

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

This section of the Town of Truckee Financial Report presents a narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and notes to the financial statements, which follows this section.

**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 \$335,547,013. Of this amount, \$85,723,928 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 \$328,801,687. Of this balance, \$79,302,021 is unrestricted and available for spending at the Town's discretion.

The Town's General Fund ended the year with a fund balance of \$65,864,229. The non-spendable balance of \$324,125 is for the Town's inventory on-hand and prepaid assets at year-end. The restricted balance is 231,390 represents the Town's share of self-insured retention for insurance. The assigned balance of \$27,477,871 is designated for various contingencies, economic development, housing projects, and future capital needs. \$37,830,843 is unassigned and available for spending at the Town Council's discretion

The major capital projects completed in fiscal 2024 included reconstruction of the Donner Creek crossing on Coldstream Road, an extension to Church Street, paving and drainage work on Town roads, repaving on Town trails, and a conversion of the Town's diesel tanks to biodiesel. Additions to infrastructure projects still in construction at year end in fiscal 2024 were related to construction of Phase 4 of the Truckee River Legacy Trail, construction of a new transit station, streetscaping on West River Street, and a road paving project.

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

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.

The basic financial statements include two kinds of statements which present different views of the Town.

Government-Wide Financial 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, respectively.

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  
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FOR THE YEAR ENDED JUNE 30, 2024**

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

**Governmental Activities:** Most of the Town's basic services are included here including general government, public safety, public works (snow removal, streets and roads), community development, and facilities. This is also where many of the Town's auxiliary services are accounted for such as housing, sustainability, economic vitality, and communications. These services are primarily financed by property taxes, sales and use taxes, transient occupancy tax, 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 and recycling service, building and safety, and transit services are included in business-type activities.

The government-wide financial statements can be found on pages 18 and 19 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.

#### 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 reconciliation between governmental funds to governmental activities in the government-wide statements. These reconciliation explain the relationship (or differences) between fund statements and the government-wide statements. The basic governmental fund financial statements can be found on pages 20-27.

**Proprietary Funds:** The Town utilizes enterprise funds (one type of proprietary fund) to account for those activities that are supported primarily by user charges to external users, specifically parking, transit services, solid waste removal and recycling 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 28-35.

**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 36 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 36-37.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

**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 38-78.

**Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information including a budgetary comparison for the General Fund and other major funds as presented in the government fund financial statements. Information regarding the Town's pension liabilities and information regarding the Town's progress in funding its obligation to provide OPEB to its employees is included. The required supplementary information can be found on 79-118.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table presents a summary of the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position for its governmental and business type activities. As noted earlier, a government's net asset position may serve over time as a useful indicator of its financial position. The Summary of Net Position as of June 30, 2024 and 2023 follows:

**Statement of Net Position  
As of June 30, 2024 and 2023  
(in thousands)**

	Governmental Activities			Business-Type Activities			Total Government		
	2024	2023	Net Change	2024	2023	Net Change	2024	2023	Net Change
<b>ASSETS</b>									
Current and other assets	\$141,010	\$ 132,782	\$ 8,228	\$ 7,991	\$ 7,843	\$ 148	\$149,001	\$ 140,625	\$ 8,376
Capital assets	<u>222,252</u>	<u>209,868</u>	<u>12,384</u>	<u>328</u>	<u>379</u>	<u>(51)</u>	<u>222,580</u>	<u>210,247</u>	<u>12,333</u>
Total Assets	<u>363,262</u>	<u>342,650</u>	<u>20,612</u>	<u>8,319</u>	<u>8,222</u>	<u>97</u>	<u>371,581</u>	<u>350,872</u>	<u>20,709</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>									
	<u>10,134</u>	<u>10,137</u>	<u>(3)</u>	<u>587</u>	<u>582</u>	<u>5</u>	<u>10,721</u>	<u>10,719</u>	<u>2</u>
<b>LIABILITIES</b>									
Current liabilities	9,093	12,871	(3,778)	601	242	359	9,694	13,113	(3,419)
Net pension liability	19,664	17,771	1,893	1,167	1,017	150	20,831	18,788	2,043
Net OPEB liability	796	1,098	(302)	80	115	(35)	876	1,213	(337)
Long-term liabilities	<u>13,495</u>	<u>13,733</u>	<u>(238)</u>	<u>140</u>	<u>118</u>	<u>22</u>	<u>13,635</u>	<u>13,851</u>	<u>(216)</u>
Total Liabilities	<u>43,048</u>	<u>45,473</u>	<u>(2,425)</u>	<u>1,988</u>	<u>1,492</u>	<u>496</u>	<u>45,036</u>	<u>46,965</u>	<u>(1,929)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
	<u>1,497</u>	<u>1,758</u>	<u>(261)</u>	<u>171</u>	<u>173</u>	<u>(2)</u>	<u>1,668</u>	<u>1,931</u>	<u>(263)</u>
<b>NET POSITION</b>									
Net investment in capital assets	211,106	198,542	12,564	323	379	(56)	211,429	198,921	12,508
Restricted	38,394	34,057	4,337	-	-	-	38,394	34,057	4,337
Unrestricted	<u>79,302</u>	<u>72,957</u>	<u>6,345</u>	<u>6,422</u>	<u>6,760</u>	<u>(338)</u>	<u>85,724</u>	<u>79,717</u>	<u>6,007</u>
Total Net Position	<u>\$328,802</u>	<u>\$ 305,556</u>	<u>\$ 23,246</u>	<u>\$ 6,745</u>	<u>\$ 7,139</u>	<u>\$ (394)</u>	<u>\$335,547</u>	<u>\$ 312,695</u>	<u>\$ 22,852</u>

