

TOWN OF TRUCKEE, CALIFORNIA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018



The photo on the cover is a screenshot from a video produced using drone equipment, commissioned by the Truckee Police Department for use in recruitment. The video depicts the original Truckee Donner Parks and Recreation Center building, located in historic Downtown Truckee.

TOWN OF TRUCKEE, CALIFORNIA
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2018
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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, 2018

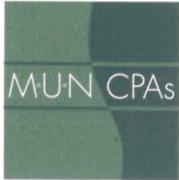
Name	Office
Carolyn Wallace Dee	Mayor
David Tirman	Vice Mayor
Jessica Abrams	Council Member
Patrick Flora	Council Member
Morgan Goodwin	Council Member

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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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MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Truckee's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Truckee, as of June 30, 2018, 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.

Change in Accounting Principle

As described in Note 1, Note 4 and Note 7 to the financial statements, in 2018, the Town adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension related schedules and OPEB related schedules as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Truckee's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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 29, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Truckee's 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 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018. 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 \$233.0 million. Of this amount, \$47.2 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 \$228.3 million. Of this balance, \$43.2 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 \$34.3 million. The non-spendable balance of \$0.4 million is for the Town's public works inventory on hand and prepaid assets at year-end. The restricted balance is \$0.1 million and represents the Town's share of self-insured retention for insurance. The assigned balance of \$19.2 million is designated for various contingencies, economic development projects and future capital needs. \$14.6 million is unassigned and available for spending at the Town Council's discretion.

Capital projects completed in fiscal 2018 included the Glenshire/Dorchester paving and widening, Brockway Road corridor improvement, and 2016 recessed striping projects. Additions to infrastructure projects still in construction at year end in fiscal 2018 were related to work performed on the Brickelltown streetscape improvement, envision Donner Pass Road western segment, Donner Pass Road pedestrian improvements, Donner Pass Road corridor improvement, and phase 4 of the Truckee River Trail.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. These statements include all activities of the Town of Truckee using the integrated approach as prescribed by Governmental Accounting Standards Board (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 for governmental funds 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, deferred outflows of resources, 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 current year revenues and expenses are taken into account regardless of when the related cash is received.

The Statement of Net Position presents information on all the Town's assets and deferred outflows of resources, as well as 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, 2018

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, solid waste removal service, building and safety, and transit services are included in business-type activities.

The government-wide financial statements can be found on pages 19, 20 and 21 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 38 and includes the assets and liabilities of the Truckee Redevelopment Successor Agency formed in accordance with State law requiring the dissolution of redevelopment agencies. The Statement of Revenues, Expenses and Changes in Net Position for the fiduciary fund is on page 39.

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, or other money. All the funds of the Town can be classified into three categories: governmental funds, proprietary funds, or fiduciary funds.

Governmental Funds. Governmental funds are essentially used to account for 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 fund financial statements 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 in the government-wide statements. 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 24-31.

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 statement business-type activities, only in more detail. The proprietary fund financial statements provide separate information for the Parking, Solid Waste, Building and Safety, and Transit divisions. The basic proprietary fund financial statements can be found on pages 32-37.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

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 38 and includes the assets and liabilities of the Truckee Redevelopment Successor Agency formed in accordance with State law requiring the dissolution of redevelopment agencies. The Statement of Revenues, Expenses and Changes in Net Position for the fiduciary fund is on page 39.

Notes to the Financial Statements. The notes to the financial statements 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 43-78.

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, 2018.

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

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2017	2018	2017	2018	2017	2018	
Current and other assets	\$ 80,506	\$ 87,385	\$ 3,811	\$ 5,167	\$ 84,317	\$ 92,552	9.8%
Capital assets	158,127	164,847	739	647	158,866	165,494	4.2%
Total assets	238,633	252,232	4,550	5,814	243,183	258,046	6.1%
Deferred outflows	5,238	5,492	257	287	5,495	5,779	5.2%
Total deferred outflows	5,238	5,492	257	287	5,495	5,779	5.2%
Current Liabilities	4,223	2,664	541	485	4,764	3,149	-33.9%
Net pension liability	10,201	12,021	561	700	10,762	12,721	18.2%
Net OPEB liability	-	489	-	58	-	547	
Long-term debt outstanding	9,817	13,914	73	96	9,890	14,010	41.7%
Total liabilities	24,241	29,088	1,175	1,339	25,416	30,427	19.7%
Deferred inflows	639	289	91	78	730	367	-49.7%
Total deferred inflows	639	289	91	78	730	367	-49.7%
Net position							
Invested in capital assets							
net of related debt	149,571	152,235	739	647	150,310	152,882	1.7%
Restricted	21,173	32,908	-	-	21,173	32,908	55.4%
Unrestricted	48,246	43,205	2,801	4,039	51,047	47,244	-7.4%
Total net position	\$ 218,990	\$ 228,348	\$ 3,540	\$ 4,686	\$ 222,530	\$ 233,034	4.7%

As of June 30, 2018, the Town's government-wide total assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$233.0 million. Governmental activities finished the year with a positive net position balance of \$228.3 million. Business-type activities finished the year with a positive balance of \$4.7 million. Net position as noted earlier may serve as a useful indicator of the Town's financial position if you look at the changes over time.

Of the total government-wide net position, \$152.9 million is the Town's investment in capital assets (e.g. land, buildings and improvements, and the road network) less any related debt used to acquire those assets that is still outstanding. Significant projects completed in fiscal 2018 included the Glenshire/Dorchester paving and widening, Brockway Road corridor improvement, and 2016 recessed striping 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, net pension liability related to the Town's pension plans and net other post-employment benefits (OPEB) liability related to the Town's other post-employment benefits (i.e. retiree health benefits). In addition, the Town issued "crossover" debt to refinance and refund the 2009 bonds. The proceeds were placed in an escrow account

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

and will be used to pay off the 2009 debt in late 2019. Both the escrow proceeds and the soon to be retired debt are included on the Town's balance sheet as of June 30, 2018.

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 60 for debt schedules and Note 4 on pages 63-72 for further discussion of the net pension liability and net OPEB liability.

Restricted net position amounts to \$32.9 million or 14.1% 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.

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 \$47.2 million or 20.3% of the total net position. Governmental activities account for \$43.2 million or 91.5% of the total unrestricted net position. Business-type activities account for \$4.0 million or 8.5% of the total. The Town can use unrestricted net position of the parking, solid waste, building & safety, and transit funds to finance their continuing operations.

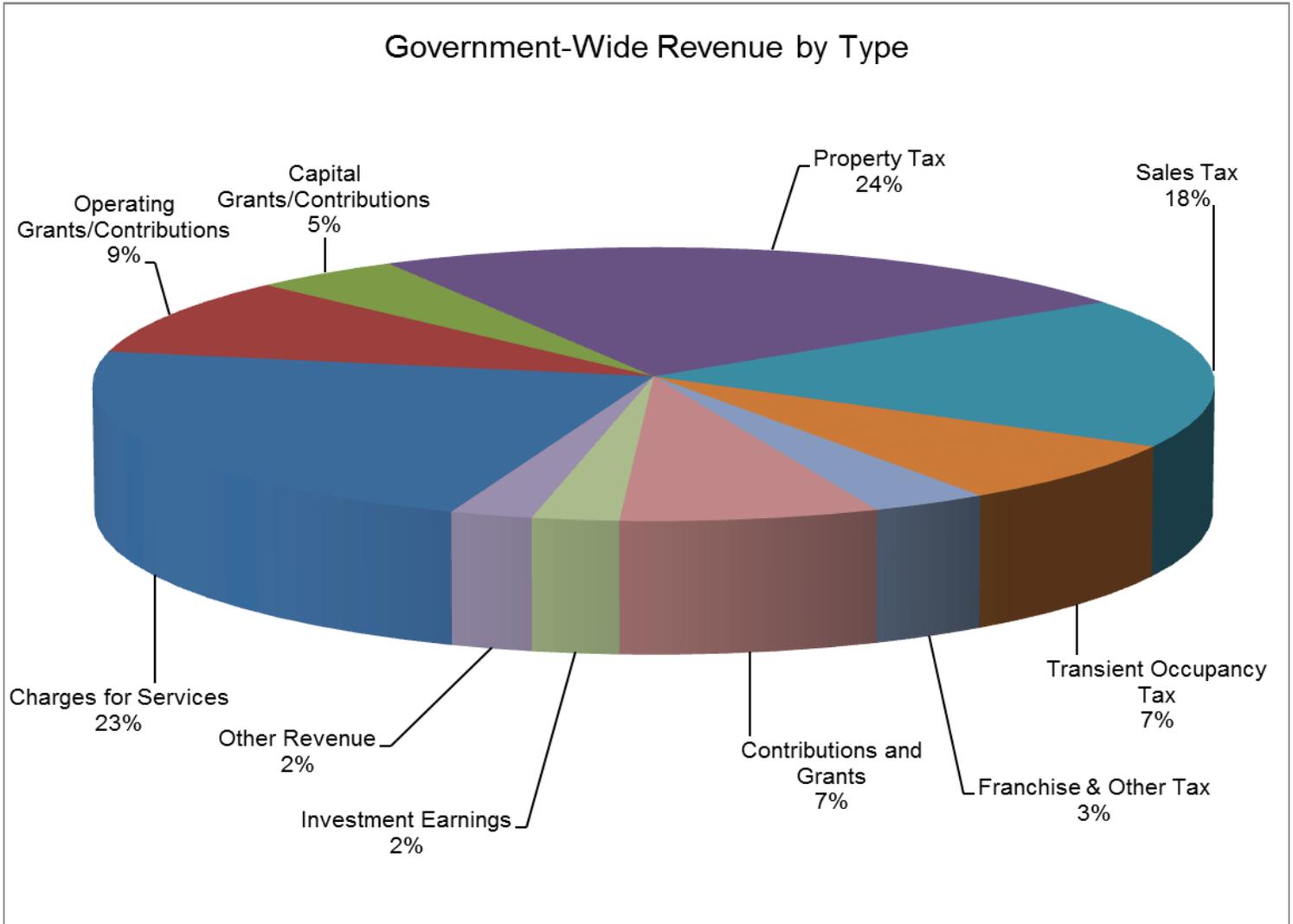
GOVERNMENTAL ACTIVITIES

The following lists key components of net position and highlights the changes between fiscal 2017 and fiscal 2018 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
	2017	2018	2017	2018	2017	2018	
Revenues							
<i>Program Revenues</i>							
Charges for services	\$ 4,772	\$ 3,984	\$ 5,868	\$ 6,438	\$ 10,640	\$ 10,422	-2%
Operating grants and contributions	2,235	3,273	895	1,052	3,130	4,325	38%
Capital grants and contributions	3,061	2,078	113	10	3,174	2,088	-34%
<i>General Revenues</i>							
Property taxes	10,546	11,078	-	-	10,546	11,078	5%
Sales taxes	7,449	8,291	-	-	7,449	8,291	11%
Transient occupancy tax	3,415	3,399	-	-	3,415	3,399	0%
Other taxes	1,404	1,498	-	-	1,404	1,498	7%
Grants and contributions unrestricted	1,552	1,642	-	-	1,552	1,642	6%
Contributed Capital	-	1,654	-	-	-	1,654	
Interest	700	1,072	17	34	717	1,106	54%
Other revenue	375	1,042	9	9	384	1,051	174%
Total revenues	\$ 35,509	\$ 39,011	\$ 6,902	\$ 7,543	\$ 42,411	\$ 46,554	

TOWN OF TRUCKEE, CALIFORNIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2018



Total governmental revenues for the year were \$39.0 million, an increase of \$3.5 million or 9.9% when compared to fiscal 2017. There was a prior period adjustment (see Note 7 for more information) to account for the recognition of a net OPEB liability as of June 30th, 2017, which increased fiscal 2017 governmental expenses by \$0.38 million. Revenues from charges for services decreased \$0.8 million or 16.5% when compared to fiscal 2017. This is related to the collection of a one-time \$1 million housing in-lieu payment in fiscal 2017 for future affordable housing efforts. In fiscal 2018, the Town received \$5.3 million in operating and capital grants and contributions, a net zero change from fiscal 2017.

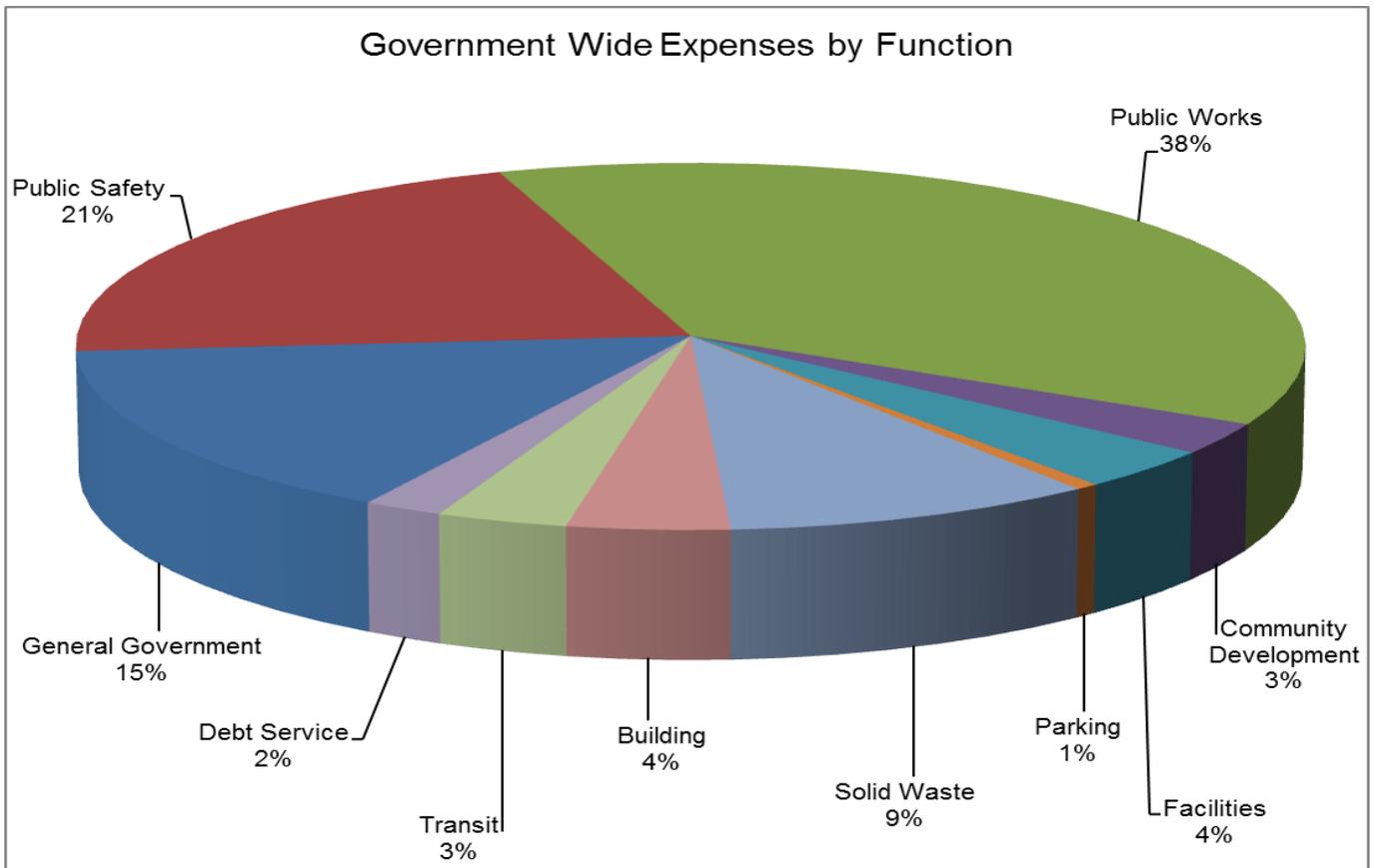
An overall tax revenue increase of \$1.5 million or 6.3% was driven by increased property tax and sales tax receipts. Property tax revenue, the Town's largest revenue source, was \$11.1 million compared to \$10.5 million in fiscal 2017. Sales taxes had an 11.3% increase compared with fiscal 2017. This increase was driven by building material sales. Weather conditions drastically shortened the construction season in fiscal 2017, whereas low snowfall in fiscal 2018 allowed for construction almost year-round. Additionally, there were continued increases in the state sales tax pool from online sales during fiscal 2018. Transient occupancy tax revenues decreased by 0.5%. There was a one-time spike in tax payments in fiscal 2017 due to \$0.2 million in back taxes collected as part of the Town's increased compliance and monitoring efforts.

