,894</u>	<u>31,430</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	6,263	171,465	14,997
Salaries & benefits payable	9,131	5,464	23,869
Deposits payable	-	-	6,887
Due to other funds	-	-	304,981
Compensated absences	1,482	345	12,161
Total Current Liabilities	<u>16,876</u>	<u>177,274</u>	<u>362,895</u>
Noncurrent Liabilities			
Compensated absences	10,372	5,898	22,901
Total Noncurrent Liabilities	<u>10,372</u>	<u>5,898</u>	<u>22,901</u>
Total Liabilities	<u>27,248</u>	<u>183,172</u>	<u>385,796</u>
<u>NET ASSETS</u>			
Invested in capital assets	15,480	22,167	30,862
Unrestricted	8,472	160,555	(385,228)
Total Net Assets	<u>\$ 23,952</u>	<u>\$ 182,722</u>	<u>\$ (354,366)</u>

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

JUNE 30, 2010

	<u>Transit</u>	<u>Totals</u>
<u>ASSETS</u>		
Current Assets		
Cash and investments	\$ -	\$ 230,722
Accounts receivable, net of allowance	80,651	229,756
Interest receivable	-	188
	<u>80,651</u>	<u>460,666</u>
Noncurrent Assets		
Capital Assets		
Depreciable capital assets	834,611	1,221,239
Less: accumulated depreciation	(343,015)	(661,134)
	<u>491,596</u>	<u>560,105</u>
	<u>572,247</u>	<u>1,020,771</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	4,691	197,416
Salaries & benefits payable	2,737	41,201
Deposits payable	734	7,621
Due to other funds	51,084	356,065
Compensated absences	134	14,122
	<u>59,380</u>	<u>616,425</u>
Noncurrent Liabilities		
Compensated absences	4,504	43,675
	<u>4,504</u>	<u>43,675</u>
	<u>63,884</u>	<u>660,100</u>
<u>NET ASSETS</u>		
Invested in capital assets	491,596	560,105
Unrestricted	16,767	(199,434)
	<u>\$ 508,363</u>	<u>\$ 360,671</u>

Continued (Page 2 of 2)

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds		
	Parking	Solid Waste	Building and Safety
<u>OPERATING REVENUES</u>			
Charges for services	\$ 348,108	\$ 2,237,705	\$ 822,731
Fines and forfeitures	130,664	-	-
Other revenues	12,387	-	5,283
Total Operating Revenues	491,159	2,237,705	828,014
<u>OPERATING EXPENSES</u>			
Salaries and benefits	233,907	121,797	511,245
Services and supplies	318,115	2,085,373	311,932
Depreciation	3,635	3,333	20,565
Total Operating Expenses	555,657	2,210,503	843,742
Operating Income (Loss)	(64,498)	27,202	(15,728)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Intergovernmental revenues	-	15,098	-
Interest income	83	160	-
Total Non-Operating Revenues (Expenses)	83	15,258	-
Income (Loss) before Transfers	(64,415)	42,460	(15,728)
Transfers in	101,890	24,353	-
Change in Net Assets	37,475	66,813	(15,728)
Total Net Assets - Beginning	(13,523)	115,909	(338,638)
Total Net Assets - Ending	\$ 23,952	\$ 182,722	\$ (354,366)

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Transit	Totals	
<u>OPERATING REVENUES</u>			
Charges for services	\$ 66,632	\$ 3,475,176	
Fines and foreitures	-	130,664	
Other revenues	65,332	83,002	
Total Operating Revenues	131,964	3,688,842	
<u>OPERATING EXPENSES</u>			
Salaries and benefits	60,052	927,001	
Services and supplies	607,792	3,323,212	
Depreciation	90,072	117,605	
Total Operating Expenses	757,916	4,367,818	
Operating Income (Loss)	(625,952)	(678,976)	
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Intergovernmental revenues	568,709	583,807	
Interest income	1,270	1,513	
Total Non-Operating Revenues (Expenses)	569,979	585,320	
Income (Loss) before Transfers	(55,973)	(93,656)	
Transfers in	-	126,243	
Change in Net Assets	(55,973)	32,587	
Total Net Assets - Beginning	564,336	328,084	
Total Net Assets - Ending	\$ 508,363	\$ 360,671	

Continued (Page 2 of 2)

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds			
	Parking	Solid Waste	Building and Safety	Transit
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 464,605	\$ 2,214,413	\$ 827,675	\$ 130,447
Payments to suppliers	(321,822)	(2,195,411)	(305,341)	(747,847)
Payments to employees	(234,959)	(120,059)	(508,160)	(59,507)
Net Cash Provided (Used) by Operating Activities	(92,176)	(101,057)	14,174	(676,907)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Intergovernmental revenues received	-	15,098	-	568,709
Transfers from other funds	101,890	24,353	-	-
Interfund loans received	-	-	-	51,084
Interfund loans repaid	(452)	-	(14,174)	-
Net Cash Provided (Used) by Noncapital Financing Activities	101,438	39,451	(14,174)	619,793
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(481)	-	-	(134,401)
Net Cash Provided (Used) by Capital and Related Financing Activities	(481)	-	-	(134,401)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received on investments	56	698	-	1,270
Net Cash Provided (Used) by Investing Activities	56	698	-	1,270
Net Increase (Decrease) in Cash and Cash Equivalents	8,837	(60,908)	-	(190,245)
Cash and Cash Equivalents - Beginning of the Year	250	282,443	100	190,245
Cash and Cash Equivalents - End of the Year	\$ 9,087	\$ 221,535	\$ 100	\$ -
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ (64,498)	\$ 27,202	\$ (15,728)	\$ (625,952)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	3,635	3,333	20,565	90,072
Decrease (increase) in:				
Accounts receivable	(26,554)	(23,292)	523	(2,251)
Prepaid expenses				
Increase (decrease) in:				
Accounts payable	(3,707)	(110,038)	6,591	(140,055)
Salaries and benefits payable	1,424	3,782	13,786	1,926
Deposits payable	-	-	(862)	734
Compensated absences	(2,476)	(2,044)	(10,701)	(1,381)
Net Cash Provided by (Used for) Operating Activities	\$ (92,176)	\$ (101,057)	\$ 14,174	\$ (676,907)

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers	\$ 3,637,140
Payments to suppliers	(3,570,421)
Payments to employees	(922,685)
Net Cash Provided (Used) by Operating Activities	(855,966)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Intergovernmental revenues received	583,807
Transfers from other funds	126,243
Interfund loans received	51,084
Interfund loans repaid	(14,626)
Net Cash Provided (Used) by Noncapital Financing Activities	746,508
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of capital assets	(134,882)
Net Cash Provided (Used) by Capital and Related Financing Activities	(134,882)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest received on investments	2,024
Net Cash Provided (Used) by Investing Activities	2,024
Net Increase (Decrease) in Cash and Cash Equivalents	(242,316)
Cash and Cash Equivalents - Beginning of the Year	473,038
Cash and Cash Equivalents - End of the Year	\$ 230,722
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	
Operating income (loss)	\$ (678,976)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	117,605
Decrease (increase) in:	
Accounts receivable	(51,574)
Prepaid expenses	-
Increase (decrease) in:	
Accounts payable	(247,209)
Salaries and benefits payable	20,918
Deposits payable	(128)
Compensated absences	(16,602)
Net Cash Provided by (Used for) Operating Activities	\$ (855,966)

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

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BASIC FINANCIAL STATEMENTS

Notes to the Basic Financial Statements

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TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

A. Reporting Entity

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

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

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

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

Blended Component Units

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

Truckee 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 the 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 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 the 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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

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.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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 to be major if it is the primary operating fund of the Town or meets both of 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 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.
- Measure A and V, its successor measure, are special revenue funds used to account for Measure A and V revenues and expenditures. Measures A and V are a ½ percent sales tax which are used to maintain roads and related infrastructure within the Town of Truckee.
- Impact Fees Fund is a special revenue fund used to account for traffic impact fee revenues and expenditures.
- HOME Grant Fund is a special revenue fund used to account for the activity of various HOME Grant programs used to fund long term loans for low/very low housing units.
- The Capital Projects Fund is used to account for the expenditures of most capital projects undertaken by the Town. This fund receives transfers of resources from various Town funds.
- The Redevelopment Capital Projects Fund is used to account for revenues and expenditures related to Redevelopment Agency capital projects.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

The Town reports the following proprietary funds:

- The Parking Fund is an enterprise fund used to account for the operation of the Town's downtown parking facilities.
- The Solid Waste Fund is an enterprise fund used to account for regular garbage collection services, collection of yard waste, and a 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 department, enforcing State and Town laws and regulations concerning the safety of structures.
- The Transit Fund is an enterprise fund used to account for the operations of public transportation.

