

SQUAW VALLEY PUBLIC SERVICE DISTRICT

OLYMPIC VALLEY, CALIFORNIA

BASIC FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

For the Year Ended

June 30, 2013

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, 2013

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, 2013. 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 \$2,274,000.
- ✓ Total net assets decreased by only \$60,000 this year. This is an improvement over the prior year where the decrease was \$1,128,000.
- ✓ Of the total net assets amount, \$ 688,000 is restricted and must be used only for specific purposes, \$ 3,639,000 is unrestricted and available for replacement of fixed assets and \$ 756 is unrestricted but dedicated to future obligations.
(See page 44 and 45, notes 8 & 9)
- ✓ Of major importance is: Property tax revenues increased this year by \$82,000 from 2011-12 or about 3%. This allows the District to replace funds borrowed from unrestricted Capital Funds in the past. Hopefully, this is a portent of future taxes for the District even though there has been an overall loss of over \$2,000,000 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:

- The East Booster project to replace the electronic water meter and repair the drain pipe at the Horizontal well vault was completed.
- The Easement Abatement Project is progressing well and will continue in 2013-14.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

Major Projects this year (continued)

- The District received additional funds this year to provide snow removal services on the Squaw Valley Bike Path. This was the final year of a two year project that has been very successful with overwhelming public support. The District received additional funding to continue the program in 2013-14.
- Both the Squaw Peak and Lanny Lane sewer rehabilitation projects were completed.
- Staff continues to work with Squaw Valley Real Estate to complete the preparation of a Water Supply Assessment, Environmental Impact Report (EIR), and a Development Agreement for the proposed Village at Squaw Project.
- Implementation of VUEWorks Work Order and Asset Management software continues with improvements to the District's GIS.
- Phase II of the Olympic Valley Creek / Aquifer Interaction Study was contracted in this fiscal year and was completed in December 2014.
- The 12" Valves at the Squaw Valley Interceptor and Manhole T-42 were replaced.
- The TV inspection of the entire sewer system is continuing and about 25% is completed each year.
- The existing East Facility Parking lot lighting was converted to LED lighting which should save the District several thousand dollars in electricity costs each year.
- Additional software has been added to the Financial System to support a new check scanner and automate the deposit process for utility bills. This will save processing time and reproduction cost.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

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, 2013

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		Total	
	2012	2013	2012	2013	2012	2013	Dollar Change	Percent Change
Current and other assets	\$ 807	1,088	4,175	4,458	4,982	5,546	282	5.08%
Noncurrent assets	5,644	5,465	11,418	10,963	17,062	16,428	(179)	-1.08%
Total Assets	\$ 6,451	6,553	15,593	15,421	22,044	21,974	102	0.47%
Long-term debt outstanding	\$ 468	403	2,003	1,852	2,471	2,255	(216)	-8.73%
Other-liabilities	407	495	403	522	810	1,017	207	25.51%
Total Liabilities	\$ 875	898	2,406	2,374	3,281	3,272	(9)	-0.28%
Net Assets:								
Invested in property and equipment, net of related debt	\$ 4,993	4,891	9,639	9,333	14,632	14,224	(408)	-2.79%
Restricted	134	150	666	688	800	839	39	4.86%
Unrestricted	449	614	2,882	3,026	3,331	3,639	308	9.26%
Total Net Assets	\$ 5,576	5,655	13,187	13,047	18,763	18,702	(60)	-0.32%

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Changes in Net Assets (In Thousands)

	Governmental Activities (Fire)		Business-Type Activities (Utility)		Total		Total	
	2012	2013	2012	2013	2012	2013	Dollar Change	Percent Change
Program revenue	\$ 20	38	2,058	2,258	2,078	2,296	218	10.48%
General Revenues								
Property Tax	2,428	2,599	372	284	2,800	2,883	82	2.93%
Grants	0	21	0	0	0	21	21	121.00%
Other	18	11	182	153	200	165	(36)	-17.75%
Total Revenues	\$ 2,466	2,668	2,612	2,695	5,078	5,363	285	5.61%
Expenses	\$ 2,751	2,588	3,455	2,835	6,206	5,423	(783)	-12.62%
Increase (Decrease in net Assets)	\$ (285)	80	(843)	(140)	(1,128)	(60)	1,068	-94.71%

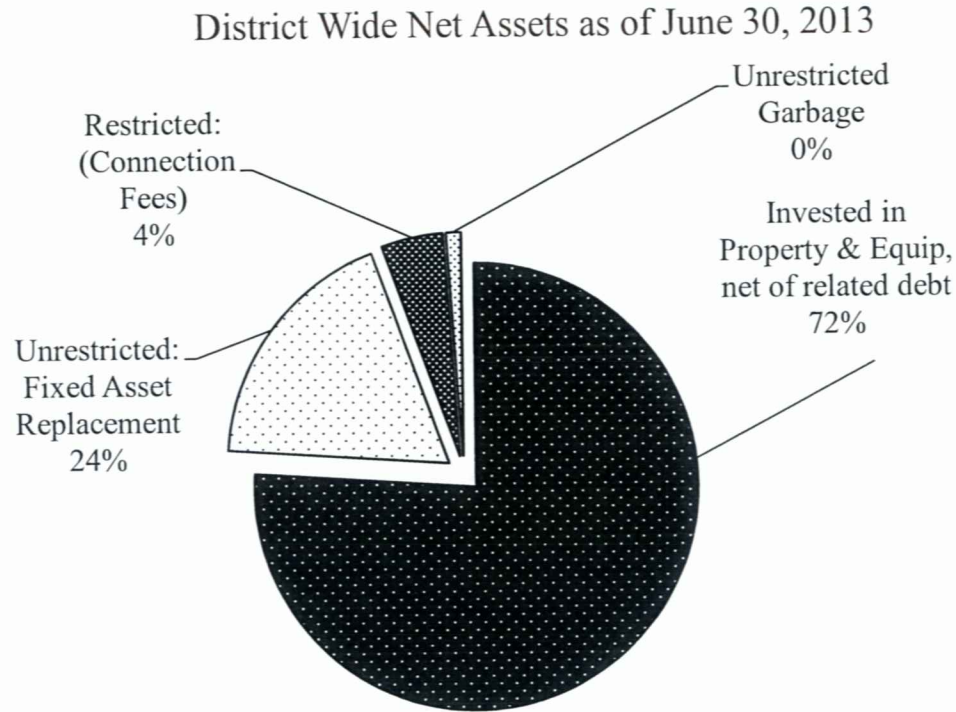
The Statement of Net Assets (pages 20 & 21) and the Statement of Revenues, Expenses and Changes in Net Assets (pages 22-24) provide an indication of the District's financial condition. Total Current Assets changed significantly for the better this year. Tax revenues increased almost 3%. There were decreases in board education expenses, legal fees, and office utilities due to recent upgrades. Connection Fees increased 4% this year due to construction on five new homes and significant remodels on six others including a demolition and rebuild of an existing home. 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, 2013

