

TOWN OF TRUCKEE, CALIFORNIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016



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TOWN OF TRUCKEE, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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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, 2016

Name	Office
Joan deRyk Jones	Mayor
Morgan Goodwin	Vice Mayor
Alicia Barr	Council Member
Carolyn Wallace Dee	Council Member
Patrick Flora	Council Member

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Truckee, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Truckee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Truckee's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016, on our consideration of the Town of Truckee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Truckee's internal control over financial reporting and compliance.



Sacramento, California
December 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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, 2016. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) at the close of the fiscal year by \$204.1 million. Of this amount, \$49.7 million is in unrestricted net position, which is available to meet the Town's ongoing commitments to citizens and creditors.

The Town's governmental activities ended the year with total net position of \$201.2 million. Of this balance, \$47.6 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 \$32.0 million. The non-spendable balance of \$.4 million is for the Town's public works inventory on hand. The restricted balance is \$.1 million. The assigned balance of \$19.3 million is designated for various contingencies, economic development projects and future capital needs and \$12.2 million is unassigned and available for spending at the Town Council's discretion.

Capital projects completed in fiscal 2016 were the Truckee River Trail Phase 3, Glenshire Widening Phase 2, and Glenshire & Highland Avenue Safety Corridor projects. Additions to infrastructure projects still in construction at year end in fiscal 2016 were related to work performed on the Brickelltown Streetscape Improvement, the Mousehole, and the Tahoe Donner Trail.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT- WIDE STATEMENTS

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

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

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

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

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

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

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

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

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

FUND FINANCIAL STATEMENTS

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

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliations between governmental funds and governmental activities. These reconciliations explain the relationship (or differences) between the fund statements and the government-wide statements. The basic governmental fund financial statements can be found on pages 19-27.

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, Transit, Solid Waste and Building & Safety divisions. The basic proprietary fund financial statements can be found on pages 28-33.

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 37-68.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Below is a table showing the Town's net position for the fiscal year ended June 30, 2016.

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

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2015	2016	2015	2016	2015	2016	
Current and other assets	\$ 71,975	\$ 79,579	\$ 2,662	\$ 3,734	\$ 74,637	\$ 83,313	12%
Capital assets	134,010	141,857	538	701	134,548	142,558	6%
Total assets	205,985	221,436	3,200	4,435	209,185	225,870	8%
Total Deferred outflows	1,707	3,276	86	131	1,793	3,407	90%
Current Liabilities	3,167	3,912	732	1,124	3,899	5,036	29%
Net pension liability	5,605	7,901	351	391	5,956	8,292	39%
Long-term debt outstanding	10,180	10,128	108	79	10,288	10,207	-1%
Total liabilities	18,952	21,941	1,191	1,594	20,143	23,535	17%
Total deferred inflows	2,629	1,536	158	151	2,787	1,687	-39%
Net position							
Invested in capital assets net of related debt	124,887	132,942	538	701	125,425	133,643	7%
Restricted	18,235	20,720	-	-	18,235	20,720	14%
Unrestricted	42,989	47,572	1,399	2,120	44,388	49,693	12%
Total net position	\$ 186,111	\$ 201,234	\$ 1,937	\$ 2,821	\$ 188,048	\$ 204,055	

As of June 30, 2016, the Town's government-wide total assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$204.1 million. Governmental activities finished the year with a positive net position balance of \$201.2 million. Business type activities finished the year with a positive balance of \$2.8 million. Net position as noted earlier may serve over time as a useful indicator of the Town's financial position.

Of the total net position, \$133.6 million is the Town's investment in capital assets (e.g. land, buildings and improvements, machinery and equipment and the road network) less any related debt used to acquire those assets that is still outstanding. Significant projects completed in fiscal 2016 included the Truckee River Trail Phase 3, Glenshire Widening Phase 2, and Glenshire & Highland Avenue Safety Corridor projects.

The Town's long-term liabilities include debt incurred to acquire the Town's administrative facility, debt issued in 2009 to pay for the land purchased for the Public Service Facility, compensated absences payable and net pension liability recognized in fiscal 2016 related to the Town's pension plans. The proceeds of the debt issued for the administrative facility and land for the public service facility are utilized to provide services to citizens and are not available for future spending. The repayment of the debt on the general fund assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. See Note 3 D on page 54 for debt schedules and Note 4 on page 56 for further discussion of the net pension liability.

Restricted net position amounts to \$20.7 million or 10.2% of total net position. Restricted net position represents those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.

Unrestricted net position represents those resources which may be used to meet the Town's ongoing commitments to citizens and creditors. Government-wide unrestricted net position is \$49.7 million or 24.4% of the total net position. Governmental activities account for \$47.6 million or 95.7% of the total unrestricted net position. Business-type activities account for \$2.1 million or 4.3% of the total. The Town can use unrestricted net position of the solid waste, transit, parking and building & safety funds to finance their continuing operations.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

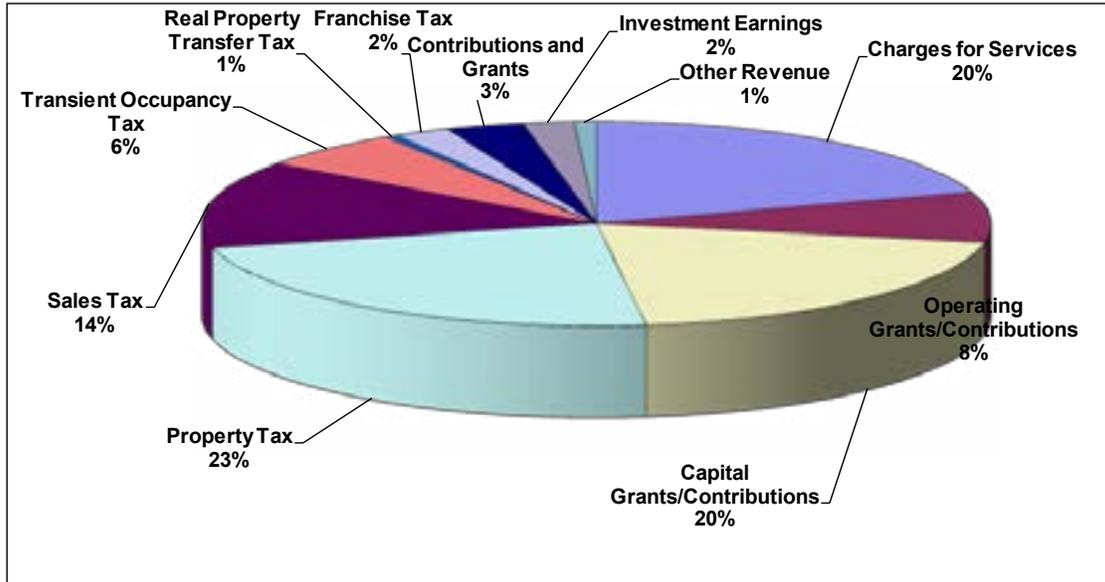
JUNE 30, 2016

GOVERNMENTAL ACTIVITIES

The following lists key components of net position and highlights the changes between fiscal 2015 and fiscal 2016 for both Governmental Activities and Business-type Activities:

**Town of Truckee
Changes in Net Position
(in thousands of dollars)**

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2015	2016	2015	2016	2015	2016	
Revenues							
<i>Program Revenues</i>							
Charges for services	\$ 3,438	\$ 3,639	\$ 5,446	\$ 5,664	\$ 8,884	\$ 9,303	5%
Operating grants and contributions	1,817	2,689	861	967	2,678	3,656	37%
Capital grants and contributions	5,622	9,139	-	159	5,622	9,298	65%
<i>General Revenues</i>							
Property taxes	10,179	10,764	-	-	10,179	10,764	6%
Sales taxes	5,595	6,392	-	-	5,595	6,392	14%
Transient occupancy tax	2,119	2,820	-	-	2,119	2,820	33%
Other taxes	1,200	1,280	-	-	1,200	1,280	7%
Interest and contributed capital	662	951	10	17	672	968	44%
Other revenue	1,695	1,895	5	7	1,700	1,902	12%
Total revenues	\$ 32,327	\$ 39,569	\$ 6,322	\$ 6,814	\$ 38,649	\$ 46,383	

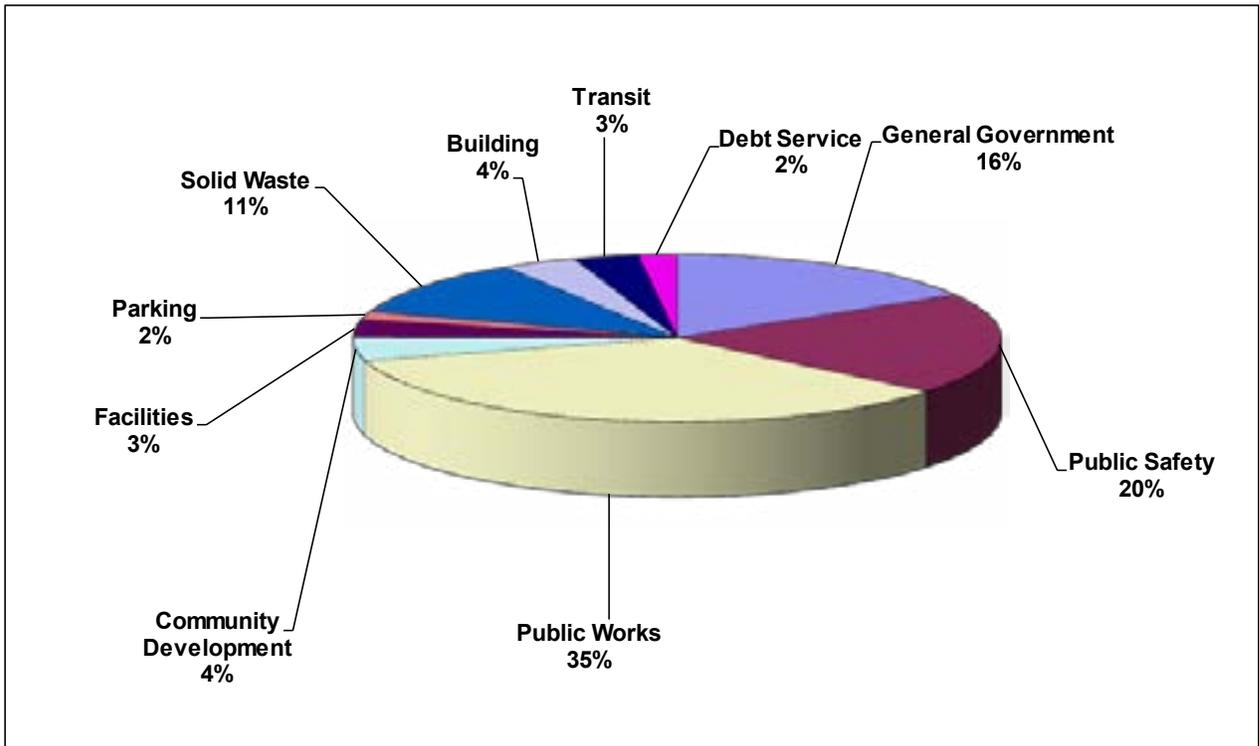


Total governmental revenues for the year were \$39.6 million, an increase of \$7.3 million or 22.6% when compared to 2015. Revenues from charges for services increased \$.2 million or 5.8% when compared to 2015 and in 2016 the Town received \$11.8 million in operating and capital grants and contributions compared with \$7.4 million in 2015. An overall tax revenue increase of \$2.2 million or 11.3% was driven by increased property values, increased sales tax receipts and increased transient occupancy tax. Property tax revenue, the Town’s largest revenue source, had an increase of 6% compared with 2015. Ongoing sales taxes had a 14% increase compared with 2015, indicating continued recovery in all types of sales, offset by falling fuel prices. Transient occupancy tax revenues increased for a fifth year in a row, with the highest collection year in the Town’s history. Taxes, which include property, sales, and other taxes account for \$21.3 million or 53.7% of the Town’s governmental activities revenue. Without capital grants, taxes would be 69.8% of the Town’s governmental activities revenue. The Town did not accept any roads in fiscal 2015 or in fiscal 2016. Interest income increased to \$.9 million or 44% when compared to 2015 reflecting a slight increase in interest rates on the Town’s cash and investments.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2015	2016	2015	2016	2015	2016	
Expenses							
General government	\$ 6,239	\$ 4,979	\$ -	\$ -	\$ 6,239	\$ 4,979	-20%
Public safety	5,854	5,987	-	-	5,854	5,987	2%
Public works	9,487	10,481	-	-	9,487	10,481	10%
Community development	649	1,352	-	-	649	1,352	108%
Facilities	915	1,039	-	-	915	1,039	14%
Interest on long-term debt	505	591	-	-	505	591	17%
Parking	-	-	423	496	423	496	17%
Solid Waste	-	-	3,130	3,330	3,130	3,330	6%
Building & Safety	-	-	978	1,143	978	1,143	17%
Transit	-	-	904	979	904	979	8%
Total expenses	23,649	24,429	5,435	5,948	29,084	30,377	4%
Excess (deficiency) before transfers	8,678	15,141	887	866	9,565	16,007	
Transfers	90	(17)	(90)	17	-	-	
Extraordinary Items	6,216	-	-	-	6,216	-	
Increase (decrease) in net position	\$ 14,984	\$ 15,124	\$ 797	\$ 884	\$ 15,781	\$ 16,007	



Total governmental expenses for the year were \$24.4 million as compared to \$23.6 million in 2015, a 3.3% increase. The most significant changes from 2015 were higher public works costs, primarily related to snow removal expenditures due to increased snowfall.

