

**TOWN OF TRUCKEE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011**



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TOWN OF TRUCKEE, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2011

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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, 2011

<u>Name</u>	<u>Office</u>
Richard Anderson	Mayor
Joan deRyk Jones	Vice Mayor
Dr. Mark Brown	Councilmember
Barbara Green	Councilmember
Carolyn Wallace Dee	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, each major fund, and the aggregate remaining fund information of the Town of Truckee as of and for the year ended June 30, 2011, 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 an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of June 30, 2011, 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.

As explained further in Note 6C, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The Redevelopment Agency of the Town of Truckee is a major component unit of the Town. The effects of this legislation are uncertain pending the results of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, 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

Justin J. Williams, CPA, CVA ♦ Neil J. Beeman, CPA ♦ Kriss Ann Mann, CPA, CCPS ♦ Christine L. Collins, EA

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 21, 2011

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

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, 2011. 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 \$156.9 million. Of this amount, \$26.9 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 \$156.5 million. Of this balance, \$26.9 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 \$18.1 million. The restricted balance is \$.075 million. The assigned balance of \$9.9 million is designated for various contingencies and future capital needs and \$8.1 million is unassigned and available for spending at the Town's discretion.

Completed capital projects included landscaping for the roundabout at Pioneer Trail and Donner Pass Road, Truckee River Trail Phase 2 paving, Donner Pass Road Streetscape (Carmel Gallery section) and Alder Creek On-Street Parking. Industrial Way was accepted into the Town's infrastructure and a portion of land was purchased for the Trout Creek project. Projects in-process at year end include: Donner Pass Road Bridge Street Streetscape improvement, Depot Streetscape improvement, the SR89/UPRR Underpass (Mousehole), the Truckee River Trail, Phase 3 and the Town nearly completed the reconstruction of Donner Pass Road – High Street to Cold Stream and Spring Street to Bridge Street project.

During fiscal 2011 a portion of the land purchased to house a new Public Service Center was sold to the Truckee Fire Protection District. Construction of the Public Service Center began in September, 2009 was completed in October, 2011.

The State of California withheld from the Redevelopment Agency under SERAF take-away property taxes in the amount of \$623,720 in fiscal 2010 and in fiscal 2011 an additional \$128,290 was 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.

### **GOVERNMENT- WIDE STATEMENTS**

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

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

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

# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

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 37-58 of this report.

TOWN OF TRUCKEE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011

**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, 2011.

Town of Truckee Net Assets (in thousands of dollars)							
	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
Current and other assets	\$ 82,456	\$ 78,084	\$ 105	\$ 226	\$ 82,561	\$ 78,311	-5%
Capital assets	97,804	107,412	560	451	98,364	107,863	10%
<b>Total assets</b>	<b>180,261</b>	<b>185,496</b>	<b>665</b>	<b>677</b>	<b>180,925</b>	<b>186,174</b>	3%
Current Liabilities	4,553	5,486	260	221	4,813	5,706	19%
Long-term debt outstanding	23,626	23,503	44	68	23,670	23,571	0%
<b>Total liabilities</b>	<b>28,179</b>	<b>28,989</b>	<b>304</b>	<b>289</b>	<b>28,483</b>	<b>29,278</b>	
Net assets							
Invested in capital assets net of related debt	86,524	95,854	560	451	87,084	96,305	11%
Restricted	35,588	33,729	-	-	35,588	33,729	-5%
Unrestricted	29,970	26,925	(199)	(63)	29,771	26,863	-10%
<b>Total net assets</b>	<b>\$ 152,082</b>	<b>\$ 156,508</b>	<b>\$ 361</b>	<b>\$ 388</b>	<b>\$ 152,443</b>	<b>\$ 156,896</b>	

As of June 30, 2011, the Town's government-wide total assets exceeded liabilities (net assets) by \$156.9 million. Governmental activities finished the year with a positive net asset balance, \$156.5 million. Business type activities finished the year with a positive balance of \$.388 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, \$96.3 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 portions of Donner Pass Road including Bridge Street and High Street to Cold Stream and Spring Street to Bridge Street. Work was begun on the Depot Streetscape project. Industrial Way was added to the Town's roadways infrastructure in 2011 and a piece of land was purchased for the Trout Creek project. Construction on the new Public Service Facility was underway and was completed in October 2011.

The Town's long-term liabilities include debt incurred to acquire the Town's administrative facility; debt issued in 2009 for \$5 million to pay for the land purchased for the Public Service Facility; \$12.74 million in tax increment bonds issued 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 have been and will continue to be used for redevelopment projects as outlined in the five year capital improvement project budget. The repayment of the debt on the general fund assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Redevelopment tax increment will be used to pay the Redevelopment Agency debt. See Note 3 E for debt schedules.

Restricted net assets amount to \$33.7 million or 21.5% 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.

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 \$26.8 million or 17.1% of the total net assets. Governmental activities account for \$26.9 million or 100.2% of the total unrestricted net assets. Business-type activities account for \$(.063) million or (.2)% 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 revenues increased by 2% due to fee increases and expenses were reduced by an additional 5% from fiscal 2010's 29.8% decrease to address operational demand and recovery of negative net assets. Building division costs have been reduced to minimum levels; continued operational efficiencies will be pursued during the ongoing challenges in levels of construction and recovery to a positive net asset position.

TOWN OF TRUCKEE, CALIFORNIA

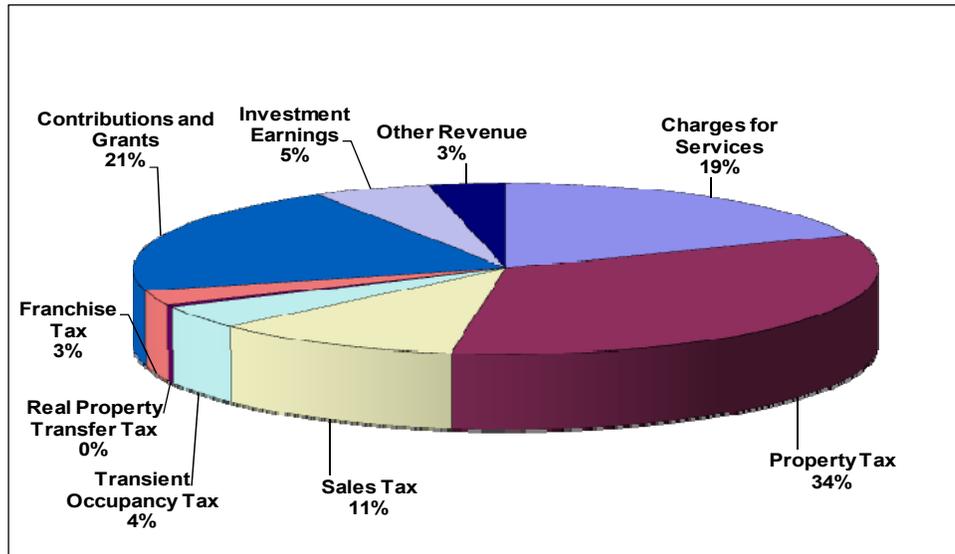
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

**GOVERNMENTAL ACTIVITIES**

Governmental activities account for \$156.5 million or 99.7% of the total Government-wide net assets. The following lists key components of net assets and highlights the changes between fiscal 2010 and fiscal 2011 for both Governmental Activities and Business-type Activities:

	Town of Truckee Changes in Net Assets <i>(in thousands of dollars)</i>						Total Percentage Change
	Governmental Activities		Business-type Activities		Total Activities		
	2010	2011	2010	2011	2010	2011	
<b>Revenues</b>							
<i>Program Revenues</i>							
Charges for services	\$ 2,395	\$ 2,398	\$ 3,606	\$ 3,721	\$ 6,000	\$ 6,118	2%
Operating grants and contributions	2,098	2,084	584	574	2,682	2,658	-1%
Capital grants and contributions	1,701	2,647	-	-	1,701	2,647	56%
<i>General Revenues</i>							
Property taxes	10,907	10,980	-	-	10,907	10,980	1%
Sales taxes	3,539	3,541	-	-	3,539	3,541	0%
Transient occupancy tax	1,432	1,436	-	-	1,432	1,436	0%
Other taxes	1,135	1,069	-	-	1,135	1,069	-6%
Investment earnings	3,082	1,665	2	2	3,083	1,667	-46%
Other revenue	2,353	2,459	82	85	2,435	2,544	4%
<b>Total revenues</b>	<b>\$ 28,642</b>	<b>\$ 28,278</b>	<b>\$ 4,273</b>	<b>\$ 4,381</b>	<b>\$ 32,915</b>	<b>\$ 32,659</b>	



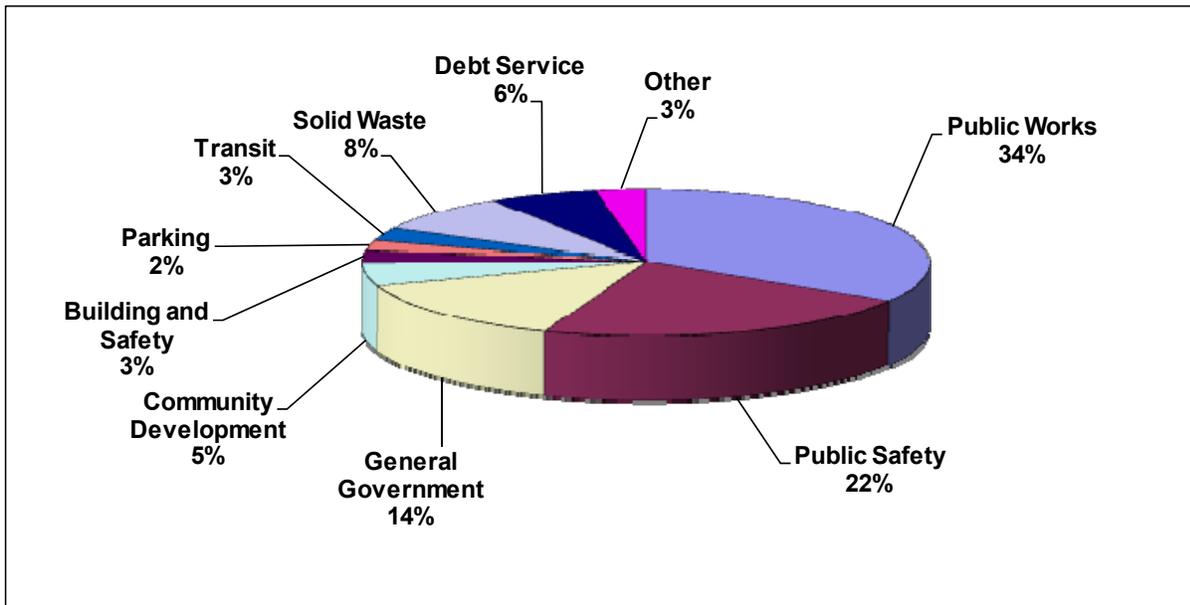
Total governmental revenues for the year were \$28.3 million, a decrease of \$.36 million or 1.3% when compared to 2010. The more significant decreases in revenues are due to decreases in investment earnings. In 2011 the Town received \$4.6 million in operating and capital grants and contributions compared with \$3.8 million in 2010. Public works capital grants increased \$.993 million and other grants decreased to a lesser degree compared with 2010. Property tax revenue had an additional decrease of 3.6% compared with 2010, excluding the SERAF payment to the State of California for the Redevelopment Agency. Sales taxes had a slight increase compared with 2010, indicating a slight recovery in sales and a decreasing decline in property values. Charges for services increased slightly due to 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 60.6% of the Town's governmental activities revenue. Without capital grants, taxes would be 66.6% of the Town's governmental activities revenue.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2011

