

**TOWN OF TRUCKEE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**



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TOWN OF TRUCKEE, CALIFORNIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017

<b>Name</b>	<b>Office</b>
Morgan Goodwin	Mayor
Carolyn Wallace Dee	Vice Mayor
Patrick Flora	Council Member
David Tirman	Council Member
Jessica Abrams	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, 2017, 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 those 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, 2017, 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 and 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.

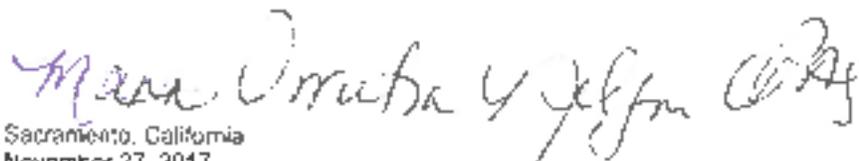
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Truckee, California'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 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 November 27, 2017, 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  
November 27, 2017

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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, 2017. 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 \$222.5 million. Of this amount, \$51.2 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 \$218.9 million. Of this balance, \$48.2 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 \$30.4 million. The non-spendable balance of \$.4 million is for the Town's public works inventory on hand and prepaid assets at year-end. The restricted balance is \$.1 million. The assigned balance of \$17.3 million is designated for various contingencies, economic development projects and future capital needs. \$12.6 million is unassigned and available for spending at the Town Council's discretion.

Capital projects completed in fiscal 2017 included the Mousehole SR 89 Underpass, Trout Creek Trail, West River Widening and Bike Lane, Truckee River Legacy Trail Glenshire Trailhead, Tahoe Donner Trail, and the 2016 Paving and Drainage projects. Additions to infrastructure projects still in construction at year end in fiscal 2017 were related to work performed on the Brickelltown Streetscape Improvement, Truckee River Trail Phase 4, Donner Pass Road Pedestrian Improvements, Brockway Road Corridor Improvement, Glenshire and Dorchester Drive Widening, and the Town Hall Remodel projects.

### **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).

# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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

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

**Business-type Activities:** The Town charges fees to customers to cover the costs of services provided. The Town's parking, transit, solid waste removal service, and building and safety 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 to governmental activities. These reconciliations explain the relationship (or differences) between fund statements and the government-wide statements. The basic governmental fund financial statements can be found on pages 20-27.

**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 parking, transit services, solid waste removal service and building and safety. 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 and 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.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 39-65.

**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, 2017.

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

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2016	2017	2016	2017	2016	2017	
Current and other assets	\$ 79,579	\$ 80,506	\$ 3,734	\$ 4,807	\$ 83,313	\$ 85,313	2.4%
Capital assets	141,857	158,127	701	739	142,558	158,866	11.4%
<b>Total assets</b>	<b>221,436</b>	<b>238,633</b>	<b>4,435</b>	<b>5,546</b>	<b>225,870</b>	<b>244,179</b>	<b>8.1%</b>
Deferred outflows	3,276	5,238	131	257	3,407	5,495	61.3%
<b>Total deferred outflows</b>	<b>3,276</b>	<b>5,238</b>	<b>131</b>	<b>257</b>	<b>3,407</b>	<b>5,495</b>	
Current Liabilities	3,912	4,223	1,124	407	5,036	4,630	-8.1%
Net pension liability	7,901	10,201	391	561	8,291	10,762	29.8%
Long-term debt outstanding	10,128	9,817	79	73	10,208	9,890	-3.1%
<b>Total liabilities</b>	<b>21,941</b>	<b>24,241</b>	<b>1,594</b>	<b>1,041</b>	<b>23,535</b>	<b>25,282</b>	
Deferred inflows	1,536	639	151	91	1,687	730	-56.7%
<b>Total deferred inflows</b>	<b>1,536</b>	<b>639</b>	<b>151</b>	<b>91</b>	<b>1,687</b>	<b>730</b>	
Net position							
Invested in capital assets net of related debt	132,942	149,571	701	739	133,643	150,310	12.5%
Restricted	20,720	21,173	-	-	20,720	21,173	2.2%
Unrestricted	47,572	48,246	2,120	2,801	49,692	51,047	2.7%
<b>Total net position</b>	<b>\$ 201,233</b>	<b>\$ 218,990</b>	<b>\$ 2,821</b>	<b>\$ 3,540</b>	<b>\$ 204,055</b>	<b>\$ 222,530</b>	

As of June 30, 2017, the Town's government-wide total assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$222.5 million. Governmental activities finished the year with a positive net position balance of \$219 million. Business type activities finished the year with a positive balance of \$3.5 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, \$150.3 million is the Town's investment in capital assets (e.g. land, buildings and improvements, machinery and equipment and the road network) less any related debt used to acquire those assets that is still outstanding. Significant projects completed in fiscal 2017 included the Mousehole SR 89 Underpass, Trout Creek Trail, West River Widening and Bike Lane, Truckee River Legacy Trail Glenshire Trailhead, Tahoe Donner Trail, and the 2016 Paving and Drainage 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 2017 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 53 for debt schedules and Note 4 on starting on page 55 for further discussion of the net pension liability.

Restricted net position amounts to \$21.2 million or 9.7% of the total governmental 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.

TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

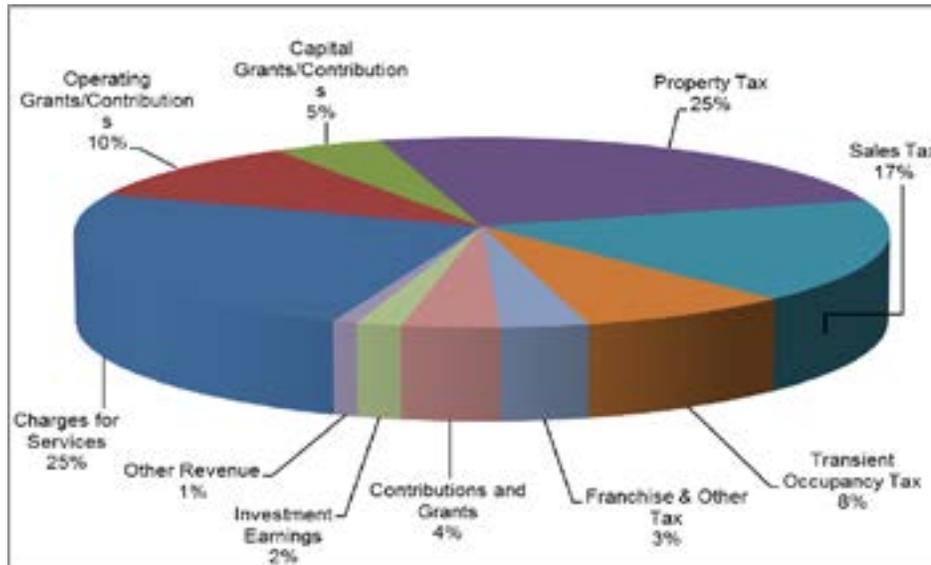
Unrestricted net position represents those resources which may be used to meet the Town’s ongoing commitments to citizens and creditors. Government-wide unrestricted net position is \$51.0 million or 22.% of the total net position. Governmental activities account for \$48.2 million or 94.5% of the total unrestricted net position. Business-type activities account for \$2.8 million or 5.5% 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.

**GOVERNMENTAL ACTIVITIES**

The following lists key components of net position and highlights the changes between fiscal 2016 and fiscal 2017 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
	2016	2017	2016	2017	2016	2017	
<b>Revenues</b>							
<i>Program Revenues</i>							
Charges for services	\$ 3,639	\$ 4,772	\$ 5,664	\$ 5,868	\$ 9,303	\$ 10,640	14%
Operating grants and contributions	2,689	2,235	967	895	3,657	3,130	-14%
Capital grants and contributions	9,139	3,061	96	113	9,236	3,174	-66%
<i>General Revenues</i>							
Property taxes	10,764	10,546	-	-	10,764	10,546	-2%
Sales taxes	6,392	7,449	-	-	6,392	7,449	17%
Transient occupancy tax	2,820	3,415	-	-	2,820	3,415	21%
Other taxes	1,280	1,404	-	-	1,280	1,404	10%
Grants and contributions unrestricted	1,480	1,552	-	-	1,480	1,552	5%
Contributed Capital	7,528	-	-	-	7,528	-	-100%
Interest and contributed capital	951	700	17	17	968	717	-26%
Other revenue	415	375	7	9	422	384	-9%
<b>Total revenues</b>	<b>\$ 47,099</b>	<b>\$ 35,509</b>	<b>\$ 6,752</b>	<b>\$ 6,902</b>	<b>\$ 53,851</b>	<b>\$ 42,411</b>	



Total governmental revenues for the year were \$35.5 million, a decrease of \$11.6 million or 24.6% when compared to 2016. There was a prior period adjustment (see Note 8 for more information) to account for roads accepted by the Town, which increased 2016 governmental revenues by \$7.5 million. Revenues from charges for services increased \$1.1 million or 31.1% when compared to 2016 due to the collection of a \$1 million housing in lieu fee that was collected based on a development agreement for future affordable housing efforts. In 2017, the Town received \$5.3 million in operating and capital grants and contributions compared with \$11.8 million in 2016. An overall tax revenue increase of \$1.6 million or 7.3% was driven by increased

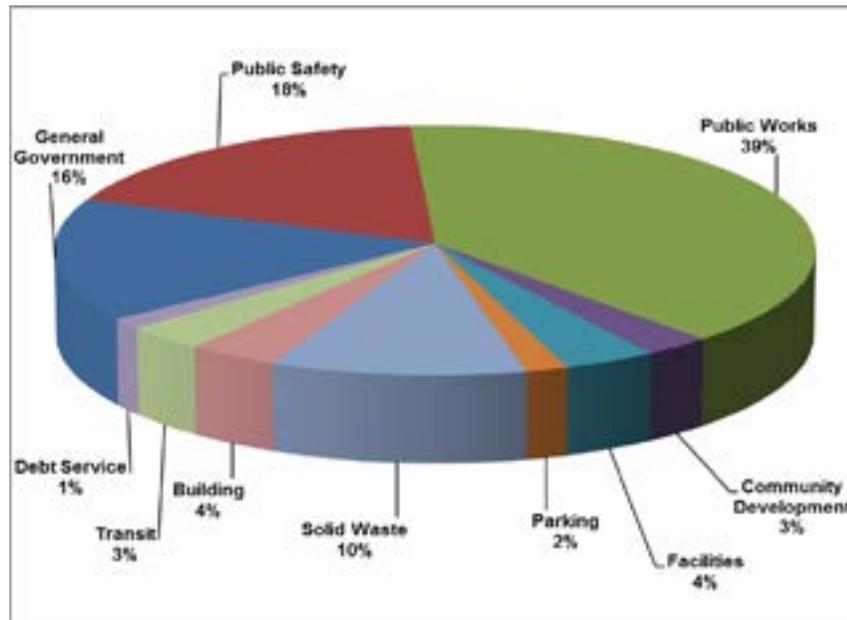
TOWN OF TRUCKEE, CALIFORNIA

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017

sales tax receipts and increased transient occupancy tax. Property tax revenue, the Town’s largest revenue source, was \$10.5 million compared to \$9.95 million in 2016 excluding a one-time payment from the State of CA to unwind the “triple flip”. Triple flip sales tax revenue has been historically reported as part of property tax revenue but as of 2017, the State of CA has paid off the balance to the Town. Sales taxes had a 16.5% increase compared with 2016, indicating continued growth in all types of sales, offset by falling fuel prices. Transient occupancy tax revenues increased for a sixth year in a row, with the highest collection year in the Town’s history. Taxes, which include property, sales, and other taxes account for \$22.8 million or 53.6% of the Town’s governmental activities revenue. Without capital grants, taxes would be 70.3% of the Town’s governmental activities revenue. Interest income decreased by \$.25 million or 26% when compared to 2016 reflecting a decrease in the net return on some of the Town’s investments.

	Town of Truckee Changes in Net Position (in thousands of dollars)						Total Percentage Change
	Governmental Activities		Business-type Activities		Total Activities		
	2016	2017	2016	2017	2016	2017	
<b>Expenses</b>							
General government	\$ 4,979	\$ 4,975	\$ -	\$ -	\$ 4,979	\$ 4,975	0%
Public safety	5,987	5,665	-	-	5,987	5,665	-5%
Public works	10,481	12,342	-	-	10,481	12,342	18%
Community development	1,352	848	-	-	1,352	848	-37%
Facilities	1,039	1,183	-	-	1,039	1,183	14%
Interest on long-term debt	591	430	-	-	591	430	-27%
Parking	-	-	496	532	496	532	7%
Solid Waste	-	-	3,330	3,233	3,330	3,233	-3%
Building & Safety	-	-	1,144	1,164	1,144	1,164	2%
Transit	-	-	979	1,029	979	1,029	5%
<b>Total expenses</b>	<b>24,430</b>	<b>25,443</b>	<b>5,949</b>	<b>5,958</b>	<b>30,378</b>	<b>31,401</b>	<b>3%</b>
<b>Excess (deficiency) before transfers</b>	<b>22,669</b>	<b>10,066</b>	<b>803</b>	<b>944</b>	<b>23,472</b>	<b>11,010</b>	
Transfers	(17)	162	17	(162)	-	-	
Extraordinary Items	-	-	-	-	-	-	
<b>Increase (decrease) in net position</b>	<b>\$ 22,652</b>	<b>\$ 10,228</b>	<b>\$ 820</b>	<b>\$ 782</b>	<b>\$ 23,472</b>	<b>\$ 11,010</b>	



Total governmental expenses for the year were \$25.4 million as compared to \$24.4 million in 2016, a 4.2% increase. The most significant changes from 2016 were higher public works and facilities costs, primarily related to snow removal expenditures due to increased snowfall and higher spending on capital projects.