As of June 30, 2024, the Town's government-wide total assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$335,547,013. Governmental activities finished the year with a positive net position balance of \$328,801,687. The Town's net pension liability increased from \$17,770,936 to \$19,663,656. Overall, government wide net position increased from \$305,556,583 to \$328,801,687 due to increases in current and other assets. Business-type activities finished the year with a positive balance of \$6,745,326. 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.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

Of the total government-wide net position, \$211,105,993 is the Town's net 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. Two significant projects completed in fiscal year ended June 30, 2024, included an extension to Church Street and the completion of the Truckee River Legacy Trail Phase 4

The Town's long-term liabilities include debt incurred to acquire the Town's administrative facility, to pay for the land purchased for the Town's public service center, to pay for the construction of additional garage and work space at the Town's public service center, compensated absences payable and SBITA's. Other long-term liabilities presented on the face of the statements include the net pension liability related to the Town's pension plans and the net other post-employment benefits (OPEB) liability (i.e., retiree health benefits).

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 7 starting on page 59 for debt schedules and Notes 8 and 9 starting on page 62 for further discussion of the net pension liability and net OPEB liability.

Restricted net position amounts to \$38,393,673 or 11.7% of the total governmental net position. Restricted net position represents those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations

Unrestricted net position represents those resources which may be used to meet the Town's ongoing commitments to the citizens and creditors. Government-wide unrestricted net position is \$79,302,021 or 24.0% of the total net position. Governmental activities account for 92.8% of the total unrestricted net position. Business-type activities account for \$6,421,907 or 7.2% of the total. The Town can use unrestricted net position of the parking, solid waste, and building & safety to finance their continuing operations.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$23,245,104 from the prior fiscal year for an ending balance of \$328,801,687. Revenues increased 18.8% and expenses increased 19% from prior year.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