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
<b>Expenses</b>							
General government	\$ 3,926	\$ 3,870	\$ -	\$ -	\$ 3,926	\$ 3,870	-1%
Public safety	6,141	6,112	-	-	6,141	6,112	0%
Public works	8,925	9,376	-	-	8,925	9,376	5%
Community development	1,355	1,367	-	-	1,355	1,367	1%
Transit	-	-	758	790	758	790	4%
Solid Waste	-	-	2,211	2,306	2,211	2,306	4%
Building & Safety	-	-	844	799	844	799	-5%
Parking	-	-	556	582	556	582	5%
Interest on long-term debt	921	1,741	-	-	921	1,741	89%
Other	805	793	-	-	805	793	-2%
<b>Total expenses</b>	<b>22,072</b>	<b>23,259</b>	<b>4,368</b>	<b>4,477</b>	<b>26,439</b>	<b>27,736</b>	
<b>Excess (deficiency) before transfers</b>	<b>6,570</b>	<b>5,018</b>	<b>(94)</b>	<b>(95)</b>	<b>6,476</b>	<b>4,923</b>	
Transfers	(126)	(122)	126	122	-	-	
<b>Increase (decrease) in net assets</b>	<b>\$ 6,444</b>	<b>\$ 4,896</b>	<b>\$ 33</b>	<b>\$ 27</b>	<b>\$ 6,476</b>	<b>\$ 4,923</b>	



Total governmental expenses for the year were \$23.3 million as compared to \$22.1 million, a 5.5% increase. The most significant increase in expenses is due to the issuance of redevelopment agency bonds and the resultant increased interest expense. There was also a slight increase in public works expenses due to a longer than average winter with higher snow removal costs.

**BUSINESS-TYPE ACTIVITIES**

Business-type activities account for (\$.063) million or (.2)% of the total Government-wide unrestricted net assets. The increase in net assets is the result of a 3% increase in charges for services in parking solid waste and building and safety. Building and safety continues to have negative net assets which are offset by a loan from the General Fund. New building construction continues to be slow. Due to cost controls and a slight increase in permit revenues building and safety’s revenues exceeded expenditures by \$.046 million. Solid waste revenue increased 3% compared to 2011 due to budgeted rate increases for enhancements in service. Total parking fund revenue increased 5% compared to 2011 due to increased meter fees and recovery of past due fees.

**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.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

**Governmental Funds.** All of the Town's governmental funds ended the year with positive fund balances except the capital projects fund and one grant fund. The negative fund balance in these funds is due to timing of receipt of grant revenues. The ending fund balance for all funds is \$56.29 million. Of the total fund balance, \$8.1 million or 14.3% is unassigned, which is available for spending at the Town's discretion. See the notes to the financial report, note 1 O for more in-depth discussion of the new fund balance designations.

The general fund is the chief operating fund of the Town. As of June 30, 2011 the total fund balance of the general fund was \$18.1 million with \$75,000 restricted for self-insurance, and \$18 million in assigned/unassigned funds for contingencies, equipment replacement, facilities construction and capital projects.

Total governmental expenditures, excluding other financing sources/uses, exceeded revenues by \$7.3 million primarily as a result of capital expenditures designated for the new public service facility.

**Proprietary Funds.** The Town's parking and solid waste funds ended the year with positive unrestricted net assets; the building & safety and transit funds ended the year with negative unrestricted net assets. The transit revenues were budgeted to cover expenses but fare box receipts, private contributions and interest income were below budgeted expectations. Building and safety's negative position will be made up as the economy recovers.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund Budgetary Comparison Schedule is shown on page 61. There was one significant change to the original budget to amend the budgeted expenditures to include the payoff of the CalPERS side-fund. General government budgeted expenditures were increased by \$1.5 million.

Total actual tax revenue was higher than budgeted revenues even with a 3.6% decrease in property taxes. Increased tax revenues are a result of higher than budgeted sales tax and transient occupancy taxes. Increases are partially due to a very good winter season and increased tourist shopping. Other actual revenues are higher than budgeted due to sale of land and equipment as well as increased claim collections and public works division service reimbursements.

Actual expenditures were lower than budgeted expenditures as a result of budgetary savings, primarily an operational reaction to the economic slow down, and deferral of capital project costs into later years. Savings were also realized in personnel costs in the police department and code compliance due to unfilled vacancies, and in the snow division due to good management of overtime during the winter season.

**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, 2011, amounts to \$107.9 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
	2010	2011	2010	2011	2010	2011	
Right of way	\$ 41,651	\$ 42,010	\$ -	\$ -	\$ 41,651	\$ 42,010	0.9%
Land	8,195	6,965	-	-	8,195	6,965	-15.0%
Construction in progress	8,938	21,581	-	10	8,938	21,591	141.6%
Buildings and improvements	7,860	7,631	158	148	8,018	7,779	-3.0%
Equipment	4,824	4,221	403	293	5,227	4,513	-13.7%
Infrastructure	25,865	25,003	-	-	25,865	25,003	-3.3%
<b>TOTALS</b>	<b>\$ 97,333</b>	<b>\$ 107,411</b>	<b>\$ 561</b>	<b>\$ 451</b>	<b>\$ 97,894</b>	<b>\$ 107,861</b>	

Major capital asset additions this year were due to the addition of infrastructure projects still in construction at year end in fiscal 2010, including Truckee River Trail Phase 2 paving and the Donner Pass Road (Carmel Gallery) Streetscape project. Construction in progress includes the new Public Service Facility, Donner Pass Road reconstruction (High Street to Cold Stream and Spring Street to Bridge Street), Truckee River Trail Phase 3 and

# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

other streetscape roundabout and road construction. A portion of the Public Service Facility land which was not needed for the Town's facilities was sold to the Truckee Fire District to assist with funding of the new facility.

Additional information on the Town's capital assets can be found in note 3 on page 49.

**Long-term Debt.** The Town's long-term debt as of June 30, 2011 was \$23.5 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 50-51.

General obligation debts are direct obligations of the Town and are backed by the full faith and credit of the Town requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the Town's total assessed valuation which was \$5,287.3 million in fiscal 2011. The Town of Truckee's debt limit is \$793.1 million. The Town currently has no general obligation debt outstanding.

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

The Town continues to experience very slow residential growth. During the budget process for fiscal 2012 it was estimated that 70 new single-family units would be constructed within the Town, compared with 30 budgeted units and 36 actual units in fiscal 2011. Non-residential growth is estimated to be lower in 2012 than in 2011. These 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 increase approximately .45% compared with 2011 budgeted expenditures. Personnel costs were budgeted flat and included employee's partial contribution to CalPers retirement. Overall service and supply costs are expected to increase 1.22% above the 2011 budget due to increase operating costs in the new public service facility.

The Town's general fund is currently contributing approximately \$.56 million to the Town's capital programs, excluding funding of the new public service center, as well as \$.5 million for street overlay maintenance annually. It has almost \$9 million in assigned fund balance which includes \$3.4 million (18.0% of revenues) of general fund balance to be assigned for contingencies, \$3 million for asphalt overlay program and \$1 million for a new animal shelter facility.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

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# **BASIC FINANCIAL STATEMENTS**

Government Wide Financial Statements

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET ASSETS

JUNE 30, 2011

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash and investments	\$ 51,068,550	\$ 296,587	\$ 51,365,137
Restricted cash and investments	5,676,575	-	5,676,575
Cash with fiscal agent	2,154,997	-	2,154,997
Accounts receivable	875,573	302,777	1,178,350
Interest receivable	179,906	439	180,345
Taxes receivable	1,263,639	-	1,263,639
Internal balances	373,654	(373,654)	-
Due from other governments	180,818	-	180,818
Prepaid costs and deposits	1,604,631	-	1,604,631
Deferred charges	657,183	-	657,183
Long-term interest receivables	-	-	-
Loans receivable	13,848,926	-	13,848,926
Land held for resale	200,000	-	200,000
Capital assets:			
Non-depreciable assets	70,556,417	-	70,556,417
Depreciable assets, net of depreciation	36,855,576	451,182	37,306,758
Total capital assets	<u>107,411,993</u>	<u>451,182</u>	<u>107,863,175</u>
<b>Total Assets</b>	<b><u>185,496,445</u></b>	<b><u>677,331</u></b>	<b><u>186,173,776</u></b>
<b>LIABILITIES</b>			
Accounts payable	2,206,220	187,310	2,393,530
Salaries and benefits payable	543,322	19,127	562,449
Deposits payable	1,851,915	8,199	1,860,114
Unearned revenue	505,577	-	505,577
Long-term liabilities			
Due within one year	377,938	6,709	384,648
Due in more than one year	23,503,084	67,916	23,570,999
<b>Total Liabilities</b>	<b><u>28,988,056</u></b>	<b><u>289,261</u></b>	<b><u>29,277,317</u></b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	95,853,857	451,182	96,305,039
Restricted for:			
Capital Projects	10,393,494	-	10,393,494
Debt service	292,157	-	292,157
Grants, taxes, and fees	23,044,125	-	23,044,125
Unrestricted	26,924,756	(63,112)	26,861,644
<b>Total Net Assets</b>	<b><u>\$ 156,508,389</u></b>	<b><u>\$ 388,070</u></b>	<b><u>\$ 156,896,459</u></b>

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, 2011

<b>FUNCTIONS/PROGRAMS</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 3,870,421	\$ 53,006	\$ 121,643	\$ 961,252
Public safety	6,112,495	533,478	145,312	-
Public works	9,375,509	1,605,271	1,787,433	1,676,719
Community development	1,367,460	205,946	29,440	9,377
Facilities	792,679	-	-	-
Interest on long-term debt	1,740,606	-	-	-
<b>Total Governmental Activities</b>	<b>23,259,170</b>	<b>2,397,701</b>	<b>2,083,828</b>	<b>2,647,348</b>
Business-type activities:				
Parking	581,822	502,019	-	-
Solid waste	2,306,129	2,310,279	23,847	-
Building and safety	798,544	841,755	-	-
Transit	790,237	66,513	550,196	-
<b>Total Business-type Activities</b>	<b>4,476,732</b>	<b>3,720,566</b>	<b>574,043</b>	<b>-</b>
<b>Total</b>	<b>\$ 27,735,902</b>	<b>\$ 6,118,267</b>	<b>\$ 2,657,871</b>	<b>\$ 2,647,348</b>