C. Basis of Accounting and Measurement Focus

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

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

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

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

D. Cash and Cash Equivalents

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

E. Investments

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

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

F. Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions that are collectible but not available are 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 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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

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

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

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

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

H. Inventory and Prepaid Costs

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased. Records are not maintained of inventory and supplies on hand; 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, capital fund and special revenue fund expenditures relating to loans receivable arising from mortgage subsidy programs and other redevelopment related loan programs are charged to operations at the time of funding and the loans receivable are recorded. Loans receivable includes loans for which repayment is deferred or for which repayment may be forgiven if certain terms and conditions of the loans are met.

J. Capital Assets

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

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

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

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

Government-Wide Financial Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

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

K. Unearned 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. Accounts receivable and amounts due from other governments includes grant and other revenue for which the earning process is complete, but the revenues are not available; 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.

L. Long-Term Debt

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

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

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

M. Compensated Absences

The Town's policy regarding compensated absences is to permit employees to accumulate a limited amount of earned but unused vacation leave, compensatory time, and sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. The Town includes its share of 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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

- 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 \$7,486,034 restricted by enabling legislation (Measures A and V).
- 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, 2010, the Town had recorded restricted net assets in governmental activities as follows:

Restricted for:	
Capital Projects	\$ 12,384,997
Debt Service	199,961
Grants, taxes, and fees	<u>23,003,588</u>
Total Restricted	<u>\$ 35,588,546</u>

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 Town Council and represent tentative plans that are subject to change.

As of June 30, 2010, 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.
- Debt Service - to reflect funds set aside for future debt service payments.

As of June 30, 2010, designations of fund balance were reported in the following governmental fund:

- General Fund - to reflect the Town Council's intention to set aside funds for general fund contingencies, potential California state budget take-away, health insurance cost changes, litigation, and CalPERS rate change contingencies as well as designations related to road maintenance overlay, maintenance bond, public service and animal shelter facility construction and roundabout construction.

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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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

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:

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

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

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

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 accrual criteria are 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 Non-operating

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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Assets

The following major proprietary fund had a deficit net asset balance at June 30, 2010:

The Building and Safety fund had a net asset deficit of \$354,366, which is expected to be eliminated in future years when the economy improves and building activity increases.

None of the major or nonmajor governmental funds had a fund balance deficit at June 30, 2010.

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, 2010, the Gann Limit Calculation was calculated based upon the advice of legal counsel to exclude police and animal control services from the appropriations subject to the limit.

NOTE 3: DETAILED NOTES

A. Cash and Investments

Restricted cash and investments include unspent bond proceeds of \$6,334,271 from the 2009 Redevelopment bond issuance.

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

Governmental Activities:	
Unrestricted Cash and investments	\$ 56,607,071
Restricted Cash and investments	8,994,280
Total Governmental Cash and investments	<u>65,601,351</u>
Business Type Activities	230,722
Total Cash and Investments	<u><u>\$ 65,832,073</u></u>

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

Cash and Deposits:	
Cash on hand	\$ 800
Deposits in Town's pool (less outstanding checks)	1,123,514
Deposits with fiscal agents	<u>2,650,009</u>
Total Cash and Deposits	<u>3,774,323</u>
Investments:	
In Town's pool	<u>62,057,750</u>
Total Investments	<u>62,057,750</u>
Total Cash and Investments	<u><u>\$ 65,832,073</u></u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

Deposits

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

At year end, the carrying amount of the Town's cash deposits (including amount in checking accounts and money market accounts) was \$3,774,323 and the bank balance was \$3,514,497. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$1,798,590 was covered by federal depository insurance and \$1,715,907 was uninsured and collateralized (i.e. collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the Town's name).

Investments

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

Investment Category	Standard
Treasury Bills and Notes	No limitations
Federal Agencies	No limitations
Banker's Acceptances	A1/P1 rated; 40% maximum; 30% per issuer; 180 days; 5% per issuer
Commercial Paper	A-1/F1/F-1 rated; and >A-rated long term ratings; 2% maximum; <270 days; 5%
Negotiable CDs	30% maximum; >A-4ated issuer; 5% per issuer
Medium Term Notes	30% maximum; >A-4ated issuer; 5% per issuer
Money Market Funds	AAA/Aaa rated; assets greater than \$500MM; 20% maximum
Repurchase Agreements	Not currently used
LAIF	No limitations

The Redevelopment Agency bond proceeds investment policy authorized investments include:

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

As of June 30, 2010, the Town had the following investments:

	Maturities			Fair Value	Weighted Average Maturity (Years)
	0 - 1 year	1 - 5 years	Over 5 years		
Investments in Investment Pool					
U.S. Government Agency Securities	\$ 2,220,896	\$ 18,913,818	\$ -	\$ 21,134,714	1.85
Corporate Notes	-	7,548,133	-	7,548,133	1.84
Local Agency Investment Fund (LAIF)	33,374,903	-	-	33,374,903	-
Total Investments in Investment Pool	\$ 35,595,799	\$ 26,461,951	\$ -	\$ 62,057,750	0.85

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

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 \$62,057,750 investment portfolio, over 58% of the investments have a maturity of one year or less. Of the remainder, none have a maturity of more than 5 years. The Town had no investments that were highly sensitive to interest rate fluctuations as of June 30, 2010.

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.

Investments at June 30, 2010	Standard & Poor's	% of Portfolio
Federal Home Loan Mortgage Corporation	AAA	6.8%
Federal Home Loan Bank	AAA	6.5%
Federal National Mortgage Association	AAA	6.6%
Federal Farm Credit Bank	AAA	5.4
US Treasury	TSY	8.4%
Corporate Obligations	A	0.6%
Corporate Obligations	A+	0.3%
Corporate Obligations	AA	0.7%
Corporate Obligations	AA+	0.9%
Corporate Obligations	AAA	9.5%
LAIF	Unrated	54.3%
Total		100.00%

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

33.6% 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 12.0% of the portfolio invested in corporate notes and money market funds, no investment in a single issuer exceeds 1%.

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, 2010, the Town's investment position in the State of California Local Agency Investment Fund (LAIF) was \$33,374,903. The total amount invested by all public agencies in LAIF on that day was \$69,555,776,591. Of that amount, 94.58% is invested in non-derivative financial products and 5.42% in structured notes and asset-backed securities.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

B. Land Held for Resale

The Town's Redevelopment Agency purchased land on West River Street from Nevada County during fiscal years 2004 and 2005. The land required environmental hazard remediation prior to sale or use. Further clean up is required before the land will be sold or redeveloped. The total value of land held for resale at June 30, 2010 was \$200,000.

C. Loans Receivable

Loans receivable include notes for economic development, improvements to the Redevelopment Area, historical preservation, down payment assistance and for the purchase of land and the construction of the Frishman Hollow, Henness Flats and Sierra Pines low/very low housing complexes. Loans were funded by various grants and developer contributions.