TOWN OF TRUCKEE, CALIFORNIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2018

Taxes, which include property, sales, and other taxes account for \$24.3 million or 52.1% of the Town's governmental activity revenue. Without capital grants, taxes would be 54.6% of the Town's governmental activities revenue. Interest income increased by \$0.4 million or 53% when compared to 2017 reflecting an increase in the net return on some of the Town's investments.

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

	Governmental Activities		Business-type Activities		Total Activities		Total Percentage Change
	2017	2018	2017	2018	2017	2018	
Expenses							
General government	\$ 4,975	\$ 5,418	\$ -	\$ -	\$ 4,975	\$ 5,418	9%
Public safety	5,665	7,397	-	-	5,665	7,397	31%
Public works	12,342	13,444	-	-	12,342	13,444	9%
Community development	848	976	-	-	848	976	15%
Facilities	1,183	1,269	-	-	1,183	1,269	7%
Debt issuance costs	-	184	-	-	-	184	100%
Interest on long-term debt	430	517	-	-	430	517	20%
Parking	-	-	532	558	532	558	5%
Solid Waste	-	-	3,233	3,283	3,233	3,283	2%
Building & Safety	-	-	1,164	1,431	1,164	1,431	23%
Transit	-	-	1,029	1,155	1,029	1,155	12%
Total expenses	25,443	29,205	5,958	6,427	31,401	35,632	13%
Excess (deficiency) before transfers	10,066	9,806	944	1,116	11,010	10,922	
Transfers	162	(75)	(162)	75	-	-	
Extraordinary Items	-	-	-	-	-	-	
Increase (decrease) in net position	\$ 10,228	\$ 9,731	\$ 782	\$ 1,191	\$ 11,010	\$ 10,922	



TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

Total governmental expenses for the fiscal year were \$29.2 million as compared to \$25.4 million in fiscal 2017, a 15% increase. The most significant changes from fiscal 2017 were higher public safety and public works costs. The change in public safety expenses is primarily due to a \$1.3 million increase pension expense related to GASB 68. The change in public works expense is primarily due to \$1.4 million increase in depreciation expense for assets capitalized to public works in fiscal 2017.

BUSINESS-TYPE ACTIVITIES

Business-type activities account for a total increase in net position of \$1.2 million to a net position of \$4.7 million or 2.0% of the total government-wide net position. The increase in net position is the result of a 9.7% increase in charges for services and 17.5% increase in operating grants and contributions 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 \$0.45 million and the fund built on the positive net position, initially established in 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 \$67.3 million. Of the Town's governmental funds all but one fund ended the year with a positive fund balance. The negative balance was in the 15-CDBG-10566 fund, a non-major special revenue fund, and was due to uncollected grant revenues for grant expenditures during the fiscal year (see Note 2 A on page 55 for more information). Of the total fund balance, \$14.6 million or 21.6% is unassigned, which is available for spending at the Town's discretion. See Note 1 Q on pages 50 and 51 for a more in-depth discussion of the fund balance designations.

The general fund is the chief operating fund of the Town. As of June 30th, 2018 the total fund balance of the general fund was \$34.3 million with \$0.4 million in non-spendable, \$0.1 restricted for self-insurance, and \$19.2 million in assigned funds for contingencies, long-term road maintenance, economic development, facilities construction, and capital projects. The \$14.6 million in unassigned fund balance is available for other Council priorities.

Total governmental revenues, excluding other financing sources/uses, were more than expenditures by \$4.9 million. Higher tax revenues and lower governmental expenditures than the prior year are the primary drivers of this result.

Proprietary Funds: The Town's parking, solid waste, and building and safety funds ended the year with positive unrestricted net position. The transit fund had a negative unrestricted net position of \$0.06 million which is related to the initial recognition (as a prior period adjustment) of a net pension liability in fiscal 2015 that was not funded in that year.

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 during fiscal 2012.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund Budgetary Comparison Schedule is shown on page 81. There were no changes to the original budget.

Total actual revenues of \$25.1 million were \$2.1 million higher than budgeted revenues. Taxes and assessments, use of money and property, intergovernmental revenues, charges for services and other revenues all exceeded budgeted revenues. Property tax, sales tax, and transient occupancy tax revenues were over budget by a total of \$1.3 million.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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-wide investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$152.9 million (net of depreciation and related debt). This investment in capital assets includes land, buildings and improvements, equipment, and the road network.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2017	2018	2017	2018	2017	2018	
Land	\$ 7,165	\$ 7,165	\$ -	\$ -	\$ 7,165	\$ 7,165	0.0%
Right of Way	51,261	52,498	-	-	51,261	52,498	2.4%
Construction in Progress	11,645	11,857	-	-	11,645	11,857	1.8%
Buildings & Improvements	24,412	25,269	214	196	24,626	25,465	3.4%
Equipment	7,015	9,054	524	451	7,539	9,505	26.1%
Infrastructure	56,628	59,004	-	-	56,628	59,004	4.2%
TOTALS	\$ 158,126	\$ 164,847	\$ 738	\$ 647	\$ 158,864	\$ 165,494	

Capital projects completed in fiscal 2018 included the Glenshire/Dorchester paving and widening, Brockway Road corridor improvement, and 2016 recessed striping projects. Additions to infrastructure projects still in construction at year end in fiscal 2018 were related to work performed on the Brickelltown streetscape improvement, envision Donner Pass Road western segment, Donner Pass Road pedestrian improvements, Donner Pass Road Corridor Improvement, and phase 4 of the Truckee River Trail.

Additional information on the Town's capital assets can be found in Note 3 C on pages 59 and 60.

Long-term Liabilities. The Town's long-term liabilities as of June 30, 2018 was \$13.9 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. The Town issued "crossover" debt to refinance and refund the 2009 bonds. The proceeds were placed in escrow and will be used to pay off the 2009 debt in late 2019. Both the escrow proceeds and the soon to be retired debt are included on the Town's balance sheet as of June 30, 2018. Additional information on the Town's long-term debt, including business-type activities debt, can be found in Note 3 D on pages 60 and 61.

General obligation debts are direct obligations of the Town and are backed by the full faith and credit of the Town requiring voter approval, and may have a tax rate set to cover repayment. State statues limit the amount of general obligation debt to 15% of the Town's total assessed valuation which was \$6.3 billion in fiscal 2018. The Town of Truckee's debt limit is \$942 million. The Town does not currently have any general obligation debt outstanding.

The Town recognized an increase in the net pension liabilities in the amount of \$2.0 million, ending with a total balance of \$12.7 million in accordance with GASBs 68. The Town recognized a net OPEB liability in the amount of \$0.55 million, in accordance with GASB 75. This is the first year of implementation for GASB 75. See Note 4 on pages 63-72 for additional details.

TOWN OF TRUCKEE, CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The Town continues to experience moderate residential growth. Fiscal 2018 growth increased over fiscal 2017 and the revenue budget for fiscal 2019 included continued growth in some categories. During the budget process for fiscal 2019 it was estimated that 95 new single-family units would be constructed within the Town, compared with 93 budgeted units in fiscal 2018. Although new single family residences permits issued decreased in fiscal 2018 (82) when compared to fiscal 2017 (96), total permits issued increased 13% in fiscal 2018 compared to fiscal 2017. There was a 23% increase in permits issued for residential remodels and residential additions between fiscal 2018 and fiscal 2017.

Commercial growth is expected to be higher in fiscal 2019 than in previous years. As of November 2018 and the publishing of this report, 11 commercial building permits had been issued compared to 9 permits issued during the whole of fiscal 2018.

General Fund expenditures for fiscal 2019, excluding debt service, overlay reserve and capital expenditures, were projected to increase approximately 4.4% when compared with fiscal 2018 budgeted expenditures. Personnel costs were projected to increase 6.1% for fiscal 2019. This budgeted increase incorporates the provisions of new Memorandums of Understanding with two employee groups and accounts for increasing California Public Employee's Retirement System (CalPERS) retirement costs along and 2.5 additional full-time equivalent positions. The fiscal 2019 budget also includes a 1.5% compensation increase, an increase in deferred compensation contributions by the Town, and 5% pay for performance increase per employee. Overall service and supply costs are budgeted to increase .45% from the fiscal 2018 budget.

Property tax, the Town's largest revenue source, is expected to grow by 6.4% from the fiscal 2018 budget. This is primarily related to the steady pace of new construction noted above, along with continuing recovery of previously reduced recessionary property values.

Transient occupancy tax, the Town's third largest revenue source, which represents 10% of revenues collected for hotel or home stays for 30 days or less, continues to be strong. The fiscal 2019 collections continue a six-year trend of increases. The revenue is projected to be 14.8% more than what was budgeted in fiscal 2018, recognizing the continued increase in the use of on-line rental opportunities for single family homeowners.

The Town's general fund is budgeted to contribute approximately \$5.5 million to the Town's capital programs, as well as an increased (from \$1.2 million in fiscal 2018) annual contribution of \$1.25 million to the road maintenance reserve. \$1.5 million of previously contributed amounts has been reallocated for Town housing and streetscape improvements from other purposes. The fiscal 2019 budget includes \$15.9 million in assigned fund balance, of which \$6.6 million (equal to 25% of revenues) of general fund balance is to be assigned for contingencies, \$3.7 million for long-term road maintenance program, and \$2.0 million for streetscape projects. As part of this balance, \$1.7 million was also assigned for future housing projects.

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 of 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 2018 were \$1.2 million and budgeted collections for fiscal 2019 are projected to be 3.58% higher than 2018.

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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 61,982,672	\$ 4,469,767	\$ 66,452,439
Cash with fiscal agent	4,411,817	-	4,411,817
Accounts receivable	282,751	54,357	337,108
Interest receivable	346,426	11,289	357,715
Taxes receivable	2,487,095	175,398	2,662,493
Due from other governments	242,692	448,005	690,697
Inventories	336,439	-	336,439
Prepaid costs and deposits	84,640	8,215	92,855
Loans receivable (net of allowance)	17,208,224	-	17,208,224
Capital assets:			
Nondepreciable assets	71,520,356	-	71,520,356
Depreciable assets, net of depreciation	93,326,986	647,393	93,974,379
Total Assets:	252,230,098	5,814,424	258,044,522
Deferred Outflows of Resources			
Deferred outflows	5,492,388	287,444	5,779,832
Total Deferred Outflows of Resources:	5,492,388	287,444	5,779,832
Liabilities			
Accounts payable	1,666,285	159,834	1,826,119
Salaries and benefits payable	679,144	-	679,144
Deposits payable	165,844	9,988	175,832
Interest payable	40,179	-	40,179
Unearned revenue	110,321	314,802	425,123
Net pension liability	12,020,837	699,637	12,720,474
Net OPEB liability	489,918	57,697	547,615
Long-term liabilities:			
Due within one year	501,009	21,775	522,784
Due in more than one year	13,412,589	73,888	13,486,477
Total Liabilities:	29,086,126	1,337,621	30,423,747
Deferred Inflows of Resources			
Deferred inflows	288,886	77,576	366,462
Total Deferred Inflows of Resources:	288,886	77,576	366,462
Net Position			
Net investment in capital assets	152,234,960	647,393	152,882,353
Restricted for:			
Capital projects	5,040,285	-	5,040,285
Debt Service	4,483,759	-	4,483,759
Grants, taxes, and fees	23,383,892	-	23,383,892
Unrestricted	43,204,578	4,039,278	47,243,856
Total Net Position:	\$ 228,347,474	\$ 4,686,671	\$ 233,034,145

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, 2018

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government	\$ 5,417,395	\$ 474,962	\$ 189,279	\$ -
Public Safety	7,396,552	469,477	318,130	-
Public Works	13,444,494	2,776,707	2,765,806	2,077,820
Community Development	976,230	263,166	-	-
Facilities	1,268,649	-	-	-
Debt Service	183,814	-	-	-
Interest	517,411	-	-	-
Total Governmental Activities:	<u>29,204,545</u>	<u>3,984,312</u>	<u>3,273,215</u>	<u>2,077,820</u>
Business-Type Activities:				
Parking	557,586	921,623	-	-
Transit	1,154,597	116,030	910,951	9,724
Solid Waste	3,283,408	3,523,045	141,471	-
Building	1,430,327	1,877,151	-	-
Total Business-Type Activities:	<u>6,425,918</u>	<u>6,437,849</u>	<u>1,052,422</u>	<u>9,724</u>
Total Primary Government:	<u>\$ 35,630,463</u>	<u>\$ 10,422,161</u>	<u>\$ 4,325,637</u>	<u>\$ 2,087,544</u>