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

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

<b>FUNCTIONS/PROGRAMS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Governmental activities:</b>			
General government	\$ (2,734,520)	\$ -	\$ (2,734,520)
Public safety	(5,433,705)	-	(5,433,705)
Public works	(4,306,086)	-	(4,306,086)
Community development	(1,122,697)	-	(1,122,697)
Facilities	(792,679)	-	(792,679)
Interest on long-term debt	(1,740,606)	-	(1,740,606)
<b>Total Governmental Activities</b>	<b>(16,130,293)</b>	<b>-</b>	<b>(16,130,293)</b>
<b>Business-type activities:</b>			
Parking	-	(79,803)	(79,803)
Solid waste	-	27,997	27,997
Building and safety	-	43,211	43,211
Transit	-	(173,528)	(173,528)
<b>Total Business-type Activities</b>	<b>-</b>	<b>(182,123)</b>	<b>(182,123)</b>
<b>Total</b>	<b>(16,130,293)</b>	<b>(182,123)</b>	<b>(16,312,416)</b>
<b>General revenues:</b>			
<b>Taxes:</b>			
Property taxes	10,979,584	-	10,979,584
Sales and use taxes	3,540,619	-	3,540,619
Transient occupancy taxes	1,436,129	-	1,436,129
Property transfer taxes	151,175	-	151,175
Franchise taxes	917,736	-	917,736
Grants and contributions - unrestricted	1,449,782	-	1,449,782
Interest and investment earnings	1,664,850	1,775	1,666,625
Miscellaneous	1,009,015	85,584	1,094,599
<b>Transfers</b>	<b>(122,163)</b>	<b>122,163</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>	<b>21,026,727</b>	<b>209,522</b>	<b>21,236,249</b>
<b>Change in Net Assets</b>	<b>4,896,434</b>	<b>27,399</b>	<b>4,923,833</b>
<b>Net Assets - Beginning, as previously reported</b>	<b>152,082,356</b>	<b>360,671</b>	<b>152,443,027</b>
<b>Prior period restatement (Note 7)</b>	<b>(470,401)</b>	<b>-</b>	<b>(470,401)</b>
<b>Net Assets - Beginning, as restated</b>	<b>151,611,955</b>	<b>360,671</b>	<b>151,972,626</b>
<b>Net Assets - Ending</b>	<b>\$ 156,508,389</b>	<b>\$ 388,070</b>	<b>\$ 156,896,459</b>

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, 2011

<b>ASSETS</b>	<b>General</b>	<b>Measure A / Measure V</b>	<b>Impact Fees</b>	<b>HOME Grant</b>
Cash and investments	\$ 18,139,029	\$ 6,498,084	\$ 6,489,734	\$ 22,402
Restricted cash and investments	-	-	-	-
Cash with fiscal agent	-	-	-	-
Accounts receivable	139,532	-	-	-
Interest receivable	79,516	19,789	14,191	50
Taxes receivable	917,688	232,900	-	-
Due from other funds	377,809	-	-	-
Due from other governments	85,731	68,672	-	-
Prepaid costs and deposits	47,233	-	-	-
Advances to other funds	-	-	-	-
Loans receivable	1,410,171	-	-	9,876,823
RDA land held for resale	-	-	-	-
<b>Total Assets</b>	<b>21,196,709</b>	<b>6,819,445</b>	<b>6,503,925</b>	<b>9,899,275</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	397,106	319	232	-
Salaries and benefits payable	531,249	-	-	-
Deposits payable	720,324	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	1,478,630	68,672	-	9,876,823
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>3,127,309</b>	<b>68,991</b>	<b>232</b>	<b>9,876,823</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	75,000	6,750,454	6,503,693	22,452
Committed	-	-	-	-
Assigned	9,924,554	-	-	-
Unassigned	8,069,846	-	-	-
<b>Total Fund Balances</b>	<b>18,069,400</b>	<b>6,750,454</b>	<b>6,503,693</b>	<b>22,452</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 21,196,709</b>	<b>\$ 6,819,445</b>	<b>\$ 6,503,925</b>	<b>\$ 9,899,275</b>

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	Capital Projects	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,193,464	\$ 4,272,429	\$ 13,453,408	\$ 51,068,550
Restricted cash and investments	-	5,676,575	-	5,676,575
Cash with fiscal agent	-	1,699,243	455,754	2,154,997
Accounts receivable	655,255	10,000	-	804,787
Interest receivable	-	41,812	24,548	179,906
Taxes receivable	-	80,663	82,224	1,313,475
Due from other funds	-	-	-	377,809
Due from other governments	-	-	26,415	180,818
Prepaid costs and deposits	7,623	-	-	54,856
Advances to other funds	-	-	-	-
Loans receivable	-	345,874	2,216,058	13,848,926
RDA land held for resale	-	200,000	-	200,000
<b>Total Assets</b>	<b>2,856,342</b>	<b>12,326,596</b>	<b>16,258,407</b>	<b>75,860,699</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	1,250,548	411,586	146,429	2,206,220
Salaries and benefits payable	4,165	4,872	3,036	543,322
Deposits payable	1,125,840	-	5,751	1,851,915
Due to other funds	-	-	4,155	4,155
Unearned revenue	488,935	347,435	2,705,268	14,965,763
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>2,869,488</b>	<b>763,893</b>	<b>2,864,639</b>	<b>19,571,375</b>
<b>FUND BALANCES</b>				
Nonspendable	-	200,000	-	200,000
Restricted	-	11,362,703	9,961,357	34,675,659
Committed	-	-	-	-
Assigned	-	-	3,433,056	13,357,610
Unassigned	(13,146)	-	(645)	8,056,055
<b>Total Fund Balances</b>	<b>(13,146)</b>	<b>11,562,703</b>	<b>13,393,768</b>	<b>56,289,324</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,856,342</b>	<b>\$ 12,326,596</b>	<b>\$ 16,258,407</b>	<b>\$ 75,860,699</b>

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, 2011

<b>Total Governmental Fund Balances</b>	\$ 56,289,324
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.	657,183
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	107,411,993
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.	(23,881,022)
An expenditure for the CalPers side fund payoff is reported in governmental funds but will be treated as a prepayment and reported as an asset in the Statement of Net Assets.	1,549,775
Adjustment to unearned revenue for grant receivables, long-term loan payments, accrued interest, new loans, and prior period adjustments.	14,460,186
Under the modified accrual basis of accounting used in governmental funds, revenues are not recognized for transactions that do not represent available financial resources. In the Statement of Activities, however, revenues and assets are reported regardless of when financial resources are available.	
Accounts receivable	<u>20,950</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 156,508,389</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, 2011

<b>REVENUES</b>	<b>General</b>	<b>Measure A / Measure V</b>	<b>Impact Fees</b>	<b>HOME Grant</b>
Taxes and assessments	\$ 14,144,048	\$ 1,571,533	\$ -	\$ -
Licenses and permits	39,235	-	-	-
Fines and forfeitures	368,684	-	-	-
Use of money and property	475,336	71,371	56,633	247
Intergovernmental revenues	1,579,267	-	-	-
Charges for services	767,284	-	365,329	-
Other revenues	1,616,657	-	-	-
<b>Total Revenues</b>	<b>18,990,511</b>	<b>1,642,904</b>	<b>421,962</b>	<b>247</b>
<b>EXPENDITURES</b>				
Current:				
General government	4,721,955	-	-	-
Public safety	5,807,083	-	-	-
Public works	5,558,619	-	9,900	-
Community development	722,730	-	-	-
Facilities	795,958	-	-	-
Capital outlay	41,360	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
<b>Total Expenditures</b>	<b>17,647,705</b>	<b>-</b>	<b>9,900</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,342,806</b>	<b>1,642,904</b>	<b>412,062</b>	<b>247</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,964,430	-	-	-
Transfers out	(9,853,243)	(2,378,484)	(335,212)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(7,888,813)</b>	<b>(2,378,484)</b>	<b>(335,212)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(6,546,007)</b>	<b>(735,580)</b>	<b>76,850</b>	<b>247</b>
Beginning Fund Balances, as previously reported	24,352,807	7,486,034	5,918,965	22,205
Prior Period Restatement (Note 7)	262,600	-	507,878	-
<b>Beginning Fund Balances, as restated</b>	<b>24,615,407</b>	<b>7,486,034</b>	<b>6,426,843</b>	<b>22,205</b>
<b>Fund Balances - Ending</b>	<b>\$ 18,069,400</b>	<b>\$ 6,750,454</b>	<b>\$ 6,503,693</b>	<b>\$ 22,452</b>

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

<b>REVENUES</b>	<b>Capital Projects</b>	<b>Redevelopment Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Taxes and assessments	\$ -	\$ 1,125,641	\$ 2,209,966	\$ 19,051,188
Licenses and permits	-	-	-	39,235
Fines and forfeitures	-	-	-	368,684
Use of money and property	1,835	251,981	102,445	959,848
Intergovernmental revenues	1,606,420	23,163	1,103,096	4,311,946
Charges for services	-	4,140	910,645	2,047,398
Other revenues	129,517	39,295	560,922	2,346,391
<b>Total Revenues</b>	<b>1,737,772</b>	<b>1,444,220</b>	<b>4,887,074</b>	<b>29,124,690</b>
 <b>EXPENDITURES</b>				
Current:				
General government	437,024	-	500	5,159,479
Public safety	-	-	27,036	5,834,119
Public works	651,916	-	10,058	6,230,493
Community development	-	620,348	417,865	1,760,943
Facilities	-	-	-	795,958
Capital outlay	14,493,230	-	146,436	14,681,026
Debt service				
Principal	-	-	275,000	275,000
Interest and other charges	-	296,980	1,337,026	1,634,006
<b>Total Expenditures</b>	<b>15,582,170</b>	<b>917,328</b>	<b>2,213,921</b>	<b>36,371,024</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(13,844,398)</b>	<b>526,892</b>	<b>2,673,153</b>	<b>(7,246,334)</b>
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	13,669,888	-	1,524,506	17,158,824
Transfers out	-	(1,615,273)	(3,098,775)	(17,280,987)
<b>Total Other Financing Sources (Uses)</b>	<b>13,669,888</b>	<b>(1,615,273)</b>	<b>(1,574,269)</b>	<b>(122,163)</b>
<b>Net Change in Fund Balances</b>	<b>(174,510)</b>	<b>(1,088,381)</b>	<b>1,098,884</b>	<b>(7,368,497)</b>
Beginning Fund Balances, as previously reported	954,528	12,628,398	12,294,884	63,657,821
Prior Period Restatement (Note 7)	(793,164)	22,686	-	0
<b>Beginning Fund Balances, as restated</b>	<b>161,364</b>	<b>12,651,084</b>	<b>12,294,884</b>	<b>63,657,821</b>
<b>Fund Balances - Ending</b>	<b>\$ (13,146)</b>	<b>\$ 11,562,703</b>	<b>\$ 13,393,768</b>	<b>\$ 56,289,324</b>

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, 2011

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.