BUSINESS-TYPE ACTIVITIES

Business-type activities account for a total increase in net position of \$.9 million to a net position of \$2.8 million or 1.4% of the total Government-wide net position. The increase in net position is the result of a 4% increase in charges for services in the parking, transit, solid waste, and building & safety funds. Due to cost controls

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

and an increase in permit revenues, building and safety's revenues exceeded expenses by \$.41 million and the fund built on the positive net position gained since fiscal 2013.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds. The ending fund balance for all governmental funds is \$58.6 million. Of the Town's governmental funds all but the capital projects fund and one non-major special revenue grant fund ended the year with positive fund balance. The negative balance in the capital projects fund was due to uncollected grant revenues for grant expenditures in the fiscal year, see Note 2 A on page 49 on the financial statements. Of the total fund balance, \$12 million or 20.5% is unassigned, which is available for spending at the Town's discretion. See the notes to the financial statements, Note 1 P on page 47. for more in-depth discussion of the fund balance designations.

The general fund is the chief operating fund of the Town. As of June 30, 2016 the total fund balance of the general fund was \$32.0 million with \$.4 million in non-spendable inventory, \$105,000 restricted for self-insurance, and \$19.3 million in assigned funds for contingencies, equipment replacement, facilities construction, long-term road maintenance, economic development and capital projects. The \$12.2 million in unassigned fund balance is available for other Council priorities.

Total governmental revenues, excluding other financing sources/uses, were less than expenditures by \$8.3 million. A combination of higher than expected property, sales and transient occupancy tax revenues and deferral of some budgeted capital expenditures contributed to this result.

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

Fiduciary Funds. The Town of Truckee Redevelopment Successor Agency fiduciary fund has a negative net position due to the transfer of assets and liabilities from the former Redevelopment Agency in fiscal 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Budgetary Comparison Schedule is shown on page 71. There were no significant changes to the original budget.

Total actual revenues of \$23.5 million were \$3.8 million higher than budgeted revenues. Taxes and assessments, licenses and permits, fines and forfeitures, intergovernmental revenues, use of money and property, other revenues and charges for services all exceeded budgeted revenues. Property tax, sales tax, and transient occupancy tax revenues were over budget by a total of \$1.5 million.

Actual expenditures were lower than budgeted expenditures as a result of budgetary savings, primarily due to deferral of capital project costs into later years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$142.6 million (net of depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and the road network.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2015	2016	2015	2016	2015	2016	
Right of way	\$ 44,993	\$ 44,993	\$ -	\$ -	\$ 44,993	\$ 44,993	0.0%
Land	7,165	7,165	-	-	7,165	7,165	0.0%
Construction in progress	19,631	20,811	-	-	19,631	20,811	6.0%
Buildings and improvements	25,610	24,912	251	233	25,861	25,145	-2.8%
Equipment	6,976	7,321	287	468	7,263	7,789	7.2%
Infrastructure	29,635	36,655	-	-	29,635	36,655	23.7%
TOTALS	\$ 134,010	\$ 141,857	\$ 538	\$ 701	\$ 134,548	\$ 142,558	

Capital projects completed in fiscal 2016 were the Truckee River Trail Phase 3, Glenshire Widening Phase 2, and Glenshire & Highland Avenue Safety Corridor projects. Additions to infrastructure projects still in construction at year end in fiscal 2016 were related to work performed on the Brickelltown Streetscape Improvement, the Mousehole, and the Tahoe Donner Trail.

Additional information on the Town's capital assets can be found in Note 3 C on pages 53 and 54.

Long-term Debt. The Town's long-term debt as of June 30, 2016 was \$10.2 million. The majority of the Town's debt is lease revenue bonds used to acquire the Town's current administrative office facility and land for the Public Service Facility. Additional information on the Town's long-term debt, including business-type activities debt, can be found in Note 3 D on pages 54 and 55.

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 \$5,861 million in fiscal 2016. The Town of Truckee's debt limit is \$879 million. The Town currently has no general obligation debt outstanding.

The Town recognized an increase in net pension liability in the amount of \$1.3 million ending with a total balance of \$8.3 million in accordance with GASBs 68 and 71. See Note 4 on pages 57-62 for additional details.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The Town continues to experience moderate residential growth. 2016 growth increased over 2015 and the revenue budget for 2017 was flat compared to the 2016 budget. During the budget process for fiscal 2017 it was estimated that 93 new single-family units would be constructed within the Town, compared with 90 budgeted units and 106 actual units in fiscal 2016. Non-residential growth is estimated to be similar in 2017 when compared to 2016. These factors as well as the changing economy statewide were utilized in developing the Town's revenue estimates.

General Fund expenditures, excluding debt service, overlay reserve and capital expenditures, were projected to increase approximately 2.51% compared with 2016 budgeted expenditures. Personnel costs were budgeted in June 2016 to increase 8.11% for the fiscal 2017. This budgeted increase incorporates current Memorandums of Understanding with all three employee groups in which all employees pay the full employee share of pension costs. The fiscal 2017 budget also includes a 2.5% CPI based compensation increase and an overall 5% pay for performance pool. Overall service and supply costs are expected to increase 8.11% from the 2016 budget.

The Town's two other primary general fund revenue sources are projected to continue to gain strength. Sales taxes (not including Measures V and R) decreased by .26% from fiscal 2016 as all areas of sales increased, offset by continued lower than usual collections on gasoline sales due to falling oil prices and the fact that the final payment on the California "triple flip" was paid out in fiscal 2016. The Transient Occupancy Tax, which represents 10% of revenues collected for hotel or home stays for 30 days or less, continues to climb each year. The 2017 collections, continuing a five year growth trend, were projected to be 22.22% more than what

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

was budgeted in 2016, partially as a result of a good snow year and continued increase in the use of on-line rental opportunities for single family homeowners.

The Town's general fund is budgeted to contribute approximately \$4.4 million to the Town's capital programs, as well as an annual contribution of \$1,000,000 for street overlay maintenance reserve and an additional \$100,000 for Town facilities improvements. The Council also set aside \$2.5 million for housing projects and \$500,000 for open space acquisition. The fiscal 2017 budget includes \$16.7 million in assigned fund balance which includes \$5.8 million (25% of revenues) of general fund balance to be assigned for contingencies and \$3.1 million for long-term road maintenance program, and \$2 million for streetscape projects. \$1.1 million for economic development infrastructure is also designated in the fiscal 2017 budget.

In June 2014 the voters approved a one-quarter cent sales tax add-on ("Measure R") to build and maintain trails within the Town limits. Collections of the revenues began in October 2014 and the Town Council approved the creation of a Trails Maintenance division within Public Works to segregate operating costs related to trails construction and maintenance. Collections for fiscal 2016 were \$1 million and budgeted collections for fiscal 2017 are \$1.1 million.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 58,246,910	\$ 3,110,740	\$ 61,357,650
Cash with fiscal agent	323,464	-	323,464
Accounts receivable	288,313	28,646	316,959
Interest receivable	122,511	1,681	124,192
Taxes receivable	2,639,701	163,373	2,803,074
Due from other governments	1,018,294	354,292	1,372,586
Inventories	388,137	-	388,137
Prepaid costs and deposits	86,663	75,370	162,033
Loans receivable (net of allowance)	16,461,036	-	16,461,036
Net other post-employment benefits asset	3,707	-	3,707
Capital assets:			
Nondepreciable assets	72,968,719	-	72,968,719
Depreciable assets, net of depreciation	68,888,185	700,729	69,588,914
Total Assets:	<u>221,435,640</u>	<u>4,434,831</u>	<u>225,870,471</u>
Deferred Outflows of Resources			
Deferred outflows	3,276,060	130,999	3,407,059
Total Deferred Outflows of Resources:	<u>3,276,060</u>	<u>130,999</u>	<u>3,407,059</u>
Liabilities			
Accounts payable	2,511,392	1,036,598	3,547,990
Salaries and benefits payable	699,656	-	699,656
Deposits payable	648,473	2,027	650,500
Interest payable	39,701	-	39,701
Unearned revenue	13,054	85,423	98,477
Net pension liability	7,900,648	390,848	8,291,496
Long-term liabilities:			
Due within one year	501,119	16,807	517,926
Due in more than one year	9,627,241	62,610	9,689,851
Total Liabilities:	<u>21,941,284</u>	<u>1,594,313</u>	<u>23,535,597</u>
Deferred Inflows of Resources			
Deferred inflows	1,536,478	150,505	1,686,983
Total Deferred Inflows of Resources:	<u>1,536,478</u>	<u>150,505</u>	<u>1,686,983</u>
Net Position			
Net investment in capital assets	132,941,891	700,729	133,642,620
Restricted for:			
Capital projects	5,504,224	-	5,504,224
Grants, taxes, and fees	15,215,382	-	15,215,382
Unrestricted	47,572,441	2,120,283	49,692,724
Total Net Position:	<u>\$ 201,233,938</u>	<u>\$ 2,821,012</u>	<u>\$ 204,054,950</u>

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 4,979,126	\$ 294,954	\$ 160,556	\$ 20,000
Public Safety	5,987,258	464,665	588,191	23,101
Public Works	10,481,225	2,657,560	1,440,749	9,096,332
Community Development	1,352,297	221,552	500,000	-
Facilities	1,038,973	-	-	-
Debt Service	91,568	-	-	-
Interest	499,446	-	-	-
Total Governmental Activities:	<u>24,429,893</u>	<u>3,638,731</u>	<u>2,689,496</u>	<u>9,139,433</u>
Business-Type Activities:				
Parking	495,924	730,518	-	-
Solid Waste	3,329,507	3,280,157	118,635	-
Building	1,143,798	1,539,441	-	-
Transit	979,387	114,269	848,415	159,340
Total Business-Type Activities:	<u>5,948,616</u>	<u>5,664,385</u>	<u>967,050</u>	<u>159,340</u>
Total Primary Government:	<u>\$ 30,378,509</u>	<u>\$ 9,303,116</u>	<u>\$ 3,656,546</u>	<u>\$ 9,298,773</u>
Component Units				
Taxes:				

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government			
Governmental Activities:			
General Government	\$ (4,503,616)	\$ -	\$ (4,503,616)
Public Safety	(4,911,301)	-	(4,911,301)
Public Works	2,713,416	-	2,713,416
Community Development	(630,745)	-	(630,745)
Facilities	(1,038,973)	-	(1,038,973)
Debt Service	(91,568)	-	(91,568)
Interest	(499,446)	-	(499,446)
Total Governmental Activities:	<u>(8,962,233)</u>	<u>-</u>	<u>(8,962,233)</u>
Business-Type Activities:			
Parking	-	234,593	234,593
Solid Waste	-	69,286	69,286
Building	-	395,643	395,643
Transit	-	142,637	142,637
Total Business-Type Activities:	<u>-</u>	<u>842,159</u>	<u>842,159</u>
Total Primary Government:	<u>(8,962,233)</u>	<u>842,159</u>	<u>(8,120,074)</u>
Component Units			
Taxes:			
Property taxes	10,764,462	-	10,764,462
Sales and use taxes	6,392,339	-	6,392,339
Transient occupancy taxes	2,820,319	-	2,820,319
Property transfer taxes	235,007	-	235,007
Franchise taxes	1,044,799	-	1,044,799
Grants and contributions - unrestricted	1,479,859	-	1,479,859
Interest and investment earnings	951,368	16,925	968,293
Miscellaneous	414,752	7,464	422,216
Transfers	(17,289)	17,289	-
Total General Revenues, Special Items, and Transfers:	<u>24,085,616</u>	<u>41,678</u>	<u>24,127,294</u>
Change in Net Position:	15,123,383	883,837	16,007,220
Net Position - Beginning	186,110,555	1,937,175	188,047,730
Net Position - Ending:	<u>\$ 201,233,938</u>	<u>\$ 2,821,012</u>	<u>\$ 204,054,950</u>

Continued (Page 2 of 2)