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Primary Government			
Governmental Activities:			
General Government	\$ (4,753,154)	\$ -	\$ (4,753,154)
Public Safety	(6,608,945)	-	(6,608,945)
Public Works	(5,824,161)	-	(5,824,161)
Community Development	(713,064)	-	(713,064)
Facilities	(1,268,649)	-	(1,268,649)
Debt Service	(183,814)	-	(183,814)
Interest	(517,411)	-	(517,411)
Total Governmental Activities:	<u>(19,869,198)</u>	<u>-</u>	<u>(19,869,198)</u>
Business-Type Activities:			
Parking	-	364,037	364,037
Transit	-	(117,892)	(117,892)
Solid Waste	-	381,108	381,108
Building	-	446,824	446,824
Total Business-Type Activities:	<u>-</u>	<u>1,074,077</u>	<u>1,074,077</u>
Total Primary Government:	<u>(19,869,198)</u>	<u>1,074,077</u>	<u>(18,795,121)</u>
Taxes:			
Property taxes	11,077,985	-	11,077,985
Sales and use taxes	8,291,007	-	8,291,007
Transient occupancy taxes	3,399,229	-	3,399,229
Property transfer taxes	305,873	-	305,873
Franchise taxes	1,192,065	-	1,192,065
Grants and contributions - unrestricted	1,642,396	-	1,642,396
Interest and investment earnings	1,072,770	33,550	1,106,320
Contributed Capital	1,653,967	-	1,653,967
Miscellaneous	1,041,929	8,519	1,050,448
Transfers	(74,702)	74,702	-
Total General Revenues, Special Items and Transfers:	<u>29,602,519</u>	<u>116,771</u>	<u>29,719,290</u>
Change in Net Position:	9,733,321	1,190,848	10,924,169
Net Position - Beginning, as previously reported	218,990,724	3,539,984	222,530,708
Prior Period Adjustment (Note 7)	(376,571)	(44,161)	(420,732)
Net Position - Beginning	<u>218,614,153</u>	<u>3,495,823</u>	<u>222,109,976</u>
Net Position - Ending:	<u>\$ 228,347,474</u>	<u>\$ 4,686,671</u>	<u>\$ 233,034,145</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, 2018

	General Fund	Capital Projects Fund	Town Hall Bond Reserve Fund	Measure R Trails Fund
Assets				
Cash and investments	\$ 32,810,579	\$ 1,980,081	\$ -	\$ 2,915,528
Cash with fiscal agent	-	-	4,411,817	-
Accounts receivable	234,365	27,495	-	-
Interest receivable	203,113	-	71,943	8,234
Taxes receivable	1,912,445	-	-	173,439
Due from other funds	2,285	-	-	-
Due from other governments	164,770	18,629	-	-
Inventories	336,439	-	-	-
Prepaid costs and deposits	84,640	-	-	-
Loans receivable	1,878,067	-	-	-
Total Assets:	<u>\$ 37,626,703</u>	<u>\$ 2,026,205</u>	<u>\$ 4,483,760</u>	<u>\$ 3,097,201</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	362,887	1,278,750	-	-
Salaries and benefits payable	679,144	-	-	-
Deposits payable	136,902	28,942	-	-
Due to other funds	-	-	-	-
Unearned revenue	18,042	92,279	-	-
Total Liabilities:	<u>1,196,975</u>	<u>1,399,971</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	2,093,612	30,989	-	-
Total Deferred Inflows of Resources:	<u>2,093,612</u>	<u>30,989</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	421,079	-	-	-
Restricted	105,000	595,245	4,483,760	3,097,201
Assigned	19,248,909	-	-	-
Unassigned	14,561,128	-	-	-
Total Fund Balances:	<u>34,336,116</u>	<u>595,245</u>	<u>4,483,760</u>	<u>3,097,201</u>
Total Liabilities and Fund Balances:	<u>\$ 37,626,703</u>	<u>\$ 2,026,205</u>	<u>\$ 4,483,760</u>	<u>\$ 3,097,201</u>

TOWN OF TRUCKEE, CALIFORNIA

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	Traffic Impact Fees Fund	Debt Service Fund	Measure V Road Maintenance Fund	HOME Grant Fund
Assets				
Cash and investments	\$ 6,038,377	\$ -	\$ 2,280,438	\$ -
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	20,850	-	12,768	-
Taxes receivable	-	-	359,388	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Prepaid costs and deposits	-	-	-	-
Loans receivable	-	-	-	12,319,143
Total Assets:	<u>\$ 6,059,227</u>	<u>\$ -</u>	<u>\$ 2,652,594</u>	<u>\$ 12,319,143</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	490	-	293	-
Salaries and benefits payable	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities:	<u>490</u>	<u>-</u>	<u>293</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	-	12,319,143
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,319,143</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	6,058,737	-	2,652,301	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances:	<u>6,058,737</u>	<u>-</u>	<u>2,652,301</u>	<u>-</u>
Total Liabilities and Fund Balances:	<u>\$ 6,059,227</u>	<u>\$ -</u>	<u>\$ 2,652,594</u>	<u>\$ 12,319,143</u>

Continued (Page 2 of 3)

TOWN OF TRUCKEE, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Town Special Service Areas Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and investments	\$ 5,836,528	\$ 10,121,141	\$ 61,982,672
Cash with fiscal agent	-	-	4,411,817
Accounts receivable	-	20,891	282,751
Interest receivable	15,556	13,962	346,426
Taxes receivable	39,112	2,711	2,487,095
Due from other funds	-	-	2,285
Due from other governments	-	59,293	242,692
Inventories	-	-	336,439
Prepaid costs and deposits	-	-	84,640
Loans receivable	-	3,011,014	17,208,224
Total Assets:	<u>\$ 5,891,196</u>	<u>\$ 13,229,012</u>	<u>\$ 87,385,041</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	351	23,514	1,666,285
Salaries and benefits payable	-	-	679,144
Deposits payable	-	-	165,844
Due to other funds	-	2,285	2,285
Unearned revenue	-	-	110,321
Total Liabilities:	<u>351</u>	<u>25,799</u>	<u>2,623,879</u>
Deferred Inflows of Resources:			
Deferred inflows	-	3,051,434	17,495,178
Total Deferred Inflows of Resources:	<u>-</u>	<u>3,051,434</u>	<u>17,495,178</u>
Fund Balances:			
Nonspendable	-	-	421,079
Restricted	5,890,845	4,984,562	27,867,651
Assigned	-	5,167,217	24,416,126
Unassigned	-	-	14,561,128
Total Fund Balances:	<u>5,890,845</u>	<u>10,151,779</u>	<u>67,265,984</u>
Total Liabilities and Fund Balances:	<u>\$ 5,891,196</u>	<u>\$ 13,229,012</u>	<u>\$ 87,385,041</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, 2018

Total Governmental Fund Balances	\$	67,265,984
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets (\$223,610,390), net of accumulated depreciation (\$58,763,048), used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		164,847,342
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 fund financial statements.		(13,953,777)
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 fund financial statements.		
Net pension liability		(12,020,837)
Deferred outflows, related to pension expense		5,358,421
Deferred inflows, related to pension expense		(288,886)
Long-term OPEB liability, which is based on GASB 75 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental fund financial statements.		
Net OPEB liability		(489,918)
Deferred outflows, related to OPEB expense		133,967
Adjustment to deferred inflows of resources for grant receivables, long-term loan payments, accrued interest, and new loans.		17,495,178
Net Position of Governmental Activities	\$	<u>228,347,474</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, 2018

	General Fund	Capital Projects Fund	Town Hall Bond Reserve Fund	Measure R Trails Fund
Revenues				
Taxes and assessments	\$ 20,317,704	\$ -	\$ -	\$ 1,251,682
Licenses and permits	274,295	-	-	-
Fines and forfeitures	191,860	-	-	-
Use of money and property	319,897	-	47,160	15,128
Intergovernmental revenues	2,016,552	2,676,275	-	-
Charges for services	1,300,113	-	-	-
Other revenues	636,242	120,233	-	-
Total Revenues:	<u>25,056,663</u>	<u>2,796,508</u>	<u>47,160</u>	<u>1,266,810</u>
Expenditures				
Current:				
General Government	4,387,704	419,724	-	-
Public Safety	6,163,617	-	-	-
Public Works	6,024,358	865,039	-	-
Community Development	926,727	-	-	-
Facilities	1,235,254	-	-	-
Capital Outlay	8,065	9,657,807	-	-
Debt service:				
Cost of Issuance	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures:	<u>18,745,725</u>	<u>10,942,570</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>6,310,938</u>	<u>(8,146,062)</u>	<u>47,160</u>	<u>1,266,810</u>
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Transfers in	2,369,812	9,462,416	4,312,667	-
Transfers out	(4,731,636)	-	(200,424)	(297,229)
Total Other financing sources (uses):	<u>(2,361,824)</u>	<u>9,462,416</u>	<u>4,112,243</u>	<u>(297,229)</u>
Net Change in Fund Balances:	3,949,114	1,316,354	4,159,403	969,581
Fund Balances - Beginning	30,387,002	(721,109)	324,357	2,127,620
Fund Balances - Ending:	<u>\$ 34,336,116</u>	<u>\$ 595,245</u>	<u>\$ 4,483,760</u>	<u>\$ 3,097,201</u>

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Traffic Impact Fees Fund	Debt Service Fund	Measure V Road Maintenance Fund	HOME Grant Fund
Revenues				
Taxes and assessments	\$ -	\$ -	\$ 2,548,299	\$ -
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	47,645	-	20,286	-
Intergovernmental revenues	-	-	-	-
Charges for services	832,880	-	-	-
Other revenues	393,731	86,009	-	-
Total Revenues:	<u>1,274,256</u>	<u>86,009</u>	<u>2,568,585</u>	<u>-</u>
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	8,474	-	19,472	-
Community Development	-	-	-	-
Facilities	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Cost of Issuance	-	183,814	-	-
Principal	-	436,000	-	-
Interest	-	517,411	-	-
Total Expenditures:	<u>8,474</u>	<u>1,137,225</u>	<u>19,472</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>1,265,782</u>	<u>(1,051,216)</u>	<u>2,549,113</u>	<u>-</u>
Other financing sources (uses):				
Issuance of debt	-	4,498,662	-	-
Transfers in	-	953,411	-	-
Transfers out	(2,083,625)	(4,400,857)	(2,770,817)	-
Total Other financing sources (uses):	<u>(2,083,625)</u>	<u>1,051,216</u>	<u>(2,770,817)</u>	<u>-</u>
Net Change in Fund Balances:	(817,843)	-	(221,704)	-
Fund Balances - Beginning	6,876,580	-	2,874,005	-
Fund Balances - Ending:	<u>\$ 6,058,737</u>	<u>\$ -</u>	<u>\$ 2,652,301</u>	<u>\$ -</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, 2018

	Town Special Service Areas Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes and assessments	\$ 774,447	\$ 2,325,039	\$ 27,217,171
Licenses and permits	-	-	274,295
Fines and forfeitures	-	99,306	291,166
Use of money and property	39,405	126,656	616,177
Intergovernmental revenues	-	1,189,898	5,882,725
Charges for services	-	454,368	2,587,361
Other revenues	-	282,199	1,518,414
Total Revenues:	<u>813,852</u>	<u>4,477,466</u>	<u>38,387,309</u>
Expenditures			
Current:			
General Government	-	30,750	4,838,178
Public Safety	-	108,810	6,272,427
Public Works	11,385	35,658	6,964,386
Community Development	-	36,784	963,511
Facilities	-	-	1,235,254
Capital Outlay	-	2,324,301	11,990,173
Debt service:			
Cost of Issuance	-	-	183,814
Principal	-	-	436,000
Interest	-	-	517,411
Total Expenditures:	<u>11,385</u>	<u>2,536,303</u>	<u>33,401,154</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>802,467</u>	<u>1,941,163</u>	<u>4,986,155</u>
Other financing sources (uses):			
Issuance of debt	-	-	4,498,662
Transfers in	-	194,107	17,292,413
Transfers out	(149,961)	(2,732,568)	(17,367,117)
Total Other financing sources (uses):	<u>(149,961)</u>	<u>(2,538,461)</u>	<u>4,423,958</u>
Net Change in Fund Balances:	652,506	(597,298)	9,410,113
Fund Balances - Beginning	5,238,339	10,749,077	57,855,871
Fund Balances - Ending:	<u>\$ 5,890,845</u>	<u>\$ 10,151,779</u>	<u>\$ 67,265,984</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 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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ 9,410,113
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 (\$11,990,173) exceeded depreciation expense (\$6,908,737) in the current period.	5,081,436
Governmental funds do not report infrastructure additions for contributed capital. This is the amount of contributed capital reported as an asset and revenue in the government-wide financial statements.	1,653,967
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. The additional net effect of various transactions involving capital assets (i.e. sales) is a decrease to net position.	(14,872)
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 fund financial statements (\$167,302). Some revenues reported in prior year Statement of Activities were recognized in the governmental funds in current year (\$1,298,226).	(1,130,924)
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.	(4,062,662)
Repayment of long-term receivables is treated as revenue in the governmental fund financial statements, but the repayment reduces long-term receivables in the Statement of Net Position. Issuance of long-term receivables is treated as an expenditure in the governmental fund financial statements, 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	(354,375)
Loans made during the year	58,976
Long-term loan interest accrual	456,594
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 fund financial statements.	
Change in compensated absences	(39,511)
Amortization of bond discount, cost of issuance and refunding difference	5,600
Increase of pension expense based on GASB 68 adjustments	(1,350,047)
Other post-employment benefits	19,026
Change in Net Position of Governmental Activities	<u>\$ 9,733,321</u>

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, 2018

	Business-Type Activities - Enterprise Funds		
	Parking Fund	Transit Fund	Solid Waste Fund
Assets			
Current Assets:			
Cash and investments	\$ 1,432,641	\$ 28,837	\$ 764,120
Accounts receivable, net of allowance	44,654	378,058	251,526
Interest receivable	3,737	323	1,613
Prepaid costs	8,215	-	-
Total Current Assets:	<u>1,489,247</u>	<u>407,218</u>	<u>1,017,259</u>
Noncurrent Assets:			
Capital assets:			
Depreciable capital assets	131,931	1,125,416	32,007
Less: accumulated depreciation	<u>(46,773)</u>	<u>(661,500)</u>	<u>(31,808)</u>
Total Noncurrent Assets:	<u>85,158</u>	<u>463,916</u>	<u>199</u>
Total Assets:	<u>1,574,405</u>	<u>871,134</u>	<u>1,017,458</u>
Deferred Outflows of Resources			
Deferred outflows	55,352	47,135	31,581
Total Deferred Outflows of Resources:	<u>55,352</u>	<u>47,135</u>	<u>31,581</u>
Liabilities			
Current Liabilities:			
Accounts payable	15,128	51,131	64,873
Deposits payable	-	-	-
Unearned revenue	-	314,802	-
Compensated absences	2,263	958	368
Total Current Liabilities:	<u>17,391</u>	<u>366,891</u>	<u>65,241</u>
Noncurrent Liabilities:			
Net pension liability	133,055	115,135	80,820
Net OPEB liability	7,636	2,018	5,394
Compensated absences	24,429	17,249	7,729
Total Noncurrent Liabilities:	<u>165,120</u>	<u>134,402</u>	<u>93,943</u>
Total Liabilities:	<u>182,511</u>	<u>501,293</u>	<u>159,184</u>
Deferred Inflows of Resources			
Deferred inflows	9,663	9,435	10,578
Total Deferred Inflows of Resources:	<u>9,663</u>	<u>9,435</u>	<u>10,578</u>
Net Position			
Net investment in capital assets	85,158	463,916	199
Unrestricted	1,352,429	<u>(56,377)</u>	879,079
Total Net Position:	<u>\$ 1,437,587</u>	<u>\$ 407,539</u>	<u>\$ 879,278</u>