**TABLE 2  
GOVERNMENTAL ACTIVITIES CHANGES IN NET POSITION AS OF JUNE 30,**

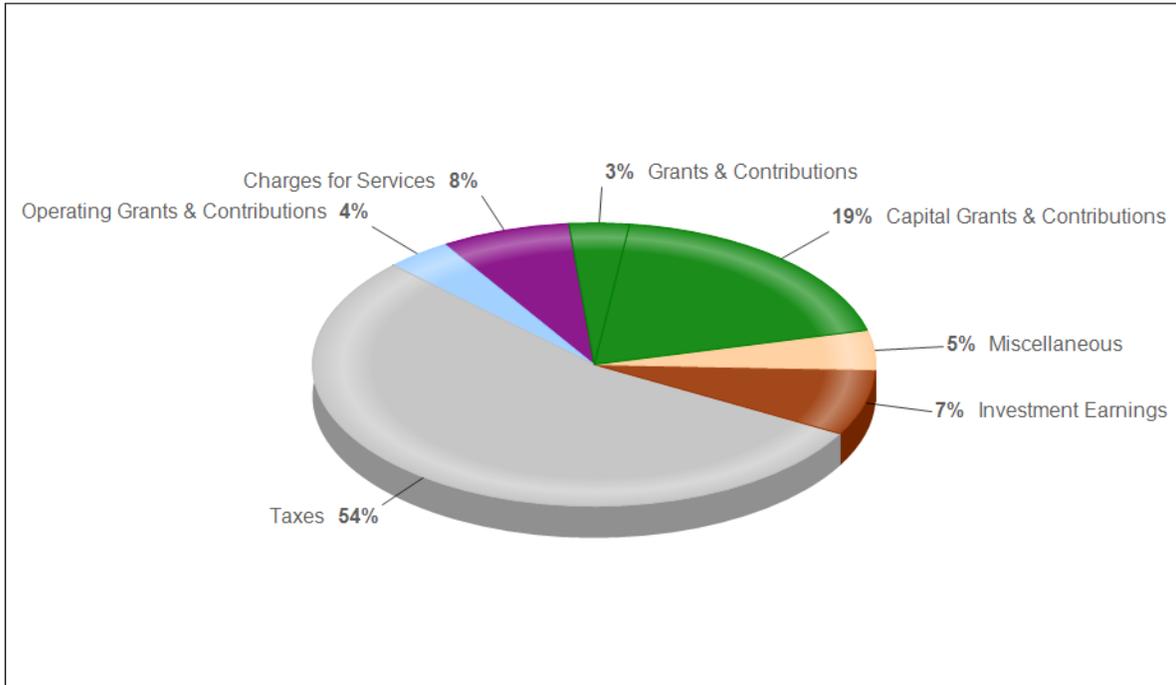
	<u>2024</u>	<u>2023</u>
<b><u>REVENUES</u></b>		
Charges for services	\$ 5,349,325	\$ 5,449,064
Operating grants and contributions	2,662,227	5,425,857
Capital grants and contributions	13,534,353	6,378,056
Property taxes	16,634,864	15,782,871
Sales taxes	12,382,002	12,152,718
Transient occupancy tax	7,264,926	8,149,794
Other taxes	2,233,703	1,923,915
Grants and contributions - unrestricted	2,467,464	2,271,609
Investment earnings	5,254,361	1,764,227
Miscellaneous	<u>3,163,058</u>	<u>426,678</u>
Total Revenue	<u>70,946,283</u>	<u>59,724,789</u>
<b><u>EXPENSES</u></b>		
General government	12,816,784	11,455,506
Public safety	13,199,090	8,956,144
Facilities	2,343,086	1,842,780
Community development	1,737,821	1,642,702
Public works	18,294,715	16,535,677
Interest and fiscal charges	<u>327,986</u>	<u>350,421</u>
Total Expenses	<u>48,719,482</u>	<u>40,783,230</u>
Increase in net position before transfers	22,226,801	18,941,559
Transfers	<u>1,018,303</u>	<u>995,300</u>
Change in net position	<u>23,245,104</u>	<u>19,936,859</u>
Net position - beginning	<u>305,556,583</u>	<u>285,619,724</u>
Net position - ending	<u>\$ 328,801,687</u>	<u>\$ 305,556,583</u>

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

Revenues

Sources of Revenues

Governmental Activities



Taxes, which include property, sales, and other taxes account for \$38,515,495 or 54% of the Town's governmental activity revenue. Without capital grants, taxes would be 67% of the Town's governmental activities revenue.

Total tax revenues increased by \$506,197 or 1.01%, during the fiscal year. The growth was primarily driven by a 0.05% increase in property tax revenues. Property taxes, the Town's largest revenue source, totaled 16,634,864 in fiscal year 2024, compared to 15,782,871 in fiscal year 2023.

The increase in property tax revenue is largely attributable to resales in the Truckee housing market, which contributed to an upward adjustment of the Town's base assessed property values. Despite limited inventory, the continued demand for housing has sustained elevated sales prices. Notably, the average home sale price in Truckee reached \$1 million for the first time in the Town's history during fiscal year 2024.