# TOWN OF TRUCKEE, CALIFORNIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

### **BUSINESS-TYPE ACTIVITIES**

Business-type activities account for a total increase in net position of \$.8 million to a net position of \$3.5 million or 1.7% of the total Government-wide net position. The increase in net position is the result of a 3.6% increase in charges for services in the parking, transit, solid waste, and building & safety funds. Due to cost controls and an increase in permit revenues, building and safety's revenues exceeded expenses by \$.38 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 \$57.9 million. Of the Town's governmental funds all but the capital projects fund ended the year with positive fund balance. The negative balance in the capital projects fund was due to uncollected grant revenues for grant expenditures in the fiscal year (see Note 2 A on page 48 for more information). Of the total fund balance, \$11.9 million or 20.6% is unassigned, which is available for spending at the Town's discretion. See the notes to the financial statements, Note 1 P on page 45. for more in-depth discussion of the fund balance designations.

The general fund is the chief operating fund of the Town. As of June 30, 2017 the total fund balance of the general fund was \$30.4 million with \$.4 million in non-spendable inventory, \$105,000 restricted for self-insurance, and \$17.3 million in assigned funds for contingencies, equipment replacement, facilities construction, long-term road maintenance, economic development and capital projects. The \$12.6 million in unassigned fund balance is available for other Council priorities.

Total governmental revenues, excluding other financing sources/uses, were less than expenditures by \$.9 million. Higher non-grant financed spending on capital improvement projects is the primary driver of 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 70. There were no significant changes to the original budget.

Total actual revenues of \$23.4 million were \$2.2 million higher than budgeted revenues. Taxes and assessments, licenses and permits, fines and forfeitures, intergovernmental revenues, 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 \$1.9 million.

Actual expenditures were lower than budgeted expenditures as a result of budgetary savings, primarily due to cost controls within the various Town divisions.

### **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, 2017, amounts to \$150.3 million (net of depreciation and related debt). 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, 2017

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2016	2017	2016	2017	2016	2017	
Right of Way	\$ 50,687	\$ 51,261	\$ -	\$ -	\$ 50,687	\$ 51,261	1.1%
Land	7,165	7,165	-	-	7,165	7,165	0.0%
Construction in Progress	20,811	11,645	-	-	20,811	11,645	-44.0%
Buildings & Improvements	24,912	24,412	233	214	25,145	24,626	-2.1%
Equipment	7,321	7,015	468	524	7,789	7,539	-3.2%
Infrastructure	38,488	56,628	-	-	38,488	56,628	47.1%
<b>TOTALS</b>	<b>\$ 149,384</b>	<b>\$ 158,126</b>	<b>\$ 701</b>	<b>\$ 738</b>	<b>\$ 150,085</b>	<b>\$ 158,864</b>	

Capital projects completed in fiscal 2017 included the Mousehole SR 89 Underpass, Trout Creek Trail, West River Widening and Bike Lane, Truckee River Legacy Trail Glenshire Trailhead, Tahoe Donner Trail, and the 2016 Paving and Drainage projects. Additions to infrastructure projects still in construction at year end in fiscal 2016 were related to work performed on the Brickelltown Streetscape Improvement, Donner Pass Road Pedestrian Improvement, Donner Pass Road Corridor Improvement Plan, 2016 Recessed Striping, Glenshire Dorchester Drive Paving and Widening, and the Town Hall Remodel projects.

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

**Long-term Debt.** The Town's long-term debt as of June 30, 2017 was \$9.9 million. The majority of the Town's debt is lease revenue bonds used to acquire the Town's current administrative office facility and land for the Public Service Facility. Additional information on the Town's long-term debt, including business-type activities debt, can be found in Note 3 D on pages 53 and 54.

General obligation debts are direct obligations of the Town and are backed by the full faith and credit of the Town requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the Town's total assessed valuation which was \$5.9 billion in fiscal 2017. 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 \$2.5 million ending with a total balance of \$10.8 million in accordance with GASBs 68 and 71. See Note 4 on pages 55-61 for additional details.

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

The Town continues to experience moderate residential growth. 2017 growth increased over 2016 and the revenue budget for 2018 included continued growth in some categories. During the budget process for fiscal 2018 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.

General Fund expenditures for fiscal 2018, excluding debt service, overlay reserve and capital expenditures, were projected to increase approximately 4.25% when compared with 2017 budgeted expenditures. Personnel costs were projected to increase 2.63% for fiscal 2018. 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 2018 budget also includes a 2.5% CPI based compensation increase and an overall 5% pay for performance pool. Overall service and supply costs are budgeted to increase 3.16% from the 2017 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) increased by 1.69% from fiscal 2017 actuals as all areas of sales increased, offset by continued lower than usual collections on gasoline sales due to falling oil prices. The Transient Occupancy Tax, which represents 10% of revenues collected for hotel or home stays for 30 days or less, continues to climb each year. The 2018 collections, continuing a six year growth trend, were projected to

TOWN OF TRUCKEE, CALIFORNIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

be 22.73% more than what was budgeted in 2017, 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 \$5 million to the Town's capital programs, as well as an annual contribution of \$1,000,000 to the road maintenance reserve and an additional \$100,000 for Town facilities improvements. The fiscal 2018 budget includes \$16.8 million in assigned fund balance which includes \$6.3 million (25% of revenues) of general fund balance to be assigned for contingencies, \$3.9 million for long-term road maintenance program, and \$1.5 million for streetscape projects. \$1.2 million for housing projects was also assigned as part of this balance.

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 2017 were \$1.1 million and budgeted collections for fiscal 2018 are projected to be 3.7% higher than 2017.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

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# **BASIC FINANCIAL STATEMENTS**

Government Wide Financial Statements

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TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets and Deferred Outflows of Resources</b>			
Assets:			
Cash and investments	\$ 58,282,798	\$ 3,361,717	\$ 61,644,515
Cash with fiscal agent	324,357	-	324,357
Accounts receivable	301,303	48,783	350,086
Interest receivable	159,945	3,703	163,648
Taxes receivable	2,360,449	170,548	2,530,997
Internal balances	208,599	(208,599)	-
Due from other governments	1,436,223	430,005	1,866,228
Inventories	302,735	-	302,735
Prepaid costs and deposits	80,439	4,673	85,112
Loans receivable (net of allowance)	17,047,632	-	17,047,632
Net other post-employment benefits asset	1,593	-	1,593
Capital assets:			
Nondepreciable assets	70,071,770	-	70,071,770
Depreciable assets, net of depreciation	88,055,044	738,848	88,793,892
<b>Total Assets:</b>	<b>238,632,887</b>	<b>4,549,678</b>	<b>243,182,565</b>
Deferred Outflows of Resources:			
Deferred outflows	5,237,825	257,012	5,494,837
<b>Total Deferred Outflows of Resources:</b>	<b>5,237,825</b>	<b>257,012</b>	<b>5,494,837</b>
<b>Total Assets and Deferred Outflows of Resources:</b>	<b>\$ 243,870,712</b>	<b>\$ 4,806,690</b>	<b>\$ 248,677,402</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>			
Liabilities:			
Accounts payable	3,186,536	383,550	3,570,086
Salaries and benefits payable	642,720	-	642,720
Deposits payable	338,467	1,000	339,467
Interest payable	40,179	-	40,179
Internal balances	-	-	-
Unearned revenue	15,374	157,082	172,456
Net pension liability	10,200,968	560,820	10,761,788
Long-term liabilities:			
Due within one year	566,508	5,826	572,334
Due in more than one year	9,250,520	67,540	9,318,060
<b>Total Liabilities:</b>	<b>24,241,272</b>	<b>1,175,818</b>	<b>25,417,090</b>
Deferred Inflows of Resources:			
Deferred inflows	638,716	90,888	729,604
<b>Total Deferred Inflows of Resources:</b>	<b>638,716</b>	<b>90,888</b>	<b>729,604</b>
Net Position:			
Net investment in capital assets	149,571,493	738,848	150,310,341
Restricted for::			
Capital projects	6,275,247	-	6,275,247
Grants, taxes, and fees	14,898,046	-	14,898,046
Unrestricted	48,245,938	2,801,136	51,047,074
<b>Total Net Position:</b>	<b>218,990,724</b>	<b>3,539,984</b>	<b>222,530,708</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position:</b>	<b>\$ 243,870,712</b>	<b>\$ 4,806,690</b>	<b>\$ 248,677,402</b>

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

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities:				
General Government	\$ 4,975,164	\$ 1,343,632	\$ 198,497	\$ -
Public Safety	5,665,387	397,806	202,917	(22,915)
Public Works	12,342,198	2,764,061	1,834,045	3,084,289
Community Development	848,210	266,342	-	-
Facilities	1,182,772	-	-	-
Interest	430,256	-	-	-
Total Governmental Activities:	<u>25,443,987</u>	<u>4,771,841</u>	<u>2,235,459</u>	<u>3,061,374</u>
Business-Type Activities:				
Parking	531,927	806,197	-	-
Solid Waste	3,233,031	3,415,447	27,441	-
Building	1,163,792	1,535,230	-	-
Transit	1,029,163	111,044	867,525	113,128
Total Business-Type Activities:	<u>5,957,913</u>	<u>5,867,918</u>	<u>894,966</u>	<u>113,128</u>
Total Primary Government:	<u>\$ 31,401,900</u>	<u>\$ 10,639,759</u>	<u>\$ 3,130,425</u>	<u>\$ 3,174,502</u>
<b>Component Units</b>				

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>			
Governmental Activities:			
General Government	\$ (3,433,035)	\$ -	\$ (3,433,035)
Public Safety	(5,087,579)	-	(5,087,579)
Public Works	(4,659,803)	-	(4,659,803)
Community Development	(581,867)	-	(581,867)
Facilities	(1,182,772)	-	(1,182,772)
Interest	(430,256)	-	(430,256)
Total Governmental Activities:	<u>(15,375,312)</u>	<u>-</u>	<u>(15,375,312)</u>
Business-Type Activities:			
Parking	-	274,270	274,270
Solid Waste	-	209,857	209,857
Building	-	371,438	371,438
Transit	-	62,535	62,535
Total Business-Type Activities:	<u>-</u>	<u>918,100</u>	<u>918,100</u>
Total Primary Government:	<u>(15,375,312)</u>	<u>918,100</u>	<u>(14,457,212)</u>
<b>Component Units</b>			
Taxes:			
Property taxes	10,545,888	-	10,545,888
Sales and use taxes	7,449,475	-	7,449,475
Transient occupancy taxes	3,414,610	-	3,414,610
Property transfer taxes	267,385	-	267,385
Franchise taxes	1,136,580	-	1,136,580
Grants and contributions - unrestricted	1,552,710	-	1,552,710
Interest and investment earnings	700,842	17,416	718,258
Miscellaneous	374,948	8,551	383,499
Transfers	161,918	(161,918)	-
Total General Revenues, Special Items, and Transfers:	<u>25,604,356</u>	<u>(135,951)</u>	<u>25,468,405</u>
Change in Net Position:	<u>10,229,044</u>	<u>782,149</u>	<u>11,011,193</u>
Net Position - Beginning, as previously reported	201,233,935	2,821,012	204,054,947
Prior Period Adjustments (Note 8)	7,527,745	(63,177)	7,464,568
Net Position - Beginning	<u>208,761,680</u>	<u>2,757,835</u>	<u>211,519,515</u>
Net Position - Ending:	<u>\$ 218,990,724</u>	<u>\$ 3,539,984</u>	<u>\$ 222,530,708</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, 2017

	General Fund	Capital Projects Fund	Measure R Trails Fund	Traffic Impact Fees Fund
<b>Assets</b>				
Cash and investments	\$ 28,643,485	\$ 1,678,913	\$ 1,960,180	\$ 6,869,949
Cash with fiscal agent	-	-	-	-
Accounts receivable	235,174	35,201	-	5,281
Interest receivable	129,851	-	2,540	8,643
Taxes receivable	1,820,495	-	164,900	-
Due from other funds	208,599	-	-	-
Due from other governments	77,825	1,333,399	-	-
Inventories	302,735	-	-	-
Prepaid costs and deposits	73,711	6,728	-	-
Loans receivable	1,860,731	-	-	-
Total Assets:	<u>\$ 33,352,606</u>	<u>\$ 3,054,241</u>	<u>\$ 2,127,620</u>	<u>\$ 6,883,873</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	374,183	2,117,187	-	2,012
Salaries and benefits payable	642,720	-	-	-
Deposits payable	19,303	319,164	-	-
Unearned revenue	15,374	-	-	-
Total Liabilities:	<u>1,051,580</u>	<u>2,436,351</u>	<u>-</u>	<u>2,012</u>
Deferred Inflows of Resources:				
Deferred inflows	1,914,024	1,338,999	-	5,281
Total Deferred Inflows of Resources:	<u>1,914,024</u>	<u>1,338,999</u>	<u>-</u>	<u>5,281</u>
Fund Balances:				
Nonspendable	376,446	-	-	-
Restricted	105,000	-	2,127,620	6,876,580
Assigned	17,304,888	-	-	-
Unassigned	12,600,668	(721,109)	-	-
Total Fund Balances:	<u>30,387,002</u>	<u>(721,109)</u>	<u>2,127,620</u>	<u>6,876,580</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 33,352,606</u>	<u>\$ 3,054,241</u>	<u>\$ 2,127,620</u>	<u>\$ 6,883,873</u>