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)



This year there was a much smaller decrease in net assets for the year as shown in the Statement of Activities and Changes in Net Assets (pages 22-24) due to a large reduction in employee benefits having paid off the CalPERS Side funds in 2011-12. This saved about 7.5% of payroll costs that would be part of the employer contributions to CalPERS (California Public Employee Retirement System).

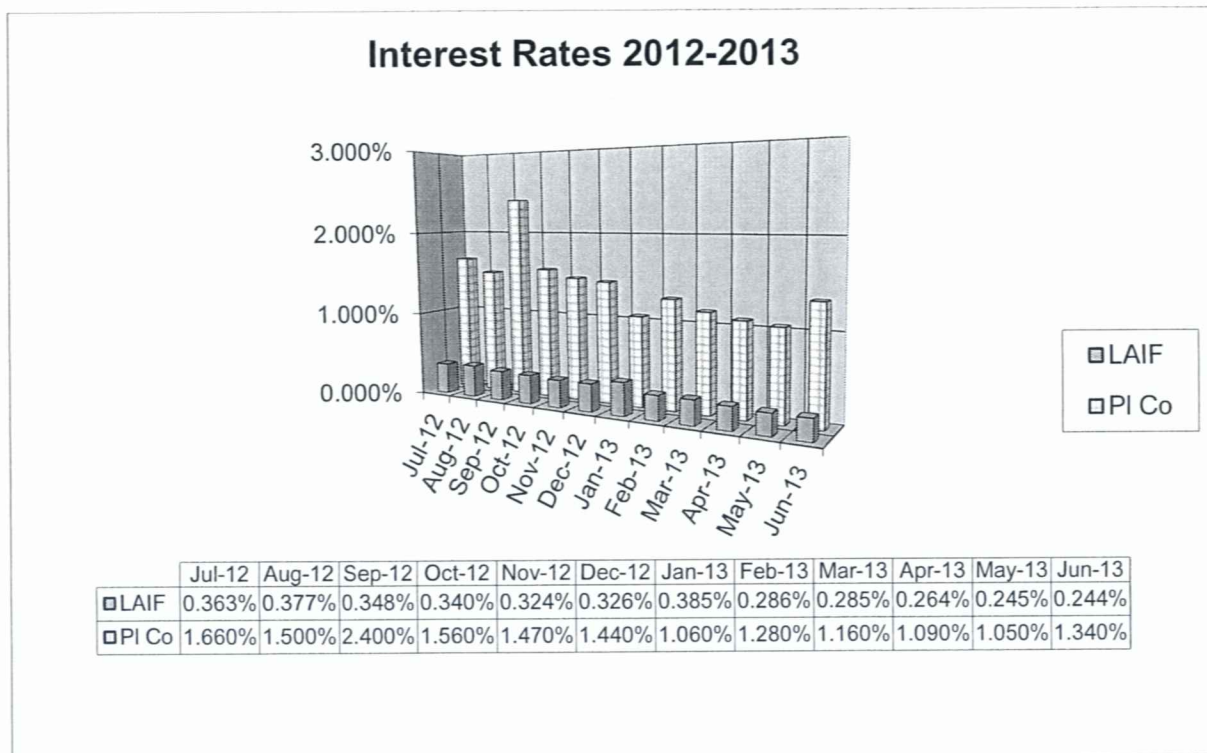
Connection fees are low again this year but expectation is that it will continue to get better every year since the economy is beginning to rebound from the recession years. Five new homes and six major remodels did help. Past projections were based on 15 new home permits and 3 to 5 remodels projected each year. Water and Sewer capital project funds are beginning to recover partly because no projects or studies were done that require these funds. Some new manholes are scheduled for 2 major intersections but they are minor cost items and should be covered by any sewer connection fees received in 2013-14.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

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 again during the 2012-13 year. The rate of return for L.A.I.F has been so low that the District continues to maintain most of the liquid savings funds in the Placer County Investment Fund. It is uncertain when the interest rates will trend upward.



Receivables

In the accounts receivable, again there were \$29,000 in deposits on file at the end of the 2012-13 budget year and receivables due of \$25,000. 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.