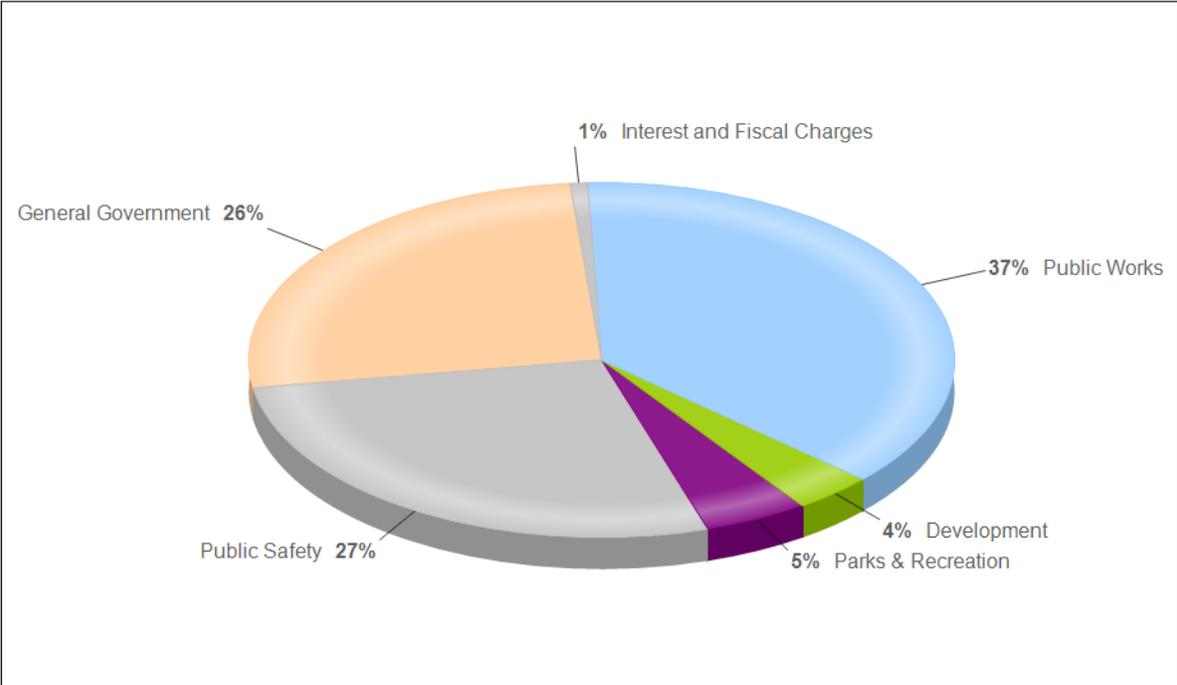
Transient occupancy tax (TOT) revenues decreased from 8,149,794 to 7,264,926 in 2024. Sales tax receipts had a conservative increase from 12,382,002 to 12,152,718, a 0.02% increase for the fiscal year.

Investment earnings, increased from \$1,764,227 to \$5,254,361. The Town has nearly \$75 million of latent cash in the Local Agency Investment Fund (LAIF). LAIF's monthly yield increased to over 4.0% in fiscal year 2024 from around 2.0% in fiscal year 2023.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

Expenses

**Functional Expenses**  
Governmental Activities



As identified in the functional expenses chart, 27% or \$13,199,090 of the Town's expenses were for public safety. 26% or \$12,816,784 were for general government expenses. The remaining functional expenses included 37% or \$18,294,715 for public works, 4% or \$1,737,821 in community development, 5% or \$2,343,086 in facilities, and 1% or \$327,986 in interest and fiscal charges. The Town's total governmental expenses increased \$7,936,252 or 19% from the prior fiscal year. This increase related to increases in capital spending.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