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

D. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

	Balance as Stated July 1, 2009	Prior Period Adjustment July 1, 2009	Balance as Restated July 1, 2009	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2010
Governmental Activities						
Capital Assets, Not Being Depreciated:						
Land	\$ 8,194,877	\$ -	\$ 8,194,877	\$ -	\$ -	\$ 8,194,877
Right of Way	40,912,603		40,912,603	738,410	-	41,651,013
Construction in Progress	10,307,317	244,275	10,551,592	5,587,819	(6,731,283)	9,408,128
Total Capital Assets, Not Being Depreciated	59,414,797	244,275	59,659,072	6,326,229	(6,731,283)	59,254,018
Capital Assets, Being Depreciated:						
Buildings and improvements	9,840,540		9,840,540	50,149	-	9,890,689
Equipment	12,253,495		12,253,495	296,586	(145,485)	12,404,596
Infrastructure	31,941,133		31,941,133	7,070,592	-	39,011,725
Total Capital Assets, Being Depreciated	54,035,168	-	54,035,168	7,417,327	(145,485)	61,307,010
Less Accumulated Depreciation For:						
Buildings and improvements	(1,779,428)		(1,779,428)	(251,370)	-	(2,030,798)
Equipment	(6,690,500)		(6,690,500)	(1,014,245)	124,994	(7,579,751)
Infrastructure	(9,984,169)	(1,014,868)	(10,999,037)	(2,147,260)	-	(13,146,297)
Total Accumulated Depreciation	(18,454,097)	(1,014,868)	(19,468,965)	(3,412,875)	124,994	(22,756,846)
Total Capital Assets, Being Depreciated, Net	35,581,071	(1,014,868)	34,566,203	4,004,452	(20,491)	38,550,164
Governmental Activities Capital Assets, Net	\$ 94,995,868	\$ (770,593)	\$ 94,225,275	\$ 10,330,681	\$ (6,751,774)	\$ 97,804,182
			Balance July 1, 2009	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2010
Business-Type Activities						
Capital Assets, Being Depreciated:						
Structures and improvements			\$ 70,810	\$ 134,402	\$ -	\$ 205,212
Equipment			1,015,549	480	-	1,016,029
Total Capital Assets, Being Depreciated			1,086,359	134,882	-	1,221,241
Less Accumulated Depreciation For:						
Structures and improvements			(40,387)	(7,128)	-	(47,515)
Equipment			(503,144)	(110,477)	-	(613,621)
Total Accumulated Depreciation			(543,531)	(117,605)	-	(661,136)
Total Capital Assets, Being Depreciated, Net			542,828	17,277	-	560,105
Business-Type Activities Capital Assets, Net			\$ 542,828	\$ 17,277	\$ -	\$ 560,105

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 288,991
Community Development	23,131
Public safety	229,839
Public works	<u>2,870,914</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 3,412,875</u>

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

Parking	\$ 3,635
Solid Waste	3,333
Building and Safety	20,565
Transit	<u>90,072</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 117,605</u>

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on the new Public Service Facility, the Truckee River Legacy Trail, and Downtown Streetscape projects.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

E. Long-Term Liabilities

Deferred charges (cost of issuance) for the 2009 bond issue are included as an asset in the Government Wide Statement of Net Assets (\$671,895). Deferred charges are made up of current year cost of issuance additions, net of amortization, for both lease revenue and tax increment revenue bonds. Long-term liabilities due within one year are net of unamortized discount and refunding difference.

The following is a summary of all long-term liabilities activity for the year ended June 30, 2010:

	Balance July 1, 2009	Additions/ Adjustments	Retirements	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities					
Lease Revenue Bonds	\$ 5,825,000	\$ 5,000,000	\$ (165,000)	\$ 10,660,000	\$ 275,000
Less: Unamortized Discount	(3,618)	(69,168)	2,935	\$ (69,851)	(3,512)
Less: Cost of Issuance	(12,241)	(184,084)	8,683	\$ (187,642)	(10,217)
Less: Refunding Difference	(203,837)	-	129,562	\$ (74,275)	(74,275)
Lease Revenue Bonds, Net	<u>5,605,304</u>	<u>4,746,748</u>	<u>(23,820)</u>	<u>10,328,232</u>	<u>186,996</u>
Tax Increment Revenue Bonds	\$ -	\$ 12,740,000	\$ -	\$ 12,740,000	\$ -
Less: Unamortized Discount	-	(55,821)	620	\$ (55,201)	(1,861)
Less: Cost of Issuance	-	(502,073)	5,579	\$ (496,494)	(16,736)
Tax Increment Revenue Bonds, Net	<u>-</u>	<u>12,182,106</u>	<u>6,199</u>	<u>12,188,305</u>	<u>(18,597)</u>
Compensated Absences (Note 1M)	\$ 719,427	763,602	(747,555)	\$ 735,474	102,662
Total Governmental Activities - Long-term Liabilities	<u>\$ 6,324,731</u>	<u>\$ 17,692,456</u>	<u>\$ (765,176)</u>	<u>\$ 23,252,011</u>	<u>\$ 271,061</u>
Business-Type Activities					
Compensated Absences (Note 1M)	\$ 74,399	\$ 61,002	\$ (77,604)	\$ 57,797	\$ 14,122
Total Business-Type Activities - Long-term Liabilities	<u>\$ 74,399</u>	<u>\$ 61,002</u>	<u>\$ (77,604)</u>	<u>\$ 57,797</u>	<u>\$ 14,122</u>

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

As of June 30, 2010 lease revenue and tax increment 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 3F.	\$ 220,000
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.	5,440,000
Lease Revenue Bonds Series 2009, dated September 8, 2009, in the amount of \$1,645,000 (Series 2009A) and \$3,355,000 (Series 2009B) for a total issue of \$5,000,000, payable in annual installments of \$95,000 to \$290,000. Series 2009A interest rate of 2.000% to 4.650% and maturity on December 1, 2039 and Series 2009B Build America Bonds (Taxable) interest rate of 7.700% to 7.900% prior to 35% United States Treasury subsidy (net rates of 5.01% to 5.145%), maturing December 1, 2039.	5,000,000
Total Lease Revenue Bonds	10,660,000
Tax increment Bonds Series 2010, dated February 9, 2010, in the amount of \$9,385,000 (Series 2010A) and \$3,355,000 (Series 2010B) for a total issue of \$12,740,000, payable in annual installments of \$40,000 to \$1,085,000. Series 2009A interest rate of 3.000% to 4.500% and maturity on September 1, 2034 and Series 2009B Recovery Zone Economic Development Bonds (Taxable) with an interest rate of 8.193% prior to the 45% United States Treasury subsidy (net interest rate of 4.51%).	12,740,000
Total Bonds	\$ 23,400,000

The annual aggregate maturities for years subsequent to June 30, 2010 are as follows:

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

<u>Lease Revenue Bonds</u>		<u>Governmental Activities</u>			Total Principal & Net Interest
Year Ended June 30	Principal	Gross Interest Revenue Bonds	Less: US Treasury Subsidy	Net Interest Revenue Bonds	
2011	\$ 275,000	\$ 547,533	\$ (92,087)	\$ 455,446	\$ 730,446
2012	290,000	534,279	(92,087)	442,193	732,193
2013	300,000	523,101	(92,087)	431,015	731,015
2014	305,000	514,519	(92,087)	422,432	727,432
2015	315,000	505,254	(92,087)	413,167	728,167
2016-2020	1,720,000	2,356,458	(460,434)	1,896,024	3,616,024
2021-2025	2,095,000	1,980,060	(458,952)	1,521,109	3,616,109
2026-2030	2,585,000	1,392,321	(389,421)	1,002,900	3,587,900
2031-2035	1,455,000	746,984	(258,458)	488,525	1,943,525
2036-2040	1,320,000	270,575	(94,701)	175,874	1,495,874
	<u>\$ 10,660,000</u>	<u>\$ 9,371,084</u>	<u>\$ (2,122,399)</u>	<u>\$ 7,248,685</u>	<u>\$ 17,908,685</u>

