

SQUAW VALLEY PUBLIC SERVICE DISTRICT

OLYMPIC VALLEY, CALIFORNIA

BASIC FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

For the Year Ended

June 30, 2012

SQUAW VALLEY PUBLIC SERVICE DISTRICT

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SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

As management of the Squaw Valley Public Service District, we are offering a brief narrative overview of the financial activities of the District for the fiscal year ending June 30, 2012. All information presented here should be read in conjunction with the District's audited financial statements following this section. Note: all financial statement values have been rounded to the nearest \$1,000.

Financial Highlights

- ✓ Total Current Assets exceeded Total Liabilities by \$1,701,000.
- ✓ Total net assets decreased by \$1,128,000.
- ✓ Of the total net assets amount, \$666,000 is restricted and must be used only for specific purposes, \$3,322,000 is unrestricted and available for replacement of fixed assets and \$9,041 is unrestricted but dedicated to future obligations. See page 44 & 45, notes 8 & 9.
- ✓ Of major importance is: Property tax revenues actually decreased this year by only \$75,000 from 2010-11. The District has lost a total of \$1,406,000 in tax revenue since the peak year of 2007-08. This is due to the reassessment of the major condominium and commercial properties in the valley and two prior recession years causing a lack of real estate sales. With new development proposed, the economic outlook for Squaw Valley is changing.
- ✓ Major projects this year were:
 - Well 2R Rehabilitation and Reconstruction
 - Conversion of Financial Accounting Software to network-based version.
 - The Easement Abatement Project is moving forward into 2012-13.
 - The District received funds this year to manage the clearing and maintenance of the Squaw Valley Bike Path. This was the first year of a two year project that has been very successful.
 - The Highway 89 Sewer Vault lid was replaced.
 - East Booster Back-Up Power Upgrade Project
 - The MH T-45A Sewer Flow Meter Installation project was completed this year.
 - Five-Year Strategic Plan
 - Water Audit and Meter Testing equipment procurement

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

Overview of the Financial Statements

This section is intended to serve as an introduction to the District's basic financial statements comprised of: 1) government-wide financial statements 2) notes to the financial statements, and 3) fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS are designed to provide readers with a broad overview of the District's finances relating government activities in a manner similar to a private-sector business. Governmental activities and enterprise (business-type) activities are reported separately.

Governmental Activities - The governmental activities of the District include the Fire Department. They outline functions of the District principally supported by property taxes and connection fees, interest and grant-program funds. All Fire Protection Fees are restricted by law to specific reserve funds in order to finance improvement and/or construction of capital assets. Other funds can be designated by the Board to be used for asset replacement or specific projects. Unrestricted funds may be designated, by the Board, to be used for any District activity.

Business-Type Activities – Enterprise activities. The District charges fees to its water, sewer and garbage customers that are intended to recover all or a significant portion of operating costs for services provided. Unused service fees are generally assigned to the Fixed Asset Replacement Reserves and thus stabilizing future rates. Unused property tax revenues are generally used to subsidize current rates of both water and sewer customers.

- ✓ The *STATEMENT OF NET ASSETS* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net assets is a good indicator of whether the District is financially healthy or deteriorating. Think of it as the difference between what is owned and what is owed.
- ✓ The *STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS* presents information showing how District net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).
- ✓ The *STATEMENT OF CASH FLOWS PROVIDES* information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. Comparative information can be obtained on the source and use of cash and subsequent change in the cash balances for the last fiscal year.
- ✓ *Notes to the basic financial statements* provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

FUND FINANCIAL STATEMENTS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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.

Governmental Funds are used to account for essentially the same functions reported as governmental activities with focus on the *fiscal year inflow and outflows of spendable resources*.

Proprietary Funds are used to report the business-type (previously called Enterprise) activities of the District. These activities include water, sewer, and garbage contract services.

FINANCIAL ANALYSIS OF THE DISTRICT

Our analysis below focuses on the net assets and changes in net assets of the District's governmental and business-type activities. This presentation includes a prior-year comparative analysis of government-wide financial data.

Changes in Net Assets (In Thousands)

	Governmental Activities (Fire)		Business-Type Activities (Utility)		Total		Dollar Change	Total Percent Change
	2011	2012	2011	2012	2011	2012		
Current and other assets	\$ 922	807	5,582	4,175	6,504	4,982	(1,522)	-23.40%
Noncurrent assets	5,845	5,644	11,202	11,418	17,047	17,062	15	0.09%
Total Assets	\$ <u>6,767</u>	<u>6,451</u>	<u>16,784</u>	<u>15,593</u>	<u>23,551</u>	<u>22,044</u>	<u>(1,507)</u>	<u>-6.40%</u>
Long-term debt outstanding	\$ 545	468	2,131	2,003	2,676	2,471	(205)	-7.66%
Other-liabilities	362	407	623	403	985	810	(175)	-17.77%
Total Liabilities	\$ <u>907</u>	<u>875</u>	<u>2,754</u>	<u>2,406</u>	<u>3,661</u>	<u>3,281</u>	<u>(380)</u>	<u>-10.38%</u>
Net Assets:								
Invested in property and equipment, net of related debt	\$ 5,121	4,993	9,282	9,639	14,403	14,632	229	1.59%
Restricted	123	134	601	666	724	800	76	10.50%
Unrestricted	616	449	4,147	2,882	4,763	3,331	(1,432)	-30.07%
Total Net Assets	\$ <u>5,860</u>	<u>5,576</u>	<u>14,030</u>	<u>13,187</u>	<u>19,890</u>	<u>18,763</u>	<u>(1,127)</u>	<u>-5.67%</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Changes in Net Assets (In Thousands)

	Governmental		Business-Type		Total		Dollar Change	Total Percent Change
	Activities (Fire)		Activities (Utility)					
	2011	2012	2011	2012	2011	2012		
Program revenue	\$ 5	20	1,960	2,058	1,965	2,078	113	5.75%
General Revenues								
Property Tax	2,448	2,428	426	372	2,874	2,800	(74)	-2.57%
Dedications	0	0	34	0	34	0	(34)	-100.00%
Other	45	18	263	182	308	200	(108)	-35.06%
Total Revenues	\$ 2,498	2,466	2,683	2,612	5,181	5,078	(103)	-1.99%
Expenses	\$ 2,528	2,751	2,818	3,455	5,346	6,206	860	16.09%
Increase (Decrease in net Assets	\$ (30)	(285)	(135)	(843)	(165)	(1,128)	(963)	583.64%

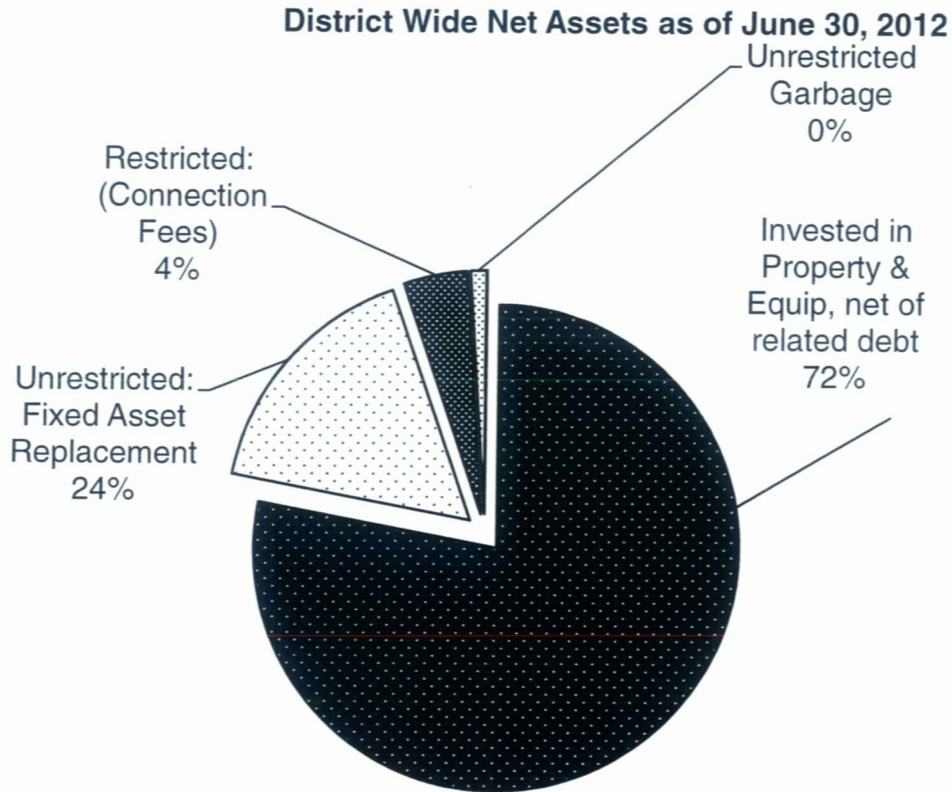
The Statement of Net Assets (pages 19 & 20) and the Statement of Revenues, Expenses and Changes in Net Assets (pages 21 – 23) provide an indication of the District's financial condition. Total Current Assets changed significantly due to payout of higher expenses, more service fees sent to taxes and more prepaid expenses than in prior years. Revenue increased slightly this year due to construction on two new homes and significant remodels on two others. The expenses increased this year due to the payoff of remaining CalPERS side funds expensed in the current year even though the departments borrowed the funds from the capital reserve fixed asset replacement funds with a 10 year payback at 3% interest versus the 7.75% charged by PERS each year. Maintenance on property and vehicles along with increases for chemicals and licenses continue to increase field expenses.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)



An overall decrease in net assets for the year, shown in the Statement of Activities and Changes in Net Assets (pages 21 - 23), affects the transfer to capital for Fixed Asset Replacement.