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

	General	Capital Projects Fund	Measure R Trails Fund	Traffic Impact Fees Fund
Assets				
Cash and investments	\$ 30,308,279	\$ 1,048,371	\$ 1,176,822	\$ 6,799,070
Cash with fiscal agent	-	-	-	-
Accounts receivable	186,208	47,517	-	16,788
Interest receivable	106,871	-	957	4,801
Taxes receivable	2,012,558	-	155,200	-
Due from other funds	4,046	-	-	-
Due from other governments	83,273	910,021	-	-
Inventories	388,137	-	-	-
Prepaid costs and deposits	86,663	-	-	-
Loans receivable	1,709,067	-	-	-
Total Assets:	<u>\$ 34,885,102</u>	<u>\$ 2,005,909</u>	<u>\$ 1,332,979</u>	<u>\$ 6,820,659</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	259,117	1,321,372	-	381
Salaries and benefits payable	699,656	-	-	-
Deposits payable	142,664	505,809	-	-
Due to other funds	-	-	-	-
Unearned revenue	13,054	-	-	-
Total Liabilities:	<u>1,114,491</u>	<u>1,827,181</u>	<u>-</u>	<u>381</u>
Deferred Inflows of Resources:				
Deferred inflows	1,790,627	406,071	-	16,788
Total Deferred Inflows of Resources:	<u>1,790,627</u>	<u>406,071</u>	<u>-</u>	<u>16,788</u>
Fund Balances:				
Nonspendable	474,800	-	-	-
Restricted	105,000	-	1,332,979	6,803,490
Assigned	19,257,564	-	-	-
Unassigned	12,142,620	(227,343)	-	-
Total Fund Balances:	<u>31,979,984</u>	<u>(227,343)</u>	<u>1,332,979</u>	<u>6,803,490</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 34,885,102</u>	<u>\$ 2,005,909</u>	<u>\$ 1,332,979</u>	<u>\$ 6,820,659</u>

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2016

	Debt Service	Measure A / Measure V	HOME Grant	Town Special Service Areas- TSSA
Assets				
Cash and investments	\$ -	\$ 3,682,120	\$ -	\$ 5,438,019
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	2,996	-	4,262
Taxes receivable	-	311,000	-	38,739
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid costs and deposits	-	-	-	-
Loans receivable	-	-	11,581,702	-
Total Assets:	<u>\$ -</u>	<u>\$ 3,996,116</u>	<u>\$ 11,581,702</u>	<u>\$ 5,481,020</u>
Liabilities, Deferred Inflows of Resources, and Fund Bal				
Liabilities:				
Accounts payable	-	227	-	310
Salaries and benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities:	<u>-</u>	<u>227</u>	<u>-</u>	<u>310</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	11,581,702	-
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>11,581,702</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	3,995,889	-	5,480,710
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances:	<u>-</u>	<u>3,995,889</u>	<u>-</u>	<u>5,480,710</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ -</u>	<u>\$ 3,996,116</u>	<u>\$ 11,581,702</u>	<u>\$ 5,481,020</u>

Continued (Page 2 of 3)

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	Other Governmental Funds	Total Governmental Funds
Assets		
Cash and investments	\$ 9,794,229	\$ 58,246,910
Cash with fiscal agent	323,464	323,464
Accounts receivable	37,800	288,313
Interest receivable	2,624	122,511
Taxes receivable	-	2,517,497
Due from other funds	-	4,046
Due from other governments	25,000	1,018,294
Inventories	-	388,137
Prepaid costs and deposits	-	86,663
Loans receivable	3,170,265	16,461,034
Total Assets:	<u>\$ 13,353,382</u>	<u>\$ 79,456,869</u>
Liabilities, Deferred Inflows of Resources, and Fund Bal		
Liabilities:		
Accounts payable	929,985	2,511,392
Salaries and benefits payable	-	699,656
Deposits payable	-	648,473
Due to other funds	4,046	4,046
Unearned revenue	-	13,054
Total Liabilities:	<u>934,031</u>	<u>3,876,621</u>
Deferred Inflows of Resources:		
Deferred inflows	<u>3,198,089</u>	<u>16,993,277</u>
Total Deferred Inflows of Resources:	<u>3,198,089</u>	<u>16,993,277</u>
Fund Balances:		
Nonspendable	-	474,800
Restricted	3,369,503	21,087,571
Assigned	5,855,935	25,113,499
Unassigned	<u>(4,176)</u>	<u>11,911,101</u>
Total Fund Balances:	<u>9,221,262</u>	<u>58,586,971</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 13,353,382</u>	<u>\$ 79,456,869</u>

Continued (Page 3 of 3)

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

TOWN OF TRUCKEE, CALIFORNIA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION -
GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total Governmental Fund Balances	\$ 58,586,971
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets (\$189,692,460), net of accumulated depreciation (\$47,835,556), used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	141,856,904
Long-term liabilities, including bonds payable, bond interest payable, and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	(10,168,061)
Long-term pension liability, which is based on GASB 68 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.	
Net pension liability	(7,900,648)
Deferred outflows, related to pension expense	3,276,060
Deferred inflows, related to pension expense	(1,536,478)
Prior year actual contribution to OPEB health care plan exceeded the actual OPEB required contribution; the balance is reported as an asset in the Statement of Net Position.	3,707
Adjustment to deferred inflows of resources for grant receivables, long-term loan payments, accrued interest, new loans, and prior period adjustments.	16,993,279
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>122,204</u>
Net Position of Governmental Activities	<u>\$ 201,233,938</u>

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General	Capital Projects Fund	Measure R Trails Fund	Traffic Impact Fees Fund
Revenues				
Taxes and assessments	\$ 18,143,978	\$ -	\$ 988,491	\$ -
Licenses and permits	244,501	-	-	-
Fines and forfeitures	228,117	-	-	-
Use of money and property	298,088	-	11,414	57,505
Intergovernmental revenues	2,107,077	8,821,857	-	-
Charges for services	1,127,735	-	-	795,561
Other revenues	1,371,914	25,711	-	-
Total Revenues:	23,521,410	8,847,568	999,905	853,066
Expenditures				
Current:				
General Government	4,163,661	296,348	-	-
Public Safety	5,766,554	-	-	-
Public Works	5,696,118	676,092	-	20,914
Community Development	883,954	-	-	-
Facilities	1,030,033	-	-	-
Capital Outlay	136,463	11,610,557	-	-
Debt service:				
Debt Service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures:	17,676,783	12,582,997	-	20,914
Excess (Deficiency) of Revenues Over (Under) Expenditures:	5,844,627	(3,735,429)	999,905	832,152
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Transfers in	1,774,564	4,169,882	-	-
Transfers out	(2,695,225)	-	(316,205)	(312,302)
Total Other financing sources (uses):	(920,661)	4,169,882	(316,205)	(312,302)
Net Change in Fund Balances:	4,923,966	434,453	683,700	519,850
Fund Balances - Beginning	27,056,018	(661,796)	649,278	6,283,640
Fund Balances - Ending:	\$ 31,979,984	\$ (227,343)	\$ 1,332,978	\$ 6,803,490

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Debt Service Fund	Measure A / Measure V	HOME Grant	Town Special Service Areas- TSSA
Revenues				
Taxes and assessments	\$ -	\$ 2,106,498	\$ -	\$ 771,114
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	32,812	-	48,227
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Other revenues	85,824	-	-	-
Total Revenues:	<u>85,824</u>	<u>2,139,310</u>	<u>-</u>	<u>819,341</u>
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	3,382	-	5,138
Community Development	-	-	-	-
Facilities	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Debt Service	91,568	-	-	-
Principal	4,855,000	-	-	-
Interest	499,446	-	-	-
Total Expenditures:	<u>5,446,014</u>	<u>3,382</u>	<u>-</u>	<u>5,138</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>(5,360,190)</u>	<u>2,135,928</u>	<u>-</u>	<u>814,203</u>
Other financing sources (uses):				
Issuance of debt	4,645,000	-	-	-
Transfers in	801,015	-	-	-
Transfers out	(85,825)	(893,041)	-	(898,165)
Total Other financing sources (uses):	<u>5,360,190</u>	<u>(893,041)</u>	<u>-</u>	<u>(898,165)</u>
Net Change in Fund Balances:	-	1,242,887	-	(83,962)
Fund Balances - Beginning	-	2,753,002	-	5,564,672
Fund Balances - Ending:	<u>\$ -</u>	<u>\$ 3,995,889</u>	<u>\$ -</u>	<u>\$ 5,480,710</u>

Continued (Page 2 of 3)

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Other Governmental Funds	Total Governmental Funds
Revenues		
Taxes and assessments	\$ 1,465,526	\$ 23,475,607
Licenses and permits	-	244,501
Fines and forfeitures	94,617	322,734
Use of money and property	59,151	507,197
Intergovernmental revenues	1,573,125	12,502,059
Charges for services	366,103	2,289,399
Other revenues	213,265	1,696,714
Total Revenues:	3,771,787	41,038,211
Expenditures		
Current:		
General Government	76,000	4,536,009
Public Safety	82,461	5,849,015
Public Works	34,644	6,436,288
Community Development	543,752	1,427,706
Facilities	-	1,030,033
Capital Outlay	907,154	12,654,174
	-	-
Debt service:		
Debt Service	-	91,568
Principal	-	4,855,000
Interest	-	499,446
Total Expenditures:	1,644,011	37,379,239
Excess (Deficiency) of Revenues Over (Under)		
Expenditures:	2,127,776	3,658,972
Other financing sources (uses):		
Issuance of debt	-	4,645,000
Transfers in	144,459	6,889,920
Transfers out	(1,706,446)	(6,907,209)
Total Other financing sources (uses):	(1,561,987)	4,627,711
Net Change in Fund Balances:	565,789	8,286,683
Fund Balances - Beginning	8,655,473	50,300,287
Fund Balances - Ending:	\$ 9,221,262	\$ 58,586,970

Continued (Page 3 of 3)

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, 2016

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

Net Change in Fund Balances - Total Governmental Funds	\$ 8,286,683
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 (\$12,654,173) exceeded depreciation expense (\$4,806,763) in the current period.	7,847,410
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. The additional net effect of various transactions involving capital assets (i.e. sales) is a decrease to net position.	(538)
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 (\$654,447). Some revenues reported in prior year Statement of Activities were recognized in the governmental funds in current year (\$1,331,518).	(677,071)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the net amount of proceeds less principal repayments.	210,000
Repayment of long-term receivables is treated as revenues in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Position. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Position. Also, interest accrued on long-term loans increases unearned revenue in the governmental funds, but increases revenue in the Statement of Activities.	
Loan program receipts	(1,234,751)
Loans made during the year	81,000
Long-term loan interest accrual	444,169
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	(155,648)
Amortization of bond discount, cost of issuance and refunding difference	(2,306)
Bond interest payable in the next fiscal year	10,388
Reduction of pension expense based on GASB 68 adjustments	366,030
Other post-employment benefits	(51,983)
Change in Net Position of Governmental Activities	\$ 15,123,383

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

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Parking Fund	Transit Fund	Solid Waste Fund
Assets			
Current Assets:			
Cash and investments	\$ 808,183	\$ 233,237	\$ 690,565
Accounts receivable, net of allowance	24,876	321,703	199,354
Interest receivable	573	42	218
Prepaid costs	7,198	68,172	-
Total Current Assets:	<u>840,830</u>	<u>623,154</u>	<u>890,137</u>
Noncurrent Assets:			
Capital assets:			
Depreciable capital assets	136,700	1,005,410	36,304
Less: accumulated depreciation	(31,600)	(542,514)	(33,925)
Total Noncurrent Assets:	<u>105,100</u>	<u>462,896</u>	<u>2,379</u>
Total Assets:	<u>945,930</u>	<u>1,086,050</u>	<u>892,516</u>
Deferred Outflows of Resources			
Deferred outflows	22,123	20,945	15,243
Total Deferred Outflows of Resources:	<u>22,123</u>	<u>20,945</u>	<u>15,243</u>
Liabilities			
Current Liabilities:			
Accounts payable	8,111	451,603	552,632
Deposits payable	-	-	-
Unearned revenue	-	85,423	-
Compensated absences	1,050	6,611	5,308
Total Current Liabilities:	<u>9,161</u>	<u>543,637</u>	<u>557,940</u>
Noncurrent Liabilities:			
Net pension liability	65,853	59,866	46,655
Compensated absences	21,887	11,563	327
Total Noncurrent Liabilities:	<u>87,740</u>	<u>71,429</u>	<u>46,982</u>
Total Liabilities:	<u>96,901</u>	<u>615,066</u>	<u>604,922</u>
Deferred Inflows of Resources			
Deferred inflows	25,334	22,612	18,161
Total Deferred Inflows of Resources:	<u>25,334</u>	<u>22,612</u>	<u>18,161</u>
Net Position			
Net investment in capital assets	105,100	462,896	2,379
Unrestricted	740,718	6,421	282,297
Total Net Position:	<u>\$ 845,818</u>	<u>\$ 469,317</u>	<u>\$ 284,676</u>