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (7,368,497)</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$14,681,026) exceeded depreciation expense (\$3,642,021) in the current period.	11,039,005
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.	282,046
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.	(1,242,839)
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 (\$631,810). Some revenues reported in prior year Statement of Activities were recognized in the governmental funds in current year (\$754,818).	(123,008)
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.	275,000
Repayment of long-term receivables is treated as revenues in governmental funds, but the repayment reduces long-term receivables in the Statement of Net 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	(144,157)
Loans made during the year	441,814
Long-term loan interest accrual	404,122
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 allowance	30,000
An expenditure for the CalPers side fund payoff is reported in governmental funds but will be treated as a prepayment and reported as an asset in the Statement of Net Assets.	1,549,775
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	(140,226)
Amortization of bond discount, cost of issuance and refunding difference	(106,601)
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 4,896,434</u></b>

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

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Parking</u>	<u>Solid Waste</u>	<u>Building and Safety</u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash and investments	\$ 62,735	\$ 233,752	\$ 100
Accounts receivable, net of allowance	32,745	143,953	1,164
Interest receivable	184	255	-
<b>Total Current Assets</b>	<u>95,664</u>	<u>377,960</u>	<u>1,264</u>
Noncurrent Assets			
Capital Assets			
Depreciable capital assets	25,022	36,305	325,301
Less: accumulated depreciation	<u>(13,016)</u>	<u>(17,471)</u>	<u>(314,469)</u>
<b>Total Noncurrent Assets</b>	<u>12,006</u>	<u>18,834</u>	<u>10,832</u>
<b>Total Assets</b>	<u>107,670</u>	<u>396,794</u>	<u>12,096</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	5,948	173,830	3,669
Salaries & benefits payable	4,877	2,529	10,328
Deposits payable	-	-	8,199
Due to other funds	-	-	255,746
Compensated absences	1,142	602	4,509
<b>Total Current Liabilities</b>	<u>11,967</u>	<u>176,961</u>	<u>282,451</u>
Noncurrent Liabilities			
Compensated absences	16,062	8,675	37,515
<b>Total Noncurrent Liabilities</b>	<u>16,062</u>	<u>8,675</u>	<u>37,515</u>
<b>Total Liabilities</b>	<u>28,029</u>	<u>185,636</u>	<u>319,966</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets	12,006	18,834	10,832
Unrestricted	<u>67,635</u>	<u>192,324</u>	<u>(318,702)</u>
<b>Total Net Assets</b>	<u>\$ 79,641</u>	<u>\$ 211,158</u>	<u>\$ (307,870)</u>

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2011

	<u>Transit</u>	<u>Totals</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and investments	\$ -	\$ 296,587
Accounts receivable, net of allowance	124,915	302,777
Interest receivable	-	439
<b>Total Current Assets</b>	<u>124,915</u>	<u>599,803</u>
Noncurrent Assets		
Capital Assets		
Depreciable capital assets	794,131	1,180,759
Less: accumulated depreciation	<u>(384,621)</u>	<u>(729,577)</u>
<b>Total Noncurrent Assets</b>	<u>409,510</u>	<u>451,182</u>
<b>Total Assets</b>	<u>534,425</u>	<u>1,050,985</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable	3,863	187,310
Salaries & benefits payable	1,393	19,127
Deposits payable	-	8,199
Due to other funds	117,908	373,654
Compensated absences	<u>456</u>	<u>6,709</u>
<b>Total Current Liabilities</b>	<u>123,620</u>	<u>594,999</u>
Noncurrent Liabilities		
Compensated absences	<u>5,664</u>	<u>67,916</u>
<b>Total Noncurrent Liabilities</b>	<u>5,664</u>	<u>67,916</u>
<b>Total Liabilities</b>	<u>129,284</u>	<u>662,915</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets	409,510	451,182
Unrestricted	<u>(4,369)</u>	<u>(63,112)</u>
<b>Total Net Assets</b>	<u>\$ 405,141</u>	<u>\$ 388,070</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, 2011

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Parking</b>	<b>Solid Waste</b>	<b>Building and Safety</b>
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ 377,941	\$ 2,310,279	\$ 841,755
Fines and forfeitures	124,078	-	-
Other revenues	12,597	-	3,284
<b>Total Operating Revenues</b>	<b>514,616</b>	<b>2,310,279</b>	<b>845,039</b>
<b><u>OPERATING EXPENSES</u></b>			
Salaries and benefits	245,575	134,346	507,028
Services and supplies	332,773	2,168,450	271,485
Depreciation	3,474	3,333	20,031
<b>Total Operating Expenses</b>	<b>581,822</b>	<b>2,306,129</b>	<b>798,544</b>
<b>Operating Income (Loss)</b>	<b>(67,206)</b>	<b>4,150</b>	<b>46,495</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Intergovernmental revenues	-	23,847	-
Interest income	732	438	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>732</b>	<b>24,285</b>	<b>-</b>
Income (Loss) before Transfers	(66,474)	28,435	46,495
Transfers in	122,163	-	-
Change in Net Assets	55,689	28,435	46,495
Total Net Assets - Beginning	23,952	182,723	(354,365)
<b>Total Net Assets - Ending</b>	<b>\$ 79,641</b>	<b>\$ 211,158</b>	<b>\$ (307,870)</b>

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<b>Transit</b>	<b>Totals</b>	
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ 66,513	\$ 3,596,488	
Fines and foreitures	-	124,078	
Other revenues	69,703	85,584	
<b>Total Operating Revenues</b>	136,216	3,806,150	
<b><u>OPERATING EXPENSES</u></b>			
Salaries and benefits	61,736	948,685	
Services and supplies	636,036	3,408,744	
Depreciation	92,465	119,303	
<b>Total Operating Expenses</b>	790,237	4,476,732	
<b>Operating Income (Loss)</b>	(654,021)	(670,582)	
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Intergovernmental revenues	550,196	574,043	
Interest income	605	1,775	
Total Non-Operating Revenues (Expenses)	550,801	575,818	
Income (Loss) before Transfers	(103,220)	(94,764)	
Transfers in	-	122,163	
Change in Net Assets	(103,220)	27,399	
Total Net Assets - Beginning	508,361	360,671	
<b>Total Net Assets - Ending</b>	\$ 405,141	\$ 388,070	

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, 2011

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Parking</b>	<b>Solid Waste</b>	<b>Building and Safety</b>	<b>Transit</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Receipts from customers	\$ 508,477	\$ 2,288,357	\$ 845,655	\$ 91,218
Payments to suppliers	(333,088)	(2,166,085)	(282,813)	(636,864)
Payments to employees	(244,479)	(134,247)	(513,607)	(61,598)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(69,090)</b>	<b>(11,975)</b>	<b>49,235</b>	<b>(607,244)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>				
Intergovernmental revenues received	-	-	-	550,195
Transfers from other funds	122,163	23,847	-	-
Interfund loans received	-	-	-	66,824
Interfund loans repaid	-	-	(49,235)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>122,163</b>	<b>23,847</b>	<b>(49,235)</b>	<b>617,019</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>				
Acquisition of capital assets	-	-	-	(10,380)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,380)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest received on investments	575	345	-	605
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>575</b>	<b>345</b>	<b>-</b>	<b>605</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>53,648</b>	<b>12,217</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents - Beginning of the Year</b>	<b>9,087</b>	<b>221,535</b>	<b>100</b>	<b>-</b>
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$ 62,735</b>	<b>\$ 233,752</b>	<b>\$ 100</b>	<b>\$ -</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>				
Operating income (loss)	\$ (67,206)	\$ 4,150	\$ 46,495	\$ (654,021)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	3,474	3,333	20,031	92,465
Decrease (increase) in:				
Accounts receivable	(6,139)	(21,922)	(696)	(44,264)
Prepaid expenses	-	-	-	-
Increase (decrease) in:				
Accounts payable	(315)	2,365	(11,328)	(828)
Salaries and benefits payable	(4,254)	(2,935)	(13,541)	(1,344)
Deposits payable	-	-	1,312	(734)
Compensated absences	5,350	3,034	6,962	1,482
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (69,090)</b>	<b>\$ (11,975)</b>	<b>\$ 49,235</b>	<b>\$ (607,244)</b>

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, 2011

	<b>Totals</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Receipts from customers	\$ 3,733,707
Payments to suppliers	(3,418,850)
Payments to employees	(953,931)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(639,074)</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Intergovernmental revenues received	550,195
Transfers from other funds	146,010
Interfund loans received	66,824
Interfund loans repaid	(49,235)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>713,794</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Acquisition of capital assets	(10,380)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(10,380)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Interest received on investments	1,525
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,525</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>65,865</b>
<b>Cash and Cash Equivalents - Beginning of the Year</b>	<b>230,722</b>
<b>Cash and Cash Equivalents - End of the Year</b>	<b>\$ 296,587</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>	
Operating income (loss)	\$ (670,582)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	119,303
Decrease (increase) in:	
Accounts receivable	(73,021)
Prepaid expenses	-
Increase (decrease) in:	
Accounts payable	(10,106)
Salaries and benefits payable	(22,074)
Deposits payable	578
Compensated absences	16,828
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (639,074)</b>

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, 2011

**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, 2011

**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, 2011

**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, 2011

**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, 2011

**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, 2011

**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, 2011

**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 \$6,750,454 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, 2011, the Town had recorded restricted net assets in governmental activities as follows:

Restricted for:	
Capital Projects	\$ 10,393,494
Debt Service	292,157
Grants, taxes, and fees	<u>23,044,125</u>
Total Restricted	<u><u>\$ 33,729,776</u></u>

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

- *Nonspendable* – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of another governments.
- *Committed* – amounts that can be used only for specific purposes determined by a formal action of Town Council. Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Town Council. The Town did not have any committed resources as of June 30, 2011.
- *Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Town Council or by an official or body to which the Town Council delegates the authority.
- *Unassigned* – amounts not included in other spendable classifications. Positive amounts are reported only in the General Fund.

Beginning fund balances for the Town's governmental funds have been restated to reflect the above classifications.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fleet equipment, construction, litigation, overlay program, etc.) When an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Town considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

As of June 30, 2011, restricted fund balance included:

- Self Insurance Retention - to reflect funds held to cover the deductible on self-insurance programs.
- Debt Service - to reflect funds set aside for future debt service payments.

As of June 30, 2011, assigned fund balance 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 and future construction of the public service and animal shelter facilities as well as intersection 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. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts.

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

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due Dates	November 1 (1st installment) 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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

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.

**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, 2011:

The Building and Safety fund had a net asset deficit of \$307,870, which is expected to be eliminated in future years when the economy improves and building activity increases.

The Capital Projects fund had a fund balance deficit at June 30, 2011 of \$13,146 which was caused by uncollected grant revenues for grant expenditures in the fiscal year. The CDBG 09-EDEF-6535 nonmajor governmental fund had a fund balance deficit of \$645 at June 30, 2011, which was caused by uncollected grant revenues for grant expenditures in the fiscal year.

B. GANN Spending Limit

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

For the year ended June 30, 2011, 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 \$5,676,575 from the 2010 Redevelopment bond issuance.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

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

Governmental Activities:	
Unrestricted Cash and investments	\$ 51,068,550
Restricted Cash and investments	7,831,572
Total Governmental Cash and investments	<u>58,900,122</u>
Business Type Activities	296,587
Total Cash and Investments	<u><u>\$ 59,196,709</u></u>

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

Cash and Deposits:	
Cash on hand	\$ 900
Deposits in Town's pool (less outstanding checks)	560,720
Deposits with fiscal agents	<u>2,154,984</u>
Total Cash and Deposits	<u>2,716,604</u>
Investments:	
In Town's pool	<u>56,480,105</u>
Total Investments	<u>56,480,105</u>
Total Cash and Investments	<u><u>\$ 59,196,709</u></u>

**Deposits**

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

At year end, the carrying amount of the Town's cash deposits (including amount in checking accounts and money market accounts) was \$2,716,600 and the bank balance was \$2,684,789. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$1,543,838 was covered by federal depository insurance and \$1,140,951 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:

<u>Investment Category</u>	<u>Standard</u>
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; 25% maximum; <270 days; 5%
Negotiable CDs	30% maximum; >A-rated issuer; 5% per issuer
Medium Term Notes	30% maximum; >A-rated issuer; 5% per issuer
Money Market Funds	AAA/Aaa rated; assets greater than \$500MM; 20% maximum
Repurchase Agreements	Not currently used
LAIF	No limitations

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

The Redevelopment Agency bond proceeds investment policy authorized investments include:

<b>Investment Category</b>	<b>Standard</b>
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, 2011, the Town had the following investments:

	Maturities			Fair Value	Weighted Average Maturity (Years)
	0 - 1 year	1 - 5 years	Over 5 years		
<b>Investments in Investment Pool</b>					
U.S. Government Agency Securities	\$ 7,320,990	\$ 12,625,858	\$ -	\$ 19,946,848	1.54
Corporate Notes	4,618,693	4,560,204	-	9,178,897	1.32
Local Agency Investment Fund (LAIF)	27,354,360	-	-	27,354,360	-
Total Investments in Investment Pool	<u>\$ 39,294,043</u>	<u>\$ 17,186,062</u>	<u>\$ -</u>	<u>\$ 56,480,105</u>	<u>0.76</u>

**Interest Rate Risk**

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments of the Town are invested in accordance with the investment policies of the Town. Of the Town's \$56,480,105 investment portfolio, over 48.8% 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, 2011.