<u>Tax Increment Bonds</u>		<u>Redevelopment Activities</u>			Total Principal & Net Interest
Year Ended June 30	Principal	Gross Interest	Less: US Treasury Subsidy	Net Interest	
2011	\$ -	789,493	(131,253)	\$ 658,240	\$ 658,240
2012	-	744,025	(123,694)	620,331	620,331
2013	-	744,025	(123,694)	620,331	620,331
2014	40,000	743,425	(123,694)	619,731	659,731
2015	55,000	742,000	(123,694)	618,306	673,306
2016-2020	580,000	3,663,763	(618,469)	3,045,294	3,625,294
2021-2025	1,205,000	3,488,663	(618,469)	2,870,194	4,075,194
2026-2030	2,070,000	3,106,376	(618,469)	2,487,907	4,557,907
2031-2035	3,180,000	2,431,629	(618,469)	1,813,160	4,993,160
2036-2040	4,525,000	1,329,651	(520,399)	809,252	5,334,252
2041-2041	1,085,000	44,447	(20,001)	24,446	1,109,446
	<u>\$ 12,740,000</u>	<u>\$ 17,827,499</u>	<u>\$ (3,640,305)</u>	<u>\$ 14,187,194</u>	<u>\$ 26,927,194</u>

F. 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, 2010, the amount of defeased debt outstanding but not reflected in the long-term debt of the Town amounted to \$1,340,000.

G. Leases

Operating Leases

Rental expenses incurred under operating leases are not considered material.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

H. Interfund Transactions

Due To/From Other Funds

Operating receivables and payables between funds are classified as due from or due to other funds. Amounts due from other funds includes a loan to the Building Department and amounts due from other funds for loans to

fund negative cash balances. Negative cash balances are expected to be funded in subsequent fiscal years by collection of revenues. The following are due to and due from balances as of June 30, 2010:

	<u>Due from Other funds</u>	<u>Due to Other funds</u>
General Fund	\$ 362,710	\$ -
Nonmajor Governmental Funds	-	6,645
Building and Safety	-	304,981
Transit	-	51,084
	<u> </u>	<u> </u>
Total	<u>\$ 362,710</u>	<u>\$ 362,710</u>

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, 2010:

	<u>Advances to Other funds</u>	<u>Advances from Other funds</u>
General Fund	\$ 2,284,461	\$ -
Redevelopment Capital Projects	-	2,284,461
	<u> </u>	<u> </u>
Total	<u>\$ 2,284,461</u>	<u>\$ 2,284,461</u>

Transfers

Transfers are indicative of funding for or purchase of 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, 2010:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 6,389,677	\$ 4,015,761
Measure A/Measure V	-	677,473
Impact Fees	-	1,444,493
Capital Projects	6,472,568	-
Redevelopment Capital Projects	-	1,157,379
Nonmajor Governmental Funds	860,485	6,553,867
Parking	101,890	-
Solid Waste	24,353	-
	<u> </u>	<u> </u>
Total	<u>\$ 13,848,973</u>	<u>\$ 13,848,973</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4: EMPLOYEES' RETIREMENT PLAN

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 8 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 2009/2010 was 14.939 percent for miscellaneous employees and 26.668 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.

Annual Pension Cost

For fiscal year 2009/2010, the Town's annual pension cost of \$808,763 for the miscellaneous plan and \$567,674 for the safety plan was equal to the Town's actual contributions. The required contributions for fiscal year 2009/2010 were determined as part of the June 30, 2007 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 fifteen 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.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	1,604,126	100%	-
June 30, 2009	1,518,223	100%	-
June 30, 2010	1,376,430	100%	-

Funded Status and Funding Progress

Since the Town has less than 100 active members in at least one valuation since June 30, 2003, it is required to participate in a risk pool and does not present individual plan funded status.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets for the risk pool is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

B. 457 Plan

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

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. PARSAC is under the control and direction of a 9 member executive committee consisting of representatives of the 36 member cities. The Town pays an annual premium to PARSAC for its insurance coverage. The agreements with PARSAC provide that they will be self sustaining through member premiums and will reinsure through commercial companies for excess coverage.

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

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

NOTE 6: OTHER INFORMATION

A. Construction Commitments

The Town has signed agreements for \$12,257,963 in various construction projects that were not complete as of June 30, 2010. Construction completed and paid subsequent to June 30, 2010 on these projects was \$1,365,444. The Town has also signed agreements for construction projects subsequent to June 30, 2010 in the amount of \$3,108,028 of which \$1,713,673 was constructed and paid by the date of financial statement preparation.

B. Contingent Liabilities

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

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6: OTHER INFORMATION (CONTINUED)

C. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the Town of Truckee was \$903,366.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The Town participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

D. Government Accounting Standards Board Statement No. 54

In March 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective to this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Application of this statement is effective for the Town's fiscal year ending June 30, 2011.

E. Redevelopment Agencies

In July 2009, the California Legislature passed ABX4-26 as part of the State's budget package which requires redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State. Under ABX4-26, each redevelopment agency must contribute a proportionate share of revenue to the newly created Supplemental Educational Revenue Augmentation Fund (SERAF). The bill authorized redevelopment agencies, from July 1, 2009, to June 30, 2010, to suspend all or part of its required 20% allocation to its Low and Moderate Income Housing Fund in order to make the required payments. The Housing Fund must be repaid by June 30, 2015. If the agency fails to repay the Housing Fund, the required allocation of tax increment to the Housing Fund is increased to 25% for most agencies as long as the project area continues to receive tax increment. This will result in the delay or elimination of many affordable housing projects where redevelopment funding is a key funding component. Payments were to be made in two parts, one in fiscal 2010 and the other in fiscal 2011. In October 2009, the California Redevelopment Association and two of its members filed a lawsuit to challenge the constitutionality of the bill. In May 2010, the ruling was upheld and the California Redevelopment Association submitted for another appeal in August 2010. The appeal seeks repayment of the funds paid out in fiscal 2010 and a prohibition of the funds to be paid in fiscal 2011. A ruling is expected before May 2011, the date redevelopment agencies must make their fiscal 2011 payment to the State. The amount paid to the State from the Town was \$623,720 in fiscal 2010 and the amount to be paid in fiscal 2011 totals \$128,290. The Town of Truckee Redevelopment Agency did not suspend any part of its required 20% allocation to its Low and Moderate Income Housing Fund.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7: PRIOR PERIOD ADJUSTMENTS

The Town determined that certain funds had long-term notes receivable which were incorrectly reserved against fund balance, rather than being recorded as deferred revenue. Accordingly, the balance sheet of the fund financial statements has been adjusted to reflect the following prior period adjustments.

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
<u>Governmental Funds</u>		
RDA Capital	Decrease fund balance for long-term Loan Receivable previously reserved against fund balance	\$ (11,859)
General Fund	Decrease fund balance for long-term Loan Receivable previously reserved against fund balance	(1,250,000)
	Total Major Fund Balance Restatement Decrease	<u>(1,261,859)</u>
CDBG Housing Rehab	Decrease fund balance for loans receivable previously reserved against fund balance	(15,775)
CDBG 04-EDBG-1022	Decrease fund balance for loans receivable previously reserved against fund balance	(56,673)
	Total Non-Major Fund Balance Restatement	<u>(72,448)</u>
	Total Governmental Fund Balance Restatement	<u>\$ (1,334,307)</u>

Government-wide Statement of Net Assets – In addition to the above governmental adjustments, the government-wide Statement of Net Assets for governmental activities has been adjusted to reflect the following restatements:

- Capital Assets reconciled to properly depreciate infrastructure and to include roundabout landscaping in infrastructure which was previously included in capital expenditures.
- Revenue for long-term loans receivable in prior years was recorded as Unearned Revenue, which is the proper presentation for Governmental funds. Government wide reporting is full accrual and therefore should not be deferred.