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2016

	<u>Building and Safety Fund</u>	<u>Total</u>
Assets		
Current Assets:		
Cash and investments	\$ 1,378,755	\$ 3,110,740
Accounts receivable, net of allowance	378	546,311
Interest receivable	848	1,681
Prepaid costs	-	75,370
Total Current Assets:	<u>1,379,981</u>	<u>3,734,102</u>
Noncurrent Assets:		
Capital assets:		
Depreciable capital assets	481,996	1,660,410
Less: accumulated depreciation	<u>(351,642)</u>	<u>(959,681)</u>
Total Noncurrent Assets:	<u>130,354</u>	<u>700,729</u>
Total Assets:	<u>1,510,335</u>	<u>4,434,831</u>
Deferred Outflows of Resources		
Deferred outflows	<u>72,688</u>	<u>130,999</u>
Total Deferred Outflows of Resources:	<u>72,688</u>	<u>130,999</u>
Liabilities		
Current Liabilities:		
Accounts payable	24,252	1,036,598
Deposits payable	2,027	2,027
Unearned revenue	-	85,423
Compensated absences	<u>3,838</u>	<u>16,807</u>
Total Current Liabilities:	<u>30,117</u>	<u>1,140,855</u>
Noncurrent Liabilities:		
Net pension liability	218,474	390,848
Compensated absences	<u>28,833</u>	<u>62,610</u>
Total Noncurrent Liabilities:	<u>247,307</u>	<u>453,458</u>
Total Liabilities:	<u>277,424</u>	<u>1,594,313</u>
Deferred Inflows of Resources		
Deferred inflows	<u>84,398</u>	<u>150,505</u>
Total Deferred Inflows of Resources:	<u>84,398</u>	<u>150,505</u>
Net Position		
Net investment in capital assets	130,354	700,729
Unrestricted	<u>1,090,847</u>	<u>2,120,283</u>
Total Net Position:	<u>\$ 1,221,201</u>	<u>\$ 2,821,012</u>

Continued (Page 2 of 2)

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities - Enterprise Funds		
	Parking Fund	Transit Fund	Solid Waste Fund
Operating Revenues			
Charges for services	\$ 647,347	\$ 114,269	\$ 3,280,157
Fines and forfeitures	83,171	-	-
Other revenues	465	65,384	-
Total Operating Revenues:	<u>730,983</u>	<u>179,653</u>	<u>3,280,157</u>
Operating Expenses			
Salaries and benefits	172,018	145,639	134,417
Services and supplies	313,935	788,035	3,191,862
Depreciation	9,971	45,713	3,228
Total Operating Expenses:	<u>495,924</u>	<u>979,387</u>	<u>3,329,507</u>
Operating Income (Loss):	<u>235,059</u>	<u>(799,734)</u>	<u>(49,350)</u>
Nonoperating Revenues (Expenses)			
Intergovernmental revenues	-	948,250	118,635
Interest income	4,749	170	682
Total Nonoperating Revenues (Expenses):	<u>4,749</u>	<u>948,420</u>	<u>119,317</u>
Income (Loss) Before Transfers:	<u>239,808</u>	<u>148,686</u>	<u>69,967</u>
Transfers in	12,386	39,450	-
Transfers out	(1,659)	-	-
Change in Net Position:	<u>250,535</u>	<u>188,136</u>	<u>69,967</u>
Total Net Position - Beginning	595,283	281,181	214,709
Total Net Position - Ending:	<u>\$ 845,818</u>	<u>\$ 469,317</u>	<u>\$ 284,676</u>

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Building and Safety Fund	Total
Operating Revenues		
Charges for services	\$ 1,534,550	\$ 5,576,323
Fines and forfeitures	4,891	88,062
Other revenues	1,120	66,969
Total Operating Revenues:	<u>1,540,561</u>	<u>5,731,354</u>
Operating Expenses		
Salaries and benefits	689,120	1,141,194
Services and supplies	435,624	4,729,456
Depreciation	19,054	77,966
Total Operating Expenses:	<u>1,143,798</u>	<u>5,948,616</u>
Operating Income (Loss):	<u>396,763</u>	<u>(217,262)</u>
Nonoperating Revenues (Expenses)		
Intergovernmental revenues	-	1,066,885
Interest income	11,324	16,925
Total Nonoperating Revenues (Expenses):	<u>11,324</u>	<u>1,083,810</u>
Income (Loss) Before Transfers:	408,087	866,548
Transfers in	-	51,836
Transfers out	(32,888)	(34,547)
Change in Net Position:	<u>375,199</u>	<u>883,837</u>
Total Net Position - Beginning	846,002	1,937,175
Total Net Position - Ending:	<u>\$ 1,221,201</u>	<u>\$ 2,821,012</u>

Continued (Page 2 of 2)

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Parking</u>	<u>Transit</u>	<u>Solid Waste</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 724,806	\$ 16,758	\$ 3,262,203
Payments to suppliers	(319,158)	(477,357)	(3,127,617)
Payments to employers	(169,657)	(148,758)	(147,387)
Net Cash Provided by (Used for) Operating Activities	<u>235,991</u>	<u>(609,357)</u>	<u>(12,801)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental revenues	-	951,098	-
Transfers to/from other funds	10,727	39,450	118,635
Net Cash Provided by (Used for) Non-Capital Financing	<u>10,727</u>	<u>990,548</u>	<u>118,635</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	-	(231,953)	-
Net Cash Provided by (Used for) Capital and Related Financing	<u>-</u>	<u>(231,953)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	4,314	138	551
Net Cash Provided by (Used for) Investing Activities	<u>4,314</u>	<u>138</u>	<u>551</u>
Net Increase (Decrease) in Cash and Cash Equivalents	251,032	149,376	106,385
Cash and Cash Equivalents - Beginning of the Year	<u>557,151</u>	<u>83,861</u>	<u>584,180</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 808,183</u>	<u>\$ 233,237</u>	<u>\$ 690,565</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 235,059	\$ (799,734)	\$ (49,350)
Adjustments to reconcile operating income (loss) to net cash			
Depreciation	9,971	45,713	3,228
Changes in deferred outflows/inflows	(2,054)	(2,115)	(1,325)
Decrease (increase) in:			
Accounts receivable	(6,177)	(162,895)	(17,954)
Prepaid expenses	(7,198)	-	-
Increase (decrease) in:			
Accounts payable	1,975	310,678	64,245
Deposits payable	-	-	-
Compensated absences	4,415	(1,004)	(11,645)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 235,991</u>	<u>\$ (609,357)</u>	<u>\$ (12,801)</u>

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

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Building and Safety	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 1,546,437	\$ 5,550,204
Payments to suppliers	(420,748)	(4,344,880)
Payments to employers	(716,018)	(1,181,820)
	409,671	23,504
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Intergovernmental revenues	-	951,098
Transfers to/from other funds	(32,888)	135,924
	(32,888)	1,087,022
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(8,741)	(240,694)
	(8,741)	(240,694)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	10,719	15,722
	10,719	15,722
Net Increase (Decrease) in Cash and Cash Equivalents	378,761	885,554
Cash and Cash Equivalents - Beginning of the Year	999,994	2,225,186
	\$ 1,378,755	\$ 3,110,740
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 396,763	\$ (217,262)
Adjustments to reconcile operating income (loss) to net cash		
Depreciation	19,054	77,966
Changes in deferred outflows/inflows	(6,596)	(12,090)
Decrease (increase) in:		
Accounts receivable	8,767	(178,259)
Prepaid expenses	-	(7,198)
Increase (decrease) in:		
Accounts payable	14,876	391,774
Deposits payable	(2,891)	(2,891)
Compensated absences	(20,302)	(28,536)
	\$ 409,671	\$ 23,504

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016

	Successor Agency Fund
Assets	
Investments, held with trustees	\$ 1,879,416
Interest receivable	210
Notes receivable	532,429
Prepaid assets	4,642
Capital assets:	
Depreciable capital assets	217,816
Less: accumulated depreciation	<u>(153,292)</u>
Total Capital assets:	<u>64,524</u>
Total Assets:	<u>2,481,221</u>
Liabilities	
Accounts payable	1,401
Interest payable	205,077
Long-term liabilities:	
Due within one year	102,776
Due in more than one year	<u>12,454,070</u>
Total Long-term liabilities:	<u>12,556,846</u>
Total Liabilities:	<u>12,763,324</u>
Net Position	
Held in trust for other purposes	<u>(10,282,103)</u>
Total Net Position:	<u>\$ (10,282,103)</u>

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

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Successor Agency Fund
Additions	
Property taxes	\$ 832,089
Use of money and property	13,925
Other revenue	364,971
Total Additions:	<u>1,210,985</u>
Deductions	
Program expenses	76,251
Administrative expenses	250,962
Interest and fiscal agency expenses	739,300
Noncash expenses: depreciation, amortization, loan forgiveness	74,427
Total Deductions:	<u>1,140,940</u>
Change in Net Position:	70,045
Net Position - Beginning	(10,352,148)
Net Position - Ending:	<u>\$ (10,282,103)</u>

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, 2016

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

A. Reporting Entity

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

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

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

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

Blended Component Units

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

Truckee Public Financing Authority

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

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

Discretely Presented Component Units

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

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government, the Town, and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

Fund Financial Statements

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

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

The Town reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the Town that are not accounted for through other funds. For the Town, the General Fund includes such activities as public safety, road maintenance, community development, general government, and public improvements.
- The 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.
- Measure R Trails is a special revenue fund used to account for revenue and expenditures related to a ¼ percent sales tax passed in June of 2014 for trail construction and maintenance within the Town boundaries.
- Traffic Impact Fees Fund is a special revenue fund used to account for traffic impact fee revenues and expenditures.
- The Debt Service Fund is a debt service fund used to track payment of debt principal and interest on the Town's outstanding bonds.
- 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.
- 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 Town Special Service Area (TSSA) Funds are collected in certain Town neighborhoods and are available for enhanced road and transportation related maintenance.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

The Town reports the following fiduciary fund:

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

C. Basis of Accounting and Measurement Focus

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

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

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

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

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

**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.

The Town categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town does not have any investments that are measured using Level 3 inputs. Cash deposits are reported at a carrying amount which reasonably estimates fair value.

Fair value measurements of the Town's investments in Agency, Commercial Paper, US Corporate and US Treasury are as follows at June 30, 2016 totaled \$22,553,520 and were valued based on Level 2 inputs.

F. Receivables

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

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

G. Interfund Transactions

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

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

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

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

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

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

H. Inventory and Prepaid Costs

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

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

I. Loans Receivable

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

As of June 30, 2015, the Town had outstanding loans receivable from the Humane Society of Truckee-Tahoe ("HSTT") and the Police of Chief for the Town of Truckee. The Town and HSTT jointly constructed an animal shelter and shared the costs of the construction. The Town advanced funds to the HSTT for a portion of their share of the construction costs. The loan to the Police Chief is a home loan for the purchase of a home within Truckee Town limits. During fiscal 2016, both of these loans were repaid and are no longer included as receivables of the Town.

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 an expected life greater than a year and a cost greater than \$5,000.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

Fund Financial Statements

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

K. Deferred Outflows/Inflows of Resources

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

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

L. Long-Term Debt

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

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

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 Medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Pensions

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

O. Net Position/Fund Balances

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

- Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted resources - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Resources restricted for other purposes included \$5,328,867 restricted by enabling legislation (Measures A, V and R).
- Unrestricted resources - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

At June 30, 2016, the Town had recorded restricted resources in governmental activities as follows:

Restricted for:	
Capital Projects	\$ 5,504,224
Grants, taxes, and fees	<u>15,215,382</u>
Total Restricted	<u>\$ 20,719,606</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

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

- *Non-spendable* – amounts that cannot be spent either because they are in non-spendable 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, 2016.
- *Assigned* – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Town Council or by an official or body to which the Town Council delegates the authority.
- *Unassigned* – amounts not included in other spendable classifications. Positive amounts are reported only in the General Fund.

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

As of June 30, 2016, restricted fund balance included:

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

As of June 30, 2016, assigned fund balance in the following governmental funds included:

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

P. Property Tax Levy, Collection and Maximum Rates

The State of California's (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general 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 Date	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% of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

Q. Grant Revenues

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

R. Expenditures/Expenses

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

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

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

S. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

T. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2016 or later. The Town has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 75

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

Government Accounting Standards Board Statement No. 77

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement Requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The Town has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the Town's fiscal year ending June 30, 2017.

Government Accounting Standards Board Statement No. 80

In January 2016 GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Town has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the Town's fiscal year ending June 30, 2017.

U. Current GASB Implementation

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement no. 68*. This statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Town implemented the statement effective July 1, 2014.

In February 2015, GASB issued Statement No. 72, *Fair Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. See Note 3 for more information.

In March 2016, GASB issued Statement No. 82, *Pension Issues*, an amendment of GASB Statements No. 67, No. 68, and No. 73. The primary objective of this statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the reporting periods beginning after June 15, 2016, however the Town has elected to implement the statement in the current year.

See Note 4 for more information.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Position

The following funds had a deficit fund balance at June 30, 2016:

Major Governmental funds:

The Capital Projects fund had a fund balance deficit of \$227,343 which was caused by uncollected grant revenues for grant expenditures in the fiscal year.