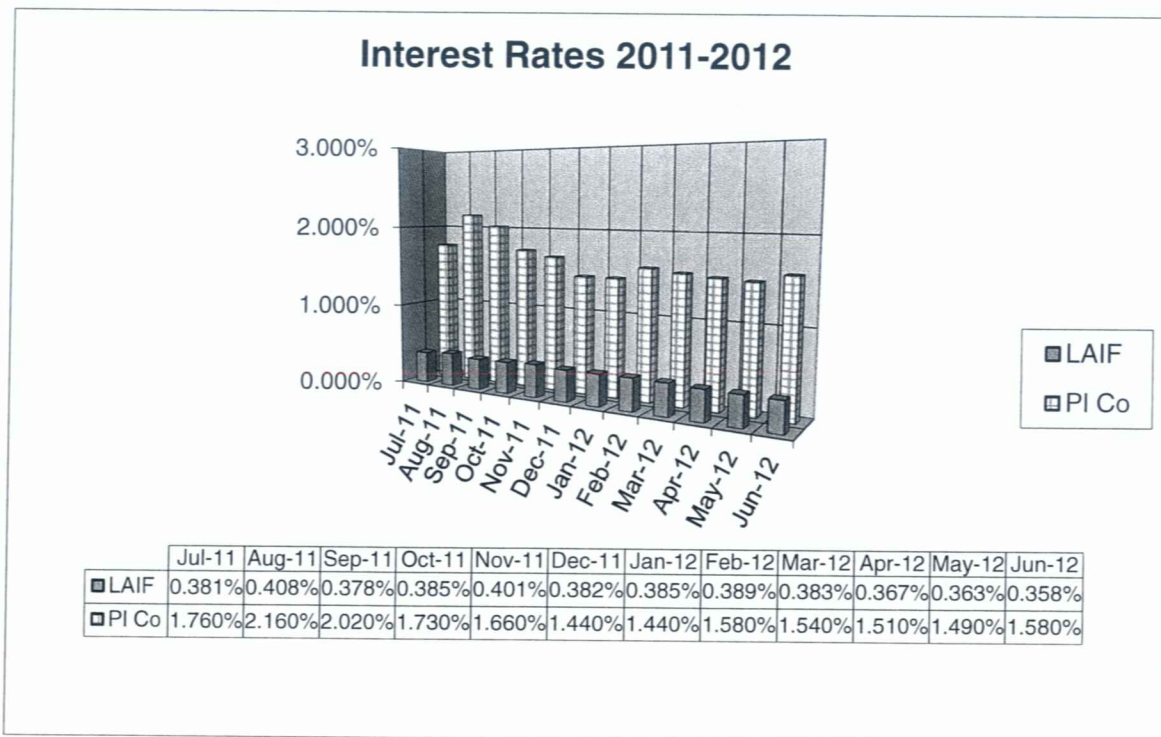
Connection fees are low again this year but a little better than last year. The economy is not rebounding as fast as everyone would like. Permits for two new homes and 2 major remodels did help some but it is a long way from the 15 new home permits and 3 to 5 remodels projected in the past. The effect is that any project needing new connection fee capital must be borrowed from the asset replacement funds until such time as it can be repaid with fees collected from new connections.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

Current Assets – Cash – The District retains most liquid funds in the pooled investment accounts, Local Agency Investment Funds or Placer County Tax Revenue Accounts and Investment Funds. These funds are moved into the operating accounts only when needed. Thus the investment accounts receive the best possible interest until needed to pay debt. The interest rates for both Placer County Investments and the Local Agency Investment Fund decreased further during the 2011-12 year. The rate of return for L.A.I.F has been so low that the District has moved most of the liquid savings funds to the Placer County Investment Fund. It is uncertain when the interest rates will trend upward.



Receivables

In the accounts receivable, there were \$29,000 in deposits on file at the end of the 2011-12 budget year and receivables due of \$25,000. The largest receivable was for Squaw Valley Ski Holdings for contracted water investigation work performed for their benefit. The deposits are due to a large deposit from the Resort at Squaw Creek that secured on-going legal, engineering and contract fees and now being held for further development costs. There were 2 rental deposits and advance payment of District property rent by the Inn Shop of Squaw Valley.

\$26,420 in delinquent service fees were submitted to Placer County for collection on the 2012-2013 property tax rolls. This is larger than the previous year with one account owing \$4,800. It is most likely due to the downturn of economy although some accounts are on the delinquency list every year. The delinquencies total slightly over 1% of the total billed revenue.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

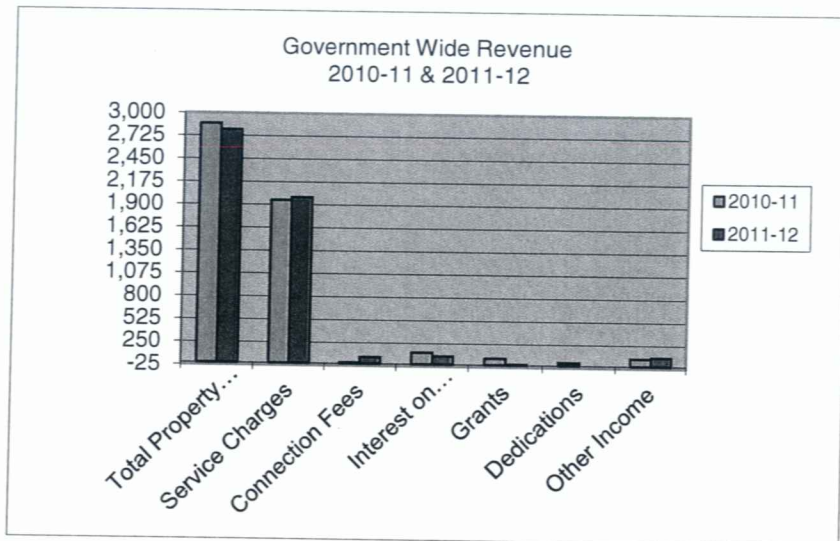
Management's Discussion and Analysis

For the Year Ended June 30, 2012

Government Wide Revenues

Government Wide Revenue 2010-11 & 2011-12 (In Thousands)

	2010-11		2011-12	
Total Property Taxes	2,874	55%	2,800	55%
Service Charges	1,954	38%	1,989	39%
Connection Fees	11	0%	77	2%
Interest on Savings	140	3%	98	2%
Grants	78	1%	10	0%
Dedications	34	1%	0	0%
Other Income	91	2%	104	2%
	<u>5,182</u>		<u>5,078</u>	



SQUAW VALLEY PUBLIC SERVICE DISTRICT

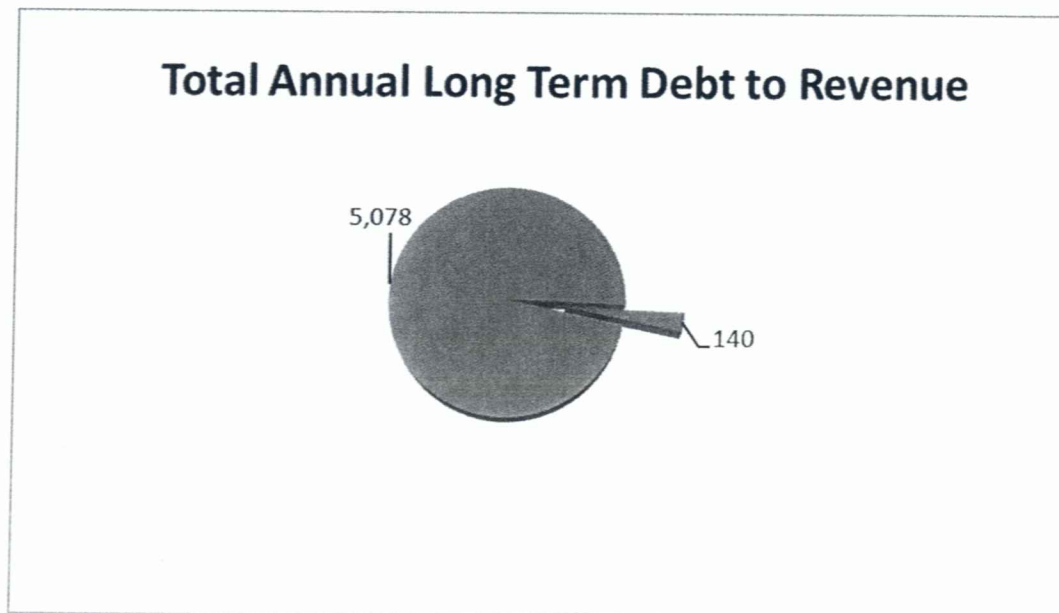
Management's Discussion and Analysis

For the Year Ended June 30, 2012

Liabilities

	Interest	2010-11	2011-12	2011-12	6/30/2012
	Rate	Balance	Additions	Annual	Balance
Governmental Activities					
<u>Municipal Finance Corporation-Land (East Valley)</u>					
Final payment: 12/24/16	5.10%	\$ 498	0	73	425
Total Long Term Debt - Governmental Activities		\$ 498	0	73	425
Enterprise Activities					
<u>Municipal Finance Corporation-Land (East Valley)</u>					
Final payment: 12/24/16	5.10%	498		73	425
<u>California Infrastructure & Economic Development</u>					
<u>Bank (Facility)</u>	3.63%				
Final payment: 08/01/2028		1,637		68	1,569
Total Long Term Debt - Business Type Activities		\$ 2,134	0	140	1,994

The Statement of Net Assets shows a current financial position with Total Current Assets (Page 19) as \$4,982,000 and Total Liabilities as \$3,281,000 (Page 20). The Long Term Loans shown above are solely for the Squaw Valley Public Service District & Fire Department Administration Building and land. The total annual Long-Term liability is only 2.75% of the total revenues of the District.



SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

Governmental Fund

The Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Fund (pages 57 & 58) identifies the various revenue and expense items which impact the change in net assets for the Fire Department. Table 1 below compares the operating expenses for the Fiscal years 2010-11 and 2011-12 with the impact on the total fund.

**Governmental Fund - Program Expenses
Fire Department - Fiscal Years 2010-11 & 2011-12
(in Thousands)**

	<u>FY 2010-11</u>	<u>FY 2011-12</u>	<u>Change</u>	<u>%Change</u>
Expenditures:				
Wages & Benefits	2,030	2,285	255	13%
Total Field Operations	153	144	-9	-6%
Total General & Administrative	<u>73</u>	<u>74</u>	<u>1</u>	<u>1%</u>
Total Departmental Expenditures	<u><u>2,256</u></u>	<u><u>2,503</u></u>	<u><u>247</u></u>	<u><u>11%</u></u>

2011-12 Salaries & Benefits were 12% more than the prior year amount due to the payoff of the CalPERS side fund benefits that were expensed in a single year. The payoff is to be paid back to the capital reserve fixed asset replacement fund at 3% interest rather than the 7.75% charged by CalPERS. Field Operations expenses decreased from 2010-11 due to the decrease in training and reduction of utility expenses that caused increases in prior years.

Since the Fire Department is primarily financed by tax revenues, shown under General Revenues, and is dependent on retained funds for the following six months to pay expenditures, these funds are designated as unrestricted to be used for 2012-13 expenditures.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

Proprietary Fund (Business-Type Activities)

The Statement of Revenues, Expenses, and changes in Fund Net Assets for the Proprietary Fund (pages 60 - 62) identifies the various revenue and expense items which impact the change in net assets for the Utility Department. Table 2 below compares the operating expenses for the Fiscal years 2010-11 with 2011-12 with the impact on the total fund.

**Proprietary Fund - Program Expenses
Utility Department - Fiscal Years 2010-11 & 2011-12
(in Thousands)**

	FY 2010-11	FY 2011-12	Change	%Change
Expenditures:				
Wages & Benefits	1,415	2,081	666	47%
Total Field Operations	342	352	10	3%
Total General & Administrative	<u>197</u>	<u>187</u>	<u>-10</u>	<u>-5%</u>
Total Departmental Expenditures	<u><u>1,954</u></u>	<u><u>2,620</u></u>	<u><u>666</u></u>	<u><u>34%</u></u>

The Utility Department, like the Fire Department, paid off the CalPERS side fund benefits which were expensed in this single year report. The side funds were being charged to the District at 7.75% interest per year over 10 years. The Utility Department borrowed the funds from the Capital reserve fixed asset replacement funds and will repay the funds at 3% interest, saving the District almost \$200,000. Also, the Utility Department continued to have more unbillable projects in 2011-12 resulting in increased payroll costs. Field expenses increased in property and vehicle maintenance and chemical costs for water treatment.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

General Fund Balances – 4 year comparison of funds available for capital projects

		In Thousands			
		2009	2010	2011	2012
Debt Service					
	Bal Fwd	0	0	0	0
	Increases	0	0	0	0
	Decreases	0	0	0	0
	Transfer	0	0	0	0
	Balance	0	0	0	0
Water Capital					
	Bal Fwd	361	196	338	331
	Increases	92	142	8	63
	Decreases	257	0	16	2
	Transfer	0	0	0	0
	Balance	196	338	330	392
Sewer Capital					
	Bal Fwd	8	16	0	0
	Increases	8	6	2	5
	Transfer frm Sewer Fixed Assets	0	13	13	74
	Expenditures	0	35	15	79
	Balance	16	0	0	0
Inflow & Infiltration Capital					
	Bal Fwd	303	306	274	270
	Increases	19	13	9	11
	Decreases	16	45	13	7
	Balance	306	274	270	274
Garbage Capital					
	Bal Fwd	146	169	178	184
	Increases	23	9	6	8
	Decreases	0	0	0	0
	Balance	169	178	184	192
Water Fixed Assets					
	Bal Fwd	1418	1520	1453	1081
	Increases	406	257	167	61
	Decreases	304	324	539	1085
	Balance	1520	1453	1081	57

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

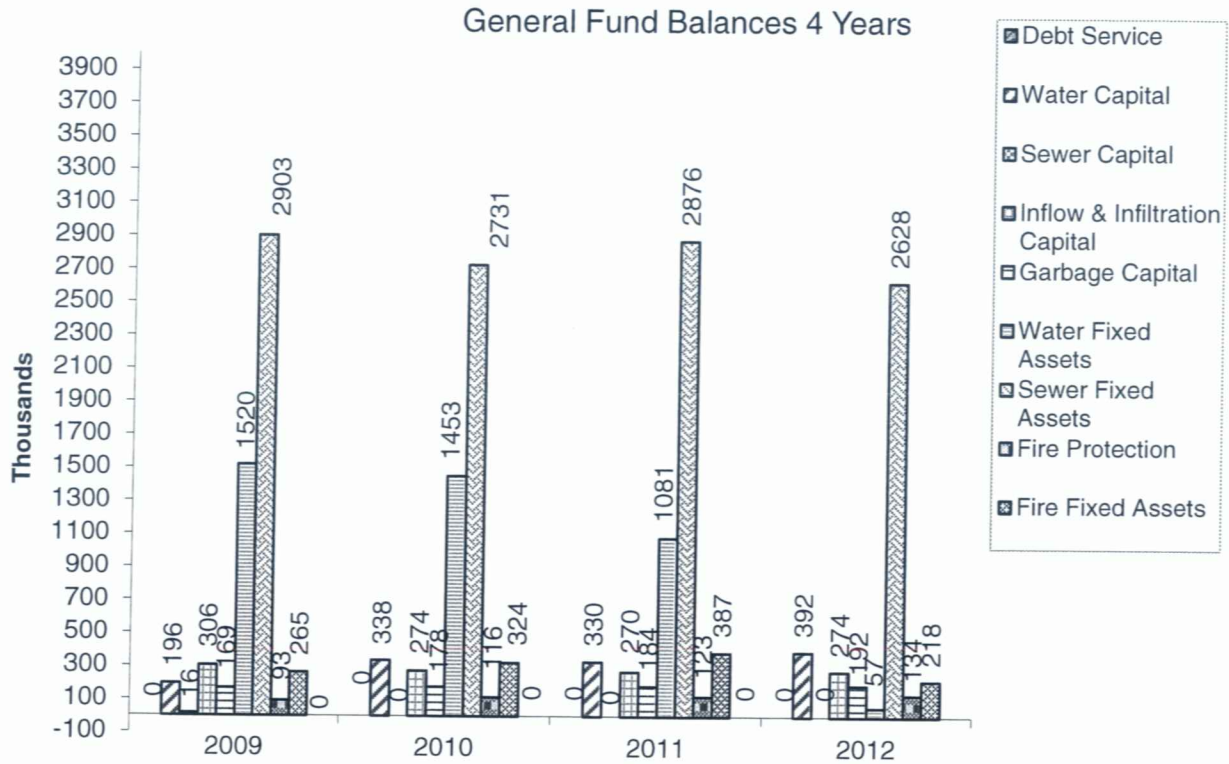
**General Fund Balances – 4 year comparison of funds available for capital projects
(continued)**

In Thousands				
	2009	2010	2011	2012
Sewer Fixed Assets				
Bal Fwd	2561	2903	2731	2876
Revenues	434	243	203	102
Transfer to Sewer Capital		-13	-13	-74
Expenditures	92	402	45	277
Balance	2903	2731	2876	2628
Fire Protection Funds				
Bal Fwd	72	93	116	123
Increases	21	23	7	11
Decreases				
Balance	93	116	123	134
Fire Fixed Assets				
Bal Fwd	142	265	324	387
Increases	170	161	115	85
Decreases	47	102	53	254
Balance	265	324	387	218

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012



Economic Factors and Next Year's Budget for FY 2012-2013

As the national economy appears to be slowly recovering, so do the economies for the state, the region, and the District. The economic factors influencing the District's financial position during the 2012-13 fiscal year parallel some common indicators and predictions for the health of the national economy. Current conditions in the housing market continue to cause home prices to remain static, or slightly increase, which directly affects the District's balance sheet through increasing ad valorem tax revenues. Other indicators like the increasing number of home-starts and the state's declining unemployment rate (10.2% in Sept. 2011) improve the outlook. With inflation remaining in control and interest rates at all-time lows, recovery appears to be sustaining.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2012

The assessed value of property within the District boundaries was increased by the Placer County Assessor by \$47,882,107 or 2.2%. Although this is good news for home values, property taxes collectively increased by about \$479,000. As the District is a recipient of a portion of those property taxes, its ad valorem property tax revenues increased 2.1% from last year, while the District conservatively budgeted for a decrease of 3%. In future years, it remains uncertain which direction assessed valuation of properties will trend; further reductions are certainly possible but many projections are positive.