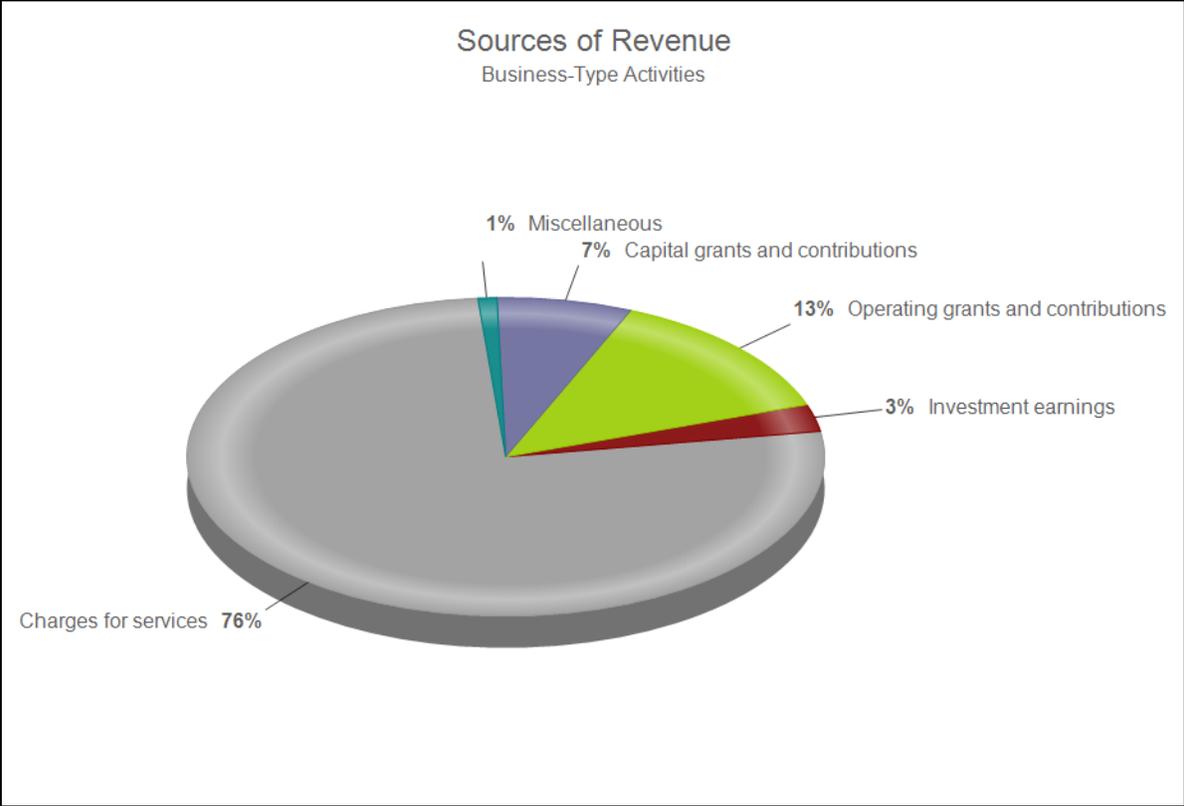
**Business-Type Activities.** During the current fiscal year, business-type activities decreased the Town's net position by \$393,985.

**TABLE 3  
BUSINESS-TYPE ACTIVITIES CHANGES IN NET POSITION AS OF JUNE 30,**

	<u>2024</u>	<u>2023</u>
<b><u>REVENUES</u></b>		
Charges for services	\$ 8,879,316	\$ 8,195,919
Investment earnings	312,179	97,247
Operating grants and contributions	1,552,095	2,252,258
Capital grants and contributions	750,000	279,000
Miscellaneous	<u>14,656</u>	<u>33,912</u>
Total Revenue	<u>11,508,246</u>	<u>10,858,336</u>
<b><u>EXPENSES</u></b>		
Parking	722,927	483,011
Solid waste	6,235,352	5,364,871
Building	2,075,738	1,794,815
Transit	<u>1,849,911</u>	<u>1,773,086</u>
Total Expenses	<u>10,883,928</u>	<u>9,415,783</u>
Change in net position before transfers	624,318	1,442,553
Transfers	<u>(1,018,303)</u>	<u>(995,300)</u>
Change in net position	(393,985)	447,253
Net position - beginning	<u>7,139,311</u>	<u>6,692,058</u>
Net position - ending	<u>\$ 6,745,326</u>	<u>\$ 7,139,311</u>

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

Revenues



Charges for services increased \$683,397 or 8.34% primarily due to a rate adjustment in solid waste services. In accordance with the Town's franchise agreement with the Tahoe Truckee Sierra Disposal (TTSD), the Town's solid waste collection contractor implemented a 9.9% rate increase. This adjustment led to a corresponding increase in the charges assessed to Town properties for garbage collection services as the Town collects the amount needed to fund the franchise agreement via user charges.