\$19,935 in delinquent service fees were submitted to Placer County for collection on the 2013-2014 property tax rolls. This is lower than several previous years. It is most likely due to a slight resurgence of the economy although some accounts are on the delinquency list every year. The delinquencies total less than 1% of the total billed revenue.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

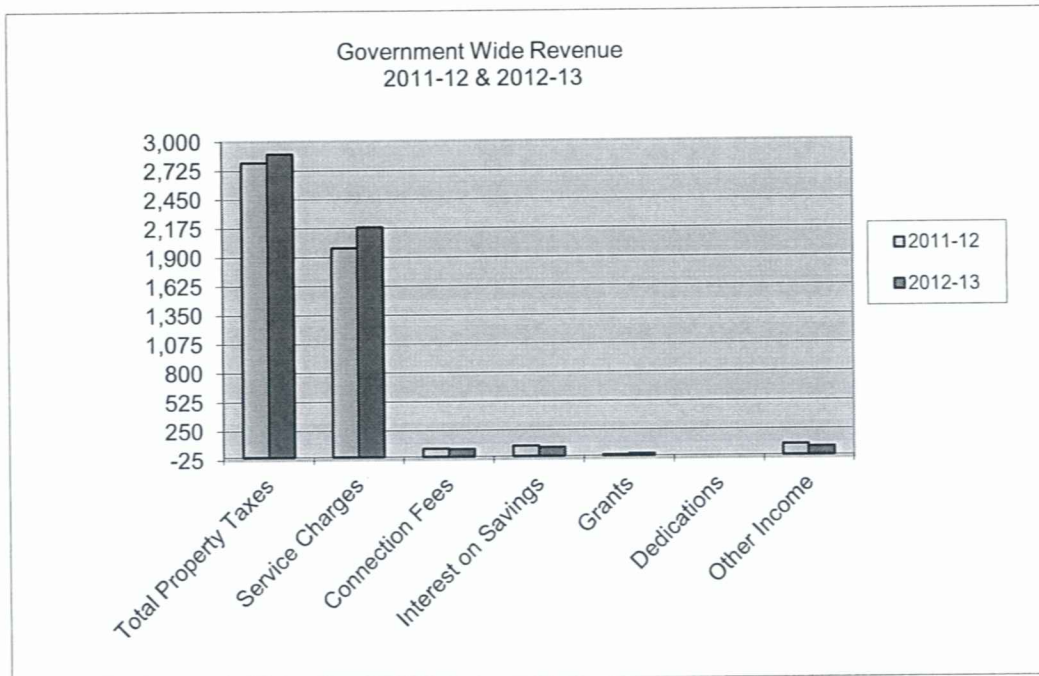
Management's Discussion and Analysis

For the Year Ended June 30, 2013

Government Wide Revenue 2011-12 & 2012-13 (In Thousands)

	2011-12		2012-13	
Total Property Taxes	2,800	55%	2,883	54%
Service Charges	1,989	39%	2,187	41%
Connection Fees	77	2%	71	1%
Interest on Savings	98	2%	82	2%
Grants	10	0%	21	0%
Dedications	0	0%	0	0%
Other Income	104	2%	81	1%
	<u>5,078</u>		<u>5,325</u>	

Government Wide Revenues



SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

	Interest	2011-12	2012-13	2012-13	6/30/2013
	Rate	Balance	Additions	Annual	Balance
Governmental Activities					
<u>Municipal Finance Corporation-Land (East Valley)</u>					
Final payment: 12/24/16	5.10%	\$ 425	0	78	348
Total Long Term Debt - Governmental Activities		\$ 425	0	78	348
<u>Municipal Finance Corporation-Land (East Valley)</u>					
Final payment: 12/24/16	5.10%	425		78	348
<u>California Infrastructure & Economic Development</u>					
<u>Bank (Facility)</u>					
Final payment: 08/01/2028	3.63%	1,569		70	1,499
Total Long Term Debt - Business Type Activities		\$ 1,994	0	148	1,846

The Statement of Net Assets shows a current financial position with Total Current Assets (Page 20) as \$5,546,000 and Total Liabilities as \$3,272,000 (Page 21). 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 4.24% of the total revenues of the District.



SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

Governmental Fund

The Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Fund (pages 55 & 56) 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 2011-12 and 2012-13 with the impact on the total fund.

**Governmental Fund - Program Expenses
Fire Department - Fiscal Years 2011-12 & 2012-13
(in
Thousands)**

	FY 2011-12	FY 2012-13	Change	%Change
Expenditures:				
Wages & Benefits	2,285	2,109	-176	-8%
Total Field Operations	144	162	18	13%
Total General & Administrative	74	77	3	4%
Total Departmental Expenditures	<u>2,503</u>	<u>2,348</u>	<u>-155</u>	<u>-6%</u>

2012-13 Salaries & Benefits were 8% less than the prior year amount due to the payoff of the CalPERS side fund benefits that saves the District 7.5% of salary as an employer benefit expense. Field Operations expenses increased slightly over 2011-12 due to major repairs on the vehicles, additional training expenses and the annual fees for the dispatch services were initiated in 2012-13. Overall, there was a 6% reduction in Expenditures.

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, reserve funds are designated as unrestricted to be used for 2013-14 expenditures.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

Proprietary Fund - Program Expenses
Utility Department - Fiscal Years 2011-12 & 2012-13
(in Thousands)

	FY 2011-12	FY 2012-13	Change	%Change
Expenditures:				
Wages & Benefits	2,081	1,387	-694	-33%
Total Field Operations	352	380	28	8%
Total General & Administrative	<u>187</u>	<u>173</u>	<u>-14</u>	<u>-7%</u>
Total Departmental Expenditures	<u><u>2,620</u></u>	<u><u>1,940</u></u>	<u><u>-680</u></u>	<u><u>-26%</u></u>

Proprietary Fund (Business-Type Activities)

The Statement of Revenues, Expenses, and changes in Fund Net Assets for the Proprietary Fund (pages 58 - 60) 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 2011-12 with 2012-13 with the impact on the total fund.