Non-Major Governmental funds:

The 15-CDBG-10566 fund had a fund balance deficit of \$4,176 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, 2016, 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

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

Governmental Activities:	
Unrestricted Cash and investments	\$ 58,246,910
Restricted Cash and investments	323,464
Total Governmental Cash and investments	<u>58,570,374</u>
Business Type Activities	3,110,740
Total Cash and Investments	<u><u>\$ 61,681,114</u></u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (CONTINUED)

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

Cash and Deposits:	
Cash on hand	\$ 900
Deposits in Town's depository institutions (less outstanding checks)	6,267,922
Deposits with fiscal agents	323,464
Total Cash and Deposits	<u>6,592,286</u>
Investments:	
In Town's pool	55,088,828
	<u>\$ 61,681,114</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% 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% of a Town's total deposits. The Town may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

At year end, the carrying amount of the Town's cash deposits (including only checking accounts and money market accounts) was \$6,267,922 and the bank balance was \$6,557,628. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, including bond trust funds, \$864,256 was covered by federal depository insurance and \$5,693,371 was uninsured and collateralized (i.e. collateralized with securities held by the pledging financial institution at 110% of the deposits, in accordance with the State of California Government Code, deemed to be held in the Town's name).

Investments

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

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (CONTINUED)

As of June 30, 2016, the Town had the following investments:

	Maturities			Fair Value	Weighted Average Maturity (Years)
	0 - 1 year	1 - 5 years	Over 5 years		
Investments					
U.S. Government Agency Securities	\$ 5,538,630	\$ 11,872,129	\$ -	\$ 17,410,758	0.58
Corporate Notes	990,514	4,152,248	-	5,142,762	0.16
Local Agency Investment Fund (LAIF)	32,535,308	-	-	32,535,308	-
Total Investments	\$ 39,064,452	\$ 16,024,377	\$ -	\$ 55,088,828	0.20

Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. In general, the longer the amount of time to the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. All investments of the Town are invested in accordance with the investment policies of the Town. Of the Town's \$55,088,828 investment portfolio, over 71% 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, 2016.

Credit Risk

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

<u>Investments at June 30, 2016</u>	<u>Standard & Poor's</u>	<u>% of Portfolio</u>
Federal Home Loan Mortgage Corporation	AA+	6.3%
Federal Home Loan Bank	AA+	5.4%
Federal National Mortgage Association	AA+	7.0%
Federal Farm Credit Bank	AA+	2.6%
US Treasury	TSY	10.0%
Commercial Paper	A-1+	0.8%
Corporate Obligations	A	2.3%
Corporate Obligations	A+	1.6%
Corporate Obligations	A-	0.5%
Corporate Obligations	AA	0.3%
Corporate Obligations	AA-	2.6%
Corporate Obligations	AA+	1.1%
Corporate Obligations	AAA	0.3%
LAIF	Unrated	59.3%
Total		100.0%

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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (CONTINUED)

Concentration of Credit Risk

Over 31% of the Town's investments at year-end are in U.S. Government or Agencies issues. There is no limitation on amounts invested in these types of issues. Of the 9.3% of the portfolio invested in corporate notes and money market funds, no investment in a single issuer exceeds 1.0%.

Investment in Local Agency Investment Fund

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

At June 30, 2016, the Town's investment position in the State of California Local Agency Investment Fund (LAIF) was \$32,535,308. The total amount invested by all public agencies in LAIF on that day was \$75,497,087,667. Of that amount, 97.19% is invested in non-derivative financial products and 2.81% in structured notes and asset-backed securities.

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2016 (in millions):

Investment Asset Class	Fair Value	Fair Value Measurement Using		
		Level 1 Assets	Level 2 Assets	Level 3 Assets
Agency	\$ 11,805,121	\$ -	\$ 11,805,121	\$ -
Commercial Paper	448,890	-	\$ 448,890	-
US Corporate	4,693,872	-	\$ 4,693,872	-
US Treasury	5,605,637	-	\$ 5,605,637	-
Subtotal	<u>22,553,520</u>	<u>\$ -</u>	<u>\$ 22,553,520</u>	<u>\$ -</u>
LAIF	\$ 32,535,308			
Total Investments	<u>\$ 55,088,828</u>			

Debt and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

B. Loans Receivable

Loans receivable include notes for down payment assistance and for the purchase of land and the construction of the Frishman Hollow, Henness Flats and Sierra Pines low/very low housing complexes. Loans were funded by various grants and developer contributions. The note from the Humane Society of Truckee-Tahoe related to the construction of the Town's new animal shelter and a loan to Town Police Chief for the purchase of a home within the Truckee Town limits were repaid in full during the fiscal year.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (CONTINUED)

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

C. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Governmental Activities	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital Assets, Not Being Depreciated:					
Land	\$ 7,165,160	-	-	-	\$ 7,165,160
Right of Way	44,992,586	-	-	-	44,992,586
Construction in Progress	19,631,295	11,361,965	-	(10,182,287)	20,810,973
Total Capital Assets, Not Being Depreciated	71,789,041	11,361,965	-	(10,182,287)	72,968,719
Capital Assets, Being Depreciated:					
Building & Improvements	30,088,695	-	-	-	\$ 30,088,695
Equipment	17,720,994	1,292,208	(375,409)	-	18,637,793
Infrastructure	57,814,966	-	-	10,182,287	67,997,253
Total Capital Assets, Being Depreciated	105,624,655	1,292,208	(375,409)	10,182,287	116,723,741
Less Accumulated Depreciation For:					
Building & Improvements	\$ (4,478,810)	(697,789)	-	-	(5,176,599)
Equipment	(10,744,895)	(947,025)	374,871	-	(11,317,049)
Infrastructure	(28,179,959)	(3,161,949)	-	-	(31,341,908)
Total Accumulated Depreciation	\$ (43,403,664)	\$ (4,806,763)	\$ 374,871	\$ -	\$ (47,835,556)
Total Capital Assets, Being Depreciated, Net	\$ 62,220,991	\$ (3,514,555)	\$ (538)	\$ 10,182,287	\$ 68,888,185
Governmental Activities Capital Assets, Net	\$ 134,010,032	\$ 7,847,410	\$ (538)	\$ -	\$ 141,856,904
Business-Type Activities	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital Assets, Being Depreciated:					
Structures and improvements	\$ 410,764	\$ -	\$ -	\$ -	\$ 410,764
Equipment	1,008,953	240,694	-	-	1,249,646
Total Capital Asset, Being Depreciated	1,419,717	240,694	-	-	1,660,410
Less Accumulated Depreciation For:					
Structures and improvements	(160,102)	(18,088)	-	-	(178,190)
Equipment	(721,614)	(59,878)	-	-	(781,492)
Total Accumulated Depreciation	\$ (881,715)	\$ (77,966)	\$ -	\$ -	\$ (959,681)
Total Capital Assets, Being Depreciated, Net	\$ 538,002	\$ 162,728	\$ -	\$ -	\$ 700,729
Business-Type Activities Capital Assets, Net	\$ 538,002	\$ 162,728	\$ -	\$ -	\$ 700,729

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$	425,289
Public Safety		341,196
Public Works		4,040,278
		<hr/>
Total Depreciation Gov Functions	\$	<u>4,806,763</u>

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

Parking	\$	9,971
Transit		45,713
Solid Waste		3,228
Building & Safety		19,054
		<hr/>
Total Depreciation Business Functions	\$	<u>77,966</u>

Construction in Progress

Construction in progress for governmental activities relates primarily to work performed on the Brickelltown Streetscape Improvement, Mousehole, and the Tahoe Donner Trail. The majority of the transfer from construction in progress for fiscal 2016 is due to the completion of the Truckee River Trail Phase 3, Glenshire Widening Phase 2, and Glenshire & Highland Avenue Safety Corridor projects.

D. Long-Term Liabilities

The following is a summary of all long-term liabilities activity for the year ended June 30, 2016:

	Balance July 1, 2015	Additions/ Adjustments	Retirements	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities					
Lease Revenue Bonds	\$ 9,175,000	\$ 4,645,000	\$ (4,855,000)	\$ 8,965,000	\$ 362,000
Less: Unamortized Discount	(52,291)	-	2,306	(49,985)	(2,306)
Lease Revenue Bonds, Net	<hr/> 9,122,709	<hr/> 4,645,000	<hr/> (4,852,694)	<hr/> 8,915,015	<hr/> 359,694
Compensated Absences (Note 1L)	<hr/> 1,057,698	<hr/> 1,035,058	<hr/> (879,410)	<hr/> 1,213,345	<hr/> 141,425
Total Governmental Activities - Long-term Liabilities	<u>\$ 10,180,407</u>	<u>\$ 5,680,058</u>	<u>\$ (5,732,104)</u>	<u>\$ 10,128,360</u>	<u>\$ 501,119</u>
Business-Type Activities					
Compensated Absences (Note 1N)	<hr/> \$ 107,953	<hr/> \$ 81,214	<hr/> \$ (109,750)	<hr/> \$ 79,417	<hr/> \$ 16,807
Total Business-Type Activities - Long-term Liabilities	<u>\$ 107,953</u>	<u>\$ 81,214</u>	<u>\$ (109,750)</u>	<u>\$ 79,417</u>	<u>\$ 16,807</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (CONTINUED)

As of June 30, 2016 lease revenue bonds consisted of the following:

	<u>Governmental Activities</u>
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.	4,395,000
Lease Revenue Refunding Bonds Series 2015 of \$ 4,645,000, payable in annual installments of \$75,000 to \$365,000. Series 2015 interest rate of 2.823% mature November 1, 2030.	4,570,000
Total Lease Revenue Bonds	<u>\$ 8,965,000</u>

The 2005 Refunding Bonds were refunded with new lease revenue financing on August 5, 2015 in the amount of \$4,645,000 with a final maturity on November 1, 2030 and a total interest cost of 3.095%. See Note 7 for further discussion of this transaction.

The annual aggregate maturities for years subsequent to June 30, 2016 are as follows:

Lease Revenue Bonds Year Ended June 30	Governmental Activities				
	Principal	Gross Interest Revenue Bonds	Less US Treasury Subsidy	Net Interest Revenue Bonds	Total Principal & Net Interest
2017	\$ 362,000	\$ 430,250	\$ (92,087)	\$ 338,163	\$ 700,163
2018	\$ 371,000	\$ 419,321	\$ (92,087)	\$ 327,234	\$ 698,234
2019	\$ 379,000	\$ 407,812	\$ (92,087)	\$ 315,725	\$ 694,725
2020	\$ 388,000	\$ 395,948	\$ (92,087)	\$ 303,862	\$ 691,862
2021	\$ 405,000	\$ 382,852	\$ (92,087)	\$ 290,766	\$ 695,766
2022-2026	\$ 2,244,000	\$ 1,690,885	\$ (453,831)	\$ 1,237,054	\$ 3,481,054
2027-2031	\$ 2,626,000	\$ 1,171,593	\$ (365,704)	\$ 805,889	\$ 3,431,889
2032-2036	\$ 1,110,000	\$ 652,540	\$ (228,389)	\$ 424,151	\$ 1,534,151
2037-2041	\$ 1,080,000	\$ 175,775	\$ (61,521)	\$ 114,254	\$ 1,194,254
Total	<u>\$ 8,965,000</u>	<u>\$ 5,726,975</u>	<u>\$ (1,569,879)</u>	<u>\$ 4,157,096</u>	<u>\$ 13,122,096</u>

E. Leases

Operating Leases

Rental expenses incurred under operating leases are not considered material.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (CONTINUED)

F. Interfund Transactions

Due To/From Other Funds

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

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 4,046	\$ -
Nonmajor Governmental Funds	-	4,046
Total	<u>\$ 4,046</u>	<u>\$ 4,046</u>

Transfers

Transfers are indicative of funding for or purchase of capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfers for the year ended June 30, 2016:

General Fund	\$ 1,774,564	\$ 2,695,225
Capital Projects Fund	4,169,882	-
Debt Service Fund	801,015	85,825
Town Special Service Areas (TSSA)	-	898,165
Impact Fees Fund	-	312,302
Measure R Fund	-	316,205
Measure V Fund	-	893,041
Non-major Governmental Funds	144,459	1,706,446
Building and Safety Fund	-	32,888
Parking Fund	12,386	1,659
Transit Fund	39,450	-
	<u>\$ 6,941,756</u>	<u>\$ 6,941,756</u>

NOTE 4: EMPLOYEES' RETIREMENT PLAN

A. Pension Plan

General Information about the Pension Plan

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with or without statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is Optional Settlement 2W Death Benefit. The cost

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

of living adjustments are applied as specified by the Public Employee's Retirement Law. The 2.7% at 55 Miscellaneous Plan and the 3.0% at 50 Safety Plan are closed to new entrants.