Revenues from service charges are budgeted to increase by 11.7%, or \$232,600, due to an increase in water and sewer rates of 15% and 12% respectively.

The Public Employees' Pension Reform Act becomes law January 1, 2013 and is expected to result in significant long term savings in employee benefits. The law grandfathers existing employees and members of CalPERS so the savings will only be realized as current staff are replaced through attrition.

The District plans to continue annual payment of its long-term debt associated with the land acquisition and construction of our Administrative Facility and Firehouse. The District expects to continue funding its Fixed Asset Replacement Funds which helps preclude the need for debt financing, benefit assessments, or large rate increases in the future.

Management expects impacts to staff workload and increased consulting fees in response to proposed development in the valley. If the proposed development is pursued and completed, increased revenues in future years can be expected.

The District plans to follow and update as needed its five-year Strategic Plan, approved by the Board in April 2012, and updated in October, 2012. It includes a renewed vision on the District's direction moving forward and a Work Plan to implement it. The Plan recommits the District to provide high-quality and efficient service delivery.

This section of the MD&A was prepared on November 28, 2012.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mike Geary, General Manager, Squaw Valley Public Service District, P.O. Box 2026, Olympic Valley, CA 96146. The entire report is available online at www.svpsd.org or on a CD by contacting the District's office by phone: 530-583-4692.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Squaw Valley Public Service District

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and other remaining aggregate information of Squaw Valley Public Service District (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, business-type activities, each major fund, and other remaining aggregate information of the District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary Information.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION

Tahoe City, California

December 5, 2012

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Net Assets

June 30, 2012

	<u>Assets</u>		<u>Total</u>
	<u>Primary Government</u>		
	<u>Governmental Activities (Fire)</u>	<u>Business-Type Activities (Utility)</u>	
Current Assets			
Cash (Note 2)	\$ 8,598	\$ 48,187	\$ 56,785
Investments (Note 2)	773,561	4,042,168	4,815,729
	<u>782,159</u>	<u>4,090,355</u>	<u>4,872,514</u>
Receivables			
Service fees	-0-	30,188	30,188
Interest	-0-	21	21
Other	-0-	3,230	3,230
Total Receivables	<u>-0-</u>	<u>33,439</u>	<u>33,439</u>
Less allowance for doubtful accounts	-0-	(1,500)	(1,500)
Net receivables	<u>-0-</u>	<u>31,939</u>	<u>31,939</u>
Prepaid expenses and other assets	<u>24,331</u>	<u>53,114</u>	<u>77,445</u>
Total Current Assets	806,490	4,175,408	4,981,898
Noncurrent Assets			
Plant, property, and equipment, at cost (Note 3)	7,555,525	24,068,435	31,623,960
Less accumulated depreciation (Note 3)	<u>(2,137,797)</u>	<u>(12,435,917)</u>	<u>(14,573,714)</u>
Net plant, property, and equipment	5,417,728	11,632,518	17,050,246
Inter-activity balances (Note 17)	226,494	(226,494)	-0-
Note discount and issue costs	<u>-0-</u>	<u>11,613</u>	<u>11,613</u>
Total Noncurrent Assets	<u>5,644,222</u>	<u>11,417,637</u>	<u>17,061,859</u>
Total Assets	<u>\$ 6,450,712</u>	<u>\$ 15,593,045</u>	<u>\$ 22,043,757</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Net Assets

June 30, 2012

Liabilities and Net Assets

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Liabilities			
Current Liabilities			
Accounts payable	\$ 13,637	\$ 39,230	\$ 52,867
Accrued liabilities	316,401	216,033	532,434
Current portion of long-term debt (Note 4)	77,500	147,596	225,096
Total Current Liabilities	<u>407,538</u>	<u>402,859</u>	<u>810,397</u>
Noncurrent Liabilities			
Postemployment health benefits (Note 13)	120,347	156,967	277,314
Long-term debt (Note 4)	347,500	1,846,068	2,193,568
Total Noncurrent Liabilities	<u>467,847</u>	<u>2,003,035</u>	<u>2,470,882</u>
Total Liabilities	<u>875,385</u>	<u>2,405,894</u>	<u>3,281,279</u>
Net Assets			
Invested in property and equipment, net of related debt	4,992,728	9,638,854	14,631,582
Restricted (Note 8)	133,961	666,202	800,163
Unrestricted (Note 9)	448,638	2,882,095	3,330,733
Total Net Assets	<u>5,575,327</u>	<u>13,187,151</u>	<u>18,762,478</u>
Total Liabilities and Net Assets	<u>\$ 6,450,712</u>	<u>\$ 15,593,045</u>	<u>\$ 22,043,757</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2012

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Program Revenue			
Mutual aid	\$ 12,000	\$ -0-	\$ 12,000
Service fees	-0-	1,989,376	1,989,376
Fire protection fee	8,390	-0-	8,390
Connection fee	-0-	68,408	68,408
Total Program Revenue	20,390	2,057,784	2,078,174
Expenses			
Salaries and wages	1,243,216	895,741	2,138,957
Employee benefits	1,041,586	1,185,405	2,226,991
Field operations			
Material & supplies	10,582	4,118	14,700
Uniforms	2,341	4,253	6,594
Chemicals & lab fees	-0-	19,360	19,360
Minor equipment repair	-0-	478	478
Utilities	45,670	49,713	95,383
Maintenance & repairs	40,838	25,204	66,042
Radio communications	757	-0-	757
Training & memberships	19,686	5,378	25,064
Fire prevention	2,413	-0-	2,413
Vehicle maintenance	22,168	25,856	48,024
Garbage contract	-0-	217,142	217,142
Total field operations	\$ 144,455	\$ 351,502	\$ 495,957

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2012

Expenses (Continued)	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
General & administrative			
Board expenses	\$ 14,457	\$ 27,161	\$ 41,618
Accounting & audit services	9,717	15,910	25,627
Consultants	-0-	80	80
Legal services	173	20,498	20,671
Insurance	22,800	28,740	51,540
License, permit & contracts	-0-	22,453	22,453
Office expense	4,000	20,969	24,969
Travel & meetings	112	1,706	1,818
Office utilities	-0-	50,272	50,272
Other	22,615	-0-	22,615
Total general & administrative	<u>73,874</u>	<u>187,789</u>	<u>261,663</u>
Other expenses			
Depreciation	224,918	753,504	978,422
Interest	22,626	80,758	103,384
Total other expenses	<u>247,544</u>	<u>834,262</u>	<u>1,081,806</u>
Total Expenses	<u>2,750,675</u>	<u>3,454,699</u>	<u>6,205,374</u>
Net Program Revenue (Expense)	<u>\$ (2,730,285)</u>	<u>\$ (1,396,915)</u>	<u>\$ (4,127,200)</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2012

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
General Revenues			
Property tax	\$ 2,427,616	\$ 371,895	\$ 2,799,511
Administrative fees	-0-	15,372	15,372
Grants	-0-	10,000	10,000
Interest	9,324	88,863	98,187
Rental revenue	-0-	63,355	63,355
Other	8,535	4,542	13,077
Total General Revenues	<u>2,445,475</u>	<u>554,027</u>	<u>2,999,502</u>
Increase (Decrease) in Net Assets	(284,810)	(842,888)	(1,127,698)
Net Assets – Beginning of Year	<u>5,860,137</u>	<u>14,030,039</u>	<u>19,890,176</u>
Net Assets – End of Year	<u>\$ 5,575,327</u>	<u>\$ 13,187,151</u>	<u>\$ 18,762,478</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Assets
Business-Type Activities

For the Year Ended June 30, 2012

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Garbage Contract</u>	<u>Total Business-Type Activities (Utility)</u>
Program Revenue				
Service fees	\$ 1,007,216	\$ 759,081	\$ 223,079	\$ 1,989,376
Connection fee	<u>56,370</u>	<u>12,038</u>	<u>-0-</u>	<u>68,408</u>
Total Program Revenue	<u>1,063,586</u>	<u>771,119</u>	<u>223,079</u>	<u>2,057,784</u>
Expenses				
Salaries and wages	543,629	350,848	1,264	895,741
Employee benefits	712,968	471,832	605	1,185,405
Field operations				
Material & supplies	3,079	1,039	-0-	4,118
Uniforms	2,127	2,126	-0-	4,253
Chemicals & lab fees	19,360	-0-	-0-	19,360
Minor equipment repair	449	29	-0-	478
Utilities	45,757	3,956	-0-	49,713
Maintenance & repairs	16,454	8,720	30	25,204
Training & memberships	2,414	2,964	-0-	5,378
Vehicle maintenance	13,956	11,900	-0-	25,856
Garbage contract	<u>-0-</u>	<u>-0-</u>	<u>217,142</u>	<u>217,142</u>
Total field operations	<u>\$ 103,596</u>	<u>\$ 30,734</u>	<u>\$ 217,172</u>	<u>\$ 351,502</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Assets
Business-Type Activities