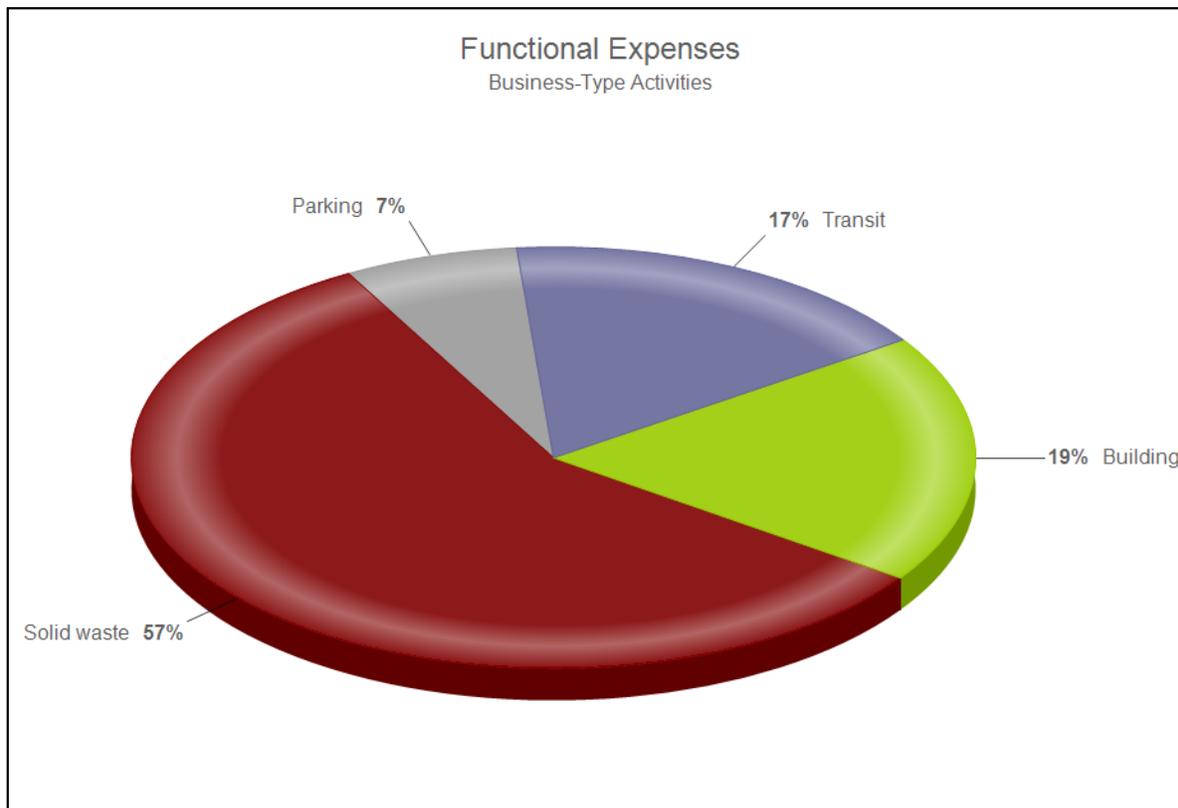
The rate adjustment is based on a cost-based methodology specified in the franchise agreement, which involves a detailed review of actual operational costs and service statistics by customer classification. Key factors in this analysis include staffing levels, route configurations and hours, customer counts, and service levels. The methodology also projects expected contractor compensation and gross receipts for the upcoming rate period. Additionally, the rate includes a direct pass-through of tipping fees for collected materials, which are tied to the published fee schedule at the Eastern Regional Landfill.

Operating grants and contributions increased \$700,163 or 31% due to the increase in the allocation of Local Transportation Fund (LTF) administered by California Transportation Development Act (TDA). The Town did not apply for LTF from the TDA fund in prior fiscal year due to the excess allocation received in fiscal year 2020.

Operating grants and contributions decreased \$700,163 or 31%. The transit division expended \$593,703 worth of grants in fiscal year 2023 that were not available in fiscal year 2024. This represented the bulk of the difference.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

Expenses



In fiscal year 2023/24, all four of the Town's business-type divisions experienced notable increases in operating expenses, largely driven by staffing changes and cost adjustments.

Following a market compensation study completed in fiscal year 2022/23, the Town entered into negotiations with its three employee bargaining units. The resulting agreements, implemented in fiscal year 2023/24, included an 8.15% cost-of-living adjustment for employees expensed to the business-type divisions to bring employee pay in-line with the results of the compensation study data.

Parking expenses rose by \$239,916 or 50%, primarily due to the division being fully staffed throughout fiscal year 2023/24. The prior year had seen notable wage savings due to a position vacancy. The implementation of the new compensation structure further contributed to this increase.

Solid waste expenses increased \$870,481 or 16%. This was driven by two main factors: the implementation of the Town-wide staffing cost adjustments and a 9.9% rate increase by the Town's solid waste contractor, Tahoe Truckee Sierra Disposal (TTSD). The rate adjustment—outlined in the Town's franchise agreement—is based on a cost-based methodology that considers actual operating costs, service metrics (such as staffing, routes, and service levels), and includes a direct pass-through of tipping fees tied to the Eastern Regional Landfill's published schedule.