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2017

	Debt Service Fund	Measure V Fund	HOME Grant Fund	Town Special Service Areas Fund
<b>Assets</b>				
Cash and investments	\$ -	\$ 2,532,586	\$ -	\$ 5,192,899
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	-	6,664	-	7,009
Taxes receivable	-	335,500	-	38,895
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid costs and deposits	-	-	-	-
Loans receivable	-	-	11,945,918	-
Total Assets:	<u>\$ -</u>	<u>\$ 2,874,750</u>	<u>\$ 11,945,918</u>	<u>\$ 5,238,803</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Bal</b>				
Liabilities:				
Accounts payable	-	745	-	464
Salaries and benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities:	<u>-</u>	<u>745</u>	<u>-</u>	<u>464</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	11,945,918	-
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>11,945,918</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	2,874,005	-	5,238,339
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances:	<u>-</u>	<u>2,874,005</u>	<u>-</u>	<u>5,238,339</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ -</u>	<u>\$ 2,874,750</u>	<u>\$ 11,945,918</u>	<u>\$ 5,238,803</u>

Continued (Page 2 of 3)

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>		
Cash and investments	\$ 11,404,785	\$ 58,282,797
Cash with fiscal agent	324,357	324,357
Accounts receivable	25,646	301,302
Interest receivable	5,239	159,946
Taxes receivable	659	2,360,449
Due from other funds	-	208,599
Due from other governments	25,000	1,436,224
Inventories	-	302,735
Prepaid costs and deposits	-	80,439
Loans receivable	3,240,983	17,047,632
Total Assets:	<u>\$ 15,026,669</u>	<u>\$ 80,504,480</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>		
Liabilities:		
Accounts payable	691,947	3,186,538
Salaries and benefits payable	-	642,720
Deposits payable	-	338,467
Unearned revenue	-	15,374
Total Liabilities:	<u>691,947</u>	<u>4,183,099</u>
Deferred Inflows of Resources:		
Deferred inflows	<u>3,261,288</u>	<u>18,465,510</u>
Total Deferred Inflows of Resources:	<u>3,261,288</u>	<u>18,465,510</u>
Fund Balances:		
Nonspendable	-	376,446
Restricted	4,672,856	21,894,400
Assigned	6,400,578	23,705,466
Unassigned	-	11,879,559
Total Fund Balances:	<u>11,073,434</u>	<u>57,855,871</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 15,026,669</u>	<u>\$ 80,504,480</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, 2017

<b>Total Governmental Fund Balances</b>	\$ 57,855,871
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets (\$211,469,456), net of accumulated depreciation (\$53,342,641), used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	158,126,814
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.	(9,857,207)
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	(10,200,969)
Deferred outflows, related to pension expense	5,237,825
Deferred inflows, related to pension expense	(638,716)
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.	1,593
Adjustment to deferred inflows of resources for grant receivables, long-term loan payments, accrued interest, and new loans.	18,465,513
<b>Net Position of Governmental Activities</b>	<u>\$ 218,990,724</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, 2017

	General Fund	Capital Projects Fund	Measure R Trails Fund	Traffic Impact Fees Fund
<b>Revenues</b>				
Taxes and assessments	\$ 19,432,051	\$ -	\$ 1,149,527	\$ -
Licenses and permits	277,997	-	-	-
Fines and forfeitures	221,917	-	-	-
Use of money and property	103,321	-	6,892	19,724
Intergovernmental revenues	1,862,488	1,286,223	-	-
Charges for services	1,201,289	-	-	830,733
Other revenues	316,740	4,498	-	-
Total Revenues:	<u>23,415,803</u>	<u>1,290,721</u>	<u>1,156,419</u>	<u>850,457</u>
<b>Expenditures</b>				
Current:				
General Government	4,210,774	306,711	-	-
Public Safety	5,730,059	-	-	-
Public Works	6,313,818	1,152,521	-	2,585
Community Development	956,656	-	-	-
Facilities	1,183,377	-	-	-
Capital Outlay	5,693	13,813,763	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures:	<u>18,400,377</u>	<u>15,272,995</u>	<u>-</u>	<u>2,585</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>5,015,426</u>	<u>(13,982,274)</u>	<u>1,156,419</u>	<u>847,872</u>
Other financing sources (uses):				
Transfers in	1,917,288	13,488,508	-	-
Transfers out	(8,525,696)	-	(361,778)	(774,782)
Total Other financing sources (uses):	<u>(6,608,408)</u>	<u>13,488,508</u>	<u>(361,778)</u>	<u>(774,782)</u>
Net Change in Fund Balances:	<u>(1,592,982)</u>	<u>(493,766)</u>	<u>794,641</u>	<u>73,090</u>
Fund Balances - Beginning	31,979,984	(227,343)	1,332,979	6,803,490
Fund Balances - Ending:	<u>\$ 30,387,002</u>	<u>\$ (721,109)</u>	<u>\$ 2,127,620</u>	<u>\$ 6,876,580</u>

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Debt Service Fund	Measure V Fund	HOME Grant Fund	Town Special Service Areas Fund
<b>Revenues</b>				
Taxes and assessments	\$ -	\$ 2,354,564	\$ -	\$ 772,299
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	19,733	-	16,534
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Other revenues	85,733	-	-	-
Total Revenues:	<u>85,733</u>	<u>2,374,297</u>	<u>-</u>	<u>788,833</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	33,353	-	17,073
Community Development	-	-	-	-
Facilities	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	362,000	-	-	-
Interest	430,256	-	-	-
Total Expenditures:	<u>792,256</u>	<u>33,353</u>	<u>-</u>	<u>17,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(706,523)</u>	<u>2,340,944</u>	<u>-</u>	<u>771,760</u>
Other financing sources (uses):				
Transfers in	792,256	-	-	-
Transfers out	(85,733)	(3,462,828)	-	(1,014,131)
Total Other financing sources (uses):	<u>706,523</u>	<u>(3,462,828)</u>	<u>-</u>	<u>(1,014,131)</u>
Net Change in Fund Balances:	-	(1,121,884)	-	(242,371)
Fund Balances - Beginning	-	3,995,889	-	5,480,710
Fund Balances - Ending:	<u>\$ -</u>	<u>\$ 2,874,005</u>	<u>\$ -</u>	<u>\$ 5,238,339</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, 2017

	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>		
Taxes and assessments	\$ 1,808,306	\$ 25,516,747
Licenses and permits	-	277,997
Fines and forfeitures	5,887	227,804
Use of money and property	85,982	252,186
Intergovernmental revenues	1,112,457	4,261,168
Charges for services	1,350,162	3,382,184
Other revenues	226,561	633,532
Total Revenues:	4,589,355	34,551,618
<b>Expenditures</b>		
Current:		
General Government	42,063	4,559,548
Public Safety	97,610	5,827,669
Public Works	54,188	7,573,538
Community Development	292,683	1,249,339
Facilities	-	1,183,377
Capital Outlay	439,453	14,258,909
Debt service:		
Principal	-	362,000
Interest	-	430,256
Total Expenditures:	925,997	35,444,636
Excess (Deficiency) of Revenues Over (Under) Expenditures:	3,663,358	(893,018)
Other financing sources (uses):		
Transfers in	384,955	16,583,007
Transfers out	(2,196,141)	(16,421,089)
Total Other financing sources (uses):	(1,811,186)	161,918
Net Change in Fund Balances:	1,852,172	(731,100)
Fund Balances - Beginning	9,221,262	58,586,971
Fund Balances - Ending:	\$ 11,073,434	\$ 57,855,871

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, 2017

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (731,100)</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$14,258,909) exceeded depreciation expense (\$5,516,743) in the current period.	8,742,166
Some revenues reported in the Statement of Activities will not be collected for several months after the Town's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds (\$1,417,877). Some revenues reported in prior year Statement of Activities were recognized in the governmental funds in current year (\$654,446).	763,431
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.	362,000
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	(252,584)
Loans made during the year	390,528
Long-term loan interest accrual	448,654
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	(48,362)
Amortization of bond discount, cost of issuance and refunding difference	(2,306)
Bond interest payable in the next fiscal year	(478)
Reduction of pension expense based on GASB 68 adjustments	559,207
Other post-employment benefits	(2,114)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 10,229,044</u></b>

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, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Parking Fund</b>	<b>Transit Fund</b>	<b>Solid Waste Fund</b>
<b>Assets</b>			
Current Assets:			
Cash and investments	\$ 994,166	\$ -	\$ 671,024
Accounts receivable, net of allowance	34,934	423,484	189,640
Due to other funds	-	(208,599)	-
Interest receivable	1,328	-	544
Prepaid costs	4,673	-	-
Total Current Assets:	<u>1,035,101</u>	<u>214,885</u>	<u>861,208</u>
Noncurrent Assets:			
Capital assets:			
Depreciable capital assets	136,700	1,133,402	36,304
Less: accumulated depreciation	<u>(41,571)</u>	<u>(600,667)</u>	<u>(35,455)</u>
Total Noncurrent Assets:	<u>95,129</u>	<u>532,735</u>	<u>849</u>
Total Assets:	<u>1,130,230</u>	<u>747,620</u>	<u>862,057</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows	49,819	43,986	28,198
Total Deferred Outflows of Resources:	<u>49,819</u>	<u>43,986</u>	<u>28,198</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	10,806	37,650	312,039
Deposits payable	-	-	-
Unearned revenue	-	157,082	-
Compensated absences	2,205	1,029	376
Total Current Liabilities:	<u>13,011</u>	<u>195,761</u>	<u>312,415</u>
Noncurrent Liabilities:			
Net pension liability	103,210	90,944	64,129
Compensated absences	25,007	16,830	4,964
Total Noncurrent Liabilities:	<u>128,217</u>	<u>107,774</u>	<u>69,093</u>
Total Liabilities:	<u>141,228</u>	<u>303,535</u>	<u>381,508</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows	12,231	11,711	12,032
Total Deferred Inflows of Resources:	<u>12,231</u>	<u>11,711</u>	<u>12,032</u>
<b>Net Position</b>			
Net investment in capital assets	95,129	532,735	849
Unrestricted	931,463	(56,376)	495,867
Total Net Position:	<u>\$ 1,026,592</u>	<u>\$ 476,359</u>	<u>\$ 496,716</u>

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2017

	Business-Type Activities -	
	Enterprise Funds	
	Building and Safety Fund	Total
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 1,696,527	\$ 3,361,717
Accounts receivable, net of allowance	1,276	649,334
Due to other funds	-	(208,599)
Interest receivable	1,831	3,703
Prepaid costs	-	4,673
Total Current Assets:	<u>1,699,634</u>	<u>3,810,828</u>
Noncurrent Assets:		
Capital assets:		
Depreciable capital assets	481,996	1,788,402
Less: accumulated depreciation	(371,861)	(1,049,554)
Total Noncurrent Assets:	<u>110,135</u>	<u>738,848</u>
Total Assets:	<u>1,809,769</u>	<u>4,549,676</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows	135,009	257,012
Total Deferred Outflows of Resources:	<u>135,009</u>	<u>257,012</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	23,055	383,550
Deposits payable	1,000	1,000
Unearned revenue	-	157,082
Compensated absences	2,215	5,825
Total Current Liabilities:	<u>26,270</u>	<u>547,457</u>
Noncurrent Liabilities:		
Net pension liability	302,537	560,820
Compensated absences	20,740	67,541
Total Noncurrent Liabilities:	<u>323,277</u>	<u>628,361</u>
Total Liabilities:	<u>349,547</u>	<u>1,175,818</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows	54,914	90,888
Total Deferred Inflows of Resources:	<u>54,914</u>	<u>90,888</u>
<b>Net Position</b>		
Net investment in capital assets	110,135	738,848
Unrestricted	1,430,182	2,801,136
Total Net Position:	<u>\$ 1,540,317</u>	<u>\$ 3,539,984</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, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Parking Fund</b>	<b>Transit Fund</b>	<b>Solid Waste Fund</b>
<b>Operating Revenues</b>			
Charges for services	\$ 743,830	\$ 111,044	\$ 3,415,447
Fines and forfeitures	62,367	-	-
Other revenues	25	123,852	-
Total Operating Revenues:	<u>806,222</u>	<u>234,896</u>	<u>3,415,447</u>
<b>Operating Expenses</b>			
Salaries and benefits	174,944	116,895	113,606
Services and supplies	347,012	854,115	3,117,895
Depreciation	9,971	58,153	1,530
Total Operating Expenses:	<u>531,927</u>	<u>1,029,163</u>	<u>3,233,031</u>
Operating Income (Loss):	<u>274,295</u>	<u>(794,267)</u>	<u>182,416</u>
<b>Nonoperating Revenues</b>			
Intergovernmental revenues	-	863,576	27,442
Interest income	8,007	910	2,182
Total Nonoperating Revenues:	<u>8,007</u>	<u>864,486</u>	<u>29,624</u>
Income Before Contributions and Transfers:	<u>282,302</u>	<u>70,219</u>	<u>212,040</u>
Transfers in	24,978	-	-
Transfers out	(126,506)	-	-
Change in Net Position:	<u>180,774</u>	<u>70,219</u>	<u>212,040</u>
Total Net Position - Beginning as previously reported	845,818	469,317	284,676
Prior Period Adjustment (Note 8)	-	(63,177)	-
Total Net Position - Beginning	<u>845,818</u>	<u>406,140</u>	<u>284,676</u>
Total Net Position - Ending:	<u>\$ 1,026,592</u>	<u>\$ 476,359</u>	<u>\$ 496,716</u>

TOWN OF TRUCKEE, CALIFORNIA  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	<b>Enterprise Funds</b>	
	<b>Building and Safety Fund</b>	<b>Total</b>
<b>Operating Revenues</b>		
Charges for services	\$ 1,517,351	\$ 5,787,672
Fines and forfeitures	17,880	80,247
Other revenues	1,750	125,627
Total Operating Revenues:	<u>1,536,981</u>	<u>5,993,546</u>
<b>Operating Expenses</b>		
Salaries and benefits	661,217	1,066,662
Services and supplies	482,356	4,801,378
Depreciation	20,219	89,873
Total Operating Expenses:	<u>1,163,792</u>	<u>5,957,913</u>
Operating Income (Loss):	<u>373,189</u>	<u>35,633</u>
<b>Nonoperating Revenues</b>		
Intergovernmental revenues	-	891,018
Interest income	6,317	17,416
Total Nonoperating Revenues:	<u>6,317</u>	<u>908,434</u>
Income Before Contributions and Transfers:	379,506	944,067
Transfers in	-	24,978
Transfers out	(60,390)	(186,896)
Change in Net Position:	<u>319,116</u>	<u>782,149</u>
Total Net Position - Beginning as previously reported	1,221,201	2,821,012
Prior Period Adjustment (Note 8)	-	(63,177)
Total Net Position - Beginning	<u>1,221,201</u>	<u>2,757,835</u>
Total Net Position - Ending:	<u>\$ 1,540,317</u>	<u>\$ 3,539,984</u>