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds	
	Building and Safety Fund	Total
Assets		
Current Assets:		
Cash and investments	\$ 2,244,169	\$ 4,469,767
Accounts receivable, net of allowance	3,522	677,760
Interest receivable	5,616	11,289
Prepaid costs	-	8,215
Total Current Assets:	2,253,307	5,167,031
Noncurrent Assets:		
Capital assets:		
Depreciable capital assets	267,394	1,556,748
Less: accumulated depreciation	(169,274)	(909,355)
Total Noncurrent Assets:	98,120	647,393
Total Assets:	2,351,427	5,814,424
 Deferred Outflows of Resources		
Deferred outflows	153,376	287,444
Total Deferred Outflows of Resources:	153,376	287,444
 Liabilities		
Current Liabilities:		
Accounts payable	28,702	159,834
Deposits payable	9,988	9,988
Unearned revenue	-	314,802
Compensated absences	18,186	21,775
Total Current Liabilities:	56,876	506,399
Noncurrent Liabilities:		
Net pension liability	370,627	699,637
Net OPEB liability	42,649	57,697
Compensated absences	24,481	73,888
Total Noncurrent Liabilities:	437,757	831,222
Total Liabilities:	494,633	1,337,621
 Deferred Inflows of Resources		
Deferred inflows	47,901	77,577
Total Deferred Inflows of Resources:	47,901	77,577
 Net Position		
Net investment in capital assets	98,120	647,393
Unrestricted	1,864,147	4,039,278
Total Net Position:	\$ 1,962,267	\$ 4,686,671

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, 2018

	Business-Type Activities - Enterprise Funds		
	Parking Fund	Transit Fund	Solid Waste Fund
Operating Revenues			
Charges for services	\$ 843,753	\$ 116,030	\$ 3,523,045
Fines and forfeitures	77,870	-	-
Other revenues	-	162,034	-
Total Operating Revenues:	<u>921,623</u>	<u>278,064</u>	<u>3,523,045</u>
Operating Expenses			
Salaries and benefits	214,561	148,521	175,600
Services and supplies	333,054	937,257	3,107,157
Depreciation	9,971	68,819	133
Total Operating Expenses:	<u>557,586</u>	<u>1,154,597</u>	<u>3,282,890</u>
Operating Income (Loss):	<u>364,037</u>	<u>(876,533)</u>	<u>240,155</u>
Nonoperating Revenues (Expenses)			
Intergovernmental revenues	-	761,916	141,471
Interest income	16,097	1,689	5,583
Gain (loss) on disposal	-	-	(518)
Total Nonoperating Revenues (Expenses):	<u>16,097</u>	<u>763,605</u>	<u>146,536</u>
Income (Loss) Before Contributions and Transfers:	<u>380,134</u>	<u>(112,928)</u>	<u>386,691</u>
Transfers in	36,705	45,654	-
Transfers out	-	-	-
Change in Net Position:	<u>416,839</u>	<u>(67,274)</u>	<u>386,691</u>
Total Net Position - Beginning balance as previously reported	1,026,592	476,359	496,716
Prior Period Adjustment (Note 7)	(5,844)	(1,545)	(4,129)
Total Net Position - Beginning	<u>1,020,748</u>	<u>474,814</u>	<u>492,587</u>
Total Net Position - Ending:	<u>\$ 1,437,587</u>	<u>\$ 407,540</u>	<u>\$ 879,278</u>

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds	
	Building and Safety Fund	Total
Operating Revenues		
Charges for services	\$ 1,862,441	\$ 6,345,269
Fines and forfeitures	14,710	\$ 92,580
Other revenues	5,244	\$ 167,278
Total Operating Revenues:	<u>1,882,395</u>	<u>6,605,127</u>
Operating Expenses		
Salaries and benefits	865,621	\$ 1,404,303
Services and supplies	545,034	\$ 4,922,502
Depreciation	18,375	\$ 97,298
Total Operating Expenses:	<u>1,429,030</u>	<u>6,424,103</u>
Operating Income (Loss):	<u>453,365</u>	<u>181,024</u>
Nonoperating Revenues (Expenses)		
Intergovernmental revenues	-	\$ 903,387
Interest income	10,181	\$ 33,550
Gain (loss) on disposal	(1,297)	\$ (1,815)
Total Nonoperating Revenues (Expenses):	<u>8,884</u>	<u>935,122</u>
Income (Loss) Before Contributions and Transfers:	462,249	1,116,146
Transfers in	-	\$ 82,359
Transfers out	(7,657)	\$ (7,657)
Change in Net Position:	454,592	1,190,848
Total Net Position - Beginning balance as previously reported	1,540,317	\$ 3,539,984
Prior Period Adjustment (Note 7)	(32,643)	\$ (44,161)
Total Net Position - Beginning	<u>1,507,674</u>	<u>\$ 3,495,823</u>
Total Net Position - Ending:	<u>\$ 1,962,266</u>	<u>\$ 4,686,671</u>

Continued (Page 2 of 2)

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Parking Fund</u>	<u>Transit Fund</u>	<u>Solid Waste Fund</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 911,903	\$ 323,490	\$ 3,461,159
Payments to suppliers	(332,274)	(923,776)	(3,354,323)
Payments to employees	(191,545)	(128,935)	(159,723)
Net Cash Provided by (Used for) Operating Activities:	<u>388,084</u>	<u>(729,221)</u>	<u>(52,887)</u>
Cash Flows from Financing Activities			
Intergovernmental revenues	-	919,636	141,471
Transfers from/(to) other funds	36,705	45,654	-
Interfund loans repaid	-	(208,599)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities:	<u>36,705</u>	<u>756,691</u>	<u>141,471</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	-	-
Net Cash Used for Capital and Related Financing Activities:	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Interest received on investments	13,686	1,367	4,512
Net Cash Provided by Investing Activities:	<u>13,686</u>	<u>1,367</u>	<u>4,512</u>
Net Increase in Cash and Cash Equivalents:	438,475	28,837	93,096
Cash and Cash Equivalents - Beginning of the Year	994,166	-	671,024
Cash and Cash Equivalents - End of the Year:	<u>\$ 1,432,641</u>	<u>\$ 28,837</u>	<u>\$ 764,120</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ 364,037</u>	<u>\$ (876,533)</u>	<u>\$ 240,155</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	9,971	68,819	133
Pension	23,536	19,239	13,119
Decrease (increase) in:			
Accounts receivable	(9,720)	45,426	(61,886)
Prepaid expenses	(3,542)	-	-
Increase (decrease) in:			
Accounts payable	4,322	13,481	(247,166)
Deposits payable	-	-	-
Compensated absences	(520)	347	2,758
Net Cash Provided by (Used for) Operating Activities:	<u>\$ 388,084</u>	<u>\$ (729,221)</u>	<u>\$ (52,887)</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, 2018

	Business-Type Activities - Enterprise Funds	
	Building and Safety Fund	Total
Cash Flows from Operating Activities		
Receipts from customers	\$ 1,889,138	\$ 6,585,690
Payments to suppliers	(539,387)	(5,149,760)
Payments to employees	(793,193)	(1,273,396)
Net Cash Provided by (Used for) Operating Activities:	<u>556,558</u>	<u>162,534</u>
Cash Flows from Financing Activities		
Intergovernmental revenues	-	1,061,107
Transfers from/(to) other funds	(7,657)	74,702
Interfund loans repaid	-	(208,599)
Net Cash Provided by (Used for) Non-Capital Financing Activities:	<u>(7,657)</u>	<u>927,210</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	<u>(7,657)</u>	<u>(7,657)</u>
Net Cash Used for Capital and Related Financing Activities:	<u>(7,657)</u>	<u>(7,657)</u>
Cash Flows from Investing Activities		
Interest received on investments	<u>6,398</u>	<u>25,963</u>
Net Cash Provided by Investing Activities:	<u>6,398</u>	<u>25,963</u>
Net Increase in Cash and Cash Equivalents:	547,642	1,108,050
Cash and Cash Equivalents - Beginning of the Year	<u>1,696,527</u>	<u>3,361,717</u>
Cash and Cash Equivalents - End of the Year:	<u>\$ 2,244,169</u>	<u>\$ 4,469,767</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ 453,365</u>	<u>\$ 181,024</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	18,375	97,298
Pension	52,716	108,610
Decrease (increase) in:		
Accounts receivable	(2,245)	(28,425)
Prepaid expenses	-	(3,542)
Increase (decrease) in:		
Accounts payable	5,647	(223,716)
Deposits payable	8,988	8,988
Compensated absences	19,712	22,297
Net Cash Provided by (Used for) Operating Activities:	<u>\$ 556,558</u>	<u>\$ 162,534</u>

TOWN OF TRUCKEE, CALIFORNIA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Successor Agency Fund
Assets	
Investments, held with trustees	\$ 1,910,999
Accounts receivable	12,809
Interest receivable	1,043
Notes receivable	503,333
Capital assets:	
Depreciable capital assets	217,816
Less: accumulated depreciation	(217,816)
Total Capital assets:	-
Total Assets:	2,428,184
Liabilities	
Accounts payable	51
Interest payable	202,627
Long-term liabilities:	
Due within one year	134,205
Due in more than one year	12,201,592
Total Long-term liabilities:	12,335,797
Total Liabilities:	12,538,475
Net Position	
Held in trust for other purposes	(10,110,291)
Total Net Position:	\$ (10,110,291)

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, 2018

	Successor Agency Fund
Additions	
Property taxes	\$ 705,887
Use of money and property	27,221
Other revenue	364,594
Total Additions:	1,097,702
Deductions	
Program expenses	2,881
Administrative expenses	204,621
Interest and fiscal agency expenses	732,246
Noncash expenses: depreciation, amortization, loan forgiveness	41,560
Total Deductions:	981,308
Change in Net Assets:	116,394
Net Position - Beginning	(10,226,685)
Net Position - Ending:	\$ (10,110,291)

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, 2018

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 statements. *Governmental activities*, which are normally 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 23rd, 1993, became a charter city on September 15th, 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 removal services, building 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. Additionally, they are 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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

Discretely Presented Component Units

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

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 presents a separate column for each fund, 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 or outside sources.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

- The Town Hall Bond Reserve Fund is used to hold the balance of reserve accounts and monies held in escrow for outstanding Town-issued debt.
- 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 Town presents this fund as a major fund for increased transparency.
- 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 development projects in the Town and are used to offset the traffic impacts on existing Town roads caused by the 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 in of resources from other Town funds (primarily the General Fund) to meet the payment obligations.
- 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. The Town presents this fund as a major fund for increased transparency.
- 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 Fund funds are collected along with 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 recycling programs. Services are provided to residences and business on a user charge basis.
- 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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

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 generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due. General capital 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 revenues and expenses.

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, 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 the various fund's 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 (LAIF). 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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

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 \$26,427,670 as of June 30th, 2018. 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 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.

TOWN OF TRUCKEE, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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

See Note 3 F on page 62 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 receivables include 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 fiscal 1997. 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 of 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 recorded over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	4 – 25 years
Buildings & Improvements	25 – 60 years
Infrastructure	15 – 25 years

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

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 in the same manner 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. Payment of principal and interest is reported as an expenditure. 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 as part of the accrual for compensated absences.

O. Pensions

For purposes of measuring the net pension liability, 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 fair value.

TOWN OF TRUCKEE, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2016
 Measurement Date June 30, 2017
 Measurement Period July 1, 2016 to June 30, 2017

Q. Net Position/Fund Balances

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

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted resources – Consists of resources with constraints placed on the use either by (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 \$5,749,502 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 30th, 2018, the Town had recorded restricted resources in governmental activities as follows:

Restricted for:	
Capital Projects	\$ 5,040,285
Debt Service	4,483,759
Grants, taxes, and fees	<u>23,383,892</u>
Total Restricted	<u>\$ 32,907,936</u>

Beginning in fiscal 2011, the Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provided 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:

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

- *Non-spendable* – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to remain intact. For the Town, these amounts include inventory and prepaid assets
- *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 only be used for specific purposes determined by a formal action of the 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 by the Council. The Town did not have any committed resources as of June 30th, 2018.
- *Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but 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. Only in the General Fund can a positive amount be reported.

The Town Council establishes (and modified or rescinds) fund balance commitments with the 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 for specific purpose (such as the purchase of fleet equipment, construction, litigation, pavement management, etc). When an expenditure is incurred for the purpose of 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.

As of June 30th, 2018, restricted fund balances included:

- *Self-Insured Retention* – To reflect funds held to cover the deductible on the Town's 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 30th, 2018, 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 economic development, for streetscaping construction, 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.

TOWN OF TRUCKEE, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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

R. 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 for the 1% tax levy among the county, cities, school districts and other special districts within each County.

The County of Nevada (County) assesses properties, bills for, and collects property taxes according to the following schedule:

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

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.

S. 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 the incurrence of related expenses is recorded as unearned revenue.

T. Expenditures/Expenses

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

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

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

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

U. Estimates

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

V. Future Government Accounting Standards Board (GASB) Statement Implementation

The following GASB statements are not effective until July 1st, 2018 or later. The Town has not determined the effects of these statements on the financial statements.

Government Accounting Standards Board Statement No. 83

In November of 2016, GASB issued Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2019.

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 general focus of the criteria 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 post-employment 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 30th, 2020.

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 were previously 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 30th, 2021.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

Government Accounting Standards Board Statement No. 88

In March 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The objective of this statement is to clarify which liabilities governments should include in their note disclosures related to debt. GASB is requiring debt borrowings and direct placements to be presented separately because they may expose a government to risks that are different from, or in addition to, risks related to other types of debt. The new standard also requires the disclosure of additional essential debt-related information for all types of debt, including amounts of unused lines of credit and assets pledged as collateral for debt. Also required to be disclosed are terms specified in debt agreements related to: (1) significant events of default with finance-related consequences, (2) significant termination events with finance-related consequences, (3) significant subjective acceleration clauses. 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, 2020.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest costs incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. 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, 2021.

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interest reported as an investment and majority equity interest reported as a component unit of the governmental entity. 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, 2020.

W. Current GASB Implementation

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 ended June 30th, 2018.

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). Application of this statement is effective for the Town's fiscal year ended June 30th, 2018.

TOWN OF TRUCKEE, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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

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 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 did not have irrevocable trusts as of June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Position

The Following funds had a deficit fund balance at June 30th, 2018:

Non-Major Governmental Funds:

The 15-CDBG-10566 fund had a fund balance deficit of \$3,179 which was due to uncollected loan payments on an outstanding grant funded loan during 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 fiscal years ended June 30th, 2008 forward, the Gann Limit Calculation was calculated, based upon the advice of legal counsel, to exclude police and animal control expenses from the appropriations subject to the limit.