The Plans provisions and benefits in effect at June 30, 2016 are summarized as below:

Hire Date	Miscellaneous		
	Prior to July 1, 2011 " Tier 1"	July 1, 2011 to December 31, 2012 "Tier 2"	After December 31, 2012 "Tier 3"
Benefit Formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50-55	50-55	52 and up
Monthly Benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% - 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8%	8%	6.50%
Required Employer Contribution Rates	18.99%	10.01%	6.73%

Hire Date	Safety		
	Prior to July 1, 2011 " Tier 1"	July 1, 2011 to December 31, 2012 "Tier 2"	After December 31, 2012 "Tier 3"
Benefit Formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 and up	50 and up	50 and up
Monthly Benefits, as a % of eligible compensation	3.00%	2.4% - 3%	2.0% to 2.7%
Required Employee Contribution Rates	9%	9%	12.25%
Required Employer Contribution Rates	26.14%	17.30%	11.92%

Funding Policy

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

For the year ended June 30, 2016, the contributions to the plan were \$1,437,532.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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

As of June 30, 2016, the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability	
	Fiscal Year Ending	
	June 30, 2016	June 30, 2015
Total	\$8,291,496	\$6,672,012

The Town's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for the Plan as of June 30, 2014 and June 30, 2015 was as follows:

	Percentage Share of Risk Pool		Change
	6/30/2016	6/30/2015	
Measurement Date	6/30/2015	6/30/2014	
Percentage of Plan NPL	0.120798%	0.107225%	0.013574%

For the year ended June 30, 2016 the Town recognized pension expense of \$1,145,888. At June 30, 2016 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 18,597
Changes in assumptions		\$ 908,720
Net differences between projected and actual earnings on plan investments	\$ -	\$ 457,501
Changes in employer's proportion	\$ 1,692,712	\$ 225,665
Differences between the Employer's contributions and the Employer's proportionate share of contributions	\$ 276,815	\$ 76,500
Pension contribution subsequent to measurement date	\$ 1,437,532	
Total	\$ 3,407,059	\$ 1,686,983

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

The \$1,437,532 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Amount
2017	\$ (140,048)
2018	\$ (106,472)
2019	\$ (46,621)
2020	\$ 575,685

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age & Service
Investment Rate of Return	7.65% net of pension plan investment and administrative expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

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

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

Changes in Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administration expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Allocation amongst Town Funds

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Discount rate

The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans ran out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employee's Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

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

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

Net Pension Liability (Asset)	Discount Rate 1% (6.65%)	- Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Measurement Date	June 30, 2015		
Fiscal Year End	June 30, 2016		
Net Pension Liability	\$ 13,892,419	\$ 8,291,496	\$ 3,676,135

Pension Plan Fiduciary Net Position

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

B. 457 Plan

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

C. Other Post Retirement Benefits (OPEB)

Plan Description

The Town administers a single-employer defined benefit health care plan for its employees. The plan provides medical, dental and vision coverage. As of January 1, 2012, medical coverage is provided through CalPERS under the Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The PEMHCA plan requires that medical benefits be made available to qualified retirees. Dependent children are covered until age 26. The Town currently has 43 retirees eligible to participate in the plan and 83 active employees who participate in the health plan.

Funding Policy

Employees become eligible to retire under PEMHCA and receive healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The Town has selected the unequal contribution method, where it contributes a percent of the amount paid for actives to its eligible retirees. For calendar 2016 this amount is \$25.00 per month per retiree. Concurrent with implementing the PERS Health Plan the Town Council passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust fund established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed Board not under the control of the Town Council. The Trust is not considered a component unit by the Town and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained for CalPERS at P.O. Box 942709, Sacramento, Ca. 94229-2709.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2016 the Town's annual cost for the retiree healthcare plan was \$69,926. The Town's annual OPEB contributions to the plan and the net OPEB asset for the year ended June 30, 2016 were as follows:

Annual Required Contribution	
Service Cost at year end	\$ 70,694
30-year amortization of funded liability	50,516
Interest on prior year OPEB Obligation	(3,341)
Adjustment to OPEB Cost	<u>4,040</u>
Total fiscal year required contribution	<u>121,909</u>
Employer contribution during fiscal year	69,926
Net OPEB asset July 1, 2015	<u>55,690</u>
Net OPEB asset, June 30, 2016	<u>\$ 3,707</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the health plan, and the net OPEB asset for the fiscal year ended June 30, 2016 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ended OPEB Asset (Liability)</u>
June 30, 2014	(65,514)	65,514	100%	52,515
June 30, 2015	(65,514)	68,689	105%	55,690
June 30, 2016	121,909	69,926	-57%	3,707

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

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

Actuarial Methods and Assumptions

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

In the 2015 actuarial valuation, the Projected Unit Credit Cost Method was used. Demographic assumptions regarding retirement, disability, and turnover are based on statistics taken from pension valuations for California PERS under a 3.0% @ 50 formula for sworn Police employees and a 2.7% @ 55 formula for all other employees. The actuarial assumptions included a 6.00% interest rate if funded, and a 3.5% annual increase to the minimum Town contribution.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 37 member cities. The Town pays an annual premium to PARSAC for its insurance coverage. The agreements with PARSAC provide that they will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

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

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

NOTE 6: OTHER INFORMATION

A. Construction Commitments

The Town has signed agreements for \$19,251,311 in various construction projects that were not complete as of June 30, 2016. Construction completed and paid subsequent to June 30, 2016 on these projects was \$5,175,510. The Town has also signed agreements for construction projects subsequent to June 30, 2016 in the amount of \$6,117,500 of which \$4,126,721 was constructed and paid by the date of financial statement preparation.

B. Contingent Liabilities

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

On August 4, 2014, Operating Engineers Local Union No. 3 filed a request for coverage determination with the Department of Industrial Relations asking that the Director determine if the Town's Trout Creek Trail & Bikeway Project (the Project) is covered by the California prevailing wage law. The matter was settled for \$110,179.22, paid in two payments, one in June 2016 and one in August 2016. Because the statute of limitations has not yet run, it is possible that the Department of Labor Standards Enforcement could issue similar assessments against other contractors who worked on the Project. The Town is not aware that any such assessments are pending at this time and it is not possible to estimate any potential liabilities at this juncture.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7: BOND REFUNDING

Bonds are refunded to retire all or a portion of an outstanding bond issue. Most typically, a refunding is done to refinance at a lower interest rate to reduce overall debt service. Certain issues of bonds may be refunded prior to the call date, known as an advance refunding.

Future principal and interest payments on refunded bonds have been provided through advance refunding bond issues whereby refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued and guaranteed by the United States government. The Town then deposits these securities in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trusts deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

On August 5, 2015, the Truckee Public Financing Authority issued lease revenue refund financing in the amount of \$4,645,000 and retired the Series 2005 refunding bonds. This financing, which matures in 2030, is secured by the Town of Truckee Town Hall and carry a face interest rate of 2.823% and a total interest cost of 3.095%. These bonds reduced the present value of future debt service payments. The savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The effect of the refunding is summarized as follows (in thousands):

Title and Series	Series 2015 Refunding Bonds
Closing Date	August 5, 2015
Net Interest Rate	3.11%
Refunding bonds issued	\$4,645,000
Economic gain on refunding	\$348,653
Number of years affected	15

NOTE 8: FIDUCIARY FUNDS

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

A. Cash and Investments

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

Fiduciary Activities:	
Investments	\$ 1,879,416
Total Cash and Investments	<u>\$ 1,879,416</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 8: FIDUCIARY FUNDS (CONTINUED)

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

Cash and Deposits:	
Deposits with fiscal agents	1,219,504
Total Cash and Deposits	<u>\$ 1,219,504</u>
Investments:	
In Town's pool	659,912
	<u>\$ 1,879,416</u>

Deposits

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

Investments

The Agency bond proceeds investment policy authorized investments include:

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

As of June 30, 2016, the Agency had the following investments:

	Maturities			Fair Value	Weighted Average Maturity (Years)
	0 - 1 year	1 - 5 years	Over 5 years		
Investments in Investment Pool					
Local Agency Investment Fund (LAIF)	659,912	-	-	659,912	-
Total Investments in Investment Pool	<u>\$ 659,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 659,912</u>	<u>\$ -</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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 8: FIDUCIARY FUNDS (CONTINUED)

Credit Risk

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

Investments at June 30, 2016	<u>Standard & Poor's</u>	<u>% of Portfolio</u>
LAIF	Unrated	100.0%
Total		<u>100.0%</u>

Custodial Credit Risk

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

Concentration of Credit Risk

None of the portfolio was invested in U.S. Government or Agencies issues, corporate notes, or money market funds on June 30, 2016.

Investment in Local Agency Investment Fund

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that 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, 2016, the Agency's investment position in the State of California Local Agency Investment Fund (LAIF) was \$659,912. The total amount invested by all public agencies in LAIF on that day was \$75,497,087,667. Of that amount, 97.19% is invested in non-derivative financial products and 2.81% in structured notes and asset-backed securities.

B. Notes Receivable

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

Notes receivable are recorded at their net realizable value.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 8: FIDUCIARY FUNDS (CONTINUED)

C. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Fiduciary Activities	Balance July 1, 2015	Additions	Retirements	Transfers	Balance June 30, 2016
Capital Assets, Being Depreciated:					
Structures and improvements	67,440	-	-	-	\$ 67,440
Equipment	150,376	-	-	-	\$ 150,376
Total Capital Asset, Being Depreciated	<u>217,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,816</u>
Less Accumulated Depreciation For:					
Structures and improvements	(31,608)	(14,301)	-	-	(45,909)
Equipment	(72,987)	(34,395)	-	-	(107,382)
Total Accumulated Depreciation	<u>(104,596)</u>	<u>(48,696)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(153,292)</u>
Total Capital Assets, Being Depreciated, Net	<u>113,220</u>	<u>(48,696)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>64,524</u>
Fiduciary Activities Capital Assets, Net	<u>\$ 113,220</u>	<u>\$ (48,696)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,524</u>

Depreciation

Depreciation expense was charged to fiduciary functions as follows:

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

D. Long-Term Liabilities

The following is a summary of all long-term liabilities activity for the year ended June 30, 2016:

	Balance July 1, 2015	Additions/ Adjustments	Retirements	Balance June 30, 2016	Amounts Due Within One Year
Tax Increment Revenue Bonds	\$ 12,645,000	\$ -	\$ (75,000)	\$ 12,570,000	\$ 95,000
Less: Unamortized Discount	(45,900)	-	1,861	(44,039)	(1,861)
Tax Increment Revenue Bonds, Net	<u>12,599,100</u>	<u>-</u>	<u>(73,139)</u>	<u>12,525,961</u>	<u>93,139</u>
Compensated Absences (Note 1N)	<u>29,914</u>	<u>12,895</u>	<u>(11,924)</u>	<u>30,885</u>	<u>9,637</u>
Total Fiduciary Activities - Long-term Liabilities	<u>\$ 12,629,014</u>	<u>\$ 12,895</u>	<u>\$ (85,063)</u>	<u>\$ 12,556,846</u>	<u>\$ 102,776</u>

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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 8: FIDUCIARY FUNDS (CONTINUED)

As of June 30, 2016 tax increment bonds consisted of the following:

	<u>Fiduciary Activities</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 3.0	\$ 12,570,000
	<u>\$ 12,570,000</u>

The annual aggregate maturities for years subsequent to June 30, 2016 are as follows:

Year Ended June 30	Principal	Total Gross Interest	Less US Treasury Subsidy	Net Interest	Total Principal & Net Interest
2017	\$ 95,000	\$ 737,263	\$ (123,694)	\$ 613,569	\$ 708,569
2018	\$ 115,000	\$ 733,588	\$ (123,694)	\$ 609,894	\$ 724,894
2019	\$ 135,000	\$ 729,213	\$ (123,694)	\$ 605,519	\$ 740,519
2020	\$ 160,000	\$ 723,650	\$ (123,694)	\$ 599,956	\$ 759,956
2021	\$ 185,000	\$ 716,750	\$ (123,694)	\$ 593,056	\$ 778,056
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)	\$ 2,378,950	\$ 4,658,950
2032-2036	\$ 3,420,000	\$ 2,255,070	\$ (618,469)	\$ 1,636,600	\$ 5,056,600
2037-2041	\$ 4,825,000	\$ 999,114	\$ (416,706)	\$ 582,408	\$ 5,407,408
	\$ 12,570,000	\$ 13,324,480	\$ (2,890,583)	\$ 10,433,897	\$ 23,003,897