Building Division expenses also rose by \$280,923 or 16%. Similar to the Parking Division, this increase reflects the transition from vacancies in fiscal year 2022/23 to a fully staffed department in 2023/24, along with the implementation of the updated compensation agreements.

Transit expenses increased 4%, or \$76,825, with the primary driver being the implementation of the Town's updated labor agreements and associated staffing cost increases.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

**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 \$108,644,824. Only the Capital Projects Fund ended the year with a negative fund balance. This primarily related to the timing of collection for grant funds and contributions for the Town's capital projects.

Of the total fund balance, \$37,130,151 or 34.18% is unassigned, which is available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town. As of June 30, 2024 the total fund balance of the general fund was \$65,864,229 with \$324,125 in non-spendable, \$231,390 restricted for self-insurance, and \$27,477,871 in assigned funds for contingencies, long-term road maintenance, economic development and housing, facilities construction, and capital projects. The \$37,830,843 in unassigned fund balance is available for other Council priorities.

Total governmental revenues, including other financing sources/uses, exceeded expenditures by \$12,420,436. The 11% increase in capital grants and contributions drove this surplus.

**Proprietary Funds:** Each of the Town's proprietary funds ended the fiscal year with a positive net position. The total net position for proprietary funds of the Town was \$6,745,326.

**Fiduciary Funds:** The Town of Truckee Redevelopment Successor Agency fiduciary fund has a negative net position due to the transfer of assets and liabilities, including a bond issuance from the former Redevelopment Agency during fiscal 2012.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund Budgetary Comparison Schedule is shown on page 79. The change to transfers out budget was related to an expected increase in funding required for capital projects in the Capital Projects fund that did not occur due to the ultimate timing of the construction activity. Those expenses will be added to the budgeted spending for fiscal 2024. General Fund total actual revenues of \$42,509,835 were \$6,379,561 more than budgeted revenues. General Fund taxes and assessments, licenses and permits, use of money and property, intergovernmental revenues, and other revenues all exceed budgeted revenues. General Fund taxes and assessments exceeded the expected collections by a total of \$2,642,024. Use of money and property exceeded the expected collections by a total of 2,136,114.

Actual General Fund expenditures were lower than budgeted amounts, reflecting budgetary savings achieved through effective cost controls implemented across various Town divisions. A substantial portion of these savings originated within the Public Works Department, particularly in the Snow Removal Division. Despite a winter season with typical snowfall levels, the Town realized \$1,047,049 in savings due to persistent challenges in recruiting and hiring the seasonal staff necessary to fully implement the snow removal program. These staffing shortages limited operational capacity and contributed significantly to the overall expenditure reduction.

The public safety division exceeded their budgeted expenses by \$236,403, primarily due to increased fleet-related costs and overtime expenditures. The division had planned to replace two end-of-life vehicles during fiscal year 2022/23; however, supply chain disruptions delayed procurement, requiring the purchases to be budgeted in capital outlay for fiscal year 2023/24. In addition, two more vehicles reached end-of-life status in 2023/24, which the Town was also unable to replace due to continued supply chain constraints. The constraints were due to the mandate that the Town replace new vehicles with hybrid or electric models. As a result, the division incurred substantial maintenance expenses to keep these aging vehicles operational. Furthermore, the department experienced elevated overtime costs, driven by the need to maintain minimum staffing levels during periods of employee absences and to cover unfilled positions.

Taxes and assessments exceeded budgeted collections in both the Measure R Trails special revenue fund and Measure V Road Maintenance special revenue fund. This was primarily due to gains in the use of money and property as well as sales and use tax collections that exceeded expected collections.

Collections for charges for services were less than budgetary collections in the Facilities Impact Fees special revenue fund. Fewer commercial projects applied for building permits than anticipated in fiscal 2024.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

CAPITAL ASSETS

The town-wide investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounts to \$222,580,146 (net of depreciation). This investment in capital assets includes land, buildings and improvements, equipment, right-to-use assets, and the road network.

The major capital projects completed in fiscal 2024 included reconstruction of the Donner Creek crossing on Coldstream Road, an extension to Church Street, paving and drainage work on Town roads, repaving on Town trails, and a conversion of the Town's diesel tanks to biodiesel. Additions to infrastructure projects still in construction at year end in fiscal 2024 were related to construction of Phase 4 of the Truckee River Legacy Trail, construction of a new transit station, streetscaping on West River Street, and a road paving project.