NOTE 3: DETAILED NOTES

A. Cash and Investments

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

Governmental Activities:	
Unrestricted Cash and investments	\$ 61,982,672
Restricted Cash and investments	4,411,817
Total Governmental Cash and investments	66,394,489
Business-Type Activities	4,469,767
Total Cash and Investments	\$ 70,864,256

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: DETAILED NOTES (CONTINUED)

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

Cash and Deposits:	
Cash on hand	\$ 900
Deposits in Town's depository institutions (less outstanding checks)	1,454,157
Deposits with fiscal agents	<u>325,119</u>
Total Cash and Deposits	<u>1,780,176</u>
Investments:	
In Town's pool	64,997,382
With fiscal agents	<u>4,086,698</u>
Total Investments	<u>69,084,080</u>
Total Cash and Investments	<u>\$ 70,864,256</u>

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 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 \$1,780,175 and the bank balance was \$1,791,733. 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, \$970,013 was covered by federal deposit insurance and \$821,720 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. Government (Agency) Securities	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
Repurchase Agreements	A rated primary dealers; 30% maximum; <1 year
Supranationals	>AA-rated; 30% maximum; 30% per issuer; >5 years
LAIF	No limitations

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: DETAILED NOTES (CONTINUED)

As of June 30th, 2018, the Town had the following investments:

Investment Category	Maturities			Fair Value	Weighted Average Maturity (Years)
	0 - 1 year	1 - 5 years	Over 5 years		
U.S. Government Agency Securities	\$ 4,177,606	\$ 14,496,534	\$ -	\$ 18,674,139	0.49
Medium Term Notes	4,179,118	3,574,413	-	7,753,531	0.14
Local Agency Investment Fund (LAIF)	42,656,410	-	-	42,656,410	-
Total Investments	\$ 51,013,134	\$ 18,070,947	\$ -	\$ 69,084,080	0.15

Interest Rate Risk

Interest rate risk is the risk of loss due to a decrease in the fair value of an investment caused by rising interest rates. 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 \$69,084,080 investment portfolio, over 73 percent of the investments have a maturity of one year or less. Of the remainder, none have a maturity of more than five years. The Town had no investments that were highly sensitive to interest rate fluctuations as of June 30th, 2018.

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 & Pools or P-1 by Moody's Investor Service. These ratings indicate that an obligor has a very strong capacity to meet its financial commitments. 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 which are considered to be risk free.

<u>Investments at June 30, 2018</u>	<u>Standard & Poor's</u>	<u>% of Portfolio</u>
Federal Home Loan Mortgage Corporation	AA+	4.3%
Federal Home Loan Bank	AA+	5.0%
Federal National Mortgage Association	AA+	3.1%
Federal Farm Credit Bank	AA+	0.9%
US Treasury	TSY	14.1%
ABS	AAA	1.0%
ABS	N/R	1.0%
Commercial Paper	A-1+	0.6%
Negotiable CD	A-1	0.6%
Negotiable CD	A-1+	0.5%
Corporate Obligations	A	1.8%
Corporate Obligations	A+	2.5%
Corporate Obligations	A-	0.8%
Corporate Obligations	AA	0.5%
Corporate Obligations	AA-	0.9%
Corporate Obligations	AA+	0.5%
Corporate Obligations	AAA	0.5%
LAIF	Unrated	61.4%
Total		100.0%

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: DETAILED NOTES (CONTINUED)

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

Concentration of credit risk occurs when a company has a significant portion of its investment portfolio invested with one company. Over 27 percent of the Town's investments at year-end are in U.S. Government or Agencies issues. There is no limitation on the amounts invested in these types of issues as they are considered to have no risk. Of the 9.3 percent of the portfolio invested in corporate notes and money market funds, no investment in a single issuer exceeds 0.6 percent.

Investment in Local Agency Investment Fund (LAIF)

The Town is a voluntary participant in the State of California 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.

As of June 30th, 2018, the Town's investment position in the LAIF was \$42,656,410. The total amount invested by all public agencies in LAIF on that day was \$88,817,956,137. Of that amount, 97.33% is invested in non-derivative financial products and 2.67% 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 30th, 2018 are as follows:

Investment Category	Fair Value Measurement Using			
	Fair Value	Level 1 Assets	Level 2 Assets	Level 3 Assets
US Government & Agency Securities	\$ 18,674,140	\$ -	\$ 18,674,140	\$ -
Commercial Paper	451,392	-	451,392	-
Miscellaneous	7,302,138	-	7,302,138	-
Subtotal	\$ 26,427,670	\$ -	\$ 26,427,670	\$ -
LAIF	42,656,410			
Total Investments	\$ 69,084,080			

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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: DETAILED NOTES (CONTINUED)

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 measureable 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.

C. Capital Assets

Capital asset activity for the year ended June 30th, 2018 was as follows:

Governmental Activities	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Capital Assets, Not Being Depreciated:					
Land	\$ 7,165,160	\$ -	\$ -	\$ -	\$ 7,165,160
Right of Way	51,261,165	1,237,190	-	-	52,498,355
Construction in Progress	11,645,445	8,305,802	-	(8,094,406)	11,856,841
Total Capital Assets, Not Being Depreciated	70,071,770	9,542,992	-	(8,094,406)	71,520,356
Capital Assets, Being Depreciated:					
Buildings & Improvements	30,286,659	524,538	(54,435)	1,045,346	31,802,108
Equipment	19,224,867	3,159,830	(1,448,768)	-	20,935,929
Infrastructure	91,886,159	416,778	-	7,049,060	99,351,997
Total Capital Assets, Being Depreciated	141,397,685	4,101,146	(1,503,203)	8,094,406	152,090,034
Less Accumulated Depreciation For:					
Buildings & Improvements	(5,874,289)	(709,299)	50,643	-	(6,532,945)
Equipment	(12,210,216)	(1,109,213)	1,437,687	-	(11,881,742)
Infrastructure	(35,258,136)	(5,090,225)	-	-	(40,348,361)
Total Accumulated Depreciation	\$ (53,342,641)	\$ (6,908,737)	\$ 1,488,331	\$ -	\$ (58,763,048)
Total Capital Assets, Being Depreciated, Net	\$ 88,055,044	\$ (2,807,591)	\$ (14,872)	\$ 8,094,406	\$ 93,326,986
Governmental Activities Capital Assets, Net	\$ 158,126,814	\$ 6,735,401	\$ (14,872)	\$ -	\$ 164,847,342
Business-Type Activities	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Capital Assets, Being Depreciated:					
Buildings & Improvements	\$ 410,764	\$ -	\$ (42,020)	\$ -	\$ 368,744
Equipment	1,377,638	7,657	(197,291)	-	1,188,004
Total Capital Asset, Being Depreciated	1,788,402	7,657	(239,311)	-	1,556,748
Less Accumulated Depreciation For:					
Buildings & Improvements	(196,278)	(17,904)	41,502	-	(172,679)
Equipment	(853,276)	(79,394)	195,994	-	(736,676)
Total Accumulated Depreciation	\$ (1,049,553)	\$ (97,298)	\$ 237,496	\$ -	\$ (909,355)
Total Capital Assets, Being Depreciated, Net	\$ 738,849	\$ (89,641)	\$ (1,815)	\$ -	\$ 647,393
Business-Type Activities Capital Assets, Net	\$ 738,849	\$ (89,641)	\$ (1,815)	\$ -	\$ 647,393

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: DETAILED NOTES (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 456,259
Public Safety	315,081
Public Works	6,137,397
Total Depreciation Governmental Functions	<u>\$ 6,908,737</u>

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

Parking	\$ 9,971
Transit	68,819
Solid Waste	133
Building & Safety	18,375
Total Depreciation Business Functions	<u>\$ 97,298</u>

Construction in Progress

Construction in progress represents the expenditures to date on large capital assets that were not fully complete at year end. Construction in progress for the Town's governmental activities relates primarily to work performed on the Brickelltown Streetscape Improvement, Envision Donner Pass Road Western segment project, Donner Pass Road corridor improvement project, Donner Pass Road pedestrian improvement, and phase 4 of the Truckee River Trail. The majority of the transfer from construction in progress to completed capital assets for fiscal year 2018 is due to the completion of the Glenshire/Dorchester paving and widening, Brockway Road corridor improvement, and 2016 recessed striping projects.

D. Long-Term Liabilities

The following summary includes all long-term liability activity for the year ended June 30th, 2018:

	Balance July 1, 2017	Additions/ Adjustments	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities					
Lease Revenue Bonds	\$ 8,603,000	\$ 4,265,000	\$ (436,000)	\$ 12,432,000	\$ 379,000
Less: Unamortized Discount	(47,679)	-	2,306	(45,374)	(2,306)
Add: Unamortized Premium	-	233,662	(7,906)	225,756	10,541
Lease Revenue Bonds, Net	<u>8,555,321</u>	<u>4,498,662</u>	<u>(441,600)</u>	<u>12,612,382</u>	<u>387,236</u>
Compensated Absences (Note 1N)	<u>1,261,706</u>	<u>1,216,527</u>	<u>(1,177,016)</u>	<u>1,301,216</u>	<u>113,773</u>
Total Governmental Activities - Long-term Liabilities	<u>\$ 9,817,027</u>	<u>\$ 5,715,189</u>	<u>\$ (1,618,616)</u>	<u>\$ 13,913,598</u>	<u>\$ 501,009</u>
Business-Type Activities					
Compensated Absences (Note 1N)	\$ 73,366	\$ 98,551	\$ (76,255)	\$ 95,663	\$ 21,775
Total Business-Type Activities - Long-term Liabilities	<u>\$ 73,366</u>	<u>\$ 98,551</u>	<u>\$ (76,255)</u>	<u>\$ 95,663</u>	<u>\$ 21,775</u>

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: DETAILED NOTES (CONTINUED)

As of June 30th, 2018 lease revenue bonds consisted of the following:

	Governmental Activities
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 2.00% to 4.65% and mature on December 1, 2039 and Series 2009B Build America Bonds (Taxable) interest rate of 7.70% to 7.90% prior to 35% United States Treasury subsidy (net rates of 5.01% to 5.145%), maturing December 1, 2039. Proceeds from Lease Revenue Refunding Bonds Series 2017 will be used to call the Series 2009 Bonds at the call date of December 1, 2019 at which point the debt will be extinguished and removed from the government-wide statement of net assets.	4,170,000
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.	4,062,000
Lease Revenue Refunding Bonds Series 2017 of \$4,265,000, payable in annual installments of \$65,000 to \$265,000. Series 2017 true interest cost of 2.84% matures December 1, 2039.	4,200,000
Total Lease Revenue Bonds	\$ 12,432,000

On September 20, 2017, the Town issued lease revenue financing bonds in the amount of \$4,265,000 with a final maturity on December 1, 2039 and a true interest cost of 2.84% for a crossover refunding of Lease Revenue Bonds Series 2009. The 2009 Bonds will be called on December 1, 2019.

The annual aggregate maturities, including the call of the Series 2009 Bonds on December 1, 2019, for years subsequent to June 30th, 2018 are as follows:

Lease Revenue Bonds	Governmental Activities				
Year Ended June 30	Principal	Gross Interest Revenue Bonds	Less US Treasury Subsidy	Net Interest Revenue Bonds	Total Principal & Net Interest
2019	\$ 379,000	\$ 553,081	\$ (92,087)	\$ 460,994	\$ 649,771
2020	\$ 4,323,000	\$ 397,033	\$ (46,043)	\$ 350,989	\$ 4,673,989
2021	\$ 430,000	\$ 239,331	\$ -	\$ 239,331	\$ 669,331
2022	\$ 443,000	\$ 225,103	\$ -	\$ 225,103	\$ 668,103
2023	\$ 460,000	\$ 210,360	\$ -	\$ 210,360	\$ 670,360
2024 - 2028	\$ 2,528,000	\$ 800,403	\$ -	\$ 800,403	\$ 3,328,403
2029 - 2033	\$ 2,144,000	\$ 385,183	\$ -	\$ 385,183	\$ 2,529,183
2034 - 2038	\$ 1,205,000	\$ 173,425	\$ -	\$ 173,425	\$ 1,378,425
2039 - 2043	\$ 520,000	\$ 16,406	\$ -	\$ 16,406	\$ 536,406
Total	\$ 12,432,000	\$ 3,000,324	\$ (138,130)	\$ 2,862,193	\$ 15,103,970

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

TOWN OF TRUCKEE, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3: DETAILED NOTES (CONTINUED)

For the crossover refunding, the Town entered into an escrow agreement whereby the proceeds from the lease revenue refunding bonds were converted into U.S. government securities. These securities were placed with an escrow agent to pay a portion of the interest on the refunded debt (old debt) until the crossover refunding date of December 1, 2019. On the crossover refunding date, the refunded lease revenue debt (old debt) will be paid using the amounts held by the escrow agent. The transactions and balances of the escrow account are recorded by the Town since the refunded debt is not considered extinguished.

On September 20, 2017, the Truckee Public Financing Authority issued lease revenue refund financing in the amount of \$4,265,000. This financing, which matures in 2039, is secured by the Town of Truckee Public Service Center and carry a true interest cost of 2.842%. These bonds reduced the present value of future debt service payments. The savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The effect of the refunding is summarized as follows (in thousands):

Title and Series	Lease Revenue Refunding Bonds Series 2017
Closing Date	September 20, 2017
Net Interest Rate	2.842%
Refunding Bond Issued	\$4,265,000
Economic Gain on Refunding	\$519,920
Number of Years Affected	22

The refunding was undertaken to reduce total debt service payments over the next 22 years by \$688,670, and resulted in an economic gain of \$519,920 after administrative costs.

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.