**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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

Investments at June 30, 2011	Standard & Poor's	% of Portfolio
Federal Home Loan Mortgage Corporation	AAA	6.3%
Federal Home Loan Bank	AAA	7.4%
Federal National Mortgage Association	AAA	6.7%
Federal Farm Credit Bank	AAA	7.1%
US Treasury	TSY	7.6%
Corporate Obligations	A	1.9%
Corporate Obligations	A+	1.5%
Corporate Obligations	A-	0.5%
Corporate Obligations	AA	1.4%
Corporate Obligations	AA+	1.1%
Corporate Obligations	AA-	1.3%
Corporate Obligations	AAA	8.4%
LAIF	Unrated	48.8%
Total		<u>100.0%</u>

**Custodial Credit Risk**

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

**Concentration of Credit Risk**

35% 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 16.1% 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, 2011, the Town's investment position in the State of California Local Agency Investment Fund (LAIF) was \$27,354,360. The total amount invested by all public agencies in LAIF on that day was \$66,489,270,507. Of that amount, 94.99% is invested in non-derivative financial products and 5.01% in structured notes and asset-backed securities.

**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, 2011 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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

Loans in governmental funds are treated as expenditures in the year advanced and as revenue in the year repayment is measurable and available. Loans receivable are recorded in the fund statements but are 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, 2011, was as follows:

	Balance as Stated July 1, 2010	Prior Period Adjustment July 1, 2010	Balance as Restated July 1, 2010	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2011
<b>Governmental Activities</b>						
Capital Assets, Not Being Depreciated:						
Land	\$ 8,194,877	\$ -	\$ 8,194,877	\$ -	\$ (1,229,717)	\$ 6,965,160
Right of Way	41,651,013	-	41,651,013	359,342	-	42,010,355
Construction in Progress	9,408,128	(470,401)	8,937,727	14,343,494	(1,700,319)	21,580,902
Total Capital Assets, Not Being Depreciated	59,254,018	(470,401)	58,783,617	14,702,836	(2,930,036)	70,556,417
Capital Assets, Being Depreciated:						
Buildings and improvements	9,890,689	-	9,890,689	31,003	-	9,921,692
Equipment	12,404,596	-	12,404,596	306,529	(341,374)	12,369,751
Infrastructure	39,011,725	-	39,011,725	1,623,023	-	40,634,748
Total Capital Assets, Being Depreciated	61,307,010	-	61,307,010	1,960,555	(341,374)	62,926,191
Less Accumulated Depreciation For:						
Buildings and improvements	(2,030,798)	-	(2,030,798)	(259,501)	-	(2,290,299)
Equipment	(7,579,751)	-	(7,579,751)	(896,646)	328,252	(8,148,145)
Infrastructure	(13,146,297)	-	(13,146,297)	(2,485,874)	-	(15,632,171)
Total Accumulated Depreciation	(22,756,846)	-	(22,756,846)	(3,642,021)	328,252	(26,070,615)
Total Capital Assets, Being Depreciated, Net	38,550,164	-	38,550,164	(1,681,466)	(13,122)	36,855,576
Governmental Activities Capital Assets, Net	\$ 97,804,182	\$ (470,401)	\$ 97,333,781	\$ 13,021,370	\$ (2,943,158)	\$ 107,411,993
<b>Business-Type Activities</b>						
Capital Assets, Not Being Depreciated:						
Construction in Progress			\$ -	\$ 10,380	\$ -	\$ 10,380
Total Capital Assets, Not Being Depreciated			-	10,380	-	10,380
Capital Assets, Being Depreciated:						
Structures and improvements			205,212	-	-	205,212
Equipment			1,016,029	-	(50,862)	965,167
Total Capital Assets, Being Depreciated			1,221,241	-	(50,862)	1,170,379
Less Accumulated Depreciation For:						
Structures and improvements			(47,515)	(9,522)	-	(57,037)
Equipment			(613,621)	(109,781)	50,862	(672,540)
Total Accumulated Depreciation			(661,136)	(119,303)	50,862	(729,577)
Total Capital Assets, Being Depreciated, Net			560,105	(119,303)	-	440,802
Business-Type Activities Capital Assets, Net			\$ 560,105	\$ (108,923)	\$ -	\$ 451,182

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$	299,104
Community Development		23,131
Public safety		207,851
Public works		<u>3,111,935</u>
Total Depreciation Expense - Governmental Functions	\$	<u><u>3,642,021</u></u>

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

Parking	\$	3,474
Solid Waste		3,333
Building and Safety		20,031
Transit		<u>92,465</u>
Total Depreciation Expense - Business-Type Functions	\$	<u><u>119,303</u></u>

**Construction in Progress**

Construction in progress for governmental activities relates primarily to work performed on the new Public Service Facility, Animal Shelter, the Truckee River Legacy and Brockway Road Trails, Donner Pass Road reconstruction, the Mousehole project, Streetscape and Roundabout projects.

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 (\$657,183). 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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

The following is a summary of all long-term liabilities activity for the year ended June 30, 2011:

	Balance July 1, 2010	Additions/ Adjustments	Retirements	Balance June 30, 2011	Amounts Due Within One Year
<b>Governmental Activities</b>					
Lease Revenue Bonds	\$ 10,660,000	\$ -	\$ (275,000)	\$ 10,385,000	\$ 290,000
Less: Unamortized Discount	(69,851)	-	3,512	\$ (66,339)	(3,512)
Less: Cost of Issuance	(187,642)	-	10,217	\$ (177,425)	(10,215)
Less: Refunding Difference	(74,275)	-	74,275	\$ -	-
Lease Revenue Bonds, Net	<u>10,328,232</u>	<u>-</u>	<u>(186,996)</u>	<u>10,141,236</u>	<u>276,273</u>
Tax Increment Revenue Bonds	\$ 12,740,000	\$ -	\$ -	\$ 12,740,000	\$ -
Less: Unamortized Discount	(55,201)	-	1,861	\$ (53,340)	\$ (1,861)
Less: Cost of Issuance	(496,494)	-	16,736	\$ (479,758)	\$ (16,736)
Tax Increment Revenue Bonds, Net	<u>12,188,305</u>	<u>-</u>	<u>18,597</u>	<u>12,206,902</u>	<u>(18,597)</u>
Compensated Absences (Note 1M)	\$ 735,474	868,164	(727,938)	\$ 875,700	93,311
Total Governmental Activities - Long-term Liabilities	<u>\$ 23,252,011</u>	<u>\$ 868,164</u>	<u>\$ (896,337)</u>	<u>\$ 23,223,838</u>	<u>\$ 350,987</u>
<b>Business-Type Activities</b>					
Compensated Absences (Note 1M)	\$ 57,797	\$ 77,979	\$ (61,151)	\$ 74,625	\$ 6,709
Total Business-Type Activities - Long-term Liabilities	<u>\$ 57,797</u>	<u>\$ 77,979</u>	<u>\$ (61,151)</u>	<u>\$ 74,625</u>	<u>\$ 6,709</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

As of June 30, 2011 lease revenue and tax increment bonds consisted of the following:

	<u>Governmental Activities</u>
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.	\$ 115,000
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.	5,365,000
Lease Revenue Bonds Series 2009, dated September 8, 2009, in the amount of \$1,645,000 (Series 2009A) and \$3,355,000 (Series 2009B) for a total issue of \$5,000,000, payable in annual installments of \$95,000 to \$290,000. Series 2009A interest rate of 2.000% to 4.650% and maturity on December 1, 2039 and Series 2009B Build America Bonds (Taxable) interest rate of 7.700% to 7.900% prior to 35% United States Treasury subsidy (net rates of 5.01% to 5.145%), maturing December 1, 2039.	4,905,000
Total Lease Revenue Bonds	<u>10,385,000</u>
Tax Increment Bonds	
Tax increment Bonds Series 2010, dated February 9, 2010, in the amount of \$9,385,000 (Series 2010A) and \$3,355,000 (Series 2010B) for a total issue of \$12,740,000, payable in annual installments of \$40,000 to \$1,085,000. Series 2010A interest rate of 3.000% to 4.500% and maturity on September 1, 2034 and Series 2010B Recovery Zone Economic Development Bonds (Taxable) with an interest rate of 8.193% prior to the 45% United States Treasury subsidy (net interest rate of 4.51%).	12,740,000
Total Bonds	<u>\$ 23,125,000</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

The annual aggregate maturities for years subsequent to June 30, 2011 are as follows:

<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	
2012	\$ 290,000	\$ 534,279	\$ (92,087)	\$ 442,192	\$ 732,192
2013	300,000	523,101	(92,087)	431,014	731,014
2014	305,000	514,519	(92,087)	422,432	727,432
2015	315,000	505,254	(92,087)	413,167	728,167
2016	320,000	495,165	(92,087)	403,078	723,078
2017-2021	1,785,000	2,291,690	(460,434)	1,831,256	3,616,256
2022-2026	2,190,000	1,883,470	(453,831)	1,429,639	3,619,639
2027-2031	2,690,000	1,247,758	(365,704)	882,054	3,572,054
2032-2036	1,110,000	652,540	(228,389)	424,151	1,534,151
2067-2040	1,080,000	175,775	(61,521)	114,254	1,194,254
Total	<u>\$ 10,385,000</u>	<u>\$ 8,823,551</u>	<u>\$ (2,030,314)</u>	<u>\$ 6,793,237</u>	<u>\$ 17,178,237</u>

<u>Tax Increment Bonds</u>		<u>Community Development Activities</u>			Total Principal & Net Interest
Year Ended June 30	Principal	Total Gross Interest	Less US Treasury Subsidy	Net Interest	
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	75,000	740,050	(123,694)	616,356	691,356
2017-2021	690,000	3,640,463	(618,469)	3,021,994	3,711,994
2022-2026	1,355,000	3,432,413	(618,469)	2,813,944	4,168,944
2027-2031	2,280,000	2,997,420	(618,469)	2,378,951	4,658,951
2032-2036	3,420,000	2,255,070	(618,469)	1,636,601	5,056,601
2037-2041	4,825,000	999,114	(416,706)	582,408	5,407,408
Total	<u>\$ 12,740,000</u>	<u>\$ 17,038,005</u>	<u>\$ (3,509,052)</u>	<u>\$ 13,528,953</u>	<u>\$ 26,268,953</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, 2011, the amount of defeased debt outstanding but not reflected in the long-term debt of the Town amounted to \$115,000.

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, 2011

**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, 2011:

	Due from Other funds	Due to Other funds
General Fund	\$ 377,809	\$ -
Nonmajor Governmental Funds	-	4,155
Building and Safety	-	255,746
Transit	-	117,908
	<hr/>	<hr/>
Total	<u>\$ 377,809</u>	<u>\$ 377,809</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, 2011:

	Transfers In	Transfers Out
General Fund	\$ 1,964,430	\$ 9,853,243
Measure A/Measure V	-	2,378,484
Impact Fees	-	335,212
Capital Projects	13,669,888	-
Redevelopment Capital Projects	-	1,615,273
Nonmajor Governmental Funds	1,524,506	3,098,775
Parking	122,163	-
	<hr/>	<hr/>
Total	<u>\$ 17,280,987</u>	<u>\$ 17,280,987</u>

**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.

TOWN OF TRUCKEE, CALIFORNIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

**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. During 2011, the Town paid 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 2010/2011 was 14.962 percent for miscellaneous employees and 24.198 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 2010/2011, the Town's annual pension cost of \$799,106 for the miscellaneous plan and \$527,745 for the safety plan was equal to the Town's actual contributions. The required contributions for fiscal year 2010/2011 were determined as part of the June 30, 2008 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.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	1,518,223	100%	-
June 30, 2010	1,376,430	100%	-
June 30, 2011	1,326,851	100%	-

In fiscal year 2010/2011 the Town paid off the side fund liability to CalPERS in the amount of \$1,549,775. This side fund was created by the establishment of the Safety plan and the enhancement of benefits for the Miscellaneous plan. The side fund liability was financed by CalPERS at their assumed rate of return. This pay off reduces future pension costs and will be amortized in the Government Wide statements over seven years for the Miscellaneous plan and ten years for the Safety plan beginning in fiscal year 2011/2012.