The Utility Department, like the Fire Department, paid off the CalPERS side fund benefits in 2011-12 which were expensed in this single year report. The elimination of this expense as an employer contribution to the employee's CalPERS benefits decreased the benefit expenses enormously. Also, the Utility Department was able to bill for \$81,650 plus associated benefits this year helping to reduce payroll costs significantly. Field expenses increased in property maintenance and chemical costs for water treatment. Also included in Field expenses is the cost of the garbage contract which increased 2% over the prior year. Overall, there was a 26% reduction in expenses.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

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

In Thousands		2010	2011	2012	2013
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		196	338	331	392
Increases		142	8	63	64
Decreases		0	16	2	15
Transfer		0	0	0	0
Balance		338	330	392	441
Sewer Capital					
Bal Fwd		16	0	0	0
Increases		6	2	5	7
Transfer frm Sewer Fixed Assets		13	13	74	0
Expenditures		35	15	79	0
Balance		0	0	0	7
Inflow & Infiltration Capital					
Bal Fwd		306	274	270	274
Increases		13	9	11	11
Decreases		45	13	7	44
Balance		274	270	274	241
Garbage Capital					
Bal Fwd		169	178	184	192
Increases		9	6	8	3
Decreases		0	0	0	0
Balance		178	184	192	195
Water Fixed Assets					
Bal Fwd		1520	1453	1081	57
Increases		257	167	61	237
Decreases		324	539	1085	40
Balance		1453	1081	57	254

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

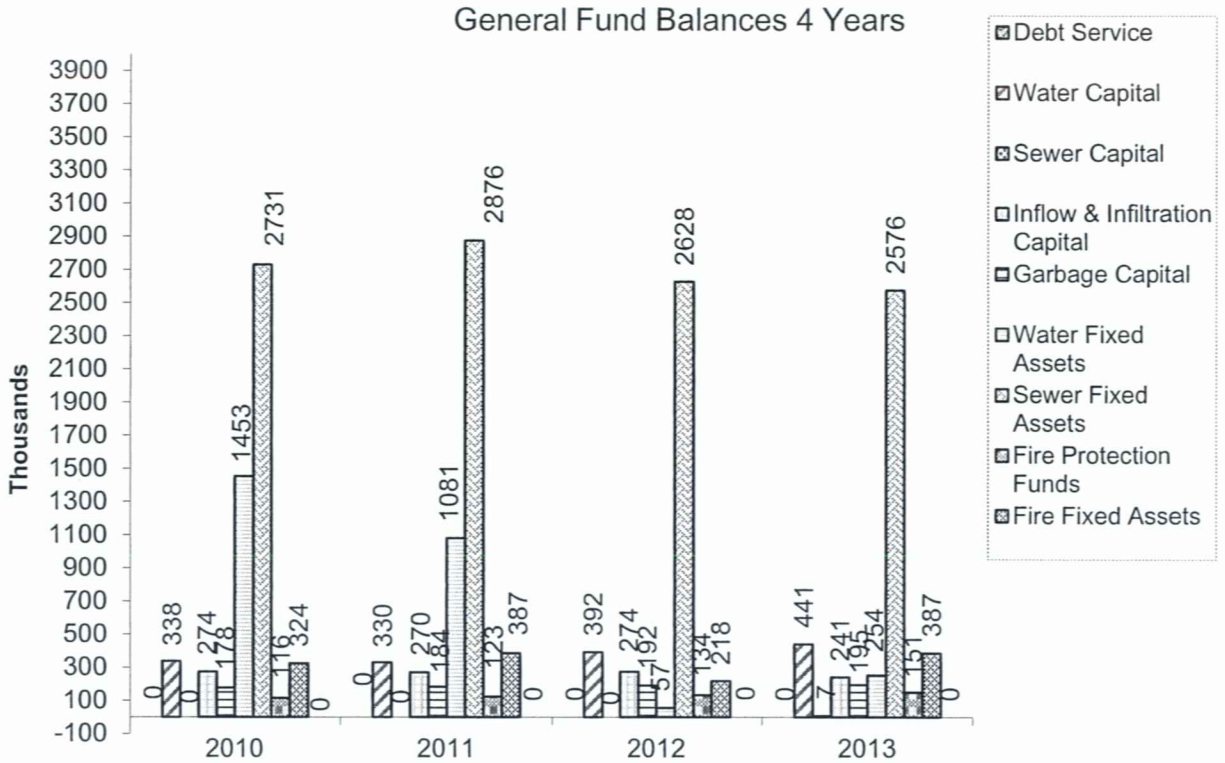
**General Fund Balances – 4 year comparison of funds available for capital projects
(continued)**

Sewer Fixed Assets	2010	2011	2012	2013
Bal Fwd	2903	2731	2876	2628
Revenues	243	203	102	215
Transfer to Sewer Capital	-13	-13	-74	
Expenditures	402	45	277	267
Balance	2731	2876	2628	2576
Fire Protection Funds	2010	2011	2012	2013
Bal Fwd	93	116	123	134
Increases	23	7	11	17
Decreases				
Balance	116	123	134	151
Fire Fixed Assets	2010	2011	2012	2013
Bal Fwd	265	324	387	218
Increases	161	115	85	191
Decreases	102	53	254	22
Balance	324	387	218	387

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management’s Discussion and Analysis

For the Year Ended June 30, 2013



Economic Factors and Next Year’s Budget for FY 2013-2014

As the national economy continues to slowly recover, so do the economies for the state, the region, and the District. The economic factors influencing the District’s financial position during the 2013-14 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 its ad valorem tax revenues. Other indicators like the increasing number of home-starts and the state’s declining unemployment rate (8.7% in Oct. 2013) improve the outlook slightly. With inflation remaining in control and interest rates remaining relatively low, anemic recovery appears to be sustaining.