	Due From Other Funds	Due to Other Funds
General Fund	\$ 2,285	\$ -
15-CDBG-10566 Fund	-	2,285
 Total	\$ 2,285	\$ 2,285

TOWN OF TRUCKEE, CALIFORNIA
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

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 30th, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,369,812	\$ 4,731,636
Capital Projects Fund	9,462,416	-
Town Hall Bond Reserve Fund	4,312,667	200,424
Measure R Trails Fund	-	297,229
Traffic Impact Fees Fund	-	2,083,625
Debt Service Fund	953,411	4,400,857
Measure V Road Maintenance Fund	-	2,770,817
Town Special Areas Fund	-	149,961
Other Governmental Funds	194,107	2,732,568
Parking Fund	36,705	-
Transit Fund	45,654	-
Building and Safety Fund	-	7,657
	<u>\$ 17,374,772</u>	<u>\$ 17,374,772</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) or 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 include a full description of the pension plan regarding benefit provisions, assumptions and membership information. The reports 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 the 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.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

The Plans provisions and benefits in effect at June 30th, 2018 are summarized below:

Hire Date	Miscellaneous		
	Prior to July 1, 2011 "Tier 1"	July 1, 2011 to December 31, 2012 "Tier 2"	After December 31, 2012 "Tier 3"
Benefit Formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50-55	50-55	52 and up
Monthly Benefits, as a % of eligible compensation	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8%	8%	6.5%
Required Employer Contribution Rates	12.47%	10.28%	6.91%

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	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required Employee Contribution Rates	9%	9%	12.25%
Required Employer Contribution Rates	21.42%	18.49%	12.73%

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 determined on an annual basis by the actuary, be effective on the July 1st following notice of a change in the rate. Contributions for the Plan are determined annually on an actuarial basis as of June 30th each year, 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 30th, 2018 the contributions to the plan were \$1,597,901.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

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

As of June 30th, 2018 the Town reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

<u>Proportionate Share of the Net Pension Liability</u>	
<u>Fiscal Year Ending</u>	
June 30, 2018	June 30, 2017
\$12,720,474	\$10,761,789

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 30th, 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 30th, 2016 rolled forward to June 30th, 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 30th, 2016 and June 30th, 2017 was as follows:

	<u>Percentage Share of Risk Pool</u>		
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>Change</u>
Measurement Date	6/30/2017	6/30/2016	
Percentage of Plan Net Pension Liability	0.128266%	0.124369%	0.003897%

For the year ended June 30th, 2018 the Town recognized a pension expense of \$3,058,194. At June 30th, 2018 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	\$ 2,269	\$ 139,628
Changes in assumptions	2,200,873	168,113
Net differences between projected and actual earnings on plan investments	492,670	
Changes in employer's proportion	1,075,564	58,721
Differences between the Employer's contributions and the Employer's proportionate share of contributions	260,811	
Pension contribution subsequent to measurement date	1,597,901	
Total	\$ 5,630,088	\$ 366,462

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

The \$1,597,901 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 30th, 2019. 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	Amount
June 30	Amount
2019	\$ 1,381,064
2020	1,577,669
2021	998,329
2022	(291,337)
2023	-
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the June 30th, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Assumptions</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.750%
Projected Salary Increase	Varies by Entry Age & Service
Investment Rate of Return	7.15% 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 mortality improvements using the Society of Actuaries Scale BB. For more details please refer to the Experience Study Report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30th, 2016 valuation were based on results of a January 2014 actuarial experience study for the period 1997 to 2011 completed by CalPERS. Further details of the Experience Study can be found on the CalPERS website.

Changes in Assumptions

In fiscal 2017, the financial reporting discount rate was lowered from 7.65 percent to 7.15 percent. In December of 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50 percent to 7 percent, which is to be phased-in over a three-year period (7.50 percent to 7.35 percent, 7.35 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30th, 2016 valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in financial reporting discount rate.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

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 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate, the amortization and smoothing periods adopted by the Board in fiscal 2013 were used. For the Plan, the crossover test was performed on a miscellaneous plan and a safety plan that were considered as being more at risk of failing the crossover test and result in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of those plan investments, the tests revealed that the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The crossover test results can be found on the CalPERS' website at <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

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

In determining the long-term expected 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 following table 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 1st, 2014. A new asset allocation was adopted in December of 2017 and will be effective for fiscal 2019 and later.

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	<u>100%</u>		

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

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

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

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

	Discount Rate	Current Discount Rate	Discount Rate
Net Pension Liability (Asset)	-1% (6.15%)	(7.15%)	+1% (8.15%)
Measurement Date		June 30, 2017	
Fiscal Year End		June 30, 2018	
Net Pension Liability	\$ 19,979,746	\$ 12,720,474	\$ 6,730,456

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 has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan. The HC Plan provides employees who retire directly from the Town, at a minimum age of 50, with a minimum of five years of service, the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum benefit under the "unequal method". The monthly PEMHCA minimum contribution for active employees in 2018 is \$133 and projected to be \$136 in 2019. The Town's payment toward retiree premiums is the minimum monthly amount permitted under PEHMCA, which is not less than 5 percent of the active contribution times the number of years the Town has been in PEHMCA. The Town joined PEMHCA in 2012. The Town's contribution for retirees is \$39.90 in 2018 and projected to be \$47.60 in 2019. Surviving spouses of retirees who elect the survivorship benefit are also eligible for this benefit. A separate financial report is not prepared for the HC Plan.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

	Number of Covered Employees at June 30, 2017
Inactives receiving benefits	8
Inactives entitled to benefit payments	37
Active employees	112
Total	157

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Contributions

The HC Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Town and the bargaining units. The annual contribution is based on the actuarially determined contribution. In Fiscal Year 2012, the Town created a trust with California Employers' Retiree Benefit Trust (CERBT) for the purpose of prefunding obligations for past services. For the fiscal year ended June 30, 2018, the contributed \$122,841 cash to the trust, \$4,796 cash for retiree health insurance. The estimated implied subsidy was \$16,613. Payments for the HC Plan totaled \$144,250.

An implied subsidy exists when the premium for a group of retirees is determined by aggregating their experience with active employees.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

Actuarial Assumption	June 30, 2017 Measurement Date
Discount Rate	Discount rate based on Crossover Test - 5.5% at June 30, 2017 - 5.5% at June 30, 2016
Long-Term Expected Rate of Return on Investments	- 5.5% at June 30, 2017, net of investment expenses - 5.5% at June 30, 2016, net of investment expenses
General Inflation	2.75% per annum
Crossover Test Assumptions	Employer contributes full actuarial determined contributions - Administrative expenses = .003% of pay - Assets are projected to always exceed benefit payments
Mortality, Disability, Termination, Retirement	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-17
Trend	- Pre-Medicare - 7.5% for 2019, decreasing to 4.00% for 2076 and later - Medicare - 6.5% for 2019, decreasing to 4.00% for 2076 and later - PEMHCA minimum - 4.25% after 2019
Healthcare Participation for Future Retirees	Based on FY at retirement: -2018 - 2020: 20% -2021-2025: 30% -2026-2030: 40% -2031+: 50%
Spousal Coverage	- Future Retirees: 60% at retirement - Retirees: Same as current election

Notes:

(1) Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study reports may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using the building block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation*	Expected Real Rate of Return
Equities	24%	4.82%
Fixed Income	39%	1.47%
TIPS	26%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		5.60%
Discount Rate		5.50%

*CERBT Strategy 3. Provided by CalPERS' Strategic Asset Allocation Analysis Review in August 2014.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the OPEB Liability

The changes in the net OPEB liability for the HC Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2017 <i>(Measurement Date June 30, 2016)</i>	\$ 1,004,336	\$ 436,451	\$ 567,885

Changes recognized for the measurement period:

Service cost	89,300	-	89,300
Interest	59,335	-	59,335
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

	Increase (Decrease)		
Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)	
Changes recognized for the measurement period (continued):			
Changes of assumptions	-	-	-
Contributions - employer	-	148,746	(148,746)
Contributions - employee	-	-	-
Net investment income	-	20,407	(20,407)
Benefit payments including refunds	(29,650)	(29,650)	-
Administrative expense	-	(248)	248
Net Changes	118,985	139,255	(20,270)
Balance at June 30, 2018 (Measurement Date June 30, 2017)	\$ 1,123,321	\$ 575,706	\$ 547,615

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

	Discount Rate		
	1% Decrease (4.50%)	Current Rate (5.50%)	1% Increase (6.50%)
Net OPEB liability	\$ 766,204	\$ 547,615	\$ 375,116

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost-Trend Rates

The following presents the net OPEB liability of the Town if it were calculated using health care cost-trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

	Trend Rate		
	1% Decrease	Current Rate	1% Increase
Net OPEB liability	\$ 354,737	\$ 547,615	\$ 798,480

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report for the overall OPEB plan's fiduciary net position may be obtained from CalPERS at PO Box 942709, Sacramento, CA 94229-2709.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in the total OPEB liability and fiduciary net position are recognized in the OPEB expense systematically over time.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4: EMPLOYEES RETIREMENT PLAN (CONTINUED)

Amounts are first recognized in the OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expenses.

The recognition period differs depending on the source of the gain or loss:

Source	Recognition Period
Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 years at June 30, 2017)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the Town recognized an OPEB expense of \$122,982. For the fiscal year ended June 30, 2018, the Town reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on plan investments	5,494	-
Employer contributions made subsequent to the measurement date	144,250	N/A
Total	<u>\$ 149,744</u>	<u>\$ -</u>

The \$144,250 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as an expense as follows:

FYE June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 1,373
2020	1,373
2021	1,373
2022	1,375
2023	-
Thereafter	-

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

NOTE 6: OTHER INFORMATION

A. Construction Commitments

The Town has signed agreements for \$20,242,962 in various construction projects that were not complete as of June 30th, 2018. Construction completed and paid subsequent to June 30th, 2018 on these projects was \$495,945. The Town has also signed agreements for construction projects subsequent to June 30th, 2018 in the amount of \$5,048,718, of which \$3,908,337 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

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7: PRIOR PERIOD ADJUSTMENTS

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

Government-Wide	Description of Restatement	Amount
<u>Governmental Activities</u>		
	Decrease assets and increase liabilities for the balance of OPEB liability at June 30, 2017.	\$ (509,646)
	Increase deferred outflows for value of contributions towards the OPEB liability after the June 30, 2016 measurement date.	133,075
	Total Governmental Activities	<u>\$ (376,571)</u>
<u>Business Type Activities</u>		
	Decrease assets and increase liabilities for the balance of OPEB liability at June 30, 2017.	\$ (59,833)
	Increase deferred outflows for value of contributions towards the OPEB liability after the June 30, 2016 measurement date.	15,672
	Total Business Type Activities	<u>\$ (44,161)</u>
	Total Government Wide Restatement	<u><u>\$ (420,732)</u></u>

NOTE 8: FIDUCIARY FUND

The Town of Truckee Redevelopment Agency (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 financially interdependent, hence the unit had been presented by blending with the primary government. The Agency was dissolved as of January 31st, 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 30th, 2018 are presented on the Agency's financial statements as follows:

Fiduciary Activities:	
Investments	<u>\$ 1,910,999</u>
Total Cash and Investments	<u><u>\$ 1,910,999</u></u>

Total cash and investments as of June 30th, 2018 of the agency at fair value are comprised of the following:

Cash and Deposits:	
Deposits with fiscal agents	<u>1,228,968</u>
Total Cash and Deposits	<u>\$ 1,228,968</u>
Investments:	
In Town's pool	<u>682,030</u>
Total Cash and Investments	<u><u>\$ 1,910,999</u></u>

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8: FIDUCIARY FUND (CONTINUED)

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 percent 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 percent 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 30th, 2018, 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>		
Investments in Investment Pool					
Local Agency Investment Fund (LAIF)	682,030	-	-	682,030	-
Total Investments in Investment Pool	\$ 682,030	\$ -	\$ -	\$ 682,030	\$ -

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 \$682,030 investment portfolio, 100 percent 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 30th, 2018.

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. These ratings indicate that an obligor has a very strong capacity to meet its financial commitments. 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, 2018

NOTE 8: FIDUCIARY FUND (CONTINUED)

	Standard & Poor's	% of Portfolio
Investments at June 30, 2018		
LAIF	Unrated	100.0%
Total		100.0%

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

Concentration of credit risk occurs when a company has a significant portion of its investment portfolio invested with one company. None of the portfolio was invested in U.S. Government or Agencies issues, corporate notes, or money market funds as of June 30th, 2018.

Investment in Local Agency Investment Fund (LAIF)

The Agency is a voluntary participant in California's 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 30th, 2018, the Agency's investment position in LAIF was \$682,030. The total amount invested by all public agencies in LAIF on that day was \$88,817,956,137. Of that amount, 97.33 percent is invested in non-derivative financial products and 2.67 percent 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. As of June 30, 2018, the Town had \$503,333 outstanding in notes receivable for the fiduciary fund.

Notes receivable are recorded at their net realizable value.

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8: FIDUCIARY FUND (CONTINUED)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30th, 2018 was as follows:

Fiduciary Activities	Balance July 1, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
Capital Assets, Being Depreciated:					
Buildings 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:					
Buildings and Improvements	(60,210)	(7,230)	-	-	(67,440)
Equipment	(141,779)	(8,597)	-	-	(150,376)
Total Accumulated Depreciation	<u>\$ (201,989)</u>	<u>\$ (15,827)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (217,816)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 15,827</u>	<u>\$ (15,827)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Activities Capital Assets, Net	<u>\$ 15,827</u>	<u>\$ (15,827)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation

Depreciation expense was charged to the fiduciary fund as follows:

Redevelopment Successor Agency	<u>\$ 15,827</u>
Total Depreciation Expense - Fiduciary Functions	<u>\$ 15,827</u>

D. Long-term Liabilities

The following is a summary of all long-term liabilities activity for the fiscal year ended June 30th, 2018:

	Balance July 1, 2017	Additions/ Adjustments	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Tax Increment Revenue Bonds	\$ 12,475,000	\$ -	\$ (115,000)	\$ 12,360,000	\$ 135,000
Less: Unamortized Discount	(42,178)	-	1,861	(40,317)	(1,861)
Tax Increment Revenue Bonds, Net	12,432,822	-	(113,139)	12,319,683	133,139
Compensated Absences (Note 1N)	25,783	17,266	(26,935)	16,114	1,066
Total Fiduciary Activities - Long-term Liabilities	<u>\$ 12,458,605</u>	<u>\$ 17,266</u>	<u>\$ (140,074)</u>	<u>\$ 12,335,797</u>	<u>\$ 134,205</u>

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

TOWN OF TRUCKEE, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8: FIDUCIARY FUND (CONTINUED)

As of June 30th, 2018 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 3.00% to 4.50% 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%).	\$ 12,360,000
Total Bonds	\$ 12,360,000

The annual aggregate maturities for years subsequent to June 30th, 2018 are as follows:

<u>Tax Increment Bonds</u>	Community Development Activities				
Year Ended June 30	Principal	Total Gross Interest	Less US Treasury Subsidy	Net Interest	Total Principal & Net Interest
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	\$ 240,000	\$ 699,288	\$ (123,694)	\$ 575,594	\$ 815,594
2024 - 2028	\$ 1,685,000	\$ 3,290,657	\$ (618,469)	\$ 2,672,188	\$ 4,357,188
2029 - 2033	\$ 2,725,000	\$ 2,741,960	\$ (618,469)	\$ 2,123,491	\$ 4,848,491
2034 - 2038	\$ 3,945,000	\$ 1,855,659	\$ (613,308)	\$ 1,242,351	\$ 5,187,351
2039 - 2043	\$ 3,075,000	\$ 387,734	\$ (174,480)	\$ 213,254	\$ 3,288,254
	\$ 12,360,000	\$ 11,853,629	\$ (2,643,195)	\$ 9,210,434	\$ 21,570,434