<u>Description of Restatement</u>	<u>Amount</u>
Fund prior period adjustments	\$ (1,334,307)
Capital Asset reconciliation	(770,593)
Unearned Revenue adjustments	12,138,730
Total Government Wide Net Assets Restatement	<u>\$ 10,033,830</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF TRUCKEE, CALIFORNIA
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes and assessments	\$ 14,751,309	\$ 14,751,309	\$ 14,175,045	\$ (576,264)
Licenses and permits	34,200	34,200	36,492	2,292
Fines and forfeitures	410,000	410,000	404,013	(5,987)
Use of money and property	545,265	545,265	619,262	73,997
Intergovernmental revenues	1,567,819	1,567,819	1,696,364	128,545
Charges for services	844,736	844,736	1,080,113	235,377
Other revenues	338,344	338,344	362,041	23,697
Total Revenues	18,491,673	18,491,673	18,373,330	(118,343)
 EXPENDITURES				
Current:				
General government	3,202,336	3,202,336	3,063,793	138,543
Public safety	6,103,916	6,103,916	5,773,545	330,371
Public works	5,905,749	5,905,749	5,200,078	705,671
Community development	873,806	873,806	725,556	148,250
Facilities	954,322	954,322	802,224	152,098
Capital outlay	1,322,877	1,322,877	67,397	1,255,480
Total Expenditures	18,363,006	18,363,006	15,632,593	2,730,413
Excess of Revenues Over (Under) Expenditures	128,667	128,667	2,740,737	2,612,070
 OTHER FINANCING SOURCES (USES)				
Transfers in	1,824,852	1,824,852	6,389,677	4,564,825
Transfers out	(1,764,511)	(1,764,511)	(4,015,761)	(2,251,250)
Total Other Financing Sources (Uses)	60,341	60,341	2,373,916	2,313,575
Net Change in Fund Balances	189,008	189,008	5,114,653	4,925,645
Beginning Fund Balances, as previously reported	19,121,216	19,121,216	20,488,154	1,366,938
Prior Period Restatement (Note 7)	-	-	(1,250,000)	(1,250,000)
Beginning Fund Balances, as restated	19,121,216	19,121,216	19,238,154	116,938
Fund Balances - Ending	\$ 19,310,224	\$ 19,310,224	\$ 24,352,807	\$ 5,042,583

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
 Required Supplementary Information
 BUDGETARY COMPARISON SCHEDULE
 MEASURE A & MEASURE V - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Taxes and assessments	\$ 1,714,436	\$ 1,714,436	\$ 1,399,275	\$ (315,161)
Use of money and property	118,000	118,000	118,413	413
Total Revenues	1,832,436	1,832,436	1,517,688	(314,748)
EXPENDITURES				
Current:				
General government	-	-	305	(305)
Total Expenditures	-	-	305	(305)
Excess of Revenues Over (Under) Expenditures	1,832,436	1,832,436	1,517,383	(315,053)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(3,341,250)	(3,341,250)	(677,473)	2,663,777
Total Other Financing Sources (Uses)	(3,341,250)	(3,341,250)	(677,473)	2,663,777
Net Change in Fund Balances	(1,508,814)	(1,508,814)	839,910	2,348,724
Fund Balances - Beginning	6,792,377	6,792,377	6,646,124	(146,253)
Fund Balances - Ending	\$ 5,283,563	\$ 5,283,563	\$ 7,486,034	\$ 2,202,471

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
 Required Supplementary Information
 BUDGETARY COMPARISON SCHEDULE
 IMPACT FEES - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Use of money and property	\$ 75,000	\$ 75,000	\$ 97,794	\$ 22,794
Charges for services	300,000	300,000	366,280	66,280
Total Revenues	<u>375,000</u>	<u>375,000</u>	<u>464,074</u>	<u>89,074</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>375,000</u>	<u>375,000</u>	<u>464,074</u>	<u>89,074</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,464,870)	(2,464,870)	(1,444,493)	1,020,377
Total Other Financing Sources (Uses)	<u>(2,464,870)</u>	<u>(2,464,870)</u>	<u>(1,444,493)</u>	<u>1,020,377</u>
Net Change in Fund Balances	(2,089,870)	(2,089,870)	(980,419)	1,109,451
Fund Balances - Beginning	7,056,513	7,056,513	6,899,384	(157,129)
Fund Balances - Ending	<u>\$ 4,966,643</u>	<u>\$ 4,966,643</u>	<u>\$ 5,918,965</u>	<u>\$ 952,322</u>

See accompanying note to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
 Required Supplementary Information
 BUDGETARY COMPARISON SCHEDULE
 HOME GRANT - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Use of money and property	\$ 850	\$ 850	\$ 846	\$ (4)
Intergovernmental revenues	39,502	39,502	56,285	16,783
Total Revenues	40,352	40,352	57,131	16,779
EXPENDITURES				
Current:				
Community development	39,502	39,502	41,947	(2,445)
Total Expenditures	39,502	39,502	41,947	(2,445)
Excess of Revenues Over (Under) Expenditures	850	850	15,184	14,334
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	850	850	15,184	14,334
Fund Balances - Beginning	21,888	21,888	7,021	(14,867)
Fund Balances - Ending	\$ 22,738	\$ 22,738	\$ 22,205	\$ (533)

See accompanying note to the required supplementary information.

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TOWN OF TRUCKEE, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

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 Measure A/Measure V fund had \$305 of expenditures in excess of appropriations at June 30, 2010.

The HOME Grant fund has \$2,445 of expenditures in excess of appropriations at June 30, 2010.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

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 (AL)</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liability (Excess Assets) (UL)</u>	<u>Funded Status (AVA/AL)</u>	<u>Annual Covered Payroll</u>	<u>UL as a % of Payroll</u>
June 30, 2007	1,627,025,950	1,362,059,317	264,966,633	83.7%	376,292,121	70.4%
June 30, 2008	1,823,366,479	1,529,548,799	293,817,680	83.9%	414,589,514	70.9%
June 30, 2009	2,140,438,884	1,674,260,302	466,178,582	78.2%	440,071,499	105.9%

Safety Plan:

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability (AL)</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liability (Excess Assets) (UL)</u>	<u>Funded Status (AVA/AL)</u>	<u>Annual Covered Payroll</u>	<u>UL as a % of Payroll</u>
June 30, 2007	7,986,055,176	6,826,599,459	1,159,455,717	85.5%	831,607,658	139.4%
June 30, 2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%
June 30, 2009	9,721,675,347	8,027,158,724	1,694,516,623	82.6%	973,814,168	174.0%

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COMBINING FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

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TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

<u>ASSETS</u>	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals</u>
Cash and investments	\$ 9,885,167	\$ 2,518,539	\$ 69,157	\$ 12,472,863
Cash with fiscal agent	324,755	-	130,804	455,559
Interest receivable	34,022	-	-	34,022
Taxes receivable	99,650	-	-	99,650
Due from other governments	20,417	-	-	20,417
Loans receivable	1,983,044	-	-	1,983,044
Total Assets	<u>12,347,055</u>	<u>2,518,539</u>	<u>199,961</u>	<u>15,065,555</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts Payable	10,276	-	-	10,276
Salaries & benefits payable	4,907	-	-	4,907
Deposits payable	5,751	-	-	5,751
Due to other funds	6,645	-	-	6,645
Unearned revenue	2,743,092	-	-	2,743,092
Total Liabilities	<u>2,770,671</u>	<u>-</u>	<u>-</u>	<u>2,770,671</u>
 FUND BALANCES				
Reserved for:				
Debt service	-	-	199,961	199,961
Unreserved				
Undesignated	<u>9,576,384</u>	<u>2,518,539</u>	<u>-</u>	<u>12,094,923</u>
Total Fund Balances	<u>9,576,384</u>	<u>2,518,539</u>	<u>199,961</u>	<u>12,294,884</u>
Total Liabilities and Fund Balances	<u>\$ 12,347,055</u>	<u>\$ 2,518,539</u>	<u>\$ 199,961</u>	<u>\$ 15,065,555</u>