Continued (Page 2 of 2)

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Parking Fund</b>	<b>Transit Fund</b>	<b>Solid Waste Fund</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 796,164	\$ 133,115	\$ 3,425,161
Payments to suppliers	(341,792)	(1,263,073)	(3,358,488)
Payments to employers	(174,111)	(120,073)	(115,512)
Net Cash Provided by (Used for) Operating Activities	<u>280,261</u>	<u>(1,250,031)</u>	<u>(48,839)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Intergovernmental revenues		935,235	-
Transfers to/from other funds	(101,528)	-	27,441
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(101,528)</u>	<u>1,143,834</u>	<u>27,441</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of capital assets	-	(127,992)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(127,992)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	7,250	952	1,857
Net Cash Provided by (Used for) Investing	<u>7,250</u>	<u>952</u>	<u>1,857</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>185,983</u>	<u>(233,237)</u>	<u>(19,541)</u>
Cash and Cash Equivalents - Beginning of the Year	<u>808,183</u>	<u>233,237</u>	<u>690,565</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 994,166</u>	<u>\$ -</u>	<u>\$ 671,024</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES**

Operating income (loss)	\$ 274,295	\$ (794,267)	\$ 182,416
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	9,971	58,153	1,530
Pension	(3,442)	(2,864)	(1,610)
Decrease (increase) in:			
Accounts receivable	(10,058)	(101,781)	9,714
Prepaid expenses	2,525	4,995	
Increase (decrease) in:			
Accounts payable	2,695	(413,953)	(240,593)
Salaries and benefits payable	-	-	-
Deposits payable			
Compensated absences	4,275	(314)	(296)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 280,261</u>	<u>\$ (1,250,031)</u>	<u>\$ (48,839)</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, 2017

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Building and Safety Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 1,535,054	\$ 5,889,494
Payments to suppliers	(483,553)	(5,446,906)
Payments to employers	(678,675)	(1,088,371)
Net Cash Provided by (Used for) Operating Activities	<u>372,826</u>	<u>(645,783)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Intergovernmental revenues		935,235
Transfers to/from other funds	(60,390)	(134,477)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(60,390)</u>	<u>1,009,357</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	-	(127,992)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(127,992)</u>
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	5,336	15,395
Net Cash Provided by (Used for) Investing Activities	<u>5,336</u>	<u>15,395</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>317,772</u>	<u>250,977</u>
Cash and Cash Equivalents - Beginning of the Year	<u>1,378,755</u>	<u>3,110,740</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 1,696,527</u>	<u>\$ 3,361,717</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 373,188	\$ 35,632
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	20,219	89,873
Pension	(7,742)	(15,658)
Decrease (increase) in:		
Accounts receivable	(899)	(103,024)
Prepaid expenses	-	7,520
Increase (decrease) in:		
Accounts payable	(1,197)	(653,048)
Salaries and benefits payable	-	-
Deposits payable	(1,027)	(1,027)
Compensated absences	(9,716)	(6,051)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 372,826</u>	<u>\$ (645,783)</u>

TOWN OF TRUCKEE, CALIFORNIA

STATEMENT OF NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2017

	<u>Successor Agency Fund</u>
<b>Assets</b>	
Investments, held with trustees	\$ 1,888,903
Accounts receivable	12,809
Interest receivable	421
Notes receivable	518,043
Capital assets:	
Depreciable capital assets	217,816
Less: accumulated depreciation	<u>(201,988)</u>
Total Capital assets:	<u>15,828</u>
Total Assets:	<u>2,436,004</u>
<b>Liabilities</b>	
Accounts payable	117
Interest payable	203,969
Long-term liabilities:	
Due within one year	126,068
Due in more than one year	<u>12,332,537</u>
Total Long-term liabilities:	<u>12,458,605</u>
Total Liabilities:	<u>12,662,691</u>
<b>Net Position</b>	
Held in trust for other purposes	<u>(10,226,685)</u>
Total Net Position:	<u>\$ (10,226,685)</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, 2017

	<b>Successor Agency Fund</b>
<b>Additions</b>	
Property taxes	\$ 803,200
Use of money and property	17,508
Other revenue	366,221
Total Additions:	<u>1,186,929</u>
<b>Deductions</b>	
Program expenses	70,930
Administrative expenses	250,000
Interest and fiscal agency expenses	736,154
Noncash expenses: depreciation, amortization, loan forgiveness	74,427
Total Deductions:	<u>1,131,511</u>
Change in Net Position:	55,418
Net Position - Beginning	<u>(10,282,103)</u>
Net Position - Ending:	<u>\$ (10,226,685)</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, 2017

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

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The fiduciary activities are only reported in the fund financial statement. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers to continue operations. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The Town of Truckee (Town) incorporated on March 23<sup>rd</sup>, 1993, became a charter city on September 15<sup>th</sup>, 1995 and is governed under the laws governing charter cities and other applicable state statutes. The Town operates under a Council form of government and provides the following services: public safety, maintenance of roadways, public improvements, community planning, 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 Primary Government, and therefore the Council, is financially accountable of 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 that the unit is legally separate from the primary government.

For financial reporting purposes, the Town's basic financial statements include all activities that are controlled by or are dependent upon the 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 Redevelopment Successor Agency). The governing body is substantially the same as the primary government, and the Town and the component unit are financially interdependent. Because the unit meets all criteria of a component unit, 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 Redevelopment 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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

C. 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. 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 (i) charges paid by the recipient of goods and services offered by the program and (ii) 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. 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:

1. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures of that individual governmental or proprietary fund are at least 10% of the corresponding total for all funds of that category or type; and
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures of the individual governmental or proprietary fund are at least 5% of the corresponding total for all governmental and proprietary 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, maintenance of streets, public improvements, planning, zoning, and general administrative services.
- The Capital Projects Fund is used to account for the expenditures of most capital projects undertaken by the Town. This fund receives transfers of resources from various Town funds.
- The Measure R Trails Fund is a special revenue fund used to account for revenue and expenditures related to a ¼ percent sales tax, passed in June of 2014. The revenues generated by this sales tax are collected for use in trail construction and maintenance within the Town boundaries.
- The Traffic Impact Fees Fund is a special revenue fund used to account for traffic impact fee revenues and the associated expenditures. The impact fees are collected along with permitting fees for specific projects and are used to offset the traffic impacts on existing Town roads caused by new development.
- The Debt Service Fund is a special revenue fund used to track payment of debt principal and interest on the Town's outstanding bonds. This fund receives transfers of resources from other Town funds to meet the payment obligations.

# TOWN OF TRUCKEE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

- The Measure V Road Maintenance Fund is a special revenue fund used to account for Measure V sales tax revenue and the associated expenditures. Measure V use tax revenues are generated via a ½ percent sales tax. These funds are collected for use on road maintenance and related infrastructure within the Town.
- HOME Grant Fund is a special revenue fund used to account for activity of various HOME grant programs facilitated by the town to fund long-term down payment assistance loans for low/very low income housing units.
- The Town Special Service Area (TSSA) Funds are collected as part of property tax in certain Town neighborhoods and are available for use on enhanced road and transportation related maintenance services within those areas.

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 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 in enforcing State and Town laws and regulations concerning the safety of structures.

The Town reports the following fiduciary fund:

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

#### D. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resource focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the 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 in the period in which the underlying transaction takes place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible 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 general 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 asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources

Operating expenses for proprietary 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 revenue and expenses.

# TOWN OF TRUCKEE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

#### E. Cash and Cash Equivalents

For purposes of the accompanying statements 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.

#### F. 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 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 an active market 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 the carrying amount which reasonably estimates fair value.

Fair value measurements of the Town's investments in Agency, Commercial Paper, US Corporate and US Treasury totaled \$22,624,743 as of June 30<sup>th</sup>, 2017. They were valued based on Level 2 inputs.

#### G. 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 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 the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. 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.

#### H. 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 consideration. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

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/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 an increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in the 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.

I. 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.

J. Loans Receivable

For the purposes 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 when the loans are recorded. Loans receivable includes loans for which repayment is deferred or for which repayment may be forgiven if certain terms or conditions of the loans are met.

K. Capital Assets

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

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

The cost of normal maintenance and repairs that do not add to the value of the asset nor materially extend the life of the asset are not capitalized.

The accounting treatment over capital assets depends on whether the assets are used in operations accounted for in a governmental fund or in a proprietary fund, as well as whether or not 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 assets are accounted for as capital assets.

Depreciation of all exhaustible capital assets (i.e., assets with a finite useful life) 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

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

<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.

L. 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 future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

M. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operation or proprietary fund operations, as well as whether the debt is reported in the government-wide or fund financial statements.

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

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

N. 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 of compensated absences.

O. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and the 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 a fair value.

P. Net Position/Fund Balances

The government-wide and business-type activities financial statements utilize a net position presentation. Net

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

- 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 (i) external groups such as creditors, grantors, contributors, laws, or regulations of other governmental agencies; or (ii) law through constitutional provision or enabling legislation. Resources restricted for other purposes included \$5,001,626 restricted by enabling legislation (i.e., Measure 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<sup>th</sup>, 2017, the Town had recorded restricted resources in governmental activities as follows:

Restricted for:	
Capital Projects	\$ 6,275,247
Grants, taxes, and fees	<u>14,898,046</u>
Total Restricted	<u>\$ 21,173,293</u>

Beginning in fiscal year 2010-11, 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/regulations of another government.
- *Committed* – Amounts that can be used only for specific purposes determined by a formal action of Town Council. The 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 the Council. The Town did not have any committed resources as of June 30<sup>th</sup>, 2017.
- *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 whom the Town Council delegates authority.
- *Unassigned* – Amounts not included in other spendable classifications. Positive amounts are reported only in the General Fund.

The Town Council establishes (and modified or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through the adoption and amendment of the budget. Assigned fund balances are established by the 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 then unassigned amounts.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

As of June 30<sup>th</sup>, 2017, restricted fund balances 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<sup>th</sup>, 2017, assigned fund balances in the following governmental funds included:

- *General Fund* – To reflect the Town Council's intention to set aside funds for general fund operation contingencies, litigation, designations related to long-term pavement management, to assist with low-cost or workforce housing projects, acquisitions of open space, and capital facilities and improvement needs.
- *Fleet Replacement Fund* – To reflect the Town Council's intention to set aside funds for replacement of the Town's vehicle and equipment fleet based on the Town's fleet management plan.
- *CDBG Miscellaneous Income* – To reflect the Town Council's intention to set aside funds for housing related expenditures.

**Q. 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 at any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100% of market value, as defined in 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 (County) assesses properties and bills for and collection property taxes along the following schedule:

	Secured	Unsecured
Valuation/Lien Date	January 1 <sup>st</sup>	January 1 <sup>st</sup>
Levy Date	January 1 <sup>st</sup>	January 1 <sup>st</sup>
Due Dates	November 1 <sup>st</sup> (1 <sup>st</sup> installment) February 1 <sup>st</sup> (2 <sup>nd</sup> installment)	July 1 <sup>st</sup>
Delinquent Dates	December 10 <sup>th</sup> (1 <sup>st</sup> installment) April 10 <sup>th</sup> (2 <sup>nd</sup> installment)	August 31 <sup>st</sup>

The term "unsecured" refers to taxes on personal property other than land or 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 the 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.

**R. 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 expenditures 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 related expenditures is recorded as unearned revenue.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

S. 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

T. Estimates

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

U. Future Government Accounting Standards Board Statements

The Government Accounting Standards Board (GASB) statements are not effective until July 1<sup>st</sup>, 2017 or later. The Town has not determined the effects of these statements on the financial statements.

**Government Accounting Standards Board Statement No. 75**

In June of 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 other post-employment benefits (OPEB) (not including pensions) and would replace GASB statements 45 and 57. Statement 75 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<sup>th</sup>, 2018.

**Government Accounting Standards Board Statement No. 84**

In January of 2017, GASB issued Statement 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. 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<sup>th</sup>, 2020.

**Government Accounting Standards Board Statement No. 85**

In March 2017, GASB issued Statement No. 85, *Ominibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). 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, 2018.

**Government Accounting Standards Board Statement No. 86**

In May of 2017, GASB issued Statement 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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<sup>th</sup>, 2018.

**Government Accounting Standards Board Statement No. 87**

In June of 2017, GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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<sup>th</sup>, 2021.

V. Current GASB Implementation

**Government Accounting Standards Board Statement No. 77**

In August of 2015, GASB issued Statement 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information regarding (i) a government's own tax abatement agreements; and (ii) those abatement agreements that are entered into by other governments that reduce the reporting of government's tax revenues. The Town has not identified any tax abatement agreements requiring disclosure as of June 30, 2017. Application of this statement is effective for the Town's fiscal year ending June 30<sup>th</sup>, 2017.

**Government Accounting Standards Board Statement No. 80**

In January of 2016, GASB issued Statement 80, *Blending Requirements for Certain Component Units* – an amendment to GASB Statement No. 14. The objective of this Statement is to improve the financial reporting by clarifying the financial statement presentation requirements for certain component units. The Town does not have any component units subject to this blending requirement. Application of this statement is effective for the Town's fiscal year ending June 30<sup>th</sup>, 2017.