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedules

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TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes and assessments	\$ 18,798,276	\$ 18,798,276	\$ 20,317,704	\$ 1,519,428
Licenses and permits	275,000	275,000	274,295	(705)
Fines and forfeitures	206,500	206,500	191,860	(14,640)
Use of money and property	257,000	257,000	319,897	62,897
Intergovernmental revenues	1,884,782	1,884,782	2,016,552	131,770
Charges for services	1,137,240	1,137,240	1,300,113	162,873
Other revenues	375,136	375,136	636,242	261,106
Total Revenues:	<u>22,933,934</u>	<u>22,933,934</u>	<u>25,056,663</u>	<u>2,122,729</u>
Expenditures				
Current:				
General Government	4,827,498	4,827,498	4,387,704	439,794
Public Safety	6,511,442	6,511,442	6,163,617	347,825
Public Works	7,847,327	7,847,327	6,024,358	1,822,969
Community Development	1,144,022	1,144,022	926,727	217,295
Facilities	1,295,718	1,295,718	1,235,254	60,464
Capital Outlay	154,100	154,100	8,065	146,035
Total Expenditures:	<u>21,780,107</u>	<u>21,780,107</u>	<u>18,745,725</u>	<u>3,034,382</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>1,153,827</u>	<u>1,153,827</u>	<u>6,310,938</u>	<u>(911,653)</u>
Other financing sources (uses):				
Transfers in	2,257,664	2,257,664	2,369,812	112,148
Transfers out	(7,164,487)	(7,164,487)	(4,731,636)	2,432,851
Total Other financing sources (uses):	<u>(4,906,823)</u>	<u>(4,906,823)</u>	<u>(2,361,824)</u>	<u>2,544,999</u>
Net Change in Fund Balances:	<u>(3,752,996)</u>	<u>(3,752,996)</u>	<u>3,949,114</u>	<u>1,633,346</u>
Fund Balances - Beginning	30,387,002	30,387,002	30,387,002	-
Fund Balances - Ending:	<u>\$ 26,634,006</u>	<u>\$ 26,634,006</u>	<u>\$ 34,336,116</u>	<u>\$ 1,633,346</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 TRAILS FUND - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes and assessments	\$ 1,144,000	\$ 1,144,000	\$ 1,251,682	\$ 107,682
Use of money and property	15,000	15,000	15,128	128
Total Revenues:	<u>1,159,000</u>	<u>1,159,000</u>	<u>1,266,810</u>	<u>107,810</u>
Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>1,159,000</u>	<u>1,159,000</u>	<u>1,266,810</u>	<u>107,810</u>
Other financing sources (uses):				
Transfers out	(1,291,522)	(1,291,522)	(297,229)	994,293
Total Other financing sources (uses):	<u>(1,291,522)</u>	<u>(1,291,522)</u>	<u>(297,229)</u>	<u>994,293</u>
Net Change in Fund Balances:	(132,522)	(132,522)	969,581	1,102,103
Fund Balances - Beginning	2,127,620	2,127,620	2,127,620	-
Fund Balances - Ending:	<u>\$ 1,995,098</u>	<u>\$ 1,995,098</u>	<u>\$ 3,097,201</u>	<u>\$ 1,102,103</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
 TRAFFIC IMPACT FEES FUND - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Use of money and property	\$ 20,000	\$ 20,000	\$ 47,645	\$ 27,645
Charges for services	850,000	850,000	832,880	(17,120)
Other revenues	-	-	393,731	393,731
Total Revenues:	<u>870,000</u>	<u>870,000</u>	<u>1,274,256</u>	<u>404,256</u>
Expenditures				
Current:				
Public Works	5,755	5,755	8,474	(2,719)
Total Expenditures:	<u>5,755</u>	<u>5,755</u>	<u>8,474</u>	<u>(2,719)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>864,245</u>	<u>864,245</u>	<u>1,265,782</u>	<u>406,975</u>
Other financing sources (uses):				
Transfers out	(3,129,600)	(3,129,600)	(2,083,625)	1,045,975
Total Other financing sources (uses):	<u>(3,129,600)</u>	<u>(3,129,600)</u>	<u>(2,083,625)</u>	<u>1,045,975</u>
Net Change in Fund Balances:	<u>(2,265,355)</u>	<u>(2,265,355)</u>	<u>(817,843)</u>	<u>1,452,950</u>
Fund Balances - Beginning	6,876,580	6,876,580	6,876,580	-
Fund Balances - Ending:	<u>\$ 4,611,225</u>	<u>\$ 4,611,225</u>	<u>\$ 6,058,737</u>	<u>\$ 1,452,950</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 ROAD MAINTENANCE FUND - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes and assessments	\$ 2,328,000	\$ 2,328,000	\$ 2,548,299	\$ 220,299
Use of money and property	15,500	15,500	20,286	4,786
Total Revenues:	<u>2,343,500</u>	<u>2,343,500</u>	<u>2,568,585</u>	<u>225,085</u>
Expenditures				
Current:				
Public Works	8,000	8,000	19,472	(11,472)
Total Expenditures:	<u>8,000</u>	<u>8,000</u>	<u>19,472</u>	<u>(11,472)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>2,335,500</u>	<u>2,335,500</u>	<u>2,549,113</u>	<u>236,557</u>
Other financing sources (uses):				
Transfers out	(3,576,486)	(3,576,486)	(2,770,817)	805,669
Total Other financing sources (uses):	<u>(3,576,486)</u>	<u>(3,576,486)</u>	<u>(2,770,817)</u>	<u>805,669</u>
Net Change in Fund Balances:	<u>(1,240,986)</u>	<u>(1,240,986)</u>	<u>(221,704)</u>	<u>1,042,226</u>
Fund Balances - Beginning	2,874,005	2,874,005	2,874,005	-
Fund Balances - Ending:	<u>\$ 1,633,019</u>	<u>\$ 1,633,019</u>	<u>\$ 2,652,301</u>	<u>\$ 1,042,226</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 FUND - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Expenditures				
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	-	-	-	-
Net Change in Fund Balances:	-	-	-	-
Fund Balances - Ending:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
 TOWN SPECIAL SERVICE AREAS FUND - MAJOR SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes and assessments	\$ 769,000	\$ 769,000	\$ 774,447	\$ 5,447
Use of money and property	37,600	37,600	39,405	1,805
Total Revenues:	<u>806,600</u>	<u>806,600</u>	<u>813,852</u>	<u>7,252</u>
Expenditures				
Current:				
Public Works	8,150	8,150	11,385	(3,235)
Total Expenditures:	<u>8,150</u>	<u>8,150</u>	<u>11,385</u>	<u>(3,235)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>798,450</u>	<u>798,450</u>	<u>802,467</u>	<u>10,487</u>
Other financing sources (uses):				
Transfers out	(462,918)	(462,918)	(149,961)	312,957
Total Other financing sources (uses):	<u>(462,918)</u>	<u>(462,918)</u>	<u>(149,961)</u>	<u>312,957</u>
Net Change in Fund Balances:	335,532	335,532	652,506	323,444
Fund Balances - Beginning	5,238,339	5,238,339	5,238,339	-
Fund Balances - Ending:	<u>\$ 5,573,871</u>	<u>\$ 5,573,871</u>	<u>\$ 5,890,845</u>	<u>\$ 323,444</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Cost Sharing Defined Benefit Pension Plan

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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
 AS OF JUNE 30, 2018
 LAST TEN FISCAL YEARS*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Portion of the net pension liability	0.128266%	0.124370%	0.120798%	0.172250%
Proportionate share of the net pension liability	\$12,720,474	\$10,761,789	\$8,291,496	\$6,672,012
Covered - employee payroll	\$8,988,575	\$8,529,783	\$8,098,016	\$7,249,592
Proportionate share of the net pension liability as percentage of covered-employee payroll	141.52%	126.17%	102.39%	92.03%
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

*Fiscal year 2015 was the first year of implementation, therefore only four 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
 AS OF JUNE 30, 2018
 LAST TEN FISCAL YEARS*

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$1,597,901	\$1,599,871	\$1,437,532	\$1,503,497
Contributions in relation to the actuarially determined contributions	\$1,597,901	\$1,599,871	\$1,437,532	\$1,503,497
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered employee payroll	\$9,935,645	\$8,988,575	\$8,529,783	\$8,098,016
Contributions as a percentage of covered employee payroll	16.08%	17.80%	16.85%	18.57%

*Fiscal year 2015 was the first year of implementation, therefore only four years are shown.

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

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Other Post Employment Benefits

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TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
 FOR THE MEASUREMENT PERIOD ENDING JUNE 30, 2017
 LAST TEN FISCAL YEARS *

	<i>Measurement Period</i>	<u>2017</u>
Total OPEB Liability		
Service cost	\$	89,300
Interest on the total OPEB liability		59,335
Benefit payments		<u>(29,650)</u>
Net Change in total OPEB Liability		118,985
Total OPEB Liability - beginning		<u>1,004,336</u>
Total OPEB Liability - ending (a)	\$	<u><u>1,123,321</u></u>
 Plan Fiduciary Net Position		
Contribution - employer	\$	148,746
Net investment income		20,407
Benefit payments		(29,650)
Administrative expense		<u>(248)</u>
Net change in plan fiduciary net position		139,255
Plan fiduciary net position - beginning		<u>436,451</u>
Plan fiduciary net position - ending (b)	\$	<u><u>575,706</u></u>
 Net OPEB liability - ending (a) - (b)	\$	547,615
 Plan fiduciary net position as a percentage of total OPEB liability		51.30%
 Covered-employee payroll	\$	8,803,289
 Net OPEB liability as a percentage of covered-employee payroll		6.2%

* Fiscal year 2018 was the first year of implementation, therefore only one year is shown

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

TOWN OF TRUCKEE, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS
 AS OF JUNE 30, 2018
 LAST TEN FISCAL YEARS*

Fiscal Year Ended June 30	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 138,976
Contributions in relation to ADC	<u>144,250</u>
Contribution deficiency (excess)	(5,274)
Covered-employee payroll	9,165,306
Contributions as a percentage of covered-employee payroll	1.6%

* Fiscal year 2018 was the first year of implementation, therefore only one year is shown

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

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, 2018

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 directed 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, Public Works 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 fiscal 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 BUDGETARY APPROPRIATIONS

The Town's General Fund and major special revenue funds did not have any material excess expenditures over appropriations for fiscal year 2018.

C. CHANGES IN ASSUMPTION – COST SHARING DEFINED BENEFIT PENSION PLAN

The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate, the amortization and smoothing periods adopted by the Board in fiscal 2013 were used. For the Plan, the crossover test was performed on a miscellaneous plan and a safety plan that were considered as being more at risk of failing the crossover test and result in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of those plan investments, the tests revealed that the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The crossover test results can be found on the CalPERS' website at <https://www.calpers.ca.gov/page/employers/actuarial-services/gasb>.

TOWN OF TRUCKEE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

D. ACTUARIAL ASSUMPTIONS – OTHER POST EMPLOYMENT BENEFITS

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal 2018 were from the June 30th, 2017 valuation.

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age, level percentage of payroll
Amortization Method	Level dollar amount over closed 24 year period
Asset Valuation Method	Market value, no smoothing
Inflation	2.75% per year
Payroll Growth	3.00% per year
Discount Rate	5.50%
Healthcare cost-trend rates	7.50% initial, 0.25% decrease per year to rate that reflects medical price inflation
Retirement Age	The probabilities of retirement are based on the CalPERS Experience Study for the period from 1997 to 2014
Mortality	Pre-retirement mortality probability based on the CalPERS Experience Study from 1997 to 2014, covering CalPERS participants. Post-retirement mortality projected with the Mortality Improvement Society of Actuaries Scale MP-2017

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, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 5,066,134	\$ 5,055,007	\$ 10,121,141
Accounts receivable	20,891	-	20,891
Interest receivable	13,962	-	13,962
Taxes receivable	2,711	-	2,711
Due from other governments	59,293	-	59,293
Loans receivable	3,011,014	-	3,011,014
Total Assets:	<u>8,174,005</u>	<u>5,055,007</u>	<u>13,229,012</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	8,792	14,722	23,514
Due to other funds	2,285	-	2,285
Total Liabilities:	<u>11,077</u>	<u>14,722</u>	<u>25,799</u>
Deferred Inflows of Resources:			
Deferred inflows	3,051,434	-	3,051,434
Total Deferred Inflows of Resources:	<u>3,051,434</u>	<u>-</u>	<u>3,051,434</u>
Fund Balances:			
Restricted	4,984,562	-	4,984,562
Assigned	126,932	5,040,285	5,167,217
Total Fund Balances:	<u>5,111,494</u>	<u>5,040,285</u>	<u>10,151,779</u>
Total Liabilities and Fund Balances:	<u>\$ 8,174,005</u>	<u>\$ 5,055,007</u>	<u>\$ 13,229,012</u>

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes and assessments	\$ 2,325,039	\$ -	\$ 2,325,039
Fines and forfeitures	99,306	-	99,306
Use of money and property	126,656	-	126,656
Intergovernmental revenues	128,979	1,060,919	1,189,898
Charges for services	454,368	-	454,368
Other revenues	282,199	-	282,199
Total Revenues:	<u>3,416,547</u>	<u>1,060,919</u>	<u>4,477,466</u>
Expenditures			
Current:			
General Government	30,750	-	30,750
Public Safety	108,810	-	108,810
Public Works	32,959	2,699	35,658
Community Development	36,784	-	36,784
Capital Outlay	31,119	2,293,182	2,324,301
Total Expenditures:	<u>240,422</u>	<u>2,295,881</u>	<u>2,536,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>3,176,125</u>	<u>(1,234,962)</u>	<u>1,941,163</u>
Other financing sources (uses):			
Transfers in	194,107	-	194,107
Transfers out	(2,732,568)	-	(2,732,568)
Total Other financing sources (uses):	<u>(2,538,461)</u>	<u>-</u>	<u>(2,538,461)</u>
Net Change in Fund Balances:	637,664	(1,234,962)	(597,298)
Fund Balances - Beginning	4,473,830	6,275,247	10,749,077
Fund Balances - Ending:	<u>\$ 5,111,494</u>	<u>\$ 5,040,285</u>	<u>\$ 10,151,779</u>

NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Abandoned Vehicle Abate Fund	Air Quality Mitigation Fund	Downtown In-Lieu Parking Fund	Town Housing Fund
Assets				
Cash and investments	\$ 28,773	\$ 245,168	\$ 89,657	\$ 218,911
Accounts receivable	-	-	15,420	-
Interest receivable	76	720	228	569
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	569,487
Total Assets:	<u>28,849</u>	<u>245,888</u>	<u>105,305</u>	<u>788,967</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	15,420	569,487
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>15,420</u>	<u>569,487</u>
Fund Balances:				
Restricted	28,849	245,888	89,885	219,480
Assigned	-	-	-	-
Total Fund Balances:	<u>28,849</u>	<u>245,888</u>	<u>89,885</u>	<u>219,480</u>
Total Liabilities and Fund Balances:	<u>\$ 28,849</u>	<u>\$ 245,888</u>	<u>\$ 105,305</u>	<u>\$ 788,967</u>