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Special Revenue Funds	Capital Projects	Debt Service	Totals
Taxes and assessments	\$ 2,202,816	\$ -	\$ 67,274	\$ 2,270,090
Use of money and property	155,027	598	-	155,625
Intergovernmental revenues	296,739	961,252	-	1,257,991
Charges for services	872,304	-	-	872,304
Other revenue	319,348	-	-	319,348
Total Revenues	3,846,234	961,850	67,274	4,875,358
EXPENDITURES				
Current:				
General government	800	2,236	-	3,036
Public safety	107,393	-	-	107,393
Public works	11,765	-	-	11,765
Community development	695,906	-	-	695,906
Capital outlay	13,142	82,124	-	95,266
Debt service				
Principal	-	-	165,000	165,000
Interest and other charges	184,084	-	473,112	657,196
Total Expenditures	1,013,090	84,360	638,112	1,735,562
Excess of Revenues Over (Under) Expenditures	2,833,144	877,490	(570,838)	3,139,796
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	5,000,000	-	-	5,000,000
Discount - Lease revenue bonds	(69,168)	-	-	(69,168)
Transfers in	222,373	-	638,112	860,485
Transfers out	(6,553,867)	-	-	(6,553,867)
Total Other Financing Sources (Uses)	(1,400,662)	-	638,112	(762,550)
Net Change in Fund Balances	1,432,482	877,490	67,274	2,377,246
Beginning Fund Balances, as previously reported	8,216,350	1,641,049	132,687	9,990,086
Prior Period Restatement (Note 7)	(72,448)	-	-	(72,448)
Beginning Fund Balances, as restated	8,143,902	1,641,049	132,687	9,917,638
Fund Balances - Ending	\$ 9,576,384	\$ 2,518,539	\$ 199,961	\$ 12,294,884

NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

<u>ASSETS</u>	<u>Asset Forfeiture</u>	<u>Animal Control</u>	<u>Abandoned Vehicle</u>	<u>Affordable Housing In-Lieu</u>
Cash and investments	\$ 31,483	\$ 43	\$ 20,715	\$ 15,581
Cash with fiscal agent	-	-	-	-
Interest receivable	109	-	72	55
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>31,592</u>	<u>43</u>	<u>20,787</u>	<u>15,636</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	-	-	-	-
Salaries & benefits payable	-	-	-	-
Deposits payable	5,751	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>5,751</u>	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES				
Unreserved				
Undesignated	<u>25,841</u>	<u>43</u>	<u>20,787</u>	<u>15,636</u>
Total Fund Balances	<u>25,841</u>	<u>43</u>	<u>20,787</u>	<u>15,636</u>
Total Liabilities and Fund Balances	<u>\$ 31,592</u>	<u>\$ 43</u>	<u>\$ 20,787</u>	<u>\$ 15,636</u>

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

ASSETS	Air Quality Mitigation	Downtown in Lieu Parking	Downtown Frontage Improvement	COPS Program
Cash and investments	\$ 174,933	\$ 1,129	\$ 33,422	\$ 218,563
Cash with fiscal agent	-	-	-	-
Interest receivable	610	4	116	815
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	10,918
Loans receivable	-	-	-	-
Total Assets	<u>175,543</u>	<u>1,133</u>	<u>33,538</u>	<u>230,296</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	-	1,482
Salaries & benefits payable	-	-	-	103
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,585</u>
FUND BALANCES				
Unreserved				
Undesignated	<u>175,543</u>	<u>1,133</u>	<u>33,538</u>	<u>228,711</u>
Total Fund Balances	<u>175,543</u>	<u>1,133</u>	<u>33,538</u>	<u>228,711</u>
Total Liabilities and Fund Balances	<u>\$ 175,543</u>	<u>\$ 1,133</u>	<u>\$ 33,538</u>	<u>\$ 230,296</u>

Continued (Page 2 of 8)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

ASSETS	CLEEP Project	Assessment Districts	CDBG 05-STBG 1416	Housing Reimbursement
Cash and investments	\$ 21,376	\$ 5,486,276	\$ -	\$ 126,242
Cash with fiscal agent	-	-	-	-
Interest receivable	75	18,778	101	574
Taxes receivable	-	38,381	-	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	388,888
Total Assets	<u>21,451</u>	<u>5,543,435</u>	<u>101</u>	<u>515,704</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	58	-	-
Salaries & benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	499,536
Total Liabilities	<u>-</u>	<u>58</u>	<u>-</u>	<u>499,536</u>
FUND BALANCES				
Unreserved				
Undesignated	<u>21,451</u>	<u>5,543,377</u>	<u>101</u>	<u>16,168</u>
Total Fund Balances	<u>21,451</u>	<u>5,543,377</u>	<u>101</u>	<u>16,168</u>
Total Liabilities and Fund Balances	<u>\$ 21,451</u>	<u>\$ 5,543,435</u>	<u>\$ 101</u>	<u>\$ 515,704</u>

Continued (Page 3 of 8)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

ASSETS	Homeland Security/ OES Grant	ABC Grant	Office of Traffic Safety	Gas Tax
Cash and investments	\$ -	\$ -	\$ -	\$ 61,266
Cash with fiscal agent	-	-	-	-
Interest receivable	-	-	1	214
Taxes receivable	-	-	-	40,770
Due from other governments	-	-	9,499	-
Loans receivable	-	-	-	-
Total Assets	-	-	9,500	102,250
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	850	-
Salaries & benefits payable	-	-	2,005	-
Deposits payable	-	-	-	-
Due to other funds	-	-	6,645	-
Unearned revenue	-	-	-	-
Total Liabilities	-	-	9,500	-
FUND BALANCES				
Unreserved				
Undesignated	-	-	-	102,250
Total Fund Balances	-	-	-	102,250
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 9,500	\$ 102,250

Continued (Page 4 of 8)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

ASSETS	Bond Proceeds Fund	Redevelopment Housing	CDBG Miscellaneous Income	CDBG Program Income
Cash and investments	\$ -	\$ 1,358,640	\$ 76,122	\$ 118,844
Cash with fiscal agent	324,755	-	-	-
Interest receivable	-	4,714	189	-
Taxes receivable	-	20,499	-	-
Due from other governments	-	-	-	-
Loans receivable	-	445,763	-	93,288
Total Assets	324,755	1,829,616	76,311	212,132
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	5,572	-	-
Salaries & benefits payable	-	2,799	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	445,763	-	93,288
Total Liabilities	-	454,134	-	93,288
FUND BALANCES				
Unreserved				
Undesignated	324,755	1,375,482	76,311	118,844
Total Fund Balances	324,755	1,375,482	76,311	118,844
Total Liabilities and Fund Balances	\$ 324,755	\$ 1,829,616	\$ 76,311	\$ 212,132

Continued (Page 5 of 8)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

ASSETS	Boulders Moderate Housing	CDBG Housing Rehab	CalHome Grant	Recycling Grant
Cash and investments	\$ 716,288	\$ 4,029	\$ 87,024	\$ -
Cash with fiscal agent	-	-	-	-
Interest receivable	2,684	20	282	-
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	434,909	59,909	520,906	-
Total Assets	1,153,881	63,958	608,212	-
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	-	-
Salaries & benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	1,006,909	59,909	598,306	-
Total Liabilities	1,006,909	59,909	598,306	-
FUND BALANCES				
Unreserved				
Undesignated	146,972	4,049	9,906	-
Total Fund Balances	146,972	4,049	9,906	-
Total Liabilities and Fund Balances	\$ 1,153,881	\$ 63,958	\$ 608,212	\$ -

Continued (Page 6 of 8)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

ASSETS	CDBG 04-EDBG- 1022	1st Time Homeowners Downpayment Assistance	Household Hazardous Waste	Impact Fees Miscellaneous
Cash and investments	\$ 32	\$ 146,982	\$ -	\$ 1,186,177
Cash with fiscal agent	-	-	-	-
Interest receivable	65	512	-	4,032
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	39,381	-	-	-
Total Assets	39,478	147,494	-	1,190,209
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	-	-	-	2,314
Salaries & benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	39,381	-	-	-
Total Liabilities	39,381	-	-	2,314
FUND BALANCES				
Unreserved				
Undesignated	97	147,494	-	1,187,895
Total Fund Balances	97	147,494	-	1,187,895
Total Liabilities and Fund Balances	\$ 39,478	\$ 147,494	\$ -	\$ 1,190,209