The assessed value of property within the District boundaries was increased by the Placer County Assessor by \$2,452,264 or 0.11% for fiscal year 2013-14. This is fairly neutral for home values and property taxes collectively increased by about \$25,000. As the District is a recipient of a portion of those property taxes, its ad valorem property tax revenues increased only 0.61% from 2013; the District budgeted for an increase of 1.5%. In future years, it remains uncertain which

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2013

direction assessed valuation of properties will trend; reductions are certainly possible but many projections are positive.

Revenues from service charges are budgeted to increase by 14.5%, or \$317,000, due to an increase in water and sewer rates of 15% each.

The Public Employees' Pension Reform Act became law January 1, 2013 and is expected to result in significant long term savings in employee benefits. The law grandfathered 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, 2013. It includes a renewed vision on the District's direction moving forward and a Work Plan to implement it. The Plan commits the District to provide high-quality and efficient service delivery.

This section of the MD&A was prepared on December 5, 2013.

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, the business-type activities, each major fund, and the aggregate remaining fund information of Squaw Valley Public Service District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Squaw Valley Public Service District, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-16 and 54-55 and 57-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance

McClintock Accountancy Corporation
McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
December 16, 2013

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Net Position

June 30, 2013

	<u>Assets</u>		
	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities (Fire)</u>	<u>Business-Type Activities (Utility)</u>	
Current Assets			
Cash (Note 2)	\$ 22,980	\$ 178,810	\$ 201,790
Investments (Note 2)	1,026,026	4,198,592	5,224,618
Cash and cash equivalents	1,049,006	4,377,402	5,426,408
Receivables			
Service fees	-0-	41,170	41,170
Interest	-0-	14	14
Other	20,517	15,746	36,263
Total Receivables	20,517	56,930	77,447
Less allowance for doubtful accounts	-0-	(1,500)	(1,500)
Net receivables	20,517	55,430	75,947
Prepaid expenses and other assets	18,818	24,575	43,393
Total Current Assets	1,088,341	4,457,407	5,545,748
Noncurrent Assets			
Capital assets, at cost (Note 3)	7,583,014	24,428,666	32,011,680
Less accumulated depreciation (Note 3)	(2,344,695)	(13,249,790)	(15,594,485)
Net capital assets	5,238,319	11,178,876	16,417,195
Inter-activity balances (Note 16)	226,494	(226,494)	-0-
Note discount and issue costs	-0-	10,894	10,894
Total Noncurrent Assets	5,464,813	10,963,276	16,428,089
Total Assets	\$ 6,553,154	\$ 15,420,683	\$ 21,973,837

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Net Position

June 30, 2013

Liabilities and Net Position

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Liabilities			
Current Liabilities			
Accounts payable	\$ 55,534	\$ 59,090	\$ 114,624
Accrued liabilities	359,069	310,592	669,661
Current portion of long-term debt (Note 4)	80,000	152,430	232,430
Total Current Liabilities	494,603	522,112	1,016,715
Noncurrent Liabilities			
Postemployment health benefits (Note 13)	135,623	158,362	293,985
Long-term debt (Note 4)	267,500	1,693,638	1,961,138
Total Noncurrent Liabilities	403,123	1,852,000	2,255,123
Total Liabilities	897,726	2,374,112	3,271,838
Net Position			
Net investment in capital assets	4,890,819	9,332,808	14,223,627
Restricted (Note 8)	150,631	688,198	838,829
Unrestricted (Note 9)	613,978	3,025,565	3,639,543
Total Net Position	5,655,428	13,046,571	18,701,999
Total Liabilities and Net Position	\$ 6,553,154	\$ 15,420,683	\$ 21,973,837

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2013

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Program Revenue			
Mutual aid	\$ 23,349	\$ -0-	\$ 23,349
Service fees	-0-	2,186,537	2,186,537
Fire protection fee	14,500	-0-	14,500
Connection fee	-0-	70,909	70,909
Total Program Revenue	37,849	2,257,446	2,295,295
Expenses			
Salaries and wages	1,292,538	878,069	2,170,607
Employee benefits	816,572	509,360	1,325,932
Field operations			
Material & supplies	9,722	9,346	19,068
Uniforms	1,871	3,861	5,732
Chemicals & lab fees	-0-	21,480	21,480
Utilities	37,880	50,248	88,128
Maintenance & repairs	51,224	36,973	88,197
Radio communications	1,000	-0-	1,000
Training & memberships	29,198	11,106	40,304
Fire prevention	2,283	-0-	2,283
Vehicle maintenance	28,408	26,434	54,842
Garbage contract	-0-	220,980	220,980
Total field operations	161,586	380,428	542,014

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2013

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Expenses (Continued)			
General & administrative			
Board expenses	\$ 12,760	\$ 24,048	\$ 36,808
Accounting & audit services	11,543	17,783	29,326
Consultants	-0-	1,378	1,378
Legal services	40	10,561	10,601
Insurance	23,557	32,086	55,643
License, permit & contracts	-0-	19,389	19,389
Office expense	3,853	24,257	28,110
Travel & meetings	298	4,133	4,431
Office utilities	-0-	39,143	39,143
Other	24,474	-0-	24,474
Total general & administrative	76,525	172,778	249,303
Other expenses			
Depreciation	221,923	820,069	1,041,992
Interest	18,946	74,622	93,568
Total other expenses	240,869	894,691	1,135,560
Total Expenses	2,588,090	2,835,326	5,423,416
Net Program Revenue (Expense)	(2,550,241)	(577,880)	(3,128,121)