For the Year Ended June 30, 2012

Expenses (Continued)	<u>Water Department</u>	<u>Sewer Department</u>	<u>Garbage Contract</u>	<u>Total Business-Type Activities (Utility)</u>
General & administrative				
Board expenses	\$ 18,741	\$ 8,420	\$ -0-	\$ 27,161
Accounting & audit services	10,978	4,932	-0-	15,910
Consultants	55	25	-0-	80
Legal services	14,090	6,408	-0-	20,498
Insurance	19,773	8,967	-0-	28,740
License, permit & contracts	15,493	6,960	-0-	22,453
Office expense	14,469	6,500	-0-	20,969
Travel & meetings	1,177	529	-0-	1,706
Office utilities	34,378	15,894	-0-	50,272
Total general & administrative	<u>129,154</u>	<u>58,635</u>	<u>-0-</u>	<u>187,789</u>
Other expenses				
Depreciation	475,188	278,316	-0-	753,504
Interest	55,723	25,035	-0-	80,758
Total other expenses	<u>530,911</u>	<u>303,351</u>	<u>-0-</u>	<u>834,262</u>
Total Expenses	<u>2,020,258</u>	<u>1,215,400</u>	<u>219,041</u>	<u>3,454,699</u>
Net Program Revenue (Expense)	<u>\$ (956,672)</u>	<u>\$ (444,281)</u>	<u>\$ 4,038</u>	<u>\$ (1,396,915)</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Assets
Business-Type Activities

For the Year Ended June 30, 2012

	Water Department	Sewer Department	Garbage Contract	Total Business-Type Activities (Utility)
General Revenues				
Property tax	\$ 312,970	\$ 58,925	\$ -0-	\$ 371,895
Administrative fees	9,223	6,149	-0-	15,372
Grants	10,000	-0-	-0-	10,000
Interest	23,875	61,426	3,562	88,863
Rental revenue	31,678	31,677	-0-	63,355
Other	2,644	1,898	-0-	4,542
	<u>390,390</u>	<u>160,075</u>	<u>3,562</u>	<u>554,027</u>
Total General Revenues				
(Decrease) Increase in Net Assets	<u>\$ (566,282)</u>	<u>\$ (284,206)</u>	<u>\$ 7,600</u>	<u>\$ (842,888)</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2012

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 20,390	\$ 2,105,604	\$ 2,125,994
Cash payments to suppliers for goods and services	(1,248,048)	(1,981,977)	(3,226,080)
Cash payments to employees for services	(1,207,059)	(877,536)	(2,084,595)
Other receipts	8,535	19,914	28,449
Net Cash Used by Operating Activities	<u>(2,426,182)</u>	<u>(733,995)</u>	<u>(3,160,177)</u>
Cash Flows From Noncapital Financing Activities:			
Receipt of property taxes	2,427,616	371,895	2,799,511
Net Cash Provided By Noncapital Financing Activities	<u>2,427,616</u>	<u>371,895</u>	<u>2,799,511</u>
Cash Flows From Capital and Related Financing Activities:			
Grants received	-0-	10,000	10,000
Repayment of long-term debt	(72,500)	(140,337)	(212,837)
Interest paid on long-term debt	(22,684)	(81,039)	(103,723)
Net Cash Used By Capital and Related Financing Activities	<u>(95,184)</u>	<u>(211,376)</u>	<u>(306,560)</u>
Cash Flows From Investing Activities:			
Purchase of capital assets	(23,742)	(951,699)	(975,441)
Funds advanced for third parties	-0-	(3,230)	(3,230)
Interest received on cash and investments	9,325	88,868	98,193
Net Cash Used By Investing Activities	<u>(14,417)</u>	<u>(866,061)</u>	<u>(880,478)</u>
Net Increase (Decrease) In Cash	(108,167)	(1,439,537)	(1,547,704)
Cash and Cash Equivalents – Beginning of Year	890,326	5,529,892	6,420,218
Cash and Cash Equivalents – End of Year	<u>\$ 782,159</u>	<u>\$ 4,090,355</u>	<u>\$ 4,872,514</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2012

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Reconciliation of Increase in Net Assets to Net Cash Used by Operating Activities:			
Decrease in net assets	\$ (284,810)	\$ (842,888)	\$ (1,127,698)
Adjustments to reconcile increase in net assets to net cash used by operating activities:			
Depreciation	224,918	753,504	978,422
Amortization of debt costs	-0-	718	718
Non-operating revenue	(2,436,940)	(470,758)	(2,907,698)
Non-operating expenses	22,626	80,040	102,666
(Increase) decrease in:			
Receivables	-0-	(11,155)	(11,155)
Prepays	7,830	(18,848)	(11,018)
Increase (decrease) in:			
Accounts payable	3,960	(256,539)	(252,579)
Accrued liabilities	36,157	11,564	47,721
Postemployment health benefits	77	20,367	20,444
Total adjustments	(2,141,372)	108,893	(2,032,479)
Net Cash Used By Operating Activities	\$ (2,426,182)	\$ (733,995)	\$ (3,160,177)

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Squaw Valley Public Service District (the "District") operates under a State Charter adopted March 30, 1964. The District operates under a Board-Manager form of government and provides the following services as authorized: water, sewer, garbage and fire services.

The District's government wide financial statements include the accounts of all operations.

The accounting policies of Squaw Valley Public Service District conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies:

Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The District Financial Statements include a Statement of Net Assets, a Statement of Activities and Changes in Net Assets and a Statement of Cash Flows. These statements present summaries of governmental and business-type activities for the District accompanied by a total column.

These statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Government-Wide Financial Statements (Continued)

The District applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinion, and Accounting Research Bulletins of the committee on Accounting Procedure. The District applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Governmental Fund

The Governmental Fund Financial Statements includes a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for the governmental fund. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements

Governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenses and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and service fees. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

To commit fund balances, the District's Board of Directors passes a resolution to designate a portion of the available fund balance to a specific purpose. Any modification or rescission of this designation must also be done by a resolution of the Board of Directors.

For all purposes, fund balance amounts are considered to have been spent when an expenditure is incurred.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Proprietary Fund

The Proprietary Fund includes a Statement of Net Assets and a Statement of Revenues, Expenses and Changes in Fund Net Assets.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues.

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The District Manager presents a monthly report to the Board explaining any variance from the approved budget.
5. Formal budgetary integration is employed as a management control device during the year for the Utility Fund, Fire Department Fund, and Capital Reserve Fund.
6. The District requires the adoption of a budget for proprietary funds.
7. Appropriations lapse at the end of each fiscal year.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reserved Net Assets

The District records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use.

Net Assets

Net assets represent the District's financial and capital resources and are calculated as the difference between assets and liabilities. In accordance with GASB issued statement No. 54, Fund Balance Reporting and Governmental Fund type Definitions, Net Assets are classified into the following five components:

- *Non-spendable fund balance*—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- *Restricted fund balance*—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed fund balance*—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- *Assigned fund balance*—amounts a government *intends* to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned fund balance*—amounts that are available for any purpose; these amounts are reported only in the general fund.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition - Property Taxes

Placer County bills property taxes which attach as an enforceable lien on property. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The County allocates property taxes to the District following the alternate method of property tax distribution as stated in California Revenue & Taxation Code Section 4701. Using this method, the County allocates to the District their portion of total billed property taxes less an estimated delinquency factor. The County then assumes all responsibility for collections.

Property & Equipment

Property and equipment having an extended useful life are capitalized as property and equipment at cost.

All property and equipment is valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Maintenance and repair costs are charged to expenses as incurred. Replacements and capital improvements over \$5,000 are charged to property and equipment accounts.

Fixed assets are recorded in their respective fund. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Facilities and systems	3-50 years
Vehicles, furniture and equipment	5-20 years

Note Discount and Issue Costs

Note discount and issue costs consist of loan issuance costs and are amortized over the term of the obligation using the straight-line method.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences

In accordance with District policy, the District has accrued a liability for vacation pay and sick leave which has been earned but not taken by District employees. This accrual represents the estimated probable future payments attributable to employees' service for all periods prior to June 30, 2012 at their current rate of pay.

Estimates

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

Statement of Cash Flows

For the Statement of Cash Flows, cash is comprised of operating cash on hand and on deposit at banks. The District considers all short term investments with an original maturity of three months or less to be cash equivalents.

Subsequent Events

The effect of subsequent events has been evaluated by management through December 5, 2012, which is the date the financial statements were available to be issued.

(2) CASH AND INVESTMENTS:

The District follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated to the various funds based on quarter-end cash and investment balances of the respective fund. At June 30, 2012, the District's cash and investment balances included the following:

Pooled cash	\$	56,785
Pooled investments		4,815,729
	\$	<u>4,872,514</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(2) CASH AND INVESTMENTS: (Continued)

All cash balances on deposit at banks are entirely insured or collateralized. The California Government Code requires California banks and savings and loans to secure a District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total deposits. Such collateral, as permitted by the State of California, is held in each respective bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged against all of the public deposits it holds.

With the exception of deposit insurance provided by the Federal Deposit Insurance Corporation, this collateralizing process is categorized by GASB Statement No. 3 as being collateralized with securities held by the pledging financial institution or its agent but not in the District's name.

Pursuant to the District's Investment Policy, which includes certain diversification requirements, the District is allowed to invest in U.S. Government guaranteed investments, bonds or treasury notes, and certificates of deposit. The District has not adopted policies related to credit risk, custodial credit risk, concentration of credit risk, and interest rate risk.

The District's investments in the State and County investment pool are categorized by GASB Statement No. 3 as Category A investments since these investments are fully insured by the related entity. These investment pools do not release a credit quality.