**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.

**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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

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 \$4,703,775 in various construction projects that were not complete as of June 30, 2011. Construction completed and paid subsequent to June 30, 2011 on these projects was \$3,172,902. The Town has also signed agreements for construction projects subsequent to June 30, 2011 in the amount of \$3,934,884 of which \$3,186,510 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, 2011

**NOTE 6: OTHER INFORMATION (CONTINUED)**

C. Redevelopment Agencies

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provide a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each city would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city "may use any available funds not otherwise obligated for other uses" to make this payment. The Town of Truckee intends to use available monies of its redevelopment agency for this purpose, if required the Town and Agency will approve a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The Town might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized obligation payment schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB1X 26.

The Town filed the required Enforceable Obligation Payment Schedule (EOPS) and Recognized Obligation Payment Schedule (ROPS) and has them on file. The Town has not adopted an ordinance of compliance with the Voluntary Alternative Redevelopment Program due to the California Supreme Court's suspension of the statutory authority of California to enact continuation ordinances and related funding agreements. In order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional, The Town will adopt an ordinance or resolution as needed.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 6: OTHER INFORMATION (CONTINUED)**

The initial payment by the Town is estimated to be \$795,722 with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$187,228 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of litigation surrounding the actions of the state. In the event that Assembly Bills X1 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

**NOTE 7: PRIOR PERIOD ADJUSTMENTS**

The Town determined that the capital project fund was over and under funded by other funds for capital projects in prior years. 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>		
Capital Projects Fund	Decrease fund balance for excess capital project funding due to grants and other funding	\$ (793,164)
General Fund	Increase fund balance excess funding to capital projects due to grants and other funding	262,600
Road Impact Fees	Increase for conditional mitigation fees recorded in Capital Projects	507,878
Redevelopment Capital Projects	Increase fund balance, excess funding to capital projects due to grant funding	22,686
<b>Total Governmental Fund Balance Restatement</b>		<b>\$ -</b>

Government-wide Statement of Net Assets – There was no net increase or decrease to fund balance in the above prior period adjustments, therefore the adjustments do not affect the Government Wide report. The Town also determined that expenditures that had been capitalized in a prior year should not have been capitalized. This results in a government wide prior period adjustment to decrease net assets.

Government Wide

<u>Description of Restatement</u>	<u>Amount</u>
Fund prior period adjustments	\$ -
Capital Asset reconciliation	(470,401)
<b>Total Government Wide Net Assets Restatement</b>	<b>\$ (470,401)</b>

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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, 2011

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Taxes and assessments	\$ 13,677,124	\$ 13,677,124	\$ 14,144,048	\$ 466,924
Licenses and permits	29,200	29,200	39,235	10,035
Fines and forfeitures	350,000	350,000	368,684	18,684
Use of money and property	441,868	441,868	475,336	33,468
Intergovernmental revenues	1,544,209	1,544,209	1,579,267	35,058
Charges for services	629,076	629,076	767,284	138,208
Other revenues	300,674	300,674	1,616,657	1,315,983
<b>Total Revenues</b>	<b>16,972,151</b>	<b>16,972,151</b>	<b>18,990,511</b>	<b>2,018,360</b>
<b>EXPENDITURES</b>				
Current:				
General government	3,294,153	4,843,928	4,721,955	121,973
Public safety	5,877,610	5,877,610	5,807,083	70,527
Public works	5,845,275	5,845,275	5,558,619	286,656
Community development	761,300	761,300	722,730	38,570
Facilities	938,633	981,643	795,958	185,685
Capital outlay	1,241,426	1,241,426	41,360	1,200,066
<b>Total Expenditures</b>	<b>17,958,397</b>	<b>19,551,182</b>	<b>17,647,705</b>	<b>1,903,477</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(986,246)</b>	<b>(2,579,031)</b>	<b>1,342,806</b>	<b>3,921,837</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,881,598	1,881,598	1,964,430	82,832
Transfers out	(10,170,170)	(10,170,170)	(9,853,243)	316,927
<b>Total Other Financing Sources (Uses)</b>	<b>(8,288,572)</b>	<b>(8,288,572)</b>	<b>(7,888,813)</b>	<b>399,759</b>
<b>Net Change in Fund Balances</b>	<b>(9,274,818)</b>	<b>(10,867,603)</b>	<b>(6,546,007)</b>	<b>4,321,596</b>
Beginning Fund Balances, as previously reported	23,200,075	23,200,075	24,352,807	1,152,732
Prior Period Restatement (Note 7)	-	-	262,600	262,600
<b>Beginning Fund Balances, as restated</b>	<b>23,200,075</b>	<b>23,200,075</b>	<b>24,615,407</b>	<b>1,415,332</b>
<b>Fund Balances - Ending</b>	<b>\$ 13,925,257</b>	<b>\$ 12,332,472</b>	<b>\$ 18,069,400</b>	<b>\$ 5,736,928</b>

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, 2011

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Taxes and assessments	\$ 1,409,417	\$ 1,409,417	\$ 1,571,533	\$ 162,116
Use of money and property	70,000	70,000	71,371	1,371
<b>Total Revenues</b>	<b>1,479,417</b>	<b>1,479,417</b>	<b>1,642,904</b>	<b>163,487</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,479,417</b>	<b>1,479,417</b>	<b>1,642,904</b>	<b>163,487</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(3,692,500)	(3,692,500)	(2,378,484)	1,314,016
<b>Total Other Financing Sources (Uses)</b>	<b>(3,692,500)</b>	<b>(3,692,500)</b>	<b>(2,378,484)</b>	<b>1,314,016</b>
<b>Net Change in Fund Balances</b>	<b>(2,213,083)</b>	<b>(2,213,083)</b>	<b>(735,580)</b>	<b>1,477,503</b>
<b>Fund Balances - Beginning</b>	<b>7,264,317</b>	<b>7,264,317</b>	<b>7,486,034</b>	<b>221,717</b>
<b>Fund Balances - Ending</b>	<b>\$ 5,051,234</b>	<b>\$ 5,051,234</b>	<b>\$ 6,750,454</b>	<b>\$ 1,699,220</b>

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Use of money and property	\$ 30,000	\$ 30,000	\$ 56,633	\$ 26,633
Charges for services	270,000	270,000	365,329	95,329
<b>Total Revenues</b>	<u>300,000</u>	<u>300,000</u>	<u>421,962</u>	<u>121,962</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Public works	-	-	9,900	(9,900)
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>9,900</u>	<u>(9,900)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>300,000</u>	<u>300,000</u>	<u>412,062</u>	<u>112,062</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(895,778)	(895,778)	(335,212)	560,566
<b>Total Other Financing Sources (Uses)</b>	<u>(895,778)</u>	<u>(895,778)</u>	<u>(335,212)</u>	<u>560,566</u>
<b>Net Change in Fund Balances</b>	(595,778)	(595,778)	76,850	672,628
<b>Fund Balances - Beginning</b>	5,509,844	5,509,844	6,426,843	916,999
<b>Fund Balances - Ending</b>	<u>\$ 4,914,066</u>	<u>\$ 4,914,066</u>	<u>\$ 6,503,693</u>	<u>\$ 1,589,627</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, 2011

<b>REVENUES</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Use of money and property	\$ 852	\$ 852	\$ 247	\$ (605)
Intergovernmental revenues	-	-	-	-
<b>Total Revenues</b>	<b>852</b>	<b>852</b>	<b>247</b>	<b>(605)</b>
<b>EXPENDITURES</b>				
Current:				
Community development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>852</b>	<b>852</b>	<b>247</b>	<b>(605)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>852</b>	<b>852</b>	<b>247</b>	<b>(605)</b>
<b>Fund Balances - Beginning</b>	<b>22,184</b>	<b>22,184</b>	<b>22,205</b>	<b>21</b>
<b>Fund Balances - Ending</b>	<b>\$ 23,036</b>	<b>\$ 23,036</b>	<b>\$ 22,452</b>	<b>\$ (584)</b>

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, 2011

**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 impact fees fund had expenditures in excess of appropriations at June 30, 2011 of \$9,900 in public works expenditures but had expenditures less than appropriations in the amount of \$560,566 in the transfers out to the general fund.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2011

**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, 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%
June 30, 2010	2,297,871,345	1,815,671,616	482,199,729	79.0%	434,023,381	111.1%

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, 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%
June 30, 2010	10,165,475,166	8,470,235,152	1,695,240,014	83.3%	955,980,815	177.3%

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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, 2011

<b>ASSETS</b>	<b>Special Revenue Funds</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Totals</b>
Cash and investments	\$ 9,825,959	\$ 3,466,096	\$ 161,353	\$ 13,453,408
Cash with fiscal agent	324,950	-	130,804	455,754
Interest receivable	24,548	-	-	24,548
Taxes receivable	82,224	-	-	82,224
Due from other governments	26,415	-	-	26,415
Loans receivable	2,216,058	-	-	2,216,058
<b>Total Assets</b>	<b>12,500,154</b>	<b>3,466,096</b>	<b>292,157</b>	<b>16,258,407</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	14,418	132,011	-	146,429
Salaries & benefits payable	3,036	-	-	3,036
Deposits payable	5,751	-	-	5,751
Due to other funds	4,155	-	-	4,155
Unearned revenue	2,705,268	-	-	2,705,268
<b>Total Liabilities</b>	<b>2,732,628</b>	<b>132,011</b>	<b>-</b>	<b>2,864,639</b>
<b>FUND BALANCES</b>				
Restricted	9,669,200	-	292,157	9,961,357
Assigned	98,971	3,334,085	-	3,433,056
Unassigned	(645)	-	-	(645)
<b>Total Fund Balances</b>	<b>9,767,526</b>	<b>3,334,085</b>	<b>292,157</b>	<b>13,393,768</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,500,154</b>	<b>\$ 3,466,096</b>	<b>\$ 292,157</b>	<b>\$ 16,258,407</b>