Continued (Page 7 of 8)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

<u>ASSETS</u>	<u>Totals</u>
Cash and investments	\$ 9,885,167
Cash with fiscal agent	324,755
Interest receivable	34,022
Taxes receivable	99,650
Due from other governments	20,417
Loans receivable	1,983,044
Total Assets	<u>12,347,055</u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Accounts payable	10,276
Salaries & benefits payable	4,907
Deposits payable	5,751
Due to other funds	6,645
Unearned revenue	2,743,092
Total Liabilities	<u>2,770,671</u>
FUND BALANCES	
Unreserved	
Undesignated	<u>9,576,384</u>
Total Fund Balances	<u>9,576,384</u>
Total Liabilities and Fund Balances	<u>\$ 12,347,055</u>

Continued (Page 8 of 8)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Asset Forfeiture	Animal Control	Abandoned Vehicle	Affordable Housing In-Lieu
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	568	-	369	281
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	639	-
Other revenue	-	-	-	-
Total Revenues	568	-	1,008	281
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	568	-	1,008	281
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	-	-	-	-
Discount - Lease revenue bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(461)	-	-
Total Other Financing Sources (Uses)	-	(461)	-	-
Net Change in Fund Balances	568	(461)	1,008	281
Beginning Fund Balances, as previously reported	25,273	504	19,779	15,355
Prior Period Restatement (Note 7)	-	-	-	-
Beginning Fund Balances, as restated	25,273	504	19,779	15,355
Fund Balances - Ending	\$ 25,841	\$ 43	\$ 20,787	\$ 15,636

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Air Quality Mitigation	Downtown in Lieu Parking	Downtown Frontage Improvement	COPS Program
REVENUES				
Taxes and assessments	\$ -	\$ 1,125	\$ -	\$ -
Use of money and property	3,164	7	603	3,735
Intergovernmental revenues	-	-	-	100,000
Charges for services	559	-	-	-
Other revenue	-	-	-	-
Total Revenues	3,723	1,132	603	103,735
EXPENDITURES				
Current:				
General government	800	-	-	-
Public safety	-	-	-	58,949
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	13,142
Debt service	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	800	-	-	72,091
Excess of Revenues Over (Under) Expenditures	2,923	1,132	603	31,644
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	-	-	-	-
Discount - Lease revenue bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	2,923	1,132	603	31,644
Beginning Fund Balances, as previously reported	172,620	1	32,935	197,067
Prior Period Restatement (Note 7)	-	-	-	-
Beginning Fund Balances, as restated	172,620	1	32,935	197,067
Fund Balances - Ending	\$ 175,543	\$ 1,133	\$ 33,538	\$ 228,711

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TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	CLEEP Project	Assessment Districts	CDBG 05-STBG 1416	Housing Reimbursement
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	386	80,109	510	5,962
Intergovernmental revenues	-	-	1,685	-
Charges for services	-	765,312	-	-
Other revenue	-	-	-	60,000
Total Revenues	386	845,421	2,195	65,962
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	11,765	-	-
Community development	-	-	74	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	-	11,765	74	-
Excess of Revenues Over (Under) Expenditures	386	833,656	2,121	65,962
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	-	-	-	-
Discount - Lease revenue bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(38,205)	(28,979)	(60,000)
Total Other Financing Sources (Uses)	-	(38,205)	(28,979)	(60,000)
Net Change in Fund Balances	386	795,451	(26,858)	5,962
Beginning Fund Balances, as previously reported	21,065	4,747,926	26,959	10,206
Prior Period Restatement (Note 7)	-	-	-	-
Beginning Fund Balances, as restated	21,065	4,747,926	26,959	10,206
Fund Balances - Ending	\$ 21,451	\$ 5,543,377	\$ 101	\$ 16,168

Continued (Page 3 of 8)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

REVENUES	Homeland Security/ OES Grant	ABC Grant	Office of Traffic Safety	Gas Tax
Taxes and assessments	\$ -	\$ -	\$ -	\$ 1,753,488
Use of money and property	60	416	817	1,104
Intergovernmental revenues	-	-	71,354	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	60	416	72,171	1,754,592
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	48,444	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	-	-	48,444	-
Excess of Revenues Over (Under) Expenditures	60	416	23,727	1,754,592
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	-	-	-	-
Discount - Lease revenue bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(3,300)	(23,164)	(45,426)	(1,745,446)
Total Other Financing Sources (Uses)	(3,300)	(23,164)	(45,426)	(1,745,446)
Net Change in Fund Balances	(3,240)	(22,748)	(21,699)	9,146
Beginning Fund Balances, as previously reported	3,240	22,748	21,699	93,104
Prior Period Restatement (Note 7)	-	-	-	-
Beginning Fund Balances, as restated	3,240	22,748	21,699	93,104
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ 102,250

Continued (Page 4 of 8)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Bond Proceeds Fund	Redevelopment Housing	CDBG Miscellaneous Income	CDBG Program Income
REVENUES				
Taxes and assessments	\$ -	\$ 448,203	\$ -	\$ -
Use of money and property	163	21,977	979	1
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	21,542	-	-
Total Revenues	<u>163</u>	<u>491,722</u>	<u>979</u>	<u>1</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	450,472	-	-
Capital outlay	-	-	-	-
Debt service				
Interest and other charges	184,084	-	-	-
Total Expenditures	<u>184,084</u>	<u>450,472</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(183,921)</u>	<u>41,250</u>	<u>979</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	5,000,000	-	-	-
Discount - Lease revenue bonds	(69,168)	-	-	-
Transfers in	59,822	-	21,854	140,697
Transfers out	(4,481,982)	-	-	(21,854)
Total Other Financing Sources (Uses)	<u>508,672</u>	<u>-</u>	<u>21,854</u>	<u>118,843</u>
Net Change in Fund Balances	<u>324,751</u>	<u>41,250</u>	<u>22,833</u>	<u>118,844</u>
Beginning Fund Balances, as previously reported	4	1,334,232	53,478	-
Prior Period Restatement (Note 7)	-	-	-	-
Beginning Fund Balances, as restated	4	1,334,232	53,478	-
Fund Balances - Ending	<u>\$ 324,755</u>	<u>\$ 1,375,482</u>	<u>\$ 76,311</u>	<u>\$ 118,844</u>

Continued (Page 5 of 8)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Boulders Moderate Housing	CDBG Housing Rehab	CalHome Grant	Recycling Grant
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	6,451	86	3,854	-
Intergovernmental revenues	-	-	123,700	-
Charges for services	-	-	-	-
Other revenue	160,000	1,558	58,843	-
Total Revenues	166,451	1,644	186,397	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	160,000	-	85,360	-
Capital outlay	-	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Total Expenditures	160,000	-	85,360	-
Excess of Revenues Over (Under) Expenditures	6,451	1,644	101,037	-
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	-	-	-	-
Discount - Lease revenue bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(1,644)	(58,843)	(22,550)
Total Other Financing Sources (Uses)	-	(1,644)	(58,843)	(22,550)
Net Change in Fund Balances	6,451	-	42,194	(22,550)
Beginning Fund Balances, as previously reported	140,521	19,824	(32,288)	22,550
Prior Period Restatement (Note 7)	-	(15,775)	-	-
Beginning Fund Balances, as restated	140,521	4,049	(32,288)	22,550
Fund Balances - Ending	\$ 146,972	\$ 4,049	\$ 9,906	\$ -