Investments of the District are summarized as follows:

	Carrying Amount	Market Value
State of California Local Agency Investment Fund	\$ 23,114	\$ 23,114
Placer County Pooled Investment Fund	4,792,615	4,792,615
Total	<u>\$ 4,815,729</u>	<u>\$ 4,815,729</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(3) PROPERTY, PLANT AND EQUIPMENT:

A summary of Governmental Activities plant, property, and equipment is presented below:

	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Fire Department:					
Land	\$ 1,012,603	-0-	-0-	-0-	\$ 1,012,603
Buildings	4,914,812	-0-	-0-	-0-	4,914,812
Equipment	1,621,541	21,608	18,576	-0-	1,624,573
Master plan	1,137	-0-	-0-	-0-	1,137
Construction in progress	-0-	2,400	-0-	-0-	2,400
Total Plant, Property and Equipment	7,550,093	24,008	18,576	-0-	7,555,525
Accumulated					
Depreciation	1,931,455	224,918	18,576	-0-	2,137,797
Net Book Value	\$ 5,618,638				\$ 5,417,728

A summary of Business-Type Activities plant, property, and equipment is presented below:

	Balance June 30, 2011	Additions	Deletions	Transfers	Balance June 30, 2012
Utility Department:					
Water system	\$ 8,205,084	2,161	32,834	36,366	\$ 8,210,777
Sewage system	4,867,954	100,720	5,903	17,669	4,980,440
Interceptors	1,167,822	-0-	-0-	-0-	1,167,822
Other	7,263,880	28,415	30,257	11,700	7,273,738
Construction in progress	1,662,667	838,726	-0-	(65,735)	2,435,658
Total Plant, Property and Equipment	23,167,407	970,022	68,994	-0-	24,068,435
Accumulated					
Depreciation	11,751,407	753,504	68,994	-0-	12,435,917
Net Book Value	\$ 11,416,000				\$ 11,632,518

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(4) LONG-TERM DEBT:

The District signed a loan agreement with Municipal Finance Corporation where the proceeds were used to purchase a two acre parcel of land for the District's Fire and Administration Center. The cost of this land, and the related loan, was split equally between the utility department and the fire department as the District believes this represents the ratio in which each department will utilize the property. The total purchase price was \$2,010,206. The District obtained a loan in the amount of \$2,012,000 to finance the purchase, along with other unrelated costs. The agreement calls for semi-annual payments in varying amounts over the life of the 15 year loan. The first payment was due June 24, 2002, with final maturity of the loan scheduled for December 24, 2016. This loan is subject to a prepayment penalty that ranges from 1% to 3%.

The District's Business-Type Activity has entered into a 25 year capital lease agreement effective June 30, 2004 with the California Infrastructure and Economic Development Bank (CIEDB) to finance a portion (\$2,000,000) of the construction of the new Fire and Administration Center. The agreement calls for semi-annual payments in varying amounts over the life of the 25 year loan. The first payment was due February 2005, with final maturity of the loan scheduled for August 2028. The loan can be prepaid subject to penalties that range from 1% to 2%.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(4) LONG-TERM DEBT: (Continued)

A summary of the District's Governmental Activities long-term debt at June 30, 2012 is as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2012</u>
5.10% note for \$2,012,000, (\$1,006,000 Governmental Activities, \$1,006,000 Business-Type Activities) payable over 15 years to Municipal Finance Corporation, first payment due June 24, 2002 and semi-annually thereafter, maturity December 24, 2016, secured by net revenues	<u>\$ 497,500</u>	<u>\$ -0-</u>	<u>\$ 72,500</u>	<u>\$ 425,000</u>
Total Long-Term Debt	497,500	<u><u>\$ -0-</u></u>	<u><u>\$ 72,500</u></u>	425,000
Less Current Installments of Long-Term Debt	<u>72,500</u>			<u>77,500</u>
Long-Term Debt Excluding Current Installments	<u><u>\$ 425,000</u></u>			<u><u>\$ 347,500</u></u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(4) LONG-TERM DEBT: (Continued)

A summary of the District's Business-Type Activities long-term debt at June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Payments	Balance June 30, 2012
5.10% note for \$2,012,000, (\$1,006,000 Governmental Activities, \$1,006,000 Business-Type Activities) payable over 15 years to Municipal Finance Corporation, first payment due June 24, 2002 and semi-annually thereafter, maturity December 24, 2016, secured by net revenues	\$ 497,500	\$ -0-	\$ 72,500	\$ 425,000
3.63% lease faculty for \$1,801,700, payable over 25 years to The California Infrastructure and Economic Development Bank, first payment due February 2005 and semi- annually thereafter, maturity August 2028, secured by existing District land and facilities.	1,636,501	-0-	67,837	1,568,664
Total Long-Term Debt	<u>2,134,001</u>	<u>\$ -0-</u>	<u>\$ 140,337</u>	1,993,664
Less Current Installments of Long-Term Debt	<u>140,337</u>			<u>147,596</u>
Long-Term Debt Excluding Current Installments	<u>\$ 1,993,664</u>			<u>\$ 1,846,068</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(4) LONG-TERM DEBT: (Continued)

The annual requirement to amortize District long-term debt as of June 30, 2012 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 225,096	\$ 93,628	\$ 318,724
2014	232,430	83,327	315,757
2015	244,842	72,573	317,415
2016	257,334	61,239	318,573
2017	264,909	49,447	314,356
2018 through 2022	441,278	178,386	619,664
2023 through 2027	519,810	91,471	611,281
2028 through 2029	232,965	8,875	241,840
	<u>\$ 2,418,664</u>	<u>\$ 638,946</u>	<u>\$ 3,057,610</u>

(5) DEFERRED COMPENSATION PLANS:

A 457 Deferred Compensation Plan has been established by the District with ITT Hartford. Employees may elect to defer compensation up to 100% of their salary or \$16,500 (\$21,500 if employee will have obtained age 50 by the end of the calendar year), whichever is less. Employees in their last three years before retirement may qualify to contribute additional amounts, but never more than \$33,000 per year. This Plan is fully funded with ITT Hartford.

In addition, the District has also established a 457 Deferred Compensation Plan with the California Public Employees' Retirement System. Employees may elect to defer compensation up to 100% of their salary or \$16,500 (\$21,500 if employee will have obtained age 50 by the end of the calendar year), whichever is less. Employees in their last three years before retirement may qualify to contribute additional amounts, but never greater than \$33,000 per year. This Plan is fully funded with the California Public Employees' Retirement System.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(6) EMPLOYEE RETIREMENT SYSTEM:

a) Plan Description

Squaw Valley Public Service District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. Squaw Valley Public Service District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

b) Funding Policy

The District is required to contribute the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2011/2012 was 23.747% for utility department employees and 27.122% for fire department employees. The contribution rate is established and may be amended by CalPERS.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(6) EMPLOYEE RETIREMENT SYSTEM: (Continued)

c) Annual Pension Cost

For fiscal year 2011/2012, Squaw Valley Public Service District's annual pension cost was \$642,977 and the District actually contributed \$642,977. The required contribution for fiscal year 2011/2012 was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method with the contributions determined as a level percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.55% to 14.45%; and (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0%.

During the fiscal year 2011/2012, the District exercised an option to payoff their "side fund" created with PERS when the plan joined a risk pool. Previously, the "side fund" was being reduced every year via increased contributions. This payoff will have the effect of reducing future year's contributions. The amount paid during the year and included in expenses was \$287,715 for fire department employees and \$653,166 for utility department employees.

The Schedule of Funding Progress disclosure presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2009 was 19 years for utility department employees and 18 years for fire department employees.

d) Three-Year Trend Information

Fiscal Year Ending	Utility Department Employees			Fire Department Employees		
	Annual Pension Cost (APC) Obligation	Percentage Of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension
6/30/08	\$ 237,543	100 %	\$ -0-	\$ 289,317	100 %	\$ -0-
6/30/09	259,629	100	-0-	340,448	100	-0-
6/30/10	287,269	100	-0-	375,208	100	-0-

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(6) EMPLOYEE RETIREMENT SYSTEM: (Continued)

e) Schedule of Funding Progress

CalPERS's valuation of the District's plan has been included in risk pools that include other members of the CalPERS system. Accordingly, detailed information regarding the funded status of the plan is not available at the District's plan level. However, the following information is available regarding the risk pool of which the District is a member.

Utility Department Risk Pool (In Thousands)

Valuation Date	Accrued Liability	Actuarial Value Of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/06	\$ 1,280,157	\$ 1,069,547	\$ 210,610	83.6 %	\$ 304,898	69.1 %
6/30/07	1,627,026	1,362,059	264,967	83.7	376,292	70.4
6/30/08	1,823,366	1,529,549	293,818	83.9	414,590	70.9
6/30/09	2,140,439	1,674,260	466,179	78.2	440,071	105.9
6/30/10	2,297,871	1,815,672	482,200	79.0	434,023	111.1

Fire Department Risk Pool (In Thousands)

Valuation Date	Accrued Liability	Actuarial Value Of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/06	\$ 7,278,050	\$ 6,102,616	\$ 1,175,434	83.9 %	\$ 754,730	155.7 %
6/30/07	7,986,055	6,826,599	1,159,456	85.5	831,608	139.4
6/30/08	8,700,468	7,464,928	1,235,540	85.8	914,841	135.1
6/30/09	9,721,675	8,027,159	1,694,517	82.6	973,814	174.0
6/30/10	10,165,475	8,470,235	1,695,240	83.3	955,981	177.3

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(7) PROCEEDS OF TAX LIMITATION:

Article XIIB of the California Constitution, as implemented by SB 1352 of 1980, specifies that proceeds of taxes of governmental entities may increase by an amount not to exceed the change in population, and the change in the United States Consumer Price Index or California per capita personal income, whichever is less.