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

A. Deficit Fund Balance/Net Position

The Following funds had a deficit fund balance at June 30<sup>th</sup>, 2017:

Major Governmental Funds:

The Capital Improvement Project fund had a fund balance deficit of \$721,109 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 tax schedules, or other refund arrangements.

For the fiscal year ended June 30<sup>th</sup>, 2017 the Gann Limit Calculation was calculated based upon the advice of legal counsel to exclude police and animal control services from the appropriations subject to the limit

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**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	\$ 58,282,798
Restricted Cash and investments	324,357
Total Governmental Cash and investments	58,607,155
Business Type Activities	3,361,717
Total Cash and Investments	\$ 61,968,872

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)	1,309,656
Deposits with fiscal agents	324,357
Total Cash and Deposits	1,634,913
Investments:	
In Town's pool	60,333,959
	\$ 61,968,872

**Deposits**

The State of California Government Code requires California banks, 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 the \$250,000 Federal Deposit insurance amount.

At year end, the carrying amount of the Town's cash deposits (including only checking accounts and money market accounts) was \$1,634,912 and the bank balance was \$1,722,898. 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, \$813,887 was covered by federal deposit insurance and \$909,011 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
U.S. Treasury Bills and Notes	5 years
Federal Agency Obligations	35% per issuer; <5 years
Banker's Acceptances	A-1/P-1/F-1 rated; 40% maximum; 5% per Issuer; <180 days
Commercial Paper	A-1/P-1/F-1 rated; and >A-rated long term ratings; 25% maximum; 5% per issuer; <270 days
Negotiable CDs	>A-rated; 30% maximum; 5% per issuer; <270 days
CDs and Time Deposits	30% maximum; 5% per issuer; <5 years
Passbook Deposits	<1 year
Medium Term Notes	>A-rated; 30% maximum; 5% per issuer; <5 years
Money Market Funds	AAA/Aaa rated; assets greater than \$500MM; 20% maximum; 10% per issuer
Mortgage Pass	>AA-rated; 20% maximum; <5 years
Municipal Securities	>A-rated issuer; 5% maximum; >5 years

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

As of June 30<sup>th</sup>, 2017, the Town had the following investments:

Investments	Maturities			Fair Value	Weighted Average Maturity (Years)
	0 - 1 year	1 - 5 years	Over 5 years		
U.S. Government Agency Securities	\$ 5,076,770	\$ 11,235,410	\$ -	\$ 16,312,179	0.54
Corporate Notes	2,968,235	3,344,329	-	6,312,564	0.15
Local Agency Investment Fund (LAIF)	37,709,216	-	-	37,709,216	-
Total Investments	<u>\$ 45,754,221</u>	<u>\$ 14,579,739</u>	<u>\$ -</u>	<u>\$ 60,333,959</u>	<u>0.16</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. In general, the longer the amount of time to maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments of the Town are invested in accordance with the investment policy of the Town. Of the Town's \$60,333,959 investment portfolio, over 75% 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<sup>th</sup>, 2017.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and the Town's investment pool policy limit investments in commercial paper to the rating of A-1 by Standards & Poors or P-1 by Moody's Investor Service. State law also limits investments in corporate bonds to the rating 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, 2017</u>	<u>Standard &amp; Poor's</u>	<u>% of Portfolio</u>
Federal Home Loan Mortgage Corporation	AA+	4.9%
Federal Home Loan Bank	AA+	5.4%
Federal National Mortgage Association	AA+	5.6%
Federal Farm Credit Bank	AA+	1.7%
US Treasury	TSY	9.4%
Commercial Paper	A-1+	0.7%
Corporate Obligations	A	3.5%
Corporate Obligations	A+	1.8%
Corporate Obligations	A-	0.4%
Corporate Obligations	AA	0.9%
Corporate Obligations	AA-	1.9%
Corporate Obligations	AA+	0.5%
Corporate Obligations	AAA	0.9%
LAIF	Unrated	62.4%
Total		<u>100.0%</u>

**Custodial Credit Risk**

Custodial credit risk is the risk of loss associated with holding investments that are not covered by depository insurance. At year end, the Town did not participate in any repurchase agreements or securities lending that would result in any possible risk in this area.

**Concentration of Credit Risk**

Over 27% of the Town's investments at year-end are in the U.S. Government or Agencies issues. There is no limitation on the amounts invested in these types of issues. Of the 10.7% of the portfolio invested in corporate notes and money market funds, no investment in a single issuer exceeds 0.7%.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Investment in Local Agency Investment Fund**

The Town is a voluntary participant in the State of California 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<sup>th</sup>, 2017, the Town's investment position in the LAIF was \$37,709,216. The total amount invested by all public agencies in LAIF on that day was \$77,616,683,602. Of that amount, 97.11% is invested in non-derivative financial products and 2.89% 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 at June 30<sup>th</sup>, 2017 are as follows:

Investment Asset Class	Fair Value Measurement Using			
	Fair Value	Level 1 Assets	Level 2 Assets	Level 3 Assets
Agency	\$ 10,580,578	\$ -	\$ 10,580,578	\$ -
Commercial Paper	448,201	-	448,201	-
US Corporate	5,864,363	-	5,864,363	-
US Treasury	5,731,601	-	5,731,601	-
Subtotal	\$ 22,624,744	\$ -	\$ 22,624,744	\$ -
LAIF	37,709,216			
Total Investments	\$ 60,333,959			

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**

The loans receivable balance includes notes for down payment assistance and for the purchase of land and construction of the Frishman Hollow, Henness Flats and Sierra Pines low/very low income housing complexes. Loans were funded by various grants and developer contributions.

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

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

**C. Capital Assets**

Capital asset activity for the year ended June 30<sup>th</sup>, 2017, was as follows:

	Beginning Balance as Previously Reported	Prior Period Adjustment	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
<b>Governmental Activities</b>							
Capital Assets, Not Being Depreciated:							
Land	\$ 7,165,160	-	\$ 7,165,160	-	-	-	\$ 7,165,160
Right of Way	44,992,586	5,694,628	50,687,214	573,951	-	-	51,261,165
Construction in Progress	20,810,973	-	20,810,973	12,805,000	-	(21,970,528)	11,645,445
Total Capital Assets, Not Being Depreciated	72,968,719	5,694,628	78,663,347	13,378,951	-	(21,970,528)	70,071,770
Capital Assets, Being Depreciated:							
Building & Improvements	30,088,695	-	30,088,695	197,964	-	-	30,286,659
Equipment	18,637,793	-	18,637,793	681,992	(94,918)	-	19,224,867
Infrastructure	67,997,253	1,918,378	69,915,631	-	-	21,970,528	91,886,159
Total Capital Assets, Being Depreciated	116,723,741	1,918,378	118,642,119	879,956	(94,918)	21,970,528	141,397,685
Less Accumulated Depreciation For:							
Building & Improvements	(5,176,598.80)	-	(5,176,599)	(697,690)	-	-	(5,874,289)
Equipment	(11,317,049)	-	(11,317,049)	(988,085)	94,918	-	(12,210,216)
Infrastructure	(31,341,908)	(85,261)	(31,427,169)	(3,830,967)	-	-	(35,258,136)
Total Accumulated Depreciation	(47,835,556)	(85,261)	(47,920,817)	(5,516,742)	94,918	-	(53,342,641)
Total Capital Assets, Being Depreciated, Net	\$ 68,888,185	\$ 1,833,117	\$ 70,721,302	\$ (4,636,786)	\$ -	\$ 21,970,528	\$ 88,055,044
Governmental Activities Capital Assets, Net	\$ 141,856,904	\$ 7,527,745	\$ 149,384,649	\$ 8,742,165	\$ -	\$ -	\$ 158,126,814
<b>Business-Type Activities</b>							
Capital Assets, Being Depreciated:							
Structures and Improvements	\$ 410,764	\$ -	\$ -	\$ -	\$ -	\$ 410,764	\$ 410,764
Equipment	1,249,646	127,992	-	-	-	1,377,638	1,377,638
Total Capital Asset, Being Depreciated	1,660,410	127,992	-	-	-	1,788,402	1,788,402
Less Accumulated Depreciation For:							
Structures and Improvements	(178,190)	(18,088)	-	-	-	(196,278)	(196,278)
Equipment	(781,491)	(71,785)	-	-	-	(853,276)	(853,276)
Total Accumulated Depreciation	(959,681)	(89,873)	-	-	-	(1,049,554)	(1,049,554)
Total Capital Assets, Being Depreciated, Net	\$ 700,729	\$ 38,119	\$ -	\$ -	\$ -	\$ 738,848	\$ 738,848
Business-Type Activities Capital Assets, Net	\$ 700,729	\$ 38,119	\$ -	\$ -	\$ -	\$ 738,848	\$ 738,848

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General Government	\$	445,156
Public Safety		326,215
Public Works		4,745,371
		<hr/>
Total Depreciation Governmental Functions	\$	<u>5,516,742</u>

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

Parking	\$	9,971
Transit		58,153
Solid Waste		1,530
Building & Safety		20,219
		<hr/>
Tota Depreciation Business Functions	\$	<u>89,873</u>

**Construction in Progress**

Construction in progress for governmental activities relates primarily to work performed on the Brickelltown Streetscape Improvement, Town Hall remodel project, and the Donner Pass Road corridor improvement project. The majority of the transfer from construction in progress for fiscal year 2016-17 is due to the completion of the Mousehole, Trout Creek Trail, West River Widening and Bike Lane, Tahoe Donner Trail, and the 2016 Paving and Drainage project.

D. Long-Term Liabilities

The following summary of all long-term liabilities activity for the year ended June 30<sup>th</sup>, 2017:

	Balance July 1, 2016	Additions/ Adjustments	Retirements	Balance June 30, 2017	Amounts Due Within One Year
<b>Governmental Activities</b>					
Lease Revenue Bonds	\$ 8,965,000	\$ -	\$ (362,000)	\$ 8,603,000	\$ 371,000
Less: Unamortized Discount	(49,985)	-	2,306	(47,679)	(2,306)
Lease Revenue Bonds, Net	<u>8,915,015</u>	<u>-</u>	<u>(359,694)</u>	<u>8,555,321</u>	<u>368,694</u>
Compensated Absences (Note 1L)	<u>1,213,345</u>	<u>975,677</u>	<u>(927,316)</u>	<u>1,261,706</u>	<u>197,812</u>
Total Governmental Activities - Long-term Liabilities	<u>\$ 10,128,360</u>	<u>\$ 975,677</u>	<u>\$ (1,287,010)</u>	<u>\$ 9,817,027</u>	<u>\$ 566,507</u>
<b>Business-Type Activities</b>					
Compensated Absences (Note 1N)	\$ 79,417	\$ 69,328	\$ (75,379)	\$ 73,366	\$ 5,825
Total Business-Type Activities - Long-term Liabilities	<u>\$ 79,417</u>	<u>\$ 69,328</u>	<u>\$ (75,379)</u>	<u>\$ 73,366</u>	<u>\$ 5,825</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

As of June 30<sup>th</sup>, 2017 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.	4,285,000
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.	4,318,000
Total Lease Revenue Bonds	<u>\$ 8,603,000</u>

The annual aggregate maturities for years subsequent to June 30<sup>th</sup>, 2017 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
2018	\$ 371,000	\$ 414,035	\$ (92,087)	\$ 321,948	\$ 692,948
2019	\$ 379,000	\$ 402,514	\$ (92,087)	\$ 310,427	\$ 689,427
2020	\$ 388,000	\$ 390,421	\$ (92,087)	\$ 298,334	\$ 686,334
2021	\$ 405,000	\$ 377,538	\$ (92,087)	\$ 285,451	\$ 690,451
2022	\$ 418,000	\$ 364,067	\$ (92,087)	\$ 271,981	\$ 689,981
2023-2027	\$ 2,320,000	\$ 1,575,637	\$ (444,331)	\$ 1,131,306	\$ 3,451,306
2028-2032	\$ 2,337,000	\$ 1,034,512	\$ (340,836)	\$ 693,676	\$ 3,030,676
2033-2037	\$ 1,155,000	\$ 563,073	\$ (197,075)	\$ 365,997	\$ 1,520,997
2038-2040	\$ 830,000	\$ 100,330	\$ (35,116)	\$ 65,215	\$ 895,215
Total	\$ 8,603,000	\$ 5,222,125	\$ (1,477,792)	\$ 3,744,333	\$ 12,347,333

E. Leases

**Operating Leases**

Rental expenses incurred under operating leases are not considered material.

F. Interfund Transfers

**Due To/Due 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	\$ 208,599	\$ -
Transit Fund	-	208,599

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

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

**Transfers**

Transfers are indicative of funding for or purchase of capital projects, lease payments or debt service, and reallocations of special revenues. The following are the interfund transfers for the year ended June 30<sup>th</sup>, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,917,288	\$ 8,525,696
Capital Projects Fund	13,488,508	-
Debt Service Fund	792,256	85,733
Town Special Service Areas (TSSA)	-	1,014,131
Impact Fees Fund	-	774,782
Measure R Fund	-	361,778
Measure V Fund	-	3,462,828
Non-major Governmental Funds	384,955	2,196,141
Building and Safety Fund	-	60,390
Parking Fund	24,978	126,506
	<u>\$ 16,607,985</u>	<u>\$ 16,607,985</u>

**NOTE 4: EMPLOYEE'S 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 (the 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 includes a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with or without statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the California Public Employee's Retirement Law (PERL). 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<sup>th</sup>, 2017 are summarized below:

Hire Date	<u>Miscellaneous</u>		
	<u>Prior to July 1, 2011 " Tier 1"</u>	<u>July 1, 2011 to December 31, 2012 "Tier 2"</u>	<u>After December 31, 2012 "Tier 3"</u>
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	12.43%	10.24%	6.93%

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 4: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

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	21.23%	18.30%	12.82%

**Funding Policy**

The Plan requires employee contributions equal to some percentage of the employee's annual covered salary. The Town has a variety of agreements regarding these employee contributions to the CalPERS retirement program. Section 20814 (c) of the PERL requires that the employer contribution rates for all public employers to be determined on an annual basis by the actuary and shall be effective on the July 1<sup>st</sup> following notice of a change in the rate. Fund contributions for the Plan are determined annually on an actuarial basis as of June 30<sup>th</sup>, 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<sup>th</sup>, 2017 the contributions to the plan were \$1,599,871.