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

TOWN OF TRUCKEE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 16,626,873	\$ 16,626,873	\$ 18,143,978	\$ 1,517,105
Licenses and permits	108,000	108,000	244,501	136,501
Fines and forfeitures	224,500	224,500	228,117	3,617
Use of money and property	58,285	58,285	298,088	239,803
Intergovernmental revenues	1,581,547	1,581,547	2,107,077	525,530
Charges for services	841,503	838,003	1,127,735	289,732
Other revenues	314,000	317,500	1,371,914	1,054,414
Total Revenues:	19,754,708	19,754,708	23,521,410	3,766,702
Expenditures				
Current:				
General Government	4,084,222	4,104,222	4,163,661	(59,439)
Public Safety	5,873,420	5,873,420	5,766,554	106,866
Public Works	6,965,964	6,965,964	5,696,118	1,269,846
Community Development	893,386	893,386	883,954	9,432
Facilities	1,128,358	1,128,358	1,030,033	98,325
Capital Outlay	2,854,200	2,854,200	136,463	2,717,737
Total Expenditures:	21,799,550	21,819,550	17,676,783	4,142,767
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(2,044,842)	(2,064,842)	5,844,627	(376,065)
Other financing sources (uses):				
Transfers in	1,537,791	1,537,791	1,774,564	236,773
Transfers out	-	-	(2,695,225)	(2,695,225)
Total Other financing sources (uses):	1,537,791	1,537,791	(920,661)	(2,458,452)
Net Change in Fund Balances:	(507,051)	(527,051)	4,923,966	(2,834,517)
Fund Balances - Beginning	27,056,018	27,056,018	27,056,018	-
Fund Balances - Ending:	\$ 26,548,967	\$ 26,528,967	\$ 31,979,984	\$ (2,834,517)

The notes to the required supplementary information are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MEASURE R - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 1,062,500	\$ 1,062,500	\$ 988,491	\$ (74,009)
Use of money and property	2,000	2,000	11,414	9,414
Total Revenues:	<u>1,064,500</u>	<u>1,064,500</u>	<u>999,905</u>	<u>(64,595)</u>
Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>1,064,500</u>	<u>1,064,500</u>	<u>999,905</u>	<u>(64,595)</u>
Other financing sources (uses):				
Transfers out	(537,860)	(537,860)	(316,205)	221,655
Total Other financing sources (uses):	<u>(537,860)</u>	<u>(537,860)</u>	<u>(316,205)</u>	<u>221,655</u>
Net Change in Fund Balances:	526,640	526,640	683,700	157,060
Fund Balances - Beginning	649,278	649,278	649,278	-
Fund Balances - Ending:	<u>\$ 1,175,918</u>	<u>\$ 1,175,918</u>	<u>\$ 1,332,978</u>	<u>\$ 157,060</u>

See accompanying notes to the required supplementary information.

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 IMPACT FEES - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 10,000	\$ 10,000	\$ 57,505	\$ 47,505
Charges for services	865,000	865,000	795,561	(69,439)
Total Revenues:	<u>875,000</u>	<u>875,000</u>	<u>853,066</u>	<u>(21,934)</u>
Expenditures				
Current:				
Public Works	4,000	4,000	20,914	(16,914)
Total Expenditures:	<u>4,000</u>	<u>4,000</u>	<u>20,914</u>	<u>(16,914)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>871,000</u>	<u>871,000</u>	<u>832,152</u>	<u>(5,020)</u>
Other financing sources (uses):				
Transfers out	(1,863,110)	(1,863,110)	(312,302)	1,550,808
Total Other financing sources (uses):	<u>(1,863,110)</u>	<u>(1,863,110)</u>	<u>(312,302)</u>	<u>1,550,808</u>
Net Change in Fund Balances:	(992,110)	(992,110)	519,850	1,545,788
Fund Balances - Beginning	6,283,640	6,283,640	6,283,640	-
Fund Balances - Ending:	<u>\$ 5,291,530</u>	<u>\$ 5,291,530</u>	<u>\$ 6,803,490</u>	<u>\$ 1,545,788</u>

The notes to the required supplementary information are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MEASURE A & MEASURE V - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments	\$ 2,125,000	\$ 2,125,000	\$ 2,106,498	\$ (18,502)
Use of money and property	15,000	15,000	32,812	17,812
Total Revenues:	<u>2,140,000</u>	<u>2,140,000</u>	<u>2,139,310</u>	<u>(690)</u>
Expenditures				
Current:				
Public Works	12,000	12,000	3,382	8,618
Total Expenditures:	<u>12,000</u>	<u>12,000</u>	<u>3,382</u>	<u>8,618</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>2,128,000</u>	<u>2,128,000</u>	<u>2,135,928</u>	<u>(9,308)</u>
Other financing sources (uses):				
Transfers out	(3,535,190)	(3,535,190)	(893,041)	2,642,149
Total Other financing sources (uses):	<u>(3,535,190)</u>	<u>(3,535,190)</u>	<u>(893,041)</u>	<u>2,642,149</u>
Net Change in Fund Balances:	<u>(1,407,190)</u>	<u>(1,407,190)</u>	<u>1,242,887</u>	<u>2,632,841</u>
Fund Balances - Beginning	2,753,002	2,753,002	2,753,002	-
Fund Balances - Ending:	<u>\$ 1,345,812</u>	<u>\$ 1,345,812</u>	<u>\$ 3,995,889</u>	<u>\$ 2,632,841</u>

The notes to the required supplementary information are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 HOME GRANT - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

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

* There was no budget adopted for the Home Grant Fund as of June 30, 2016

The notes to the required supplementary information are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 TOWN SPECIAL SERVICE AREAS - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and assessments	\$ 769,000	\$ 769,000	\$ 771,114	\$ 2,114
Use of money and property	20,000	20,000	48,227	28,227
Total Revenues:	<u>789,000</u>	<u>789,000</u>	<u>819,341</u>	<u>30,341</u>
Expenditures				
Current:				
Public Works	7,900	7,900	5,138	2,762
Total Expenditures:	<u>7,900</u>	<u>7,900</u>	<u>5,138</u>	<u>2,762</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>781,100</u>	<u>781,100</u>	<u>814,203</u>	<u>27,579</u>
Other financing sources (uses):				
Transfers out	(2,148,883)	(2,148,883)	(898,165)	1,250,718
Total Other financing sources (uses):	<u>(2,148,883)</u>	<u>(2,148,883)</u>	<u>(898,165)</u>	<u>1,250,718</u>
Net Change in Fund Balances:	<u>(1,367,783)</u>	<u>(1,367,783)</u>	<u>(83,962)</u>	<u>1,278,297</u>
Fund Balances - Beginning	5,564,672	5,564,672	5,564,672	-
Fund Balances - Ending:	<u>\$ 4,196,889</u>	<u>\$ 4,196,889</u>	<u>\$ 5,480,710</u>	<u>\$ 1,278,297</u>

The notes to the required supplementary information are an integral part of this statement.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Cost Sharing Defined Benefit Pension Plan

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES FOR THE COST SHARING DEFINED BENEFIT PENSION PLAN
 TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 LAST TEN YEARS*
 AS OF JUNE 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Portion of the net pension liability	0.120798%	0.172250%
Proportionate share of the net pension liability	\$8,291,496	\$6,672,012
Covered - employee payroll	\$7,468,549	\$7,249,592
Proportionate share of the net pension liability as percentage of covered-employee payroll	111.02%	92.03%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

*Fiscal Year 2015 was the 1st year of implementation, therefore only two years are shown.

The notes to the required supplementary information are an integral part of this statement.

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES FOR THE COST SHARING DEFINED BENEFIT PENSION PLAN
 CONTRIBUTIONS
 LAST TEN YEARS*
 AS OF JUNE 30, 2016

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$1,437,532	\$1,503,497
Contributions in relation to the actuarially determined contributions	\$1,437,532	\$1,503,497
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$7,905,571	\$7,468,549
Contributions as a percentage of covered employee payroll	18.18%	20.13%

*Fiscal Year 2015 was the 1st year of implementation, therefore only two years are shown.

The notes to the required supplementary information are an integral part of this statement.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Other Post Employment Benefits

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TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF OTHER POST RETIREMENT BENEFITS
 FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
June 30, 2011	\$ -	\$ 324,371	\$ 324,371	0%	\$ 7,491,719	4%
June 30, 2013	193,783	496,121	302,338	39%	7,111,919	4%
June 30, 2015	349,473	1,006,345	656,872	35%	7,468,549	9%

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

The notes to the required supplementary information are an integral part of this statement.

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REQUIRED SUPPLEMENTARY INFORMATION

Notes to the Required Supplementary Information

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TOWN OF TRUCKEE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

A. BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Town's general fund and major special revenue funds did not have any material excess expenditures over appropriations for fiscal 2016.

C. CHANGES IN ASSUMPTION

The discount rate used in the calculation of the Town's proportion share of the net pension liability changed from 7.5% (net of administrative expenses) to 7.65% for an adjustment to exclude administrative expenses.

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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, 2016

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 3,774,487	\$ 6,019,742	\$ 9,794,229
Cash with fiscal agent	323,464	-	323,464
Accounts receivable	37,800	-	37,800
Interest receivable	2,624	-	2,624
Due from other governments	25,000	-	25,000
Loans receivable	3,170,266	-	3,170,266
Total Assets:	<u>\$ 7,333,641</u>	<u>\$ 6,019,742</u>	<u>\$ 13,353,383</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$ 641,810	\$ 288,175	\$ 929,985
Due to other funds	4,046	-	4,046
Total Liabilities:	<u>645,856</u>	<u>288,175</u>	<u>934,031</u>
Deferred Inflows of Resources:			
Deferred inflows	3,198,090	-	3,198,090
Total Deferred Inflows of Resources:	<u>3,198,090</u>	<u>-</u>	<u>3,198,090</u>
Fund Balances:			
Restricted	3,369,503	-	3,369,503
Assigned	124,368	5,731,567	5,855,935
Unassigned	(4,176)	-	(4,176)
Total Fund Balances:	<u>3,489,695</u>	<u>5,731,567</u>	<u>9,221,262</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 7,333,641</u>	<u>\$ 6,019,742</u>	<u>\$ 13,353,383</u>

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Taxes and assessments	\$ 1,465,526	\$ -	\$ 1,465,526
Fines and forfeitures	94,617	-	94,617
Use of money and property	59,151	-	59,151
Intergovernmental revenues	600,000	973,125	1,573,125
Charges for services	366,103	-	366,103
Other revenues	213,265	-	213,265
Total Revenues:	<u>2,798,662</u>	<u>973,125</u>	<u>3,771,787</u>
Expenditures			
Current:			
General Government	76,000	-	76,000
Public Safety	82,381	80	82,461
Public Works	31,138	3,506	34,644
Community Development	543,752	-	543,752
Capital Outlay	16,241	890,913	907,154
Total Expenditures:	<u>749,512</u>	<u>894,499</u>	<u>1,644,011</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>2,049,150</u>	<u>78,626</u>	<u>2,127,776</u>
Other financing sources (uses):			
Transfers in	144,459	-	144,459
Transfers out	(1,706,446)	-	(1,706,446)
Total Other financing sources (uses):	<u>(1,561,987)</u>	<u>-</u>	<u>(1,561,987)</u>
Net Change in Fund Balances:	487,163	78,626	565,789
Fund Balances - Beginning	3,002,532	5,652,941	8,655,473
Fund Balances - Ending:	<u>\$ 3,489,695</u>	<u>\$ 5,731,567</u>	<u>\$ 9,221,262</u>

NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	Abandoned Vehicle Abate Fund	Air Quality Mitigation Fund	Downtown In-Lieu Parking Fund	Town Housing Fund
Assets				
Cash and investments	\$ 26,139	\$ 240,996	\$ 84,677	\$ 68,936
Cash with fiscal agent	-	-	-	-
Accounts receivable	968	-	18,795	-
Interest receivable	16	184	59	46
Due from other governments	-	-	-	-
Loans receivable	-	-	-	691,045
Total Assets:	\$ 27,123	\$ 241,180	\$ 103,531	\$ 760,027
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities:	-	-	-	-
Deferred Inflows of Resources:				
Deferred inflows	-	-	18,795	691,045
Total Deferred Inflows of Resources:	-	-	18,795	691,045
Fund Balances:				
Restricted	27,123	241,180	84,736	68,982
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances:	27,123	241,180	84,736	68,982
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 27,123	\$ 241,180	\$ 103,531	\$ 760,027

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	Town Hall Bond Reserve Fund	PEG Fund	Infrastructure In-Lieu Fund	Brickelltown Maintenance Distrct
Assets				
Cash and investments	\$ -	\$ 11,273	\$ 18,402	\$ 9,567
Cash with fiscal agent	323,464	-	-	-
Accounts receivable	-	9,008	-	-
Interest receivable	-	29	4	4
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
Total Assets:	<u>\$ 323,464</u>	<u>\$ 20,310</u>	<u>\$ 18,406</u>	<u>\$ 9,571</u>
Liabilities, Deferred Inflows of Resources, and Fund Bal				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 49
Due to other funds	-	-	-	-
Total Liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	-	-
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	323,464	20,310	18,406	9,522
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances:	<u>323,464</u>	<u>20,310</u>	<u>18,406</u>	<u>9,522</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 323,464</u>	<u>\$ 20,310</u>	<u>\$ 18,406</u>	<u>\$ 9,571</u>