The proceeds of taxes limit for the fiscal year ended June 30, 2012 was \$4,844,959. The proceeds of taxes limit for the Fire Department reflects the adjustment allowed by District Ballot Measure B, passed in June 1991. This ballot measure allowed the appropriation limit to be set at the actual proceeds of taxes for the year 1991-92. The District's actual annual proceeds of taxes for the year ended June 30, 2012 was \$2,799,511, leaving a margin of \$2,045,448.

The proceeds of taxes limitation adopted by the District for the year ended June 30, 2013 is \$5,074,873.

(8) RESTRICTED NET ASSETS:

Net assets are subject to the following legal

restrictions:

Governmental Activities:

Fire – protection fees	<u>\$ 133,961</u>
Total Restricted Net Assets – Governmental Activities	<u><u>\$ 133,961</u></u>

Business-Type Activities:

Capital projects – water	\$ 391,960
Inflow and infiltration	<u>274,242</u>
Total Restricted Net Assets – Business-Type Activities	<u><u>\$ 666,202</u></u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(9) UNRESTRICTED NET ASSETS:

A portion of the unrestricted net assets have been designated by the District's Board as follows:

Governmental Activities:

Fixed asset replacement fund	\$ 218,004
Fixed asset replacement fund - building	226,494
Total Designated Net Assets	<u>444,498</u>
Undesignated Net Assets	4,140
Total Unrestricted Net Assets	<u>\$ 448,638</u>

Business-Type Activities:

Fixed asset replacement fund - water	\$ 56,586
Fixed asset replacement fund - sewer	2,628,615
Garbage	191,993
Total Designated Net Assets	<u>2,877,194</u>
Undesignated Net Assets	4,901
Total Unrestricted Net Assets – Business-Type Activities	<u>\$ 2,882,095</u>

(10) FUND BALANCE – GOVERNMENTAL FUND (FIRE):

Non-spendable fund balance consists of prepaid expenses (\$24,331) and inter-activity balances (\$226,494).

Restricted fund balance consists of user connection fees legally restricted to new capital acquisition.

Committed fund balance consists of funds the District's Board of Directors has specifically designated by resolution for replacement of existing property and equipment.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(11) GARBAGE SERVICE:

Effective October 1, 1974, Ordinance No. 4 was passed by the Board of Directors of the Squaw Valley Public Service District providing for compulsory trash collection service for all District residents. The trash collections costs are paid by the service recipients. The District has contracted with a California corporation to provide the trash disposal services. An allocation of general and administrative expenses is made to garbage service cost, in addition to direct costs. Trash collection fees recognized in fiscal year ended June 30, 2012 were \$223,079 while expenses, both direct and allocated, totaled \$219,041.

(12) GRANTS:

In May 2011, the District entered into a grant agreement with the Placer County Water Agency (PCWA). Grant funds are to be used for the District's East Booster Pump Station Electrical Retrofit Project, Phase II. The grant provides that the PCWA will pay up to \$10,000 of costs. As of June 30, 2012, the District had expended \$10,000 for the project. The district had received \$10,000 in reimbursement as of June 30, 2012.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(13) POSTEMPLOYMENT HEALTH BENEFITS:

a) Plan Description

The District provides health insurance coverage to each employee who retires and completes various age and service requirements through the California Public Employee' Retirement System (CalPERS) through a single-employer benefit plan.

Government Accounting Standards require the recognition of postemployment health benefit costs, as detailed below, during the employee's period of employment. The District has for several years accrued a liability for postemployment health benefits. During the 2009/2010 fiscal year, the District implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions. The provisions of this Statement are applied prospectively and do not affect prior year's financial statements. Required disclosures are presented below. Currently, the District has two beneficiaries receiving these postemployment health benefits.

Benefit provisions are established and may be amended by District labor agreements, which are approved by the District Board of Directors.

b) Funding Policy

The District is funding the plan only to the extent necessary to cover the current year benefits of the retired beneficiaries. No employee contributions to the plan are required.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(13) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

c) Annual Postemployment Health Benefit Cost and Net Postemployment Health Benefit Obligation

The most recent valuation data available for the Postemployment Health Benefit plan is for the year ended June 30, 2011. The District has included an estimate of \$20,444 (\$77 Governmental Activities and \$20,367 Business-Type Activities) in the financial statements for the year ended June 30, 2012. The following information is presented based on the plan's June 30, 2011 valuation.

The District's annual Postemployment Health Benefit cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual Postemployment Health Benefit cost for the year, the amount actually contributed to the plan, and changes in the District's net Postemployment Health Benefit obligation:

	Governmental Activities	Business- Type Activities
Annual required contributions	\$ 5,432	\$ 3,223
Interest on net Postemployment Health Benefit obligation	5,983	8,106
Annual Postemployment Health Benefit cost (expense)	11,415	11,329
Contributions made	(2,338)	(462)
Increase in net Postemployment Health Benefit obligation	9,077	10,867
Net Postemployment Health Benefit obligation – beginning of year	99,270	135,100
Net Postemployment Health Benefit obligation – end of year	<u>\$ 108,347</u>	<u>\$ 145,967</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(13) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

c) Annual Postemployment Health Benefit Cost and Net Postemployment Health Benefit Obligation

The District's annual Postemployment Health Benefit cost, the percentage of annual Postemployment Health Benefit cost contributed to the plan, and the net Postemployment Health Benefit obligation for June 30, 2011 were as follows:

<u>Fiscal Year Ended</u>	<u>Governmental Activities</u>		<u>Net Postemployment Health Benefit Obligation</u>
	<u>Annual Postemployment Health Benefit Cost</u>	<u>Percentage of Annual Postemployment Health Benefit Cost Contributed</u>	
6/30/2011	\$ 11,415	20.5%	\$ 108,347

<u>Fiscal Year Ended</u>	<u>Business-Type Activities</u>		<u>Net Postemployment Health Benefit Obligation</u>
	<u>Annual Postemployment Health Benefit Cost</u>	<u>Percentage of Annual Postemployment Health Benefit Cost Contributed</u>	
6/30/2011	\$ 11,329	4.1%	\$ 145,967

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(13) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

d) Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Actuarial accrued liability (AAL)	\$ 108,347	\$ 145,967
Actuarial value of plan assets	<u>-0-</u>	<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 108,347</u>	<u>\$ 145,967</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 1,553,247	\$ 948,671
UAAL as a percentage of covered payroll	7.0%	15.4%

e) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation the projected unit credit method was used. The actuarial assumptions included a 6% investment rate of return (net of administrative expenses). Increases for annual healthcare cost trends and the inflation assumption were accounted for based on the negotiated future cost of the benefits. The actuarial value of plan assets was \$0.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(14) RISK MANAGEMENT:

The District 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 District is a member of two Joint Powers Authorities for the operation of common risk management and insurance programs. The programs cover workers' compensation, property, liability, and employees dishonesty insurance. The Authorities are governed by Executive Boards consisting of representatives from member districts. The Executive Boards control the operations of the Authorities, including selection of management and approval of operating budgets.

The relationship between the District and the Joint Powers Authorities is such that the Authorities are not a component unit of the District for financial reporting purposes.

For workers' compensation insurance, the District has joined together with other special districts within the state to form the Special Districts Workers' Compensation Authority ("SDWCA"). The District pays estimated annual premiums to the SDWCA based upon estimated payroll classified into rate categories pursuant to the rules published by the California Workers' Compensation Insurance Rating Bureau. Actual premium due is determined after the fiscal year end and is based upon actual payroll. The SDWCA is entitled to assess additional premiums or to refund premiums based upon a pro rata allocation of the District's premium paid to total premiums paid. The District is not assessed additional premiums or refunded premiums on an individual basis based upon claims or loss experience. The SDWCA agrees to pay all amounts legally required by California workers' compensation laws. The amounts of settlements have not exceeded coverage provided by SDWCA for the last three fiscal years.

For property, liability and employees dishonesty insurance, the District has joined together with other special districts within the state to form the Special Districts Risk Management Authority ("SDRMA"). The District pays an annual premium to SDRMA for its property, liability and employees dishonesty coverage. The SDRMA is entitled to assess additional premiums or to refund premiums based upon a pro rata allocation of the District's premium paid to total premiums paid. The District is not assessed additional premiums or refunded premiums on an individual basis based upon claims or loss experience. The amounts of settlements have not exceeded coverage provided by SDRMA for the last three fiscal years.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(15) RENTAL ACTIVITY:

The District rents idle facilities to outside parties. These facilities have an original cost of \$1,053,650, accumulated depreciation of \$880,484, and a net book value of \$173,166. Rental income of \$63,355 is reflected in the Statement of Activities for the Business-Type Activity. Expenses for the rental activity, which are also reflected in the Statement of Activities, are as follows:

Salaries and benefits	\$ 19,405
Maintenance and repairs	246
Insurance	305
Utilities	5,898
Depreciation	<u>30,721</u>
Total Expenses	<u>\$ 56,575</u>

Future minimum rentals on non-cancelable leases for these rentals are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 51,675
2014	50,900
2015	28,956
	<u>\$ 131,531</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2012

(16) RELATED PARTY TRANSACTION:

As described in Note 15, the District rents idle facilities to outside parties. One of those parties is a non-profit organization where a member of the non-profit's board is also a member of the District's board and a member of the District's management. The total amount paid by the non-profit organization to the District was \$3,730 for the year ended June 30, 2012.