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

As of June 30<sup>th</sup>, 2017 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, 2017	June 30, 2016
\$10,761,788	\$8,291,496

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<sup>th</sup>, 2017, 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<sup>th</sup>, 2016 rolled forward to June 30<sup>th</sup>, 2017 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 contribution 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<sup>th</sup>, 2015 and June 30<sup>th</sup>, 2016 was as follows:

Measurement Date	Percentage Share of Risk Pool		Change
	6/30/2017	6/30/2016	
6/30/2016	0.124369%	0.120798%	0.003571%

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 4: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

For the year ended June 30<sup>th</sup>, 2017 the Town recognized a pension expense of \$1,025,007. At June 30<sup>th</sup>, 2017 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	\$ -	\$ 13,207
Changes in assumptions		\$ 488,839
Net differences between projected and actual earnings on plan investments	\$ 2,494,468	\$ -
Changes in employer's proportion	\$ 1,088,173	\$ 193,558
Differences between the Employer's contributions and the Employer's proportionate share of contributions	\$ 312,325	\$ 34,000
Pension contribution subsequent to measurement date	\$ 1,599,871	
<b>Total</b>	<b>\$ 5,494,837</b>	<b>\$ 729,604</b>

The \$1,599,871 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<sup>th</sup>, 2018. 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
2018	\$ 666,096
2019	\$ 714,412
2020	\$ 1,137,653
2021	\$ 647,201
2022	\$ -
Thereafter	\$ -

**Actuarial Assumptions**

The total pension liabilities in the June 30<sup>th</sup>, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<b>Assumptions</b>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age & Service
Investment Rate of Return	7.65% net of pension plan investment and administrative expenses; includes inflation
Mortality	Derived using CalPERS membership data for all funds
Cost of Living Adjustment (COLA)	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

# TOWN OF TRUCKEE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### **NOTE 4: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

The underlying mortality assumptions and all other actuarial assumptions used in the June 30<sup>th</sup>, 2016 valuation were based on 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**

In 2014, CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014, the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is a mortality improvement to acknowledge the greater life expectancies we are seeing in our membership and expected continued improvements. The new actuarial assumptions are used in this valuation to set the FY 2016-17 required contributions for public agency employers. The increase in liability due to new actuarial assumptions is amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy.

For more details and additional rationale for the selection of the actuarial assumptions, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from January 2014 that can be found on the CalPERS website under: "Forms and Publications". Click on "View All" and search for Experience Study.

On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three year phase-in beginning with the June 30, 2016 actuarial valuations. The minimum employer contributions for Fiscal Year 2018-19 determined in this valuation were calculated using a discount rate of 7.375 percent. The projected employer contributions on Page 5 of the Section 1 reports are calculated assuming that the discount rate will be lowered to 7.25 percent next year and 7.00 percent the following year as adopted by the Board. The decision to reduce the discount rate was primarily based on reduced capital market assumptions provided by external investment consultants and CalPERS investment staff. The specific decision adopted by the Board reflected recommendations from CalPERS staff and additional input from employer and employee stakeholder groups. Based on the investment allocation adopted by the Board and capital market assumptions, the reduced discount rate assumption provides a more realistic assumption for the long term investment return of the fund.

Notwithstanding the Board's decision to phase into a 7.0 percent discount rate, subsequent analysis of the expected investment return of CalPERS assets or changes to the investment allocation may result in a change to this three year discount rate schedule. A comprehensive analysis of all actuarial assumptions and methods including the discount rate will be conducted by CalPERS in 2017.

#### **Allocation amongst Town Funds**

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

#### **Discount Rate**

The discount rate used to measure the total pension liability was 7.65% 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 the 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.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 4: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

In determining the long-term expected real rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employee's 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 the 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 below was adopted by the CalPERS Board effective July 1<sup>st</sup>, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+ (b)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	20%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
Total	100%		

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

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

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

The following presents the Town's proportionate share of the net pension liability for 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 the discount rate that is one percentage point lower or one percentage point higher than the current rate.

Net Pension Liability (Asset)	Discount Rate	Current Discount Rate	Discount Rate
	-1% (6.65%)	(7.65%)	+1% (8.65%)
Measurement Date		June 30, 2016	
Fiscal Year End		June 30, 2017	
Net Pension Liability	\$ 16,849,171	\$ 10,761,789	\$ 5,740,239

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 4: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

**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. Deferred Compensation 457 Plan

The Town maintains deferred compensation plans for its employees. These plans were created in accordance with the Internal Revenue Service's Code Section 457. They are available to all regular Town employees and permit 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 unforeseen emergency. The Town has no liability for losses for these plans but does have the duty of due care that would be required of an ordinary and prudent investor. The Town has not reflected these plan's assets or 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<sup>st</sup>, 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 45 retirees eligible to participate in the plan and 96 active employees who participate in the 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 year 2017, this amount is \$32 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 from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709

For the year ended June 30<sup>th</sup>, 2017, the Town's annual cost for the retiree healthcare plan was \$121,210. The Town's annual OPEB contributions to the plan and the net OPEB asset for the year ended June 30<sup>th</sup>, 2017 were as follows:

**Annual Required Contribution:**

Service Cost at year end	\$ 70,694
30-year amortization of funded liability	<u>50,516</u>
Total fiscal year required contribution	<u>121,210</u>
Employer contribution during fiscal year	119,096
Net OPEB asset July 1, 2016	3,707
Net OPEB asset, June 30, 2017	<u><u>\$ 1,593</u></u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 4: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

The Town's annual OPEB cost, the percentage of annual OPEB costs contributed to the health plan and the net OPEB asset for the last three fiscal years 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, 2015	(65,514)	68,689	105%	55,690
June 30, 2016	(121,909)	69,926	57%	3,707
June 30, 2017	(121,210)	119,096	98%	1,593

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 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% at 50 formula for sworn Police employees and a 2.7% at 55 formula for all other employees. The actuarial assumptions included a 6.0% interest rate if funded, and a 3.5% annual increase to the minimum Town contribution.

**NOTE 5: RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities to participate in the Public Agency Risk Sharing Authority of California (PARSAC) for general liability, vehicle liability, errors and omissions, 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 nine member executive committee consisting of representatives from 37 member entities. The Town pays an annual premium to PARSAC for its insurance coverage. The agreements with PARSAC provide that the risk pool will be self-sustaining through member premiums and will reinsure through commercial companies for excess coverage.

Complete audited financial statements for PARSAC can be obtained via mail at 1525 Response Road, Suite One, Sacramento, CA 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. Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

TOWN OF TRUCKEE, CALIFORNIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 6: OTHER INFORMATION**

A. Construction Commitments

The Town has signed agreements for \$27,423,725 in various construction projects that were not complete as of June 30<sup>th</sup>, 2017. Construction completed and paid subsequent to June 30<sup>th</sup>, 2017 on these projects was \$50,909. The Town has also signed agreements for construction projects subsequent to June 30<sup>th</sup>, 2017 in the amount of \$5,607,159 of which \$2,750,228 was constructed and paid by the date of the 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.

**NOTE 7: SUBSEQUENT EVENT**

On September 20, 2017 the Town issued lease revenue bank qualified refunding bonds in the amount of \$4,265,000 which, along with the issuance premium, was placed in an escrow account in anticipation of the retirement of the 2009 Lease Revenue Bonds which have been defeased to their December 1, 2019 redemption date. This advance refinancing, which will mature in 2039, is secured by the Town's Pubic Service Facility, and carry a total interest cost of 2.841%.

**NOTE 8: PRIOR PERIOD ADJUSTMENTS**

Total beginning government wide net position is being restated as follows:

<u>Government Wide</u>	<u>Description of Restatement</u>	<u>Amount</u>
<u>Governmental Activities</u>	Increase assets for contributed capital for roads accepted by the Town in October 2015	\$ 7,527,745
	Total Governmental Activities	<u>\$ 7,527,745</u>
<u>Business Type Activities</u>	Decrease prepaid asset to recognize purchase of transit vehicle in Fiscal Year 2015/2016.	\$ (63,177)
	Total Business Type Activities	<u>\$ (63,177)</u>
	<b>Total Government Wide Restatement</b>	<u><u>\$ 7,464,568</u></u>

**NOTE 9: FIDUCIARY FUND**

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 its component units were financial interdependent, hence the unit had been presented by blending with the primary government. The Agency was dissolved as of January 31<sup>st</sup>, 2012 and therefore is no longer reported as a component unit. 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 as of June 30<sup>th</sup>, 2017 are presented on the Agency's financial statements as follows:

Fiduciary Activities:	
Investments	<u>\$ 1,888,903</u>
Total Cash and Investments	<u><u>\$ 1,888,903</u></u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 9: FIDUCIARY FUND (CONTINUED)**

Total cash and investments as of June 30<sup>th</sup>, 2017 of the agency at fair value are comprised of the following:

Cash and Deposits:	
Deposits with fiscal agents	1,221,689
Total Cash and Deposits	<u>\$ 1,221,689</u>
Investments:	
In Town's pool	667,214
	<u>\$ 1,888,903</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 the \$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<sup>th</sup>, 2017, the agency had the following investments:

	<u>Maturities</u>			<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
	<u>0 - 1 year</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>		
<b>Investments in Investment Pool</b>					
Local Agency Investment Fund (LAIF)	667,214	-	-	667,214	-
Total Investments in Investment Pool	<u>\$ 667,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 667,214</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 there is until the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All investments of the Agency are invested in accordance with the investment policies of the Agency. Of the Agency's \$667,214 investment portfolio, 100% of the investments have a maturity of one year or less. The agency had no investments that were highly sensitive to interest rate fluctuations as of June 30<sup>th</sup>, 2017.

**Credit Risk**

Credit risk is 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 limits investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. The Agency does not have credit limits on U.S. Government securities or U.S. Government agency securities.

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 9: FIDUCIARY FUND (CONTINUED)**

<b>Investments at June 30, 2017</b>	<u>Standard &amp; Poor's</u>	<u>% of Portfolio</u>
LAIF	Unrated	<u>100.0%</u>
Total		<u><u>100.0%</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk of loss associated with holding investments that are not covered by depository insurance. 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 as of June 30<sup>th</sup>, 2017.

**Investment in Local Agency Investment Fund**

The Agency is a voluntary participant in California's 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 at amortized cost basis.

At June 30<sup>th</sup>, 2017, the Agency's investment position in LAIF was \$667,214. The total amount invested by all public agencies in LAIF on that day was \$77,616,683,602. Of that amount, 97.11% is invested in non-derivative financial products and 2.89% 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.

**C. Capital Assets**

Capital assets activity for the fiscal year ended June 30<sup>th</sup>, 2017 was as follows:

<b>Fiduciary Activities</b>	Balance July 1, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
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	(45,909)	(14,301)	-	-	(60,210)
Equipment	(107,383)	(34,395)	-	-	(141,778)
Total Accumulated Depreciation	<u>(153,292)</u>	<u>(48,696)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(201,988)</u>
Total Capital Assets, Being Depreciated, Net	<u>64,524</u>	<u>(48,696)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>15,828</u>
Fiduciary Activities Capital Assets, Net	<u>\$ 64,524</u>	<u>\$ (48,696)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,828</u>

TOWN OF TRUCKEE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017

**NOTE 9: FIDUCIARY FUND (CONTINUED)**

**Depreciation**

Depreciation expense was charged to the fiduciary fund as follows:

Redevelopment Successor Agency	\$ 48,696
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 fiscal year ended June 30<sup>th</sup>, 2017:

	Balance July 1, 2016	Additions/ Adjustments	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Tax Increment Revenue Bonds	\$ 12,570,000	\$ -	\$ (95,000)	\$ 12,475,000	\$ 115,000
Less: Unamortized Discount	<u>(44,039)</u>	-	1,861	<u>(42,178)</u>	<u>(1,861)</u>
Tax Increment Revenue Bonds, Net	12,525,961	-	(93,139)	12,432,822	113,139
Compensated Absences (Note 1N)	<u>30,885</u>	<u>12,494</u>	<u>(17,596)</u>	<u>25,783</u>	<u>12,929</u>
Total Fiduciary Activities - Long-term Liabilities	<u>\$ 12,556,846</u>	<u>\$ 12,494</u>	<u>\$ (110,735)</u>	<u>\$ 12,458,605</u>	<u>\$ 126,068</u>

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

As of June 30<sup>th</sup>, 2017 tax increment bonds consisted of the following:

	Fiduciary Activities
Tax Increment Bonds	
Tax increment Bonds Series 2010, dated February 9, 2010, in the amount of \$9,385,000 (Series 2010A) and \$3,355,000 (Series 2010B) for a total issue of \$12,740,000, payable in annual installments of \$40,000 to \$1,085,000. Series 2010A interest rate of 3.000% to 4.500% and maturity on September 1, 2034 and Series 2010B Recovery Zone Economic Development Bonds (Taxable) with an interest rate of 8.193% prior to the 45% United States Treasury subsidy (net interest rate of 4.51%).	\$ 12,475,000
Total Bonds	<u>\$ 12,475,000</u>

The annual aggregate maturities for years subsequent to June 30<sup>th</sup>, 2017 are as follows:

Tax Increment Bonds Year Ended June 30	Community Development Activities				
	Principal	Total Gross Interest	Less US Treasury Subsidy	Net Interest	Total Principal & Net Interest
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	\$ 210,000	\$ 708,719	\$ (123,694)	\$ 585,025	\$ 795,025
2023-2027	\$ 1,515,000	\$ 3,366,570	\$ (618,469)	\$ 2,748,100	\$ 4,263,100
2028-2032	\$ 2,500,000	\$ 2,876,401	\$ (618,469)	\$ 2,257,932	\$ 4,757,932
2033-2037	\$ 3,675,000	\$ 2,064,391	\$ (618,469)	\$ 1,445,922	\$ 5,120,922
2037-2041	\$ 3,980,000	\$ 667,936	\$ (293,012)	\$ 374,923	\$ 4,354,923
	<u>\$ 12,475,000</u>	<u>\$ 12,587,217</u>	<u>\$ (2,766,889)</u>	<u>\$ 9,820,328</u>	<u>\$ 22,295,328</u>

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**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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes and assessments	\$ 17,553,969	\$ 17,553,969	\$ 19,432,051	\$ 1,878,082
Licenses and permits	200,000	200,000	277,997	77,997
Fines and forfeitures	214,500	214,500	221,917	7,417
Use of money and property	108,285	108,285	103,321	(4,964)
Intergovernmental revenues	1,825,907	1,825,907	1,862,488	36,581
Charges for services	1,027,059	1,027,059	1,201,289	174,230
Other revenues	316,231	316,231	316,740	509
Total Revenues:	<u>21,245,951</u>	<u>21,245,951</u>	<u>23,415,803</u>	<u>2,169,852</u>
<b>Expenditures</b>				
Current:				
General Government	4,332,218	4,482,968	4,210,774	272,194
Public Safety	6,433,348	6,433,348	5,730,059	703,289
Public Works	7,120,001	7,360,001	6,313,818	1,046,183
Community Development	1,079,832	1,079,832	956,656	123,176
Facilities	1,280,966	1,280,966	1,183,377	97,589
Capital Outlay	403,705	406,605	5,693	400,912
Total Expenditures:	<u>20,650,070</u>	<u>21,043,720</u>	<u>18,400,377</u>	<u>2,643,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>595,881</u>	<u>202,231</u>	<u>5,015,426</u>	<u>(473,491)</u>
Other financing sources (uses):				
Transfers in	1,636,145	1,636,145	1,917,288	281,143
Transfers out	(11,936,865)	(11,936,865)	(8,525,696)	3,411,169
Total Other financing sources (uses):	<u>(10,300,720)</u>	<u>(10,300,720)</u>	<u>(6,608,408)</u>	<u>3,692,312</u>
Net Change in Fund Balances:	(9,704,839)	(10,098,489)	(1,592,982)	3,218,821
Fund Balances - Beginning	31,979,984	31,979,984	31,979,984	-
Fund Balances - Ending:	<u>\$ 22,275,145</u>	<u>\$ 21,881,495</u>	<u>\$ 30,387,002</u>	<u>\$ 3,218,821</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 R - MAJOR SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Taxes and assessments	\$ 1,111,500	\$ 1,111,500	\$ 1,149,527	\$ 38,027
Use of money and property	3,000	3,000	6,892	3,892
Total Revenues:	<u>1,114,500</u>	<u>1,114,500</u>	<u>1,156,419</u>	<u>41,919</u>
<b>Expenditures</b>				
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>1,114,500</u>	<u>1,114,500</u>	<u>1,156,419</u>	<u>41,919</u>
Other financing sources (uses):				
Transfers out	(565,392)	(565,392)	(361,778)	203,614
Total Other financing sources (uses):	<u>(565,392)</u>	<u>(565,392)</u>	<u>(361,778)</u>	<u>203,614</u>
Net Change in Fund Balances:	549,108	549,108	794,641	245,533
Fund Balances - Beginning	1,332,979	1,332,979	1,332,979	-
Fund Balances - Ending:	<u>\$ 1,882,087</u>	<u>\$ 1,882,087</u>	<u>\$ 2,127,620</u>	<u>\$ 245,533</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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Use of money and property	\$ 20,000	\$ 20,000	\$ 19,724	\$ (276)
Charges for services	805,000	805,000	830,733	25,733
Total Revenues:	<u>825,000</u>	<u>825,000</u>	<u>850,457</u>	<u>25,457</u>
<b>Expenditures</b>				
Current:				
Public Works	5,000	5,000	2,585	2,415
Total Expenditures:	<u>5,000</u>	<u>5,000</u>	<u>2,585</u>	<u>2,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>820,000</u>	<u>820,000</u>	<u>847,872</u>	<u>23,042</u>
Other financing sources (uses):				
Transfers out	(1,629,057)	(1,629,057)	(774,782)	854,275
Total Other financing sources (uses):	<u>(1,629,057)</u>	<u>(1,629,057)</u>	<u>(774,782)</u>	<u>854,275</u>
Net Change in Fund Balances:	(809,057)	(809,057)	73,090	877,317
Fund Balances - Beginning	6,803,490	6,803,490	6,803,490	-
Fund Balances - Ending:	<u>\$ 5,994,433</u>	<u>\$ 5,994,433</u>	<u>\$ 6,876,580</u>	<u>\$ 877,317</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 V - MAJOR SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Taxes and assessments	\$ 2,223,000	\$ 2,223,000	\$ 2,354,564	\$ 131,564
Use of money and property	15,000	15,000	19,733	4,733
Total Revenues:	<u>2,238,000</u>	<u>2,238,000</u>	<u>2,374,297</u>	<u>136,297</u>
<b>Expenditures</b>				
Current:				
Public Works	8,000	8,000	33,353	(25,353)
Total Expenditures:	<u>8,000</u>	<u>8,000</u>	<u>33,353</u>	<u>(25,353)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>2,230,000</u>	<u>2,230,000</u>	<u>2,340,944</u>	<u>161,650</u>
Other financing sources (uses):				
Transfers out	(4,458,740)	(4,458,740)	(3,462,828)	995,912
Total Other financing sources (uses):	<u>(4,458,740)</u>	<u>(4,458,740)</u>	<u>(3,462,828)</u>	<u>995,912</u>
Net Change in Fund Balances:	<u>(2,228,740)</u>	<u>(2,228,740)</u>	<u>(1,121,884)</u>	<u>1,157,562</u>
Fund Balances - Beginning	3,995,889	3,995,889	3,995,889	-
Fund Balances - Ending:	<u>\$ 1,767,149</u>	<u>\$ 1,767,149</u>	<u>\$ 2,874,005</u>	<u>\$ 1,157,562</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, 2017

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

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Taxes and assessments	\$ 769,000	\$ 769,000	\$ 772,299	\$ 3,299
Use of money and property	16,500	16,500	16,534	34
<b>Total Revenues:</b>	<u>785,500</u>	<u>785,500</u>	<u>788,833</u>	<u>3,333</u>
<b>Expenditures</b>				
Current:				
Public Works	7,900	7,900	17,073	(9,173)
<b>Total Expenditures:</b>	<u>7,900</u>	<u>7,900</u>	<u>17,073</u>	<u>(9,173)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>777,600</u>	<u>777,600</u>	<u>771,760</u>	<u>12,506</u>
Other financing sources (uses):				
Transfers out	(1,685,502)	(1,685,502)	(1,014,131)	671,371
<b>Total Other financing sources (uses):</b>	<u>(1,685,502)</u>	<u>(1,685,502)</u>	<u>(1,014,131)</u>	<u>671,371</u>
<b>Net Change in Fund Balances:</b>	<u>(907,902)</u>	<u>(907,902)</u>	<u>(242,371)</u>	<u>683,877</u>
Fund Balances - Beginning	5,480,710	5,480,710	5,480,710	-
<b>Fund Balances - Ending:</b>	<u>\$ 4,572,808</u>	<u>\$ 4,572,808</u>	<u>\$ 5,238,339</u>	<u>\$ 683,877</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, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Portion of the net pension liability	0.124370%	0.120798%	0.172250%
Proportionate share of the net pension liability	\$10,761,789	\$8,291,496	\$6,672,012
Covered - employee payroll	\$8,529,783	\$8,098,016	\$7,249,592
Proportionate share of the net pension liability as percentage of covered-employee payroll	126.17%	102.39%	92.03%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%

\*Fiscal Year 2015 was the 1st year of implementation, therefore only three 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, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$1,599,871	\$1,437,532	\$1,503,497
Contributions in relation to the actuarially determined contributions	\$1,599,871	\$1,437,532	\$1,503,497
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$8,988,575	\$8,529,783	\$8,098,016
Contributions as a percentage of covered employee payroll	17.80%	16.85%	18.57%

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, 2017

**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 year 2017.

**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, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 5,070,459	\$ 6,334,326	\$ 11,404,785
Cash with fiscal agent	324,357	-	324,357
Accounts receivable	25,646	-	25,646
Interest receivable	5,239	-	5,239
Taxes receivable	659	-	659
Due from other governments	25,000	-	25,000
Loans receivable	3,240,983	-	3,240,983
Total Assets:	<u>\$ 8,692,343</u>	<u>\$ 6,334,326</u>	<u>\$ 15,026,669</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
Liabilities:			
Accounts payable	632,868	59,079	691,947
Total Liabilities:	<u>632,868</u>	<u>59,079</u>	<u>691,947</u>
Deferred Inflows of Resources:			
Deferred inflows	3,261,288	-	3,261,288
Total Deferred Inflows of Resources:	<u>3,261,288</u>	<u>-</u>	<u>3,261,288</u>
Fund Balances:			
Restricted	4,672,856	-	4,672,856
Assigned	125,331	6,275,247	6,400,578
Total Fund Balances:	<u>4,798,187</u>	<u>6,275,247</u>	<u>11,073,434</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 8,692,343</u>	<u>\$ 6,334,326</u>	<u>\$ 15,026,669</u>

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes and assessments	\$ 1,808,306	\$ -	\$ 1,808,306
Fines and forfeitures	5,887	-	5,887
Use of money and property	85,982	-	85,982
Intergovernmental revenues	129,324	983,133	1,112,457
Charges for services	1,350,162	-	1,350,162
Other revenues	226,561	-	226,561
Total Revenues:	<u>3,606,222</u>	<u>983,133</u>	<u>4,589,355</u>
<b>Expenditures</b>			
Current:			
General Government	42,063	-	42,063
Public Safety	97,610	-	97,610
Public Works	54,188	-	54,188
Community Development	292,683	-	292,683
Capital Outlay	-	439,453	439,453
Total Expenditures:	<u>486,544</u>	<u>439,453</u>	<u>925,997</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>3,119,678</u>	<u>543,680</u>	<u>3,663,358</u>
Other financing sources (uses):			
Transfers in	384,955	-	384,955
Transfers out	(2,196,141)	-	(2,196,141)
Total Other financing sources (uses):	<u>(1,811,186)</u>	<u>-</u>	<u>(1,811,186)</u>
Net Change in Fund Balances:	1,308,492	543,680	1,852,172
Fund Balances - Beginning	3,489,695	5,731,567	9,221,262
Fund Balances - Ending:	<u>\$ 4,798,187</u>	<u>\$ 6,275,247</u>	<u>\$ 11,073,434</u>

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**NONMAJOR GOVERNMENTAL FUNDS**  
Special Revenue Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Abandoned Vehicle Abate Fund	Air Quality Mitigation Fund	Downtown In-Lieu Parking Fund	Town Housing Fund
<b>Assets</b>				
Cash and investments	\$ 27,291	\$ 230,694	\$ 86,802	\$ 91,109
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	17,295	-
Interest receivable	33	280	99	108
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	683,331
Total Assets:	<u>\$ 27,324</u>	<u>\$ 230,974</u>	<u>\$ 104,196</u>	<u>\$ 774,548</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	-	-	-	-
Total Liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	17,295	683,331
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>17,295</u>	<u>683,331</u>
Fund Balances:				
Restricted	27,324	230,974	86,901	91,217
Assigned	-	-	-	-
Total Fund Balances:	<u>27,324</u>	<u>230,974</u>	<u>86,901</u>	<u>91,217</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 27,324</u>	<u>\$ 230,974</u>	<u>\$ 104,196</u>	<u>\$ 774,548</u>

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Town Hall Bond Reserve Fund	PEG Fund	Infrastructure In- Lieu Fund	Brickelltown Maintenance District
<b>Assets</b>				
Cash and investments	\$ -	\$ 26,583	\$ 43,207	\$ 25,956
Cash with fiscal agent	324,357	-	-	-
Accounts receivable	-	5,341	-	-
Interest receivable	-	33	50	16
Taxes receivable	-	-	-	659
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
<b>Total Assets:</b>	<b>\$ 324,357</b>	<b>\$ 31,957</b>	<b>\$ 43,257</b>	<b>\$ 26,631</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund B</b>				
<b>Liabilities:</b>				
Accounts payable	-	-	-	-
<b>Total Liabilities:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows	-	-	-	-
<b>Total Deferred Inflows of Resources:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	324,357	31,957	43,257	26,631
Assigned	-	-	-	-
<b>Total Fund Balances:</b>	<b>324,357</b>	<b>31,957</b>	<b>43,257</b>	<b>26,631</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	<b>\$ 324,357</b>	<b>\$ 31,957</b>	<b>\$ 43,257</b>	<b>\$ 26,631</b>

Continued (Page 2 of 6)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Joerger Ranch Trail Maint Distct	COPS Fund	Gas Tax Fund	BEGIN Housing Reimb Grants
<b>Assets</b>				
Cash and investments	\$ 12,928	\$ 112,742	\$ -	\$ -
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	9	165	-	-
Taxes receivable	-	-	-	-
Due from other governments	-	25,000	-	-
Loans receivable	-	-	-	309,184
Total Assets:	<u>\$ 12,937</u>	<u>\$ 137,907</u>	<u>\$ -</u>	<u>\$ 309,184</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund B</b>				
Liabilities:				
Accounts payable	-	530	-	-
Total Liabilities:	<u>-</u>	<u>530</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	-	309,184
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,184</u>
Fund Balances:				
Restricted	12,937	137,377	-	-
Assigned	-	-	-	-
Total Fund Balances:	<u>12,937</u>	<u>137,377</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 12,937</u>	<u>\$ 137,907</u>	<u>\$ -</u>	<u>\$ 309,184</u>