Continued (Page 2 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	COPS Fund	Gas Tax Fund	BEGIN Housing Reimb Grants	CDBG - Misc Income Fund
Assets				
Cash and investments	\$ 115,518	\$ -	\$ -	\$ 124,284
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	88	-	-	84
Due from other governments	25,000	-	-	-
Loans receivable	-	-	339,330	51,583
Total Assets:	\$ 140,606	\$ -	\$ 339,330	\$ 175,951
Liabilities, Deferred Inflows of Resources, and Fund Bal				
Liabilities:				
Accounts payable	\$ 7,812	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities:	7,812	-	-	-
Deferred Inflows of Resources:				
Deferred inflows	-	-	339,330	51,583
Total Deferred Inflows of Resources:	-	-	339,330	51,583
Fund Balances:				
Restricted	132,794	-	-	-
Assigned	-	-	-	124,368
Unassigned	-	-	-	-
Total Fund Balances:	132,794	-	-	124,368
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 140,606	\$ -	\$ 339,330	\$ 175,951

Continued (Page 3 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	CDBG 01-STBG-1614	CDBG 10-STBG-6741	15-CDBG-10566	HCD Railyard Grant
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	51,412	715,020	-	-
Total Assets:	\$ 51,412	\$ 715,020	\$ -	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Bal				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 130	\$ -
Due to other funds	-	-	4,046	-
Total Liabilities:	-	-	4,176	-
Deferred Inflows of Resources:				
Deferred inflows	51,412	715,020	-	-
Total Deferred Inflows of Resources:	51,412	715,020	-	-
Fund Balances:				
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(4,176)	-
Total Fund Balances:	-	-	(4,176)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 51,412	\$ 715,020	\$ -	\$ -

Continued (Page 4 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	Housing Assistance	Program Income	CalHome Grant	Impact Fees Miscellaneous
Assets				
Cash and investments	\$ 806,561	\$ 448,820	\$ -	\$ 1,068,054
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	9,029
Interest receivable	552	304	-	736
Due from other governments	-	-	-	-
Loans receivable	705,278	109,547	507,051	-
Total Assets:	<u>\$ 1,512,391</u>	<u>\$ 558,671</u>	<u>\$ 507,051</u>	<u>\$ 1,077,819</u>
Liabilities, Deferred Inflows of Resources, and Fund Bal				
Liabilities:				
Accounts payable	\$ -	\$ 81	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities:	<u>-</u>	<u>81</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	705,278	109,547	507,051	9,029
Total Deferred Inflows of Resources:	<u>705,278</u>	<u>109,547</u>	<u>507,051</u>	<u>9,029</u>
Fund Balances:				
Restricted	807,113	449,043	-	1,068,790
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances:	<u>807,113</u>	<u>449,043</u>	<u>-</u>	<u>1,068,790</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 1,512,391</u>	<u>\$ 558,671</u>	<u>\$ 507,051</u>	<u>\$ 1,077,819</u>

Continued (Page 5 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2016

	Asset Forfeiture Fund	Total Nonmajor Special Revenue Funds
Assets		
Cash and investments	\$ 751,260	\$ 3,774,487
Cash with fiscal agent	-	323,464
Accounts receivable	-	37,800
Interest receivable	518	2,624
Due from other governments	-	25,000
Loans receivable	-	3,170,266
Total Assets:	\$ 751,778	\$ 7,333,641
 Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Accounts payable	\$ 633,738	\$ 641,810
Due to other funds	-	4,046
Total Liabilities:	633,738	645,856
 Deferred Inflows of Resources:		
Deferred inflows	-	3,198,090
Total Deferred Inflows of Resources:	-	3,198,090
 Fund Balances:		
Restricted	118,040	3,369,503
Assigned	-	124,368
Unassigned	-	(4,176)
Total Fund Balances:	118,040	3,489,695
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 751,778	\$ 7,333,641

Continued (Page 6 of 6)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Abandoned Vehicle Abate Fund	Air Quality Mitigation Fund	Downtown In-Lieu Parking Fund	Town Housing Fund
Revenues				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	161	1,775	536	2,265
Intergovernmental revenues	-	-	-	-
Charges for services	1,484	987	1,500	-
Other revenues	-	-	-	7,866
Total Revenues:	1,645	2,762	2,036	10,131
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures:	-	-	-	-
Excess (Deficiency) of Revenues Over (Under)	-	-	-	-
Expenditures:	1,645	2,762	2,036	10,131
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(39,450)	-	-
Total Other financing sources (uses):	-	(39,450)	-	-
Net Change in Fund Balances:	1,645	(36,688)	2,036	10,131
Fund Balances - Beginning	25,478	277,868	82,700	58,851
Fund Balances - Ending:	\$ 27,123	\$ 241,180	\$ 84,736	\$ 68,982

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Town Hall Bond Reserve Fund	PEG Fund	Infrastructure In-Lieu Fund	Brickelltown Maintenance District
Revenues				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 33,765
Fines and forfeitures	-	-	-	-
Use of money and property	935	159	4	105
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	18,402	-
Other revenues	-	34,426	-	-
Total Revenues:	<u>935</u>	<u>34,585</u>	<u>18,406</u>	<u>33,870</u>
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	31,138
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,138</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>935</u>	<u>34,585</u>	<u>18,406</u>	<u>2,732</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(783)	(32,404)	-	(5,000)
Total Other financing sources (uses):	<u>(783)</u>	<u>(32,404)</u>	<u>-</u>	<u>(5,000)</u>
Net Change in Fund Balances:	152	2,181	18,406	(2,268)
Fund Balances - Beginning	323,312	18,129	-	11,790
Fund Balances - Ending:	<u>\$ 323,464</u>	<u>\$ 20,310</u>	<u>\$ 18,406</u>	<u>\$ 9,522</u>

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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, 2016

	COPS Fund	Gas Tax Fund	BEGIN Housing Reimb Grants	CDBG - Misc Income Fund
Revenues				
Taxes and assessments	\$ -	\$ 1,431,761	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	739	-	-	793
Intergovernmental revenues	100,000	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues:	100,739	1,431,761	-	793
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	67,525	-	-	-
Public Works	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures:	67,525	-	-	-
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	33,214	1,431,761	-	793
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(20,019)	(1,431,761)	-	-
Total Other financing sources (uses):	(20,019)	(1,431,761)	-	-
Net Change in Fund Balances:	13,195	-	-	793
Fund Balances - Beginning	119,599	-	-	123,575
Fund Balances - Ending:	\$ 132,794	\$ -	\$ -	\$ 124,368

Continued (Page 3 of 6)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>CDBG 01-STBG-1614</u>	<u>CDBG 10-STBG-6741</u>	<u>15-CDBG-10566</u>	<u>HCD Railyard Grant</u>
Revenues				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	-	15,659	-	-
Intergovernmental revenues	-	-	-	500,000
Charges for services	-	-	-	-
Other revenues	991	14,260	-	-
Total Revenues:	<u>991</u>	<u>29,919</u>	<u>-</u>	<u>500,000</u>
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	-	4,176	500,000
Capital Outlay	-	-	-	-
Total Expenditures:	<u>-</u>	<u>-</u>	<u>4,176</u>	<u>500,000</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>991</u>	<u>29,919</u>	<u>(4,176)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(991)	(29,919)	-	-
Total Other financing sources (uses):	<u>(991)</u>	<u>(29,919)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances:	<u>-</u>	<u>-</u>	<u>(4,176)</u>	<u>-</u>
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,176)</u>	<u>\$ -</u>

Continued (Page 4 of 6)

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Housing Assistance	Program Income	CalHome Grant	Impact Fees Miscellaneous
Revenues				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	5,358	13,066	7,686	6,238
Intergovernmental revenues	-	-	-	-
Charges for services	15,496	-	-	328,234
Other revenues	67,722	50,000	38,000	-
Total Revenues:	88,576	63,066	45,686	334,472
Expenditures				
Current:				
General Government	76,000	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	39,576	-	-
Capital Outlay	-	-	-	-
Total Expenditures:	76,000	39,576	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures:	12,576	23,490	45,686	334,472
Other financing sources (uses):				
Transfers in	67,862	76,597	-	-
Transfers out	(67,862)	-	(45,686)	(32,571)
Total Other financing sources (uses):	-	76,597	(45,686)	(32,571)
Net Change in Fund Balances:	12,576	100,087	-	301,901
Fund Balances - Beginning	794,537	348,956	-	766,889
Fund Balances - Ending:	\$ 807,113	\$ 449,043	\$ -	\$ 1,068,790

Continued (Page 5 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Asset Forfeiture Fund	Total Nonmajor Special Revenue Funds
Revenues		
Taxes and assessments	\$ -	\$ 1,465,526
Fines and forfeitures	94,617	94,617
Use of money and property	3,672	59,151
Intergovernmental revenues	-	600,000
Charges for services	-	366,103
Other revenues	-	213,265
Total Revenues:	98,289	2,798,662
Expenditures		
Current:		
General Government	-	76,000
Public Safety	14,856	82,381
Public Works	-	31,138
Community Development	-	543,752
Capital Outlay	16,241	16,241
Total Expenditures:	31,097	749,512
Excess (Deficiency) of Revenues Over (Under) Expenditures:	67,192	2,049,150
Other financing sources (uses):		
Transfers in	-	144,459
Transfers out	-	(1,706,446)
Total Other financing sources (uses):	-	(1,561,987)
Net Change in Fund Balances:	67,192	487,163
Fund Balances - Beginning	50,848	3,002,532
Fund Balances - Ending:	\$ 118,040	\$ 3,489,695

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NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2016

	Fleet Replacement Fund
Assets	
Cash and investments	\$ 6,019,742
Total Assets:	\$ 6,019,742
 Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities:	
Accounts payable	\$ 288,175
Total Liabilities:	288,175
 Fund Balances:	
Assigned	5,731,567
Total Fund Balances:	5,731,567
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 6,019,742

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Fleet Replacement Fund
Revenues	
Intergovernmental revenues	\$ 973,125
Total Revenues:	973,125
 Expenditures	
Current:	
Public Safety	80
Public Works	3,506
Capital Outlay:	
Capital Outlay	890,913
Total Expenditures:	894,499
Excess (Deficiency) of Revenues Over (Under) Expenditures:	78,626
Net Change in Fund Balances:	78,626
Fund Balances - Beginning	5,652,941
Fund Balances - Ending:	\$ 5,731,567

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OTHER REPORTS

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

To the Town Council
Truckee, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Truckee's basic financial statements, and have issued our report thereon dated December 27, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Sacramento, California
December 27, 2016

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Town Council
Truckee, California

Report on Compliance for Each Major Federal Program

We have audited the Town of Truckee's compliance with the types of compliance requirements described in the *OMB 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, 2016. The Town of Truckee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Truckee's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Truckee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Truckee, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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



Sacramento, California
December 27, 2016

**TOWN OF TRUCKEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Pass-Through Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Grant Number</u>	<u>Federal Expenditures</u>
U.S Department of Housing and Urban Development			
Home Investment Partnership Program	14.239	Beginning Loan Balance	\$ 11,225,968
Home Investment Partnership Program	14.239	Interest Income	<u>355,734</u>
Total U.S. Department of Housing and Urban Development			<u>11,581,702</u>
U.S Department of Transportation			
Pass-Through State of California Department of Transportation			
Highway Planning and Construction	20.205	SHOPP	3,429,843
Highway Planning and Construction	20.205	STIP/RIP	<u>1,739,016</u>
Total Highway Planning and Construction			<u>5,168,859</u>
Highway Safety Improvement Program	20.205	HSIP-5473(016)	815,164
Highway Safety Improvement Program	20.205	HSIP-5473(019)	<u>244,315</u>
Total Highway Safety Improvement Program			<u>1,059,479</u>
Active Transportation Program	20.205	ATPL-5473(020)	873,354
Formula Grants for Other than Urbanized Areas	20.509	64BO15-00253	136,157
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	64A016-00076	150,000
Grants for Support Services and Senior Centers	93.044	1418-07-03/04-16	<u>26,417</u>
Total U.S. Department of Transportation			<u>7,414,266</u>
Total Expenditures of Federal Awards			<u>\$ 18,995,968</u>

**TOWN OF TRUCKEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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, 2016:

Federal CFDA Number	Program Title	Amount Outstanding
14.239	Home Investment Partnerships Program	\$ <u>11,581,702</u>
	Total Loans Outstanding	\$ <u><u>11,581,702</u></u>

NOTE 6: INDIRECT COSTS

The Town elected not to use the 10% de minimus indirect cost rate, and did not charge indirect costs to federal grants during the year ended June 30, 2016.

**TOWN OF TRUCKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance	No
Identification of Major Programs: Highway Planning and Construction, 20.205	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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 200.516 of the Uniform Guidance	No
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**TOWN OF TRUCKEE
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2016**

There were no findings to report for the year ended June 30, 2015.