TOWN OF TRUCKEE, CALIFORNIA

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

<b>REVENUES</b>	<b>Special Revenue Funds</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Totals</b>
Taxes and assessments	\$ 2,209,966	\$ -	\$ -	\$ 2,209,966
Use of money and property	101,715	730	-	102,445
Intergovernmental revenues	141,844	961,252	-	1,103,096
Charges for services	910,645	-	-	910,645
Other revenue	337,582	-	223,340	560,922
<b>Total Revenues</b>	<b>3,701,752</b>	<b>961,982</b>	<b>223,340</b>	<b>4,887,074</b>
<b>EXPENDITURES</b>				
Current:				
General government	500	-	-	500
Public safety	27,036	-	-	27,036
Public works	10,058	-	-	10,058
Community development	417,865	-	-	417,865
Capital outlay	-	146,436	-	146,436
Debt service				
Principal	-	-	275,000	275,000
Interest and other charges	-	-	1,337,026	1,337,026
<b>Total Expenditures</b>	<b>455,459</b>	<b>146,436</b>	<b>1,612,026</b>	<b>2,213,921</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,246,293</b>	<b>815,546</b>	<b>(1,388,686)</b>	<b>2,673,153</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease revenue bond proceeds	-	-	-	-
Discount - Lease revenue bonds	-	-	-	-
Transfers in	43,624	-	1,480,882	1,524,506
Transfers out	(3,098,775)	-	-	(3,098,775)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,055,151)</b>	<b>-</b>	<b>1,480,882</b>	<b>(1,574,269)</b>
<b>Net Change in Fund Balances</b>	<b>191,142</b>	<b>815,546</b>	<b>92,196</b>	<b>1,098,884</b>
<b>Beginning Fund Balances</b>	<b>9,576,384</b>	<b>2,518,539</b>	<b>199,961</b>	<b>12,294,884</b>
<b>Fund Balances - Ending</b>	<b>\$ 9,767,526</b>	<b>\$ 3,334,085</b>	<b>\$ 292,157</b>	<b>\$ 13,393,768</b>

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**NONMAJOR GOVERNMENTAL FUNDS**  
Special Revenue Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

<b><u>ASSETS</u></b>	<b><u>Asset Forfeiture</u></b>	<b><u>Animal Control</u></b>	<b><u>Abandoned Vehicle</u></b>	<b><u>Affordable Housing In-Lieu</u></b>
Cash and investments	\$ 31,871	\$ -	\$ 21,974	\$ 15,773
Cash with fiscal agent	-	-	-	-
Interest receivable	72	-	50	36
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
<b>Total Assets</b>	<b><u>31,943</u></b>	<b><u>-</u></b>	<b><u>22,024</u></b>	<b><u>15,809</u></b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Salaries & benefits payable	-	-	-	-
Deposits payable	5,751	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b><u>5,751</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
 <b>FUND BALANCES</b>				
Restricted	26,192	-	22,024	15,809
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b><u>26,192</u></b>	<b><u>-</u></b>	<b><u>22,024</u></b>	<b><u>15,809</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 31,943</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 22,024</u></b>	<b><u>\$ 15,809</u></b>

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

<b><u>ASSETS</u></b>	<b>Air Quality Mitigation</b>	<b>Downtown in Lieu Parking</b>	<b>Downtown Frontage Improvement</b>	<b>COPS Program</b>
Cash and investments	\$ 177,189	\$ 13,994	\$ 33,834	\$ 273,052
Cash with fiscal agent	-	-	-	-
Interest receivable	403	25	77	642
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	12,025
Loans receivable	-	-	-	-
<b>Total Assets</b>	<b>177,592</b>	<b>14,019</b>	<b>33,911</b>	<b>285,719</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable	-	-	-	1,928
Salaries & benefits payable	-	-	-	1,323
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,251</b>
 <b>FUND BALANCES</b>				
Restricted	177,592	14,019	33,911	282,468
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>177,592</b>	<b>14,019</b>	<b>33,911</b>	<b>282,468</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 177,592</b>	<b>\$ 14,019</b>	<b>\$ 33,911</b>	<b>\$ 285,719</b>

Continued (Page 2 of 7)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

<b>ASSETS</b>	<b>CLEEP Project</b>	<b>Assessment Districts</b>	<b>CDBG 05-STBG 1416</b>	<b>Housing Reimbursement</b>
Cash and investments	\$ -	\$ 6,007,905	\$ -	\$ 17,286
Cash with fiscal agent	-	-	-	-
Interest receivable	-	14,027	-	291
Taxes receivable	-	38,446	-	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	399,687
<b>Total Assets</b>	<b>-</b>	<b>6,060,378</b>	<b>-</b>	<b>417,264</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	-	188	-	-
Salaries & benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	399,687
<b>Total Liabilities</b>	<b>-</b>	<b>188</b>	<b>-</b>	<b>399,687</b>
<b>FUND BALANCES</b>				
Restricted	-	6,060,190	-	17,577
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>6,060,190</b>	<b>-</b>	<b>17,577</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 6,060,378</b>	<b>\$ -</b>	<b>\$ 417,264</b>

Continued (Page 3 of 7)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

<b>ASSETS</b>	<b>Office of Traffic Safety</b>	<b>Gas Tax</b>	<b>CDBG 09-EDEF- 6535</b>	<b>CDBG 10-STBG- 6741</b>
Cash and investments	\$ -	\$ 16,370	\$ -	\$ -
Cash with fiscal agent	-	-	-	-
Interest receivable	-	113	-	-
Taxes receivable	-	23,684	-	-
Due from other governments	-	-	4,925	9,465
Loans receivable	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>40,167</b>	<b>4,925</b>	<b>9,465</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	-	-	770	9,465
Salaries & benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	4,155	-
Unearned revenue	-	-	645	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>5,570</b>	<b>9,465</b>
<b>FUND BALANCES</b>				
Restricted	-	40,167	-	-
Assigned	-	-	-	-
Unassigned	-	-	(645)	-
<b>Total Fund Balances</b>	<b>-</b>	<b>40,167</b>	<b>(645)</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 40,167</b>	<b>\$ 4,925</b>	<b>\$ 9,465</b>

Continued (Page 4 of 7)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

<b>ASSETS</b>	<b>Bond Proceeds Fund</b>	<b>Redevelopment Housing</b>	<b>CDBG Miscellaneous Income</b>	<b>CDBG Program Income</b>
Cash and investments	\$ -	\$ 1,658,603	\$ 98,796	\$ 121,017
Cash with fiscal agent	324,950	-	-	-
Interest receivable	-	3,641	175	273
Taxes receivable	-	20,094	-	-
Due from other governments	-	-	-	-
Loans receivable	-	455,638	-	95,924
<b>Total Assets</b>	<b>324,950</b>	<b>2,137,976</b>	<b>98,971</b>	<b>217,214</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	-	942	-	1,125
Salaries & benefits payable	-	1,713	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	455,639	-	95,924
<b>Total Liabilities</b>	<b>-</b>	<b>458,294</b>	<b>-</b>	<b>97,049</b>
<b>FUND BALANCES</b>				
Restricted	324,950	1,679,682	-	120,165
Assigned	-	-	98,971	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>324,950</b>	<b>1,679,682</b>	<b>98,971</b>	<b>120,165</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 324,950</b>	<b>\$ 2,137,976</b>	<b>\$ 98,971</b>	<b>\$ 217,214</b>

Continued (Page 5 of 7)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

<b>ASSETS</b>	<b>Boulders Moderate Housing</b>	<b>CDBG Housing Rehab</b>	<b>CalHome Grant</b>	<b>CDBG 04-EDBG- 1022</b>
Cash and investments	\$ 527,784	\$ 4,036	\$ 73,953	\$ 55
Cash with fiscal agent	-	-	-	-
Interest receivable	1,199	13	168	42
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	641,353	58,210	545,025	20,221
<b>Total Assets</b>	<b>1,170,336</b>	<b>62,259</b>	<b>619,146</b>	<b>20,318</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Salaries & benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	956,918	58,210	607,375	20,221
<b>Total Liabilities</b>	<b>956,918</b>	<b>58,210</b>	<b>607,375</b>	<b>20,221</b>
<b>FUND BALANCES</b>				
Restricted	213,418	4,049	11,771	97
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>213,418</b>	<b>4,049</b>	<b>11,771</b>	<b>97</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,170,336</b>	<b>\$ 62,259</b>	<b>\$ 619,146</b>	<b>\$ 20,318</b>

Continued (Page 6 of 7)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2011

<b><u>ASSETS</u></b>	<b>Homeowners Downpayment Assistance</b>	<b>Impact Fees Miscellaneous</b>	<b>Totals</b>
Cash and investments	\$ 259,444	\$ 473,023	\$ 9,825,959
Cash with fiscal agent	-	-	324,950
Interest receivable	338	2,963	24,548
Taxes receivable	-	-	82,224
Due from other governments	-	-	26,415
Loans receivable	-	-	2,216,058
<b>Total Assets</b>	<b>259,782</b>	<b>475,986</b>	<b>12,500,154</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES</b>			
Accounts payable	-	-	14,418
Salaries & benefits payable	-	-	3,036
Deposits payable	-	-	5,751
Due to other funds	-	-	4,155
Unearned revenue	110,649	-	2,705,268
<b>Total Liabilities</b>	<b>110,649</b>	<b>-</b>	<b>2,732,628</b>
 <b>FUND BALANCES</b>			
Restricted	149,133	475,986	9,669,200
Assigned	-	-	98,971
Unassigned	-	-	(645)
<b>Total Fund Balances</b>	<b>149,133</b>	<b>475,986</b>	<b>9,767,526</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 259,782</b>	<b>\$ 475,986</b>	<b>\$ 12,500,154</b>

Continued (Page 7 of 7)

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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, 2011

<b>REVENUES</b>	<b>Asset Forfeiture</b>	<b>Animal Control</b>	<b>Abandoned Vehicle</b>	<b>Affordable Housing In-Lieu</b>
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	351	-	237	173
Intergovernmental revenues	-	-	-	-
Charges for services	-	205	1,000	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>351</b>	<b>205</b>	<b>1,237</b>	<b>173</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>351</b>	<b>205</b>	<b>1,237</b>	<b>173</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(248)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(248)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>351</b>	<b>(43)</b>	<b>1,237</b>	<b>173</b>
<b>Beginning Fund Balances</b>	<b>25,841</b>	<b>43</b>	<b>20,787</b>	<b>15,636</b>
<b>Fund Balances - Ending</b>	<b>\$ 26,192</b>	<b>\$ -</b>	<b>\$ 22,024</b>	<b>\$ 15,809</b>

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Air Quality Mitigation</u>	<u>Downtown in Lieu Parking</u>	<u>Downtown Frontage Improvement</u>	<u>COPS Program</u>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ 1,500	\$ -	\$ -
Use of money and property	1,949	42	373	2,744
Intergovernmental revenues	-	-	-	100,000
Charges for services	600	11,344	-	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>2,549</u>	<u>12,886</u>	<u>373</u>	<u>102,744</u>
<b>EXPENDITURES</b>				
Current:				
General government	500	-	-	-
Public safety	-	-	-	13,987
Public works	-	-	-	-
Community development	-	-	-	-
<b>Total Expenditures</b>	<u>500</u>	<u>-</u>	<u>-</u>	<u>13,987</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>2,049</u>	<u>12,886</u>	<u>373</u>	<u>88,757</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>
<b>Net Change in Fund Balances</b>	<u>2,049</u>	<u>12,886</u>	<u>373</u>	<u>53,757</u>
<b>Beginning Fund Balances</b>	175,543	1,133	33,538	228,711
<b>Fund Balances - Ending</b>	<u>\$ 177,592</u>	<u>\$ 14,019</u>	<u>\$ 33,911</u>	<u>\$ 282,468</u>

Continued (Page 2 of 7)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

<b>REVENUES</b>	<b>CLEEP Project</b>	<b>Assessment Districts</b>	<b>CDBG 05-STBG 1416</b>	<b>Housing Reimbursement</b>
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	189	56,724	1	1,409
Intergovernmental revenues	-	-	-	-
Charges for services	-	766,822	-	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>189</b>	<b>823,546</b>	<b>1</b>	<b>1,409</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	4,314	-	-
Community development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>4,314</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>189</b>	<b>819,232</b>	<b>1</b>	<b>1,409</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(21,640)	(302,419)	(102)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(21,640)</b>	<b>(302,419)</b>	<b>(102)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(21,451)</b>	<b>516,813</b>	<b>(101)</b>	<b>1,409</b>
<b>Beginning Fund Balances</b>	<b>21,451</b>	<b>5,543,377</b>	<b>101</b>	<b>16,168</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 6,060,190</b>	<b>\$ -</b>	<b>\$ 17,577</b>