Continued (Page 3 of 6)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	CDBG - Misc Income Fund	CDBG 01-STBG- 1614	CDBG 10-STBG- 6741	15-CDBG-10566
<b>Assets</b>				
Cash and investments	\$ 125,191	\$ -	\$ -	\$ 946
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	140	-	-	-
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	52,083	50,704	701,580	113,053
Total Assets:	<u>\$ 177,414</u>	<u>\$ 50,704</u>	<u>\$ 701,580</u>	<u>\$ 113,999</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund B</b>				
Liabilities:				
Accounts payable	-	-	-	946
Total Liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>946</u>
Deferred Inflows of Resources:				
Deferred inflows	52,083	50,704	701,580	113,053
Total Deferred Inflows of Resources:	<u>52,083</u>	<u>50,704</u>	<u>701,580</u>	<u>113,053</u>
Fund Balances:				
Restricted	-	-	-	-
Assigned	125,331	-	-	-
Total Fund Balances:	<u>125,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 177,414</u>	<u>\$ 50,704</u>	<u>\$ 701,580</u>	<u>\$ 113,999</u>

Continued (Page 4 of 6)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	Housing Assistance	Program Income	CalHome Grant	Impact Fees Miscellaneous
<b>Assets</b>				
Cash and investments	\$ 1,959,081	\$ 256,605	\$ -	\$ 1,363,287
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	3,010
Interest receivable	2,252	471	-	767
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	580,909	262,199	487,940	-
Total Assets:	<u>\$ 2,542,242</u>	<u>\$ 519,275</u>	<u>\$ 487,940</u>	<u>\$ 1,367,064</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund B</b>				
Liabilities:				
Accounts payable	39,038	1,203	-	-
Total Liabilities:	<u>39,038</u>	<u>1,203</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	580,909	262,199	487,940	3,010
Total Deferred Inflows of Resources:	<u>580,909</u>	<u>262,199</u>	<u>487,940</u>	<u>3,010</u>
Fund Balances:				
Restricted	1,922,295	255,873	-	1,364,054
Assigned	-	-	-	-
Total Fund Balances:	<u>1,922,295</u>	<u>255,873</u>	<u>-</u>	<u>1,364,054</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 2,542,242</u>	<u>\$ 519,275</u>	<u>\$ 487,940</u>	<u>\$ 1,367,064</u>

Continued (Page 5 of 6)

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2017

	<b>Asset Forfeiture Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>		
Cash and investments	\$ 708,037	\$ 5,070,459
Cash with fiscal agent	-	324,357
Accounts receivable	-	25,646
Interest receivable	816	5,239
Taxes receivable	-	659
Due from other governments	-	25,000
Loans receivable	-	3,240,983
Total Assets:	\$ 708,853	\$ 8,692,343
 <b>Liabilities, Deferred Inflows of Resources, and Fund B</b>		
Liabilities:		
Accounts payable	591,151	632,868
Total Liabilities:	591,151	632,868
 Deferred Inflows of Resources:		
Deferred inflows	-	3,261,288
Total Deferred Inflows of Resources:	-	3,261,288
 Fund Balances:		
Restricted	117,702	4,672,856
Assigned	-	125,331
Total Fund Balances:	117,702	4,798,187
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 708,853	\$ 8,692,343

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, 2017

	Abandoned Vechicle Abate Fund	Air Quality Mitigation Fund	Downtown In-Lieu Parking Fund	Town Housing Fund
<b>Revenues</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	225	1,882	665	7,814
Intergovernmental revenues	-	-	-	-
Charges for services	(24)	4,335	1,500	-
Other revenues	-	-	-	14,421
Total Revenues:	<u>201</u>	<u>6,217</u>	<u>2,165</u>	<u>22,235</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	-	-	-
Total Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>201</u>	<u>6,217</u>	<u>2,165</u>	<u>22,235</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(16,423)	-	-
Total Other financing sources (uses):	<u>-</u>	<u>(16,423)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances:	201	(10,206)	2,165	22,235
Fund Balances - Beginning	27,123	241,180	84,736	68,982
Fund Balances - Ending:	<u>\$ 27,324</u>	<u>\$ 230,974</u>	<u>\$ 86,901</u>	<u>\$ 91,217</u>

TOWN OF TRUCKEE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Town Hall Bond Reserve Fund	PEG Fund	Infrastructure In- Lieu Fund	Brickelltown Maintenance District
<b>Revenues</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 75,979
Fines and forfeitures	-	-	-	-
Use of money and property	1,620	203	315	114
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	24,536	-
Other revenues	-	16,950	-	-
Total Revenues:	1,620	17,153	24,851	76,093
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	53,984
Community Development	-	-	-	-
Total Expenditures:	-	-	-	53,984
Excess (Deficiency) of Revenues Over (Under) Expenditures:	1,620	17,153	24,851	22,109
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(727)	(5,506)	-	(5,000)
Total Other financing sources (uses):	(727)	(5,506)	-	(5,000)
Net Change in Fund Balances:	893	11,647	24,851	17,109
Fund Balances - Beginning	323,464	20,310	18,406	9,522
Fund Balances - Ending:	\$ 324,357	\$ 31,957	\$ 43,257	\$ 26,631

Continued (Page 2 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, 2017

	Joerger Ranch Trail Maint Distct	COPS Fund	Gas Tax Fund	BEGIN Housing Reimb Grants
<b>Revenues</b>				
Taxes and assessments	\$ 13,125	\$ -	\$ 1,719,202	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	16	919	-	7,407
Intergovernmental revenues	-	129,324	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	30,000
Total Revenues:	<u>13,141</u>	<u>130,243</u>	<u>1,719,202</u>	<u>37,407</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	85,660	-	-
Public Works	204	-	-	-
Community Development	-	-	-	-
Total Expenditures:	<u>204</u>	<u>85,660</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>12,937</u>	<u>44,583</u>	<u>1,719,202</u>	<u>37,407</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(40,000)	(1,719,202)	(37,407)
Total Other financing sources (uses):	<u>-</u>	<u>(40,000)</u>	<u>(1,719,202)</u>	<u>(37,407)</u>
Net Change in Fund Balances:	12,937	4,583	-	-
Fund Balances - Beginning	-	132,794	-	-
Fund Balances - Ending:	<u>\$ 12,937</u>	<u>\$ 137,377</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2017

	CDBG - Misc Income Fund	CDBG 01-STBG- 1614	CDBG 10-STBG- 6741	15-CDBG-10566
<b>Revenues</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	963	-	14,178	827
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	708	13,440	6,947
Total Revenues:	<u>963</u>	<u>708</u>	<u>27,618</u>	<u>7,774</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	-	-	142,018
Total Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,018</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	<u>963</u>	<u>708</u>	<u>27,618</u>	<u>(134,244)</u>
Other financing sources (uses):				
Transfers in	-	-	-	146,194
Transfers out	-	(708)	(27,618)	(7,774)
Total Other financing sources (uses):	<u>-</u>	<u>(708)</u>	<u>(27,618)</u>	<u>138,420</u>
Net Change in Fund Balances:	963	-	-	4,176
Fund Balances - Beginning	124,368	-	-	(4,176)
Fund Balances - Ending:	<u>\$ 125,331</u>	<u>\$ -</u>	<u>\$ -</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, 2017

	Housing Assistance	Program Income	CalHome Grant	Impact Fees Miscellaneous
<b>Revenues</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	25,361	3,562	5,107	9,079
Intergovernmental revenues	-	-	-	-
Charges for services	1,009,302	-	-	310,513
Other revenues	122,582	-	21,513	-
Total Revenues:	1,157,245	3,562	26,620	319,592
<b>Expenditures</b>				
Current:				
General Government	42,063	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	150,665	-	-
Total Expenditures:	42,063	150,665	-	-
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	1,115,182	(147,103)	26,620	319,592
Other financing sources (uses):				
Transfers in	138,634	100,127	-	-
Transfers out	(138,634)	(146,194)	(26,620)	(24,328)
Total Other financing sources (uses):	-	(46,067)	(26,620)	(24,328)
Net Change in Fund Balances:	1,115,182	(193,170)	-	295,264
Fund Balances - Beginning	807,113	449,043	-	1,068,790
Fund Balances - Ending:	\$ 1,922,295	\$ 255,873	\$ -	\$ 1,364,054

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, 2017

	Asset Forfeiture Fund	Total Nonmajor Special Revenue Funds
<b>Revenues</b>		
Taxes and assessments	\$ -	\$ 1,808,306
Fines and forfeitures	5,887	5,887
Use of money and property	5,725	85,982
Intergovernmental revenues	-	129,324
Charges for services	-	1,350,162
Other revenues	-	226,561
<b>Total Revenues:</b>	<u>11,612</u>	<u>3,606,222</u>
<b>Expenditures</b>		
Current:		
General Government	-	42,063
Public Safety	11,950	97,610
Public Works	-	54,188
Community Development	-	292,683
<b>Total Expenditures:</b>	<u>11,950</u>	<u>486,544</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(338)</u>	<u>3,119,678</u>
Other financing sources (uses):		
Transfers in	-	384,955
Transfers out	-	(2,196,141)
<b>Total Other financing sources (uses):</b>	<u>-</u>	<u>(1,811,186)</u>
<b>Net Change in Fund Balances:</b>	<u>(338)</u>	<u>1,308,492</u>
Fund Balances - Beginning	118,040	3,489,695
<b>Fund Balances - Ending:</b>	<u>\$ 117,702</u>	<u>\$ 4,798,187</u>

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**NONMAJOR GOVERNMENTAL FUNDS**  
Capital Projects Funds

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2017

	<b>Fleet Replacement Fund</b>
<b>Assets</b>	
Cash and investments	\$ 6,334,326
Total Assets:	\$ 6,334,326
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	
Liabilities:	
Accounts payable	59,079
Total Liabilities:	59,079
 Fund Balances:	
Assigned	6,275,247
Total Fund Balances:	6,275,247
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 6,334,326

TOWN OF TRUCKEE, CALIFORNIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	<b>Fleet Replacement Fund</b>
<b>Revenues</b>	
Intergovernmental revenues	\$ 983,133
Total Revenues:	983,133
 <b>Expenditures</b>	
Capital outlay:	
Capital Outlay	439,453
Total Expenditures:	439,453
Excess (Deficiency) of Revenues Over (Under)	
Expenditures:	543,680
Net Change in Fund Balances:	543,680
Fund Balances - Beginning	5,731,567
Fund Balances - Ending:	\$ 6,275,247

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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, California, as of and for the year ended June 30, 2017, 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 November 27, 2017.

**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.

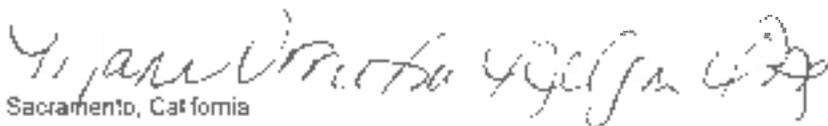
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

November 27, 2017

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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 *GMB 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, 2017. 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, 2017.

**Report on Internal Control over Compliance**

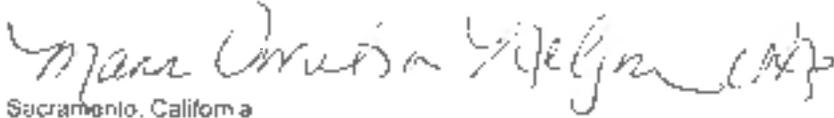
Management of the Town of Truckee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Truckee's internal control over compliance 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

November 27, 2017

**TOWN OF TRUCKEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<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>
<b>U.S Department of Housing and Urban Development</b>			
Home Investment Partnership Program	14.239	Beginning Loan Balance	\$ 11,581,702
Home Investment Partnership Program	14.239	Interest Income	364,216
Pass-Through State of California Department of Housing and Community Development:			
Community Development Block Grants	14.228	Beginning Loan Balance	818,015
Community Development Block Grants	14.228	New Loans	170,000
Community Development Block Grants	14.228	Interest Income	<u>508</u>
Total U.S. Department of Housing and Urban Development			<u>12,934,441</u>
<b>U.S. Department of Justice</b>			
Bulletproof Vest Partnership Program	16.607	2016BUBX16082263	<u>1,386</u>
Total U.S. Department of Justice			<u>1,386</u>
<b>U.S Department of Transportation</b>			
Highway Safety Improvement Program	20.205	HSIP-5473(019)	11,537
Active Transportation Program	20.205	ATPL-5473(020)	318,690
Formula Grants for Other than Urbanized Areas	20.509	64BO17-00435	87,097
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	64A016-00076	150,000
Rural Discretionary Capital Grants	20.526	64GC17-00227	108,793
National Infrastructure Investment	20.933	TIGER	75,000
Pass-Through State of California Department of Transportation			
Highway Planning and Construction	20.205	SHOPP	219,903
Highway Planning and Construction	20.205	STIP/RIP	<u>1,203,413</u>
Total U.S. Department of Transportation			<u>1,618,646</u>
<b>U.S Department of Health and Human Services</b>			
Grants for Support Services and Senior Centers	93.044	1418-07-03/04-16	<u>32,115</u>
Total U.S. Department of Health and Human Services			<u>32,115</u>

**TOWN OF TRUCKEE  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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
14.228	Community Development Block Grants	\$ 967,429
14.239	Home Investment Partnerships Program	<u>11,945,918</u>
	Total Loans Outstanding	<u>\$ 12,913,347</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, 2017.

**TOWN OF TRUCKEE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**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:	
Community Development Block Grants, 14.228	
Home Investment Partnerships Program, 14.239	
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, 2017**

There were no findings to report for the year ended June 30, 2016.