**Capital Assets (net of depreciation)  
As of June 30, 2024 and 2023**

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 9,407,257	\$ -	\$ 9,407,257	\$ 9,407,257	\$ -	\$ 9,407,257
Construction in progress	24,651,296	-	24,651,296	22,521,824	-	22,521,824
Buildings & improvements	34,343,607	100,833	34,444,440	35,449,976	115,802	35,565,778
Right of way	57,487,179	-	57,487,179	57,487,179	-	57,487,179
Equipment	9,913,653	213,939	10,127,592	9,686,305	263,070	9,949,375
Infrastructure	85,772,100	-	85,772,100	74,781,351	-	74,781,351
Right-to-use lease asset	<u>676,569</u>	<u>13,713</u>	<u>690,282</u>	<u>534,118</u>	<u>-</u>	<u>534,118</u>
Total Net Capital Assets	<u>\$ 222,251,661</u>	<u>\$ 328,485</u>	<u>\$ 222,580,146</u>	<u>\$ 209,868,010</u>	<u>\$ 378,872</u>	<u>\$ 210,246,882</u>

Additional information about the Town's capital assets can be found in Note 6 in the Notes to the Basic Financial Statements.

DEBT ADMINISTRATION

The Town's long-term liabilities were \$12,111,425 as of June 30, 2024. 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 center facility. Also included are the lease revenue bonds issued during fiscal 2020 to fund the construction of additional garages at the Town's public service center facility.

General obligation debts are direct obligations of the Town and are backed by the full faith and credit of the Town requiring voter approval, and may have a tax rate set to cover repayment. State statutes limit the amount of general obligation debt to 15% of the Town's total taxable assessed valuation which was \$9.4 billion in fiscal 2024. The Town of Truckee's debt limit is \$1.3 billion. The Town does not currently have any general obligation debt outstanding.

**TOWN OF TRUCKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2024**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Town experienced moderate residential growth in fiscal 2024 when compared to fiscal 2023. The revenue budget for fiscal 2025 projected construction levels nearly equal to the fiscal 2024 levels with a slight decrease in single-family dwellings and a slight increase in multi-residential, commercial, or mixed-use occupancy. During the budget process for fiscal 2024 it was estimated that 95 new single-family units would be constructed within the Town, compared with 100 budgeted units in fiscal 2023.

Only 55 new single-family residential permits were created during fiscal 2024 (81 were created in fiscal 2023). Conversely, 92 new single-family residential permits were completed in fiscal 2024, versus 62 in fiscal 2023. While new single family residential permit activity has stabilized, there is strong activity in remodel and addition work.

The value of commercial permits issued is expected to decrease in fiscal 2025, as compared to fiscal 2024, due to inflationary increases on the cost of building materials, increased interest rates, and the leveling of the economy.

General Fund expenditures for fiscal 2025, excluding debt service, overlay reserve and capital expenditures, were projected to increase approximately 9.3% when compared with fiscal 2024 budgeted expenditures. Personnel costs were projected to increase 8.0% for fiscal 2024. Overall service and supply costs are budgeted to increase 15.7% from the fiscal 2024 budget.

Property tax, the Town's largest revenue source, is projected to increase by 10.1% compared to the fiscal year 2024 budget, or 4.0% over the fiscal year 2024 estimated actuals. This anticipated growth is largely driven by continued strength in residential real estate sales.

In contrast, both the Transient Occupancy Tax (TOT) and Sales and Use Tax revenues are expected to stabilize or experience a modest decline in fiscal year 2025 relative to the fiscal year 2024 budget.

When viewed through a long-term lens, the projected revenue levels for these sources are generally consistent with pre-COVID trends, indicating a return to more normalized activity levels following recent years of volatility.

The Town's general fund is budgeted to contribute approximately \$11.6 million to the Town's capital programs in fiscal 2025. The fiscal 2025 budget projects \$22.9 million in assigned fund balance, of which \$16.6 million (equal to 40% of general fund revenues) of general fund balance is to be assigned for contingencies, \$2.4 million for long-term road maintenance program, and \$1.1 million for streetscaping projects.

**REQUESTS FOR INFORMATION**

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, at Town of Truckee, 10183 Truckee Airport Road, Truckee, CA, 96161- 3306 or [ncasey@townoftruckee.gov](mailto:ncasey@townoftruckee.gov).