Continued (Page 3 of 7)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<b>Office of Traffic Safety</b>	<b>Gas Tax</b>	<b>CDBG 09-EDEF- 6535</b>	<b>CDBG 10-STBG- 6741</b>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ 1,787,433	\$ -	\$ -
Use of money and property	-	655	-	-
Intergovernmental revenues	13,049	-	4,280	9,465
Charges for services	-	-	-	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<b>13,049</b>	<b>1,788,088</b>	<b>4,280</b>	<b>9,465</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	13,049	-	-	-
Public works	-	-	-	-
Community development	-	-	4,925	9,465
<b>Total Expenditures</b>	<b>13,049</b>	<b>-</b>	<b>4,925</b>	<b>9,465</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>1,788,088</b>	<b>(645)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	(1,850,171)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,850,171)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(62,083)</b>	<b>(645)</b>	<b>-</b>
<b>Beginning Fund Balances</b>	<b>-</b>	<b>102,250</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ 40,167</b>	<b>\$ (645)</b>	<b>\$ -</b>

Continued (Page 4 of 7)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	Bond Proceeds Fund	Redevelopment Housing	CDBG Miscellaneous Income	CDBG Program Income
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ 421,033	\$ -	\$ -
Use of money and property	766	15,082	848	1,321
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Other revenue	-	-	-	-
<b>Total Revenues</b>	<u>766</u>	<u>436,115</u>	<u>848</u>	<u>1,321</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	131,915	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>131,915</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>766</u>	<u>304,200</u>	<u>848</u>	<u>1,321</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	21,812	21,812
Transfers out	(571)	-	-	(21,812)
<b>Total Other Financing Sources (Uses)</b>	<u>(571)</u>	<u>-</u>	<u>21,812</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>195</u>	<u>304,200</u>	<u>22,660</u>	<u>1,321</u>
<b>Beginning Fund Balances</b>	324,755	1,375,482	76,311	118,844
<b>Fund Balances - Ending</b>	<u>\$ 324,950</u>	<u>\$ 1,679,682</u>	<u>\$ 98,971</u>	<u>\$ 120,165</u>

Continued (Page 5 of 7)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

	<b>Boulders Moderate Housing</b>	<b>CDBG Housing Rehab</b>	<b>CalHome Grant</b>	<b>CDBG 04-EDBG- 1022</b>
<b><u>REVENUES</u></b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	6,446	55	815	1,735
Intergovernmental revenues	-	-	15,050	-
Charges for services	-	-	-	-
Other revenue	316,435	1,699	-	19,448
<b>Total Revenues</b>	<b>322,881</b>	<b>1,754</b>	<b>15,865</b>	<b>21,183</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	256,435	-	14,000	1,125
<b>Total Expenditures</b>	<b>256,435</b>	<b>-</b>	<b>14,000</b>	<b>1,125</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>66,446</b>	<b>1,754</b>	<b>1,865</b>	<b>20,058</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	-	-
Transfers out	-	(1,754)	-	(20,058)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,754)</b>	<b>-</b>	<b>(20,058)</b>
<b>Net Change in Fund Balances</b>	<b>66,446</b>	<b>-</b>	<b>1,865</b>	<b>-</b>
<b>Beginning Fund Balances</b>	<b>146,972</b>	<b>4,049</b>	<b>9,906</b>	<b>97</b>
<b>Fund Balances - Ending</b>	<b>\$ 213,418</b>	<b>\$ 4,049</b>	<b>\$ 11,771</b>	<b>\$ 97</b>

Continued (Page 6 of 7)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

<b>REVENUES</b>	<b>Homeowners Downpayment Assistance</b>	<b>Impact Fees Miscellaneous</b>	<b>Totals</b>
Taxes and assessments	\$ -	\$ -	\$ 2,209,966
Use of money and property	1,639	8,161	101,715
Intergovernmental revenues	-	-	141,844
Charges for services	-	130,674	910,645
Other revenue	-	-	337,582
<b>Total Revenues</b>	<b>1,639</b>	<b>138,835</b>	<b>3,701,752</b>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	500
Public safety	-	-	27,036
Public works	-	5,744	10,058
Community development	-	-	417,865
<b>Total Expenditures</b>	<b>-</b>	<b>5,744</b>	<b>455,459</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,639</b>	<b>133,091</b>	<b>3,246,293</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	43,624
Transfers out	-	(845,000)	(3,098,775)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(845,000)</b>	<b>(3,055,151)</b>
<b>Net Change in Fund Balances</b>	<b>1,639</b>	<b>(711,909)</b>	<b>191,142</b>
<b>Beginning Fund Balances</b>	<b>147,494</b>	<b>1,187,895</b>	<b>9,576,384</b>
<b>Fund Balances - Ending</b>	<b>\$ 149,133</b>	<b>\$ 475,986</b>	<b>\$ 9,767,526</b>

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**NONMAJOR GOVERNMENTAL FUNDS**  
Capital Projects Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2011

<b><u>ASSETS</u></b>	<b><u>Fleet Replacement</u></b>
Cash and investments	\$ 3,466,096
<b>Total Assets</b>	<b>3,466,096</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>	
LIABILITIES	
Accounts Payable	132,011
<b>Total Liabilities</b>	<b>132,011</b>
FUND BALANCES	
Assigned	3,334,085
<b>Total Fund Balances</b>	<b>3,334,085</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,466,096</b>

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

<b><u>REVENUES</u></b>	<b><u>Fleet Replacement</u></b>
Use of money and property	\$ 730
Intergovernmental revenues	961,252
<b>Total Revenues</b>	<b>961,982</b>
<b><u>EXPENDITURES</u></b>	
Current:	
Capital outlay	146,436
<b>Total Expenditures</b>	<b>146,436</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>815,546</b>
<b>Net Change in Fund Balances</b>	<b>815,546</b>
<b>Fund Balances - Beginning</b>	<b>2,518,539</b>
<b>Fund Balances - Ending</b>	<b>\$ 3,334,085</b>

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**NONMAJOR GOVERNMENTAL FUNDS**  
Debt Service Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2011

<u>ASSETS</u>	<u>General Fund Debt Service</u>	<u>RDA Debt Service</u>	<u>Total</u>
Cash and investments	\$ 161,353	\$ -	\$ 161,353
Cash with fiscal agent	130,804	-	130,804
<b>Total Assets</b>	<b>292,157</b>	<b>-</b>	<b>292,157</b>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts Payable	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES			
Restricted	292,157	-	292,157
<b>Total Fund Balances</b>	<b>292,157</b>	<b>-</b>	<b>292,157</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 292,157</b>	<b>\$ -</b>	<b>\$ 292,157</b>

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

<b><u>REVENUES</u></b>	<b><u>General Fund Debt Service</u></b>	<b><u>RDA Debt Service</u></b>	<b><u>Total</u></b>
Other revenue	\$ 92,087	\$ 131,253	\$ 223,340
<b>Total Revenues</b>	<b>92,087</b>	<b>131,253</b>	<b>223,340</b>
<b><u>EXPENDITURES</u></b>			
Debt service			
Principal	275,000	-	275,000
Interest and other charges	547,533	789,493	1,337,026
<b>Total Expenditures</b>	<b>822,533</b>	<b>789,493</b>	<b>1,612,026</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(730,446)</b>	<b>(658,240)</b>	<b>(1,388,686)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	822,642	658,240	1,480,882
<b>Total Other Financing Sources (Uses)</b>	<b>822,642</b>	<b>658,240</b>	<b>1,480,882</b>
<b>Net Change in Fund Balances</b>	<b>92,196</b>	<b>-</b>	<b>92,196</b>
<b>Fund Balances - Beginning</b>	<b>199,961</b>	<b>-</b>	<b>199,961</b>
<b>Fund Balances - Ending</b>	<b>\$ 292,157</b>	<b>\$ -</b>	<b>\$ 292,157</b>

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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, 2011, which collectively comprise the Town of Truckee's basic financial statements and have issued our report thereon dated December 21, 2011. 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 21, 2011

PRINCIPALS

Chris A. Mann, CPA, CFP ♦ John R. Urrutia, CPA ♦ Michelle O. Nelson, CPA, CFE, CVA

Justin J. Williams, CPA, CVA ♦ Neil J. Beeman, CPA ♦ Kriss Ann Mann, CPA, CCPS ♦ Christine L. Collins, EA

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Town of Truckee's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Truckee's major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 to determine the 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.

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.

PRINCIPALS

Chris A. Mann, CPA , CFP ♦ John R. Urrutia, CPA ♦ Michelle O. Nelson, CPA, CFE, CVA

Justin J. Williams, CPA, CVA ♦ Neil J. Beeman, CPA ♦ Kriss Ann Mann, CPA, CCPS ♦ Christine L. Collins, EA

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.

*Marc Uruta Wilson*

Sacramento, California  
December 21, 2011

**TOWN OF TRUCKEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor Program	Federal CFDA Number	Pass-Through Entity Identifying Number/Grant Number	Federal Expenditures
<b>U.S Department of Energy</b>			
Pass-Through State of California Energy Commission: ARRA: Energy Efficiency and Conservation Block Grant Small City and County Program	81.128	CBG-09-109	\$ <u>20,413</u>
Total U.S. Department of Energy			<u>20,413</u>
<b>U.S Department of Housing and Urban Development</b>			
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	09-PTAE-6305	69,378
Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii	14.228	09-EDEF-6535	4,925
Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii	14.228	10-STBG-6741	<u>9,465</u>
Total U.S. Department of Housing and Urban Development			<u>83,768</u>
<b>U.S. Department of Justice</b>			
Direct Programs: Public Safety Partnership and Community Policing Grants	16.710		48,987
ARRA: Justice Assistance Grant Program	16.804	2009-SB-B9-2975	<u>14,285</u>
Total U.S. Department of Justice			<u>63,272</u>
<b>U.S Department of Transportation</b>			
Pass-Through State of California Department of Transportation Highway Planning and Construction	20.205	HPLU-5473(007)	217,006
ARRA: Highway Planning and Construction	20.205	ESPLE-5473(003)	433,722
Highway Planning and Construction	20.205	SRTSL-5473(010)	<u>118,107</u>
Total Highway Planning and Construction			<u>768,835</u>
ARRA: Formula Grants for Other than Urbanized Areas	20.509	649969-2	6,038
ARRA: Formula Grants for Other than Urbanized Areas	20.509	649968	10,379
Formula Grants for Other than Urbanized Areas	20.509	640175	114,537
Formula Grants for Other than Urbanized Areas	20.509	649004	<u>4,991</u>
Total Formula Grants for Other than Urbanized Areas			<u>135,945</u>
Pass-Through State Office of Traffic Safety State and Community Highway Safety	20.600	AL1018	<u>13,049</u>
Total U.S. Department of Transportation			<u>917,829</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>1,085,282</u></b>

**TOWN OF TRUCKEE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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, 2011:

Federal CFDA Number	Program Title	Amount Outstanding
14.228	Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii	\$ 78,431
14.239	Home Investment Partnerships Program	<u>9,876,823</u>
	Total Loans Outstanding	<u>\$ 9,955,254</u>

**TOWN OF TRUCKEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**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?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted <i>Government Auditing Standards</i>	No
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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, 2011**

There were no findings to report for the year ended June 30, 2010.