Continued (Page 6 of 8)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	CDBG 04-EDBG- 1022	1st Time Homeowners Downpayment Assistance	Household Hazardous Waste	Impact Fees Miscellaneous
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	2,805	2,651	-	17,969
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	105,794
Other revenue	17,405	-	-	-
Total Revenues	20,210	2,651	-	123,763
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over (Under) Expenditures	20,210	2,651	-	123,763
OTHER FINANCING SOURCES (USES)				
Lease revenue bond proceeds	-	-	-	-
Discount - Lease revenue bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(20,210)	-	(1,803)	-
Total Other Financing Sources (Uses)	(20,210)	-	(1,803)	-
Net Change in Fund Balances	-	2,651	(1,803)	123,763
Beginning Fund Balances, as previously reported	56,770	144,843	1,803	1,064,132
Prior Period Restatement (Note 7)	(56,673)	-	-	-
Beginning Fund Balances, as restated	97	144,843	1,803	1,064,132
Fund Balances - Ending	\$ 97	\$ 147,494	\$ -	\$ 1,187,895

Continued (Page 7 of 8)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

<u>REVENUES</u>	<u>Totals</u>
Taxes and assessments	\$ 2,202,816
Use of money and property	155,027
Intergovernmental revenues	296,739
Charges for services	872,304
Other revenue	319,348
Total Revenues	<u>3,846,234</u>
<u>EXPENDITURES</u>	
Current:	
General government	800
Public safety	107,393
Public works	11,765
Community development	695,906
Capital outlay	13,142
Debt service	
Interest and other charges	184,084
Total Expenditures	<u>1,013,090</u>
Excess of Revenues Over (Under) Expenditures	<u>2,833,144</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Lease revenue bond proceeds	5,000,000
Discount - Lease revenue bonds	(69,168)
Transfers in	222,373
Transfers out	<u>(6,553,867)</u>
Total Other Financing Sources (Uses)	<u>(1,400,662)</u>
Net Change in Fund Balances	1,432,482
Beginning Fund Balances, as previously reported	8,216,350
Prior Period Restatement (Note 7)	<u>(72,448)</u>
Beginning Fund Balances, as restated	8,143,902
Fund Balances - Ending	<u>\$ 9,576,384</u>

Continued (Page 8 of 8)

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NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2010

<u>ASSETS</u>	<u>Fleet Replacement</u>
Cash and investments	\$ 2,518,539
Total Assets	2,518,539
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Accounts Payable	-
Total Liabilities	-
FUND BALANCES	
Unreserved:	
Undesignated	2,518,539
Total Fund Balances	2,518,539
Total Liabilities and Fund Balances	\$ 2,518,539

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

<u>REVENUES</u>	<u>Fleet Replacement</u>
Use of money and property	\$ 598
Intergovernmental revenues	961,252
Total Revenues	961,850
<u>EXPENDITURES</u>	
Current:	
General government	2,236
Capital outlay	82,124
Total Expenditures	84,360
Excess of Revenues Over (Under) Expenditures	877,490
Net Change in Fund Balances	877,490
Fund Balances - Beginning	1,641,049
Fund Balances - Ending	\$ 2,518,539

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NONMAJOR GOVERNMENTAL FUNDS
Debt Service Funds

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2010

<u>ASSETS</u>	<u>General Fund Debt Service</u>
Cash and investments	\$ 69,157
Cash with fiscal agent	<u>130,804</u>
Total Assets	<u><u>199,961</u></u>
<u>LIABILITIES AND FUND BALANCES</u>	
LIABILITIES	
Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>
FUND BALANCES	
Reserved for:	
Debt service	<u>199,961</u>
Total Fund Balances	<u>199,961</u>
Total Liabilities and Fund Balances	<u><u>\$ 199,961</u></u>

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund Debt Service
<u>REVENUES</u>	
Other revenue	\$ 67,274
Total Revenues	<u>67,274</u>
<u>EXPENDITURES</u>	
Debt service	
Principal	165,000
Interest and other charges	473,112
Total Expenditures	<u>638,112</u>
Excess of Revenues Over (Under) Expenditures	<u>(570,838)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers in	<u>638,112</u>
Total Other Financing Sources (Uses)	<u>638,112</u>
Net Change in Fund Balances	67,274
Fund Balances - Beginning	<u>132,687</u>
Fund Balances - Ending	<u>\$ 199,961</u>

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OTHER REPORTS

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

To the Town Council
 of the Town of Truckee
 Truckee, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of and for the year ended June 30, 2010, which collectively comprise the Town of Truckee's basic financial statements and have issued our report thereon dated December 6, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Truckee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Truckee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Truckee's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sacramento, California
 December 6, 2010

PRINCIPALS

Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Kriss Ann Mann, CPA, CCPS

Christine L. Collins, EA • Justin J. Williams, CPA, CVA • Neil J. Beeman, CPA

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
 APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
 OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Town Council
 Town of Truckee
 Truckee, California

Compliance

We have audited the compliance of the Town of Truckee, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town of Truckee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Truckee's management. Our responsibility is to express an opinion on The Town of Truckee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Truckee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of Truckee's compliance with those requirements.

In our opinion, the Town of Truckee, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures disclosed no instances of noncompliance with those requirements.

Internal Control Over Compliance

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

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

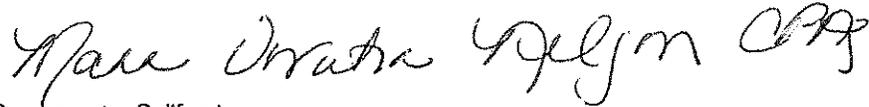
PRINCIPALS

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

This report is intended solely for the information and use of management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Marc Urata" followed by a stylized set of initials, possibly "CPA".

Sacramento, California
December 6, 2010

**TOWN OF TRUCKEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Grant Number</u>	<u>Federal Expenditures</u>
U.S Department of Housing and Urban Development			
Pass-Through State of California Department of Housing and Community Development:			
Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii	14.228	05-STBG-1416	\$ 1,271
Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii	14.228	07-PTAE-3320	545
Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii	14.228	05-STBG-1416	<u>623</u>
Total Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii			<u>2,439</u>
Home Investment Partnership Program	14.239	06-HOME-2452	<u>10,660</u>
Total U.S. Department of Housing and Urban Development			<u>13,099</u>
U.S. Department of Justice			
Direct Programs:			
Public Safety Partnership and Community Policing Grants	16.710		<u>72,027</u>
Total U.S. Department of Justice			<u>72,027</u>
U.S Department of Transportation			
Pass-Through State of California Department of Transportation			
Highway Planning and Construction	20.205	HPLU-5473(007)	46,388
ARRA: Highway Planning and Construction	20.205	ESPLE-5473(003)	199,610
Highway Planning and Construction	20.205	SRTSL-5473(010)	<u>131,713</u>
Total Highway Planning and Construction			<u>377,711</u>
ARRA: Formula Grants for Other than Urbanized Areas	20.509	649970	<u>15,319</u>
Pass-Through State Office of Traffic Safety			
State and Community Highway Safety	20.600	AL0846	25,714
State and Community Highway Safety	20.600	AL1018	<u>21,623</u>
Total State and Community Highway Safety			<u>47,337</u>
Total U.S. Department of Transportation			<u>440,367</u>
Total Expenditures of Federal Awards			\$ <u>525,493</u>

**TOWN OF TRUCKEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1: REPORTING ENTITY

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

NOTE 2: BASIS OF ACCOUNTING

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

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

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

NOTE 4: CLAIMS

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

NOTE 5: LOANS OUTSTANDING

The programs listed below had the following aggregate federally funded loans outstanding at June 30, 2009:

Federal CFDA Number	Program Title	Amount Outstanding
14.228	Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	\$ 192,578
14.239	Home Investment Partnerships Program	<u>9,558,124</u>
	Total Loans Outstanding	<u>\$ 9,750,702</u>

**TOWN OF TRUCKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted <i>Government Auditing Standards</i>	No
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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings and questioned costs for Federal Awards, which includes audit findings and defined in section 510(a)	No
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**TOWN OF TRUCKEE
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2010**

There were no findings to report for the year ended June 30, 2009.