(17) INTER-ACTIVITY BALANCES:

In July 2005, the Governmental Activity transferred (at net book value) a portion of a building to the Business-Type Activity. This inter-activity balance is the result of that transaction and is not expected to be repaid within one year.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Fund Financial Statements

Balance Sheet

June 30, 2012

Assets

	Primary Government	
	Governmental Fund (Fire)	Proprietary Fund (Utility)
Current Assets		
Cash	\$ 8,598	\$ 48,187
Investments	773,561	4,042,168
Cash and cash equivalents	782,159	4,090,355
Receivables		
Service fees	-0-	30,188
Interest	-0-	21
Other	-0-	3,230
Total Receivables	-0-	33,439
Less allowance for doubtful accounts	-0-	(1,500)
Net receivables	-0-	31,939
Prepaid expenses and other assets	24,331	53,114
Total Current Assets	806,490	4,175,408
Noncurrent Assets		
Plant, property and equipment, at cost	-0-	24,068,435
Less accumulated depreciation	-0-	(12,435,917)
Net plant, property, and equipment	-0-	11,632,518
Inter-activity balances	226,494	(226,494)
Note discount and issue costs	-0-	11,613
Total Noncurrent Assets	226,494	11,417,637
Total Assets	\$ 1,032,984	\$ 15,593,045

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Fund Financial Statements

Balance Sheet

June 30, 2012

Liabilities

	<u>Primary Government</u>	
	<u>Governmental Fund (Fire)</u>	<u>Proprietary Fund (Utility)</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 13,637	\$ 39,230
Accrued liabilities	316,401	216,033
Current portion of long-term debt	-0-	147,596
Total Current Liabilities	<u>330,038</u>	<u>402,859</u>
Noncurrent Liabilities		
Postemployment health benefits	-0-	156,967
Long-term debt	-0-	1,846,068
Total Noncurrent Liabilities	<u>-0-</u>	<u>2,003,035</u>
Total Liabilities	330,038	2,405,894
Fund Balances		
Governmental Fund (Note 10)		
Nonspendable	250,825	-0-
Restricted	133,961	-0-
Committed	218,004	-0-
Unassigned	100,156	-0-
Proprietary Fund		
Invested in property and Equipment, net of related debt	-0-	9,638,854
Restricted	-0-	666,202
Unrestricted	-0-	2,882,095
Total Fund Balances	<u>702,946</u>	<u>13,187,151</u>
Total Liabilities and Fund Balances	<u>\$ 1,032,984</u>	<u>\$ 15,593,045</u>

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Assets

June 30, 2012

Fund balance of governmental fund \$ 702,946

Amounts reported for governmental activities in the statement of net assets are different because:

Property and Equipment used in governmental activities are not financial resources and therefore are not reported in governmental funds:

Land	\$	1,012,603
Buildings		4,914,812
Equipment		1,624,573
Master plan		1,137
Construction in progress		2,400
Less accumulation depreciation		<u>(2,137,797)</u>

Net Book Value 5,417,728

Postemployment health benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds (120,347)

Long-term debt is not due and payable in the current period and therefore are not reported in the funds (425,000)

Net assets of governmental activities \$ 5,575,327

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Governmental Fund (Fire)

For the Year Ended June 30, 2012

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Mutual aid	\$ 3,350	\$ 12,000	\$ (8,650)
Fire protection fee	9,000	8,390	610
	<hr/>	<hr/>	<hr/>
Total Program Revenue	12,350	20,390	(8,040)
Expenditures			
Salaries and wages	1,198,675	1,243,216	(44,541)
Employee benefits	919,325	1,041,509	(122,184)
Field operations			
Material & supplies	12,400	10,582	1,818
Uniforms	12,000	2,341	9,659
Utilities	42,230	45,670	(3,440)
Maintenance & repairs	60,379	40,838	19,541
Radio communications	2,000	757	1,243
Training & memberships	42,163	19,686	22,477
Fire prevention	4,750	2,413	2,337
Vehicle maintenance	28,544	22,168	6,376
	<hr/>	<hr/>	<hr/>
Total field operations	204,466	144,455	60,011
General & administrative			
Board expenses	14,456	14,457	(1)
Accounting & audit services	11,523	9,717	1,806
Legal services	3,000	173	2,827
Insurance	34,000	22,800	11,200
Office expense	3,935	4,000	(65)
Travel & meetings	1,600	112	1,488
Other	22,615	22,615	-0-
	<hr/>	<hr/>	<hr/>
Total general & Administrative	\$ 91,129	\$ 73,874	\$ 17,255

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Governmental Fund (Fire)

For the Year Ended June 30, 2012

	Original and Final Budget	Actual	Budget Variance (Over) Under
Expenditures (Continued)			
Other expenditures			
Capital outlay	\$ 32,100	\$ 24,008	\$ 8,092
Debt service	72,500	72,500	-0-
Interest	23,593	22,626	967
Total other expenditures	<u>128,193</u>	<u>119,134</u>	<u>9,059</u>
Total Expenditures	<u>2,541,788</u>	<u>2,622,198</u>	<u>(80,400)</u>
Net Program Revenue (Expenditures)	<u>(2,529,438)</u>	<u>(2,601,798)</u>	<u>72,360</u>
General Revenues			
Property tax	2,409,145	2,427,616	(18,471)
Interest	1,150	9,324	(8,174)
Other	-0-	8,535	(8,535)
Total General Revenues	<u>2,410,295</u>	<u>2,445,475</u>	<u>(35,180)</u>
Increase (Decrease) in Fund Balance	<u>\$ (119,143)</u>	(156,323)	<u>\$ 37,180</u>
Fund Balance – Beginning of Year		<u>859,269</u>	
Fund Balance – End of Year		<u>\$ 702,946</u>	

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the
Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2012

Increase in fund balance – governmental fund	\$	(156,323)
Amounts reported for governmental activities in the Statement of Activities is different because:		
Governmental fund reports capital outlay for plant, property and equipment 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:		
Expenditures for plant, property and equipment	\$	24,008
Less – current year depreciation expense		<u>(224,918)</u>
		(200,910)
Increases in the accrual of postemployment health benefits is an expense in the Statement of Net Assets but does not use current financial resources and therefore is not reflected in the government fund		(77)
Repayment of long-term debt is an expenditure in the government fund but the repayment reduced long-term liabilities in the Statement of Net Assets		<u>72,500</u>
Increase in net assets of governmental activities	\$	<u><u>(284,810)</u></u>

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Budget and Actual – Proprietary Fund (Utility)

For the Year Ended June 30, 2012

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Service fees	\$ 1,987,777	\$ 1,989,376	\$ (1,599)
Connection fee	30,964	68,408	(37,444)
Total Program Revenue	2,018,741	2,057,784	(39,043)
Expenses			
Salaries and wages	903,983	895,741	8,242
Employee benefits	499,736	1,185,405	(681,724)
Field operations:			
Material & supplies	13,000	4,118	8,882
Uniforms	4,500	4,253	247
Chemicals & lab fees	18,325	19,360	(1,035)
Minor equipment repair	500	478	22
Equipment rental	125	-0-	125
Utilities	45,148	49,713	(4,565)
Maintenance & repairs	15,514	25,204	(9,690)
Training & memberships	5,901	5,378	523
Vehicle maintenance	22,000	25,856	(3,856)
Garbage contract	219,852	217,142	2,710
Total field operations	\$ 344,865	\$ 351,502	\$ (6,637)

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Budget and Actual – Proprietary Fund (Utility)

For the Year Ended June 30, 2012

Expenses (Continued)	Original and Final Budget	Actual	Budget Variance (Over) Under
General & administrative			
Board expenses	\$ 33,677	\$ 27,161	\$ 6,516
Accounting & audit services	17,462	15,910	1,552
Consultants	2,000	80	1,920
Legal services	23,660	20,498	3,162
Insurance	29,920	28,740	1,180
License, permit & contracts	27,140	22,453	4,687
Office expense	41,190	20,969	20,221
Travel & meetings	5,155	1,706	3,449
Office utilities	57,733	50,272	7,461
Total general & administrative	237,937	187,789	50,148
Other expenses			
Depreciation	-0-	753,504	(753,504)
Interest	79,885	80,758	(873)
Total other expenses	79,885	834,262	(754,377)
Total Expenses	2,066,406	3,454,699	(1,388,293)
Net Program Revenue (Expense)	\$ (47,665)	\$ (1,396,915)	\$ 1,349,250

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Budget and Actual – Proprietary Fund (Utility)

For the Year Ended June 30, 2012

	Original and Final Budget	Actual	Budget Variance (Over) Under
General Revenues			
Property tax	\$ 41,169	371,895	(330,726)
Administrative fees	2,000	15,372	(13,372)
Grants	-0-	10,000	(10,000)
Interest	5,000	88,863	(83,863)
Rental revenue	50,375	63,355	(12,980)
Other	200	4,542	(4,342)
	<hr/>	<hr/>	<hr/>
Total General Revenues	98,744	554,027	(455,283)
	<hr/>	<hr/>	<hr/>
Increase (Decrease) in Fund Balance	\$ 51,079	(842,888)	893,967
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Fund Balance – Beginning of Year		14,030,039	
		<hr/>	
Fund Balance – End of Year		\$ 13,187,151	
		<hr/> <hr/>	

The accompanying notes are an integral part of the these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

OLYMPIC VALLEY, CALIFORNIA

INDEPENDENT AUDITORS' 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

June 30, 2012

McCLINTOCK ACCOUNTANCY CORPORATION

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To the Board of Directors
Squaw Valley Public Service District

We have audited the basic financial statements of Squaw Valley Public Service District (District), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a deficiency, or 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.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance 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 Result of our test disclosed not instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors of the District, others within the District, and the State Controller and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION

Tahoe City, California

December 5, 2012