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2013

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
General Revenues			
Property tax (Note 7)	\$ 2,598,525	\$ 284,024	\$ 2,882,549
Administrative fees	-0-	33,018	33,018
Grants	20,517	-0-	20,517
Interest	7,807	74,110	81,917
Rental revenue (Note 15)	-0-	43,330	43,330
Gain (loss) on capital asset disposition	-0-	315	315
Other	3,493	2,503	5,996
Total General Revenues	<u>2,630,342</u>	<u>437,300</u>	<u>3,067,642</u>
Increase (Decrease) in Net Position	80,101	(140,580)	(60,479)
Net Position – Beginning of Year	<u>5,575,327</u>	<u>13,187,151</u>	<u>18,762,478</u>
Net Position – End of Year	<u>\$ 5,655,428</u>	<u>\$ 13,046,571</u>	<u>\$ 18,701,999</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

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

For the Year Ended June 30, 2013

	Water Department	Sewer Department	Garbage Contract	Total Business-Type Activities (Utility)
Program Revenue				
Service fees	\$ 1,116,947	\$ 847,594	\$ 221,996	\$ 2,186,537
Connection fee	<u>57,374</u>	<u>13,535</u>	<u>-0-</u>	<u>70,909</u>
Total Program Revenue	1,174,321	861,129	221,996	2,257,446
Expenses				
Salaries and wages	505,408	371,909	752	878,069
Employee benefits	282,144	226,952	264	509,360
Field operations				
Material & supplies	8,675	671	-0-	9,346
Uniforms	1,931	1,930	-0-	3,861
Chemicals & lab fees	21,480	-0-	-0-	21,480
Utilities	47,075	3,173	-0-	50,248
Maintenance & repairs	22,770	14,203	-0-	36,973
Training & memberships	5,108	5,998	-0-	11,106
Vehicle maintenance	13,281	13,153	-0-	26,434
Garbage contract	<u>-0-</u>	<u>-0-</u>	<u>220,980</u>	<u>220,980</u>
Total field operations	120,320	39,128	220,980	380,428

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

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

For the Year Ended June 30, 2013

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	\$ 16,593	\$ 7,455	\$ -0-	\$ 24,048
Accounting & audit services	12,270	5,513	-0-	17,783
Consultants	951	427	-0-	1,378
Legal services	7,338	3,223	-0-	10,561
Insurance	22,074	10,012	-0-	32,086
License, permit & contracts	13,378	6,011	-0-	19,389
Office expense	16,737	7,520	-0-	24,257
Travel & meetings	2,852	1,281	-0-	4,133
Office utilities	26,685	12,458	-0-	39,143
Total general & administrative	<u>118,878</u>	<u>53,900</u>	-0-	172,778
Other expenses				
Depreciation	546,569	273,500	-0-	820,069
Interest	51,489	23,133	-0-	74,622
Total other expenses	<u>598,058</u>	<u>296,633</u>	-0-	894,691
Total Expenses	<u>1,624,808</u>	<u>988,522</u>	<u>221,996</u>	<u>2,835,326</u>
Net Program Revenue (Expense)	(450,487)	(127,393)	-0-	(577,880)

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

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

For the Year Ended June 30, 2013

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Garbage Contract</u>	<u>Total Business-Type Activities (Utility)</u>
General Revenues				
Property tax	\$ 216,016	\$ 68,008	\$ -0-	\$ 284,024
Administrative fees	19,811	13,207	-0-	33,018
Interest	19,982	51,178	2,950	74,110
Rental revenue	21,665	21,665	-0-	43,330
Gain on capital asset disposition	158	157	-0-	315
Other	<u>1,402</u>	<u>1,101</u>	<u>-0-</u>	<u>2,503</u>
Total General Revenues	<u>279,034</u>	<u>155,316</u>	<u>2,950</u>	<u>437,300</u>
Increase (Decrease) in Net Position	<u>\$ (171,453)</u>	<u>\$ 27,923</u>	<u>\$ 2,950</u>	<u>\$ (140,580)</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, 2013

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 37,849	\$ 2,373,389	\$ 2,411,238
Cash payments to suppliers for goods and services	(1,027,691)	(1,002,405)	(2,030,096)
Cash payments to employees for services	(1,249,808)	(869,427)	(2,119,235)
Other receipts	3,493	35,521	39,014
Net Cash Provided (Used) by Operating Activities	(2,236,157)	537,078	(1,699,079)
Cash Flows From Noncapital Financing Activities:			
Receipt of property taxes	2,598,525	284,024	2,882,549
Net Cash Provided By Noncapital Financing Activities	2,598,525	284,024	2,882,549
Cash Flows From Capital and Related Financing Activities:			
Grants received	-0-	-0-	-0-
Repayment of long-term debt	(77,500)	(147,596)	(225,096)
Interest paid on long-term debt	(19,008)	(74,938)	(93,946)
Net Cash Used By Capital and Related Financing Activities	(96,508)	(222,534)	(319,042)
Cash Flows From Investing Activities:			
Purchase of capital assets	(6,820)	(373,437)	(380,257)
Proceeds from sales of capital assets	-0-	315	315
Funds advanced for third parties	-0-	(12,516)	(12,516)
Interest received on cash and investments	7,807	74,117	81,924
Net Cash Provided (Used) By Investing Activities	987	(311,521)	(310,534)
Net Increase In Cash	266,847	287,047	553,894
Cash and Cash Equivalents – Beginning of Year	782,159	4,090,355	4,872,514
Cash and Cash Equivalents – End of Year	\$ 1,049,006	\$ 4,377,402	\$ 5,426,408