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	PEG Fund	Infrastructure In- Lieu Fund	Brickelltown Maintenance District Fund	Joerger Ranch Trail Maintenance District Fund
Assets				
Cash and investments	\$ 26,868	\$ 93,112	\$ 56,288	\$ 13,067
Accounts receivable	5,471	-	-	-
Interest receivable	114	247	170	38
Taxes receivable	-	-	2,711	-
Due from other governments	-	-	-	-
Loans receivable	-	-	-	-
Total Assets:	<u>32,453</u>	<u>93,359</u>	<u>59,169</u>	<u>13,105</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	121	-
Due to other funds	-	-	-	-
Total Liabilities:	<u>-</u>	<u>-</u>	<u>121</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	-	-	-	-
Total Deferred Inflows of Resources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	32,453	93,359	59,048	13,105
Assigned	-	-	-	-
Total Fund Balances:	<u>32,453</u>	<u>93,359</u>	<u>59,048</u>	<u>13,105</u>
Total Liabilities and Fund Balances:	<u>\$ 32,453</u>	<u>\$ 93,359</u>	<u>\$ 59,169</u>	<u>\$ 13,105</u>

Continued (Page 2 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	COPS Fund	Gas Tax Fund	BEGIN Housing Reimbursement Grants Fund	CDBG - Misc Income Fund
Assets				
Cash and investments	\$ 114,368	\$ 60,531	\$ -	\$ 126,591
Accounts receivable	-	-	-	-
Interest receivable	455	-	-	341
Taxes receivable	-	-	-	-
Due from other governments	25,000	34,293	-	-
Loans receivable	-	-	316,384	52,583
Total Assets:	<u>139,823</u>	<u>94,824</u>	<u>316,384</u>	<u>179,515</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	5,952	-	-	-
Due to other funds	-	-	-	-
Total Liabilities:	<u>5,952</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	25,000	-	316,384	52,583
Total Deferred Inflows of Resources:	<u>25,000</u>	<u>-</u>	<u>316,384</u>	<u>52,583</u>
Fund Balances:				
Restricted	108,871	94,824	-	-
Assigned	-	-	-	126,932
Total Fund Balances:	<u>108,871</u>	<u>94,824</u>	<u>-</u>	<u>126,932</u>
Total Liabilities and Fund Balances:	<u>\$ 139,823</u>	<u>\$ 94,824</u>	<u>\$ 316,384</u>	<u>\$ 179,515</u>

Continued (Page 3 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	CDBG 01-STBG- 1614 Fund	CDBG 10-STBG- 6741 Fund	15-CDBG-10566 Fund	Housing Assistance Fund
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 1,984,356
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	5,350
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	45,692	687,868	94,276	491,926
Total Assets:	45,692	687,868	94,276	2,481,632
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	-	-	894	1,500
Due to other funds	-	-	2,285	-
Total Liabilities:	-	-	3,179	1,500
Deferred Inflows of Resources:				
Deferred inflows	45,692	687,868	94,276	491,926
Total Deferred Inflows of Resources:	45,692	687,868	94,276	491,926
Fund Balances:				
Restricted	-	-	(3,179)	1,988,206
Assigned	-	-	-	-
Total Fund Balances:	-	-	(3,179)	1,988,206
Total Liabilities and Fund Balances:	\$ 45,692	\$ 687,868	\$ 94,276	\$ 2,481,632

Continued (Page 4 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Program Income Fund	CalHome Grant Fund	Impact Fees Miscellaneous Fund	Asset Forfeiture Fund
Assets				
Cash and investments	\$ 318,810	\$ -	\$ 1,517,847	\$ 171,787
Accounts receivable	-	-	-	-
Interest receivable	835	-	4,344	475
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Loans receivable	297,630	455,168	-	-
Total Assets:	<u>617,275</u>	<u>455,168</u>	<u>1,522,191</u>	<u>172,262</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	325	-	-	-
Due to other funds	-	-	-	-
Total Liabilities:	<u>325</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Deferred inflows	297,630	455,168	-	-
Total Deferred Inflows of Resources:	<u>297,630</u>	<u>455,168</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	319,320	-	1,522,191	172,262
Assigned	-	-	-	-
Total Fund Balances:	<u>319,320</u>	<u>-</u>	<u>1,522,191</u>	<u>172,262</u>
Total Liabilities and Fund Balances:	<u>\$ 617,275</u>	<u>\$ 455,168</u>	<u>\$ 1,522,191</u>	<u>\$ 172,262</u>

Continued (Page 5 of 6)

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Total Nonmajor Special Revenue Funds
Assets	
Cash and investments	\$ 5,066,134
Accounts receivable	20,891
Interest receivable	13,962
Taxes receivable	2,711
Due from other governments	59,293
Loans receivable	3,011,014
Total Assets:	8,174,005
 Liabilities and Fund Balances	
Liabilities:	
Accounts payable	8,792
Due to other funds	2,285
Total Liabilities:	11,077
 Deferred Inflows of Resources:	
Deferred inflows	3,051,434
Total Deferred Inflows of Resources:	3,051,434
 Fund Balances:	
Restricted	4,984,562
Assigned	126,932
Total Fund Balances:	5,111,494
Total Liabilities and Fund Balances:	\$ 8,174,005

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, 2018

	Abandoned Vehicle Abate Fund	Air Quality Mitigation Fund	Downtown In-Lieu Parking Fund	Town Housing Fund
Revenues				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	363	3,337	1,109	23,753
Intergovernmental revenues	-	-	-	-
Charges for services	1,162	46,579	1,875	-
Other revenues	-	-	-	104,510
Total Revenues:	1,525	49,916	2,984	128,263
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures:	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures:	1,525	49,916	2,984	128,263
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	(35,002)	-	-
Total Other financing sources (uses):	-	(35,002)	-	-
Net Change in Fund Balances:	1,525	14,914	2,984	128,263
Fund Balances - Beginning	27,324	230,974	86,901	91,217
Fund Balances - Ending:	\$ 28,849	\$ 245,888	\$ 89,885	\$ 219,480

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	PEG Fund	Infrastructure In-Lieu Fund	Brickelltown Maintenance District Fund	Joerger Ranch Trail Maintenance District Fund
Revenues				
Taxes and assessments	\$ -	\$ -	\$ 66,220	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	487	971	563	168
Intergovernmental revenues	-	-	-	-
Charges for services	-	49,071	-	-
Other revenues	21,812	60	-	-
Total Revenues:	<u>22,299</u>	<u>50,102</u>	<u>66,783</u>	<u>168</u>
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	29,171	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures:	<u>-</u>	<u>-</u>	<u>29,171</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>22,299</u>	<u>50,102</u>	<u>37,612</u>	<u>168</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(21,803)	-	(5,195)	-
Total Other financing sources (uses):	<u>(21,803)</u>	<u>-</u>	<u>(5,195)</u>	<u>-</u>
Net Change in Fund Balances:	496	50,102	32,417	168
Fund Balances - Beginning	31,957	43,257	26,631	12,937
Fund Balances - Ending:	<u>\$ 32,453</u>	<u>\$ 93,359</u>	<u>\$ 59,048</u>	<u>\$ 13,105</u>

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, 2018

	COPS Fund	Gas Tax Fund	BEGIN Housing Reimbursement Grants	CDBG - Miscellaneous Income Fund
Revenues				
Taxes and assessments	\$ -	\$ 2,258,819	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	1,931	16	-	1,601
Intergovernmental revenues	110,585	18,394	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total Revenues:	112,516	2,277,229	-	1,601
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	91,315	-	-	-
Public Works	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures:	91,315	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures:	21,201	2,277,229	-	1,601
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(49,707)	(2,182,405)	-	-
Total Other financing sources (uses):	(49,707)	(2,182,405)	-	-
Net Change in Fund Balances:	(28,506)	94,824	-	1,601
Fund Balances - Beginning	137,377	-	-	125,331
Fund Balances - Ending:	\$ 108,871	\$ 94,824	\$ -	\$ 126,932

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, 2018

	CDBG 01-STBG- 1614 Fund	CDBG 10-STBG- 6741 Fund	15-CDBG-10566 Fund	Housing Assistance Fund
Revenues				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Use of money and property	-	13,906	2,183	40,579
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	18,605
Other revenues	5,012	13,711	18,778	87,478
Total Revenues:	<u>5,012</u>	<u>27,617</u>	<u>20,961</u>	<u>146,662</u>
Expenditures				
Current:				
General Government	-	-	-	30,750
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community Development	-	-	3,179	-
Capital Outlay	-	-	-	-
Total Expenditures:	<u>-</u>	<u>-</u>	<u>3,179</u>	<u>30,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>5,012</u>	<u>27,617</u>	<u>17,782</u>	<u>115,912</u>
Other financing sources (uses):				
Transfers in	-	-	-	100,823
Transfers out	(5,012)	(27,617)	(20,961)	(150,824)
Total Other financing sources (uses):	<u>(5,012)</u>	<u>(27,617)</u>	<u>(20,961)</u>	<u>(50,001)</u>
Net Change in Fund Balances:	-	-	(3,179)	65,911
Fund Balances - Beginning	-	-	-	1,922,295
Fund Balances - Ending:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,179)</u>	<u>\$ 1,988,206</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, 2018

	Program Income Fund	CalHome Grant Fund	Impact Fees Miscellaneous	Asset Forfeiture Fund
Revenues				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	99,306
Use of money and property	3,768	8,856	19,197	3,868
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	337,076	-
Other revenues	-	30,838	-	-
Total Revenues:	3,768	39,694	356,273	103,174
Expenditures				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	17,495
Public Works	-	-	3,788	-
Community Development	33,605	-	-	-
Capital Outlay	-	-	-	31,119
Total Expenditures:	33,605	-	3,788	48,614
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(29,837)	39,694	352,485	54,560
Other financing sources (uses):				
Transfers in	93,284	-	-	-
Transfers out	-	(39,694)	(194,348)	-
Total Other financing sources (uses):	93,284	(39,694)	(194,348)	-
Net Change in Fund Balances:	63,447	-	158,137	54,560
Fund Balances - Beginning	255,873	-	1,364,054	117,702
Fund Balances - Ending:	\$ 319,320	\$ -	\$ 1,522,191	\$ 172,262

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TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Total Nonmajor Special Revenue Funds
Revenues	
Taxes and assessments	\$ 2,325,039
Fines and forfeitures	99,306
Use of money and property	126,656
Intergovernmental revenues	128,979
Charges for services	454,368
Other revenues	282,199
Total Revenues:	3,416,547
Expenditures	
Current:	
General Government	30,750
Public Safety	108,810
Public Works	32,959
Community Development	36,784
Capital Outlay	31,119
Total Expenditures:	240,422
Excess (Deficiency) of Revenues Over (Under) Expenditures:	3,176,125
Other financing sources (uses):	
Transfers in	194,107
Transfers out	(2,732,568)
Total Other financing sources (uses):	(2,538,461)
Net Change in Fund Balances:	637,664
Fund Balances - Beginning	4,473,830
Fund Balances - Ending:	\$ 5,111,494

Continued (Page 6 of 6)

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NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

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TOWN OF TRUCKEE, CALIFORNIA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2018

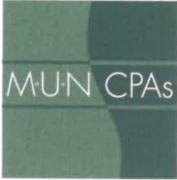
	Fleet Replacement Fund
Assets	
Cash and investments	\$ 5,055,007
Total Assets:	5,055,007
 Liabilities and Fund Balances	
Liabilities:	
Accounts payable	14,722
Total Liabilities:	14,722
 Fund Balances:	
Assigned	5,040,285
Total Fund Balances:	5,040,285
Total Liabilities and Fund Balances:	\$ 5,055,007

TOWN OF TRUCKEE, CALIFORNIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Fleet Replacement Fund
Revenues	
Intergovernmental revenues	\$ 1,060,919
Total Revenues:	1,060,919
 Expenditures	
Current:	
Public Works	2,699
Capital Outlay	2,293,182
Total Expenditures:	2,295,881
Excess (Deficiency) of Revenues Over (Under)	
Expenditures:	(1,234,962)
Net Change in Fund Balances:	(1,234,962)
Fund Balances - Beginning	6,275,247
Fund Balances - Ending:	\$ 5,040,285

OTHER REPORTS

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MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

**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, 2018, 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 29, 2018.

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

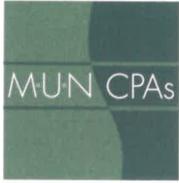
As part of obtaining reasonable assurance about whether the Town of Truckee's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 29, 2018

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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, California's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Truckee's major federal programs for the year ended June 30, 2018. 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, 2018.

Report on Internal Control over Compliance

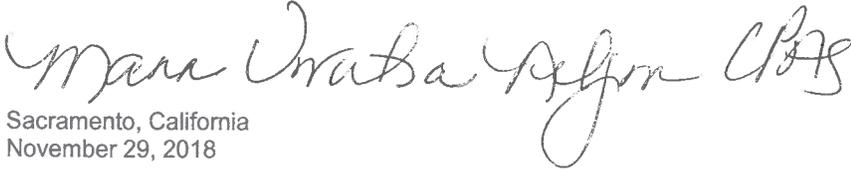
Management of the Town of Truckee, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Truckee's internal control over compliance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



Maria Urutba Nelson CPA

Sacramento, California
November 29, 2018

**TOWN OF TRUCKEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Federal Grantor/Pass-Through Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number/Grant Number</u>	<u>Federal Expenditures</u>
U.S Department of Housing and Urban Development			
Home Investment Partnership Program	14.239	Beginning Loan Balance	\$ 11,945,918
Home Investment Partnership Program	14.239	Interest Income	373,225
Pass-Through State of California Department of Housing and Community Development:			
Community Development Block Grants	14.228	Beginning Loan Balance	967,429
Community Development Block Grants	14.228	New Loans	37,501
Community Development Block Grants	14.228	Interest Income	<u>2,000</u>
Total U.S. Department of Housing and Urban Development			<u>13,326,073</u>
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	2016BUBX16082263	<u>4,466</u>
Total U.S. Department of Justice			<u>4,466</u>
U.S Department of Transportation			
Pass-Through State of California Department of Transportation			
Highway Planning and Construction	20.205	STIP/RIP	980
Highway Safety Improvement Program	20.205	HSIP-5473(019)	2,189
Formula Grants for Other than Urbanized Areas	20.509	64BO17-00518	83,498
Enhanced Mobility of Seniors & Individuals with Disabilities	20.513	64A018-00691	<u>227,112</u>
Total U.S. Department of Transportation			<u>313,779</u>
U.S Department of Health and Human Services			
Grants for Support Services and Senior Centers	93.044	1418-07-03/04-16	<u>27,508</u>
Total U.S. Department of Health and Human Services			<u>27,508</u>
Total Expenditures of Federal Awards			\$ <u>13,671,826</u>

**TOWN OF TRUCKEE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018:

Federal CFDA Number	Program Title	Amount Outstanding
14.228	Community Development Block Grants	\$ 931,927
14.239	Home Investment Partnerships Program	<u>12,319,143</u>
	Total Loans Outstanding	<u>\$ 13,251,070</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, 2018.

**TOWN OF TRUCKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018**

There were no findings to report for the year ended June 30, 2017.