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, 2013

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Reconciliation of Increase in Net Position to Net Cash Used by Operating Activities:			
Increase (Decrease) in net position	\$ 80,101	\$ (140,580)	\$ (60,479)
Adjustments to reconcile increase in net position to net cash used by operating activities:			
Depreciation	221,923	820,069	1,041,992
Amortization of debt costs	-0-	719	719
Gain on capital asset disposition	-0-	(315)	(315)
Non-operating revenue	(2,626,849)	(358,134)	(2,984,983)
Non-operating expenses	18,946	73,903	92,849
(Increase) decrease in:			
Receivables	-0-	(10,982)	(10,982)
Prepays	5,513	28,539	34,052
Increase (decrease) in:			
Accounts payable	6,203	26,870	33,073
Accrued liabilities	42,730	95,594	138,324
Postemployment health benefits	15,276	1,395	16,671
Total adjustments	(2,316,258)	677,658	(1,638,600)
Net Cash Provided (Used) By Operating Activities	\$ (2,236,157)	\$ 537,078	\$ (1,699,079)

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(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 Position, a Statement of Activities and Changes in Net Position 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 Position. The Statement of Activities presents changes in net position. 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 Position 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, 2013

(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 position as presented in these statements to the net position 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, 2013

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

Proprietary Fund

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

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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. 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, 2013

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

Reserved Net Position

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

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.

Capital Assets

Capital assets having an extended useful life are capitalized as capital assets at cost.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital 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 capital asset accounts.

Capital assets are recorded in their respective fund. Depreciation of all exhaustible capital 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

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

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

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.

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, 2013 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 have been evaluated through December 16, 2013, 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, 2013, the District's cash and investment balances included the following:

Pooled cash	\$ 201,790
Pooled investments	<u>5,224,618</u>
	<u>\$ 5,426,408</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(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:

	<u>Carrying Amount</u>	<u>Market Value</u>
State of California Local Agency Investment Fund	\$ 23,190	\$ 23,190
Placer County Pooled Investment Fund	<u>5,201,428</u>	<u>5,201,428</u>
Total	<u>\$ 5,224,618</u>	<u>\$ 5,224,618</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(3) CAPITAL ASSETS:

A summary of Governmental Activities capital assets is presented below:

	Balance June 30, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Fire Department:					
Land	\$ 1,012,603	\$ -0-	\$ -0-	\$ -0-	\$ 1,012,603
Buildings	4,914,812	4,972	-0-	2,400	4,922,184
Equipment	1,624,573	37,542	15,025	-0-	1,647,090
Master plan	1,137	-0-	-0-	-0-	1,137
Construction in progress	2,400	-0-	-0-	(2,400)	-0-
Total Capital Assets	7,555,525	<u>42,514</u>	<u>15,025</u>	<u>-0-</u>	7,583,014
Accumulated Depreciation	2,137,797	<u>\$ 221,923</u>	<u>\$ 15,025</u>	<u>\$ -0-</u>	<u>2,344,695</u>
Net Book Value	<u>\$ 5,417,728</u>				<u>\$ 5,238,319</u>

A summary of Business-Type Activities capital assets is presented below:

	Balance June 30, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Utility Department:					
Water system	\$ 8,210,777	\$ 22,855	\$ -0-	\$1,967,421	\$ 10,201,053
Sewage system	4,980,440	237,633	-0-	45,041	5,263,114
Interceptors	1,167,822	15,458	-0-	-0-	1,183,280
Other	7,273,738	16,321	6,196	8,809	7,292,672
Construction in progress	2,435,658	74,160	-0-	(2,021,271)	488,547
Total Capital Assets	24,068,435	<u>366,427</u>	<u>6,196</u>	<u>-0-</u>	24,428,666
Accumulated Depreciation	12,435,917	<u>\$ 820,069</u>	<u>\$ 6,196</u>	<u>\$ -0-</u>	<u>13,249,790</u>
Net Book Value	<u>\$ 11,632,518</u>				<u>\$ 11,178,876</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(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, 2013

(4) LONG-TERM DEBT: (Continued)

A summary of the District's Governmental Activities long-term debt at June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Payments	Balance June 30, 2013
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	\$ 425,000	\$ -0-	\$ 77,500	\$ 347,500
Total Long-Term Debt	425,000	<u>\$ -0-</u>	<u>\$ 77,500</u>	347,500
Less Current Installments of Long-Term Debt	<u>77,500</u>			<u>80,000</u>
Long-Term Debt Excluding Current Installments	<u>\$ 347,500</u>			<u>\$ 267,500</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(4) LONG-TERM DEBT: (Continued)

A summary of the District's Business-Type Activities long-term debt at June 30, 2013 is as follows:

	Balance June 30, 2012	<u>Additions</u>	<u>Payments</u>	Balance June 30, 2013
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	\$ 425,000	\$ -0-	\$ 77,500	\$ 347,500
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.	1,568,664	-0-	70,096	1,498,568
Total Long-Term Debt	<u>1,993,664</u>	<u>\$ -0-</u>	<u>\$ 147,596</u>	<u>1,846,068</u>
Less Current Installments of Long-Term Debt	<u>147,596</u>			<u>152,430</u>
Long-Term Debt Excluding Current Installments	<u>\$ 1,846,068</u>			<u>\$ 1,693,638</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(4) LONG-TERM DEBT: (Continued)

The annual requirements to amortize District long-term debt as of June 30, 2013 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	82,570	41,969	124,539
2018 through 2022	455,973	162,122	618,095
2023 through 2027	537,120	72,314	609,434
2028 through 2029	118,390	2,327	120,717
	<u>\$ 2,193,568</u>	<u>\$ 545,318</u>	<u>\$ 2,738,886</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 \$17,500 (\$23,000 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 \$35,000 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 \$17,500 (\$23,000 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 \$35,000 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, 2013

(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 are 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 issues 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 2012/2013 was 24.170% for utility department employees and 27.626% 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, 2013

(6) EMPLOYEE RETIREMENT SYSTEM: (Continued)

c) Annual Pension Cost

For fiscal year 2012/2013, Squaw Valley Public Service District's annual pension cost was \$652,763 and the District actually contributed \$652,763 (of which \$40,766 was paid by employees). The required contribution for fiscal year 2012/2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal 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%.

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 smooths 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, 2010 was 19 years for utility department employees and fire department employees.

d) Three-Year Trend Information

Fiscal Year Ending	Utility Department Employees			Fire Department Employees		
	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/09	\$ 259,629	100	-0-	\$ 340,448	100	-0-
6/30/10	287,269	100	-0-	375,208	100	-0-
6/30/11	283,539	100	-0-	375,190	100	-0-

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(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)

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value Of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
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
6/30/11	2,486,709	1,981,073	505,635	79.7	427,300	118.3

Fire Department Risk Pool (In Thousands)

<u>Valuation Date</u>	<u>Accrued Liability</u>	<u>Actuarial Value Of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
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
6/30/11	10,951,745	9,135,654	1,816,091	83.4	949,833	191.2

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(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, 2013 was \$5,074,873. The District's actual annual proceeds of taxes for the year ended June 30, 2013 was \$2,882,549, leaving a margin of \$2,192,324.

The proceeds of taxes limitation adopted by the District for the year ended June 30, 2014 is \$5,346,443.

(8) RESTRICTED NET POSITION:

Net position is subject to the following legal restrictions:

Governmental Activities:

Fire – protection fees	\$ 150,631
Total Restricted Net Position – Governmental Activities	<u>\$ 150,631</u>

Business-Type Activities:

Capital projects – water	\$ 440,789
Capital projects - sewer	6,645
Inflow and infiltration	<u>240,764</u>
Total Restricted Net Position – Business-Type Activities	<u>\$ 688,198</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(9) UNRESTRICTED NET POSITION:

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

Governmental Activities:

Fixed asset replacement fund	\$ 387,281
Fixed asset replacement fund - building	<u>226,494</u>
Total Designated Net Position	613,775
Undesignated Net Position	<u>203</u>
Total Unrestricted Net Position – Governmental Activities	<u>\$ 613,978</u>

Business-Type Activities:

Fixed asset replacement fund - water	\$ 253,593
Fixed asset replacement fund - sewer	2,576,475
Garbage	<u>194,944</u>
Total Designated Net Position	3,025,012
Undesignated Net Position	<u>553</u>
Total Unrestricted Net Position – Business-Type Activities	<u>\$ 3,025,565</u>

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

Nonspendable fund balance consists of other receivables (\$20,517), prepaid expenses (\$18,818) 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 capital assets.

(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, 2013 were \$221,996 while expenses, both direct and allocated, totaled \$221,996.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(12) GRANTS:

In June 2012, the District entered into a grant agreement with the Federal Emergency Management Agency (FEMA). Grant funds are to be used for fire department equipment. The grant provides that FEMA will pay up to \$20,517 of costs. As of June 30, 2013, the District had expended \$20,517 for the project. The District had received no reimbursements as of June 30, 2013, resulting in a receivable in the amount of \$20,517.

(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. Currently, the District has four 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, 2013

(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, 2012. The District has included an estimate of \$35,000 (\$15,000 Governmental Activities and \$20,000 Business-Type Activities) in the financial statements for the year ended June 30, 2013. The following information is presented based on the plan's June 30, 2012 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	\$ 8,909	\$ (15,315)
Interest on net Postemployment Health Benefit obligation	6,501	8,758
Annual Postemployment Health Benefit cost (expense)	15,410	(6,557)
Contributions made	(3,134)	(1,048)
Increase in net Postemployment Health Benefit obligation	12,276	(7,605)
Net Postemployment Health Benefit obligation – beginning of year	108,347	145,967
Net Postemployment Health Benefit obligation – end of year	<u>\$ 120,623</u>	<u>\$ 138,362</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(13) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

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

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 and June 30, 2012 were as follows:

Fiscal Year Ended	Governmental Activities		
	Annual Postemployment Health Benefit Cost	Percentage of Annual Postemployment Health Benefit Cost Contributed	Net Postemployment Health Benefit Obligation
6/30/2011	\$ 11,415	20.5%	\$ 108,347
6/30/2012	15,410	20.3	120,623

Fiscal Year Ended	Business-Type Activities		
	Annual Postemployment Health Benefit Cost	Percentage of Annual Postemployment Health Benefit Cost Contributed	Net Postemployment Health Benefit Obligation
6/30/2011	\$ 11,329	4.1%	\$ 145,967
6/30/2012	(6,557)	(16.0)	138,362

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2013

(13) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

d) Funded Status and Funding Progress

The funded status of the plan as of June 30, 2012, was as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Actuarial accrued liability (AAL)	\$ 120,623	\$ 138,362
Actuarial value of plan assets	<u>-0-</u>	<u>-0-</u>
Unfunded actuarial accrued liability (UAAL)	<u>120,623</u>	<u>138,362</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 1,107,904	\$ 888,840
UAAL as a percentage of covered payroll	10.9%	15.6%

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, 2012 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, 2013

(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, 2013

(15) RENTAL ACTIVITY:

The District rents idle facilities to outside parties. These facilities have an original cost of \$1,051,834, accumulated depreciation of \$904,805, and a net book value of \$147,029. Rental income of \$43,330 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	\$ 11,544
Maintenance and repairs	583
Insurance	344
Utilities	4,785
Depreciation	<u>26,137</u>
Total Expenses	<u>\$ 43,393</u>

Future minimum rentals on noncancelable leases for these rentals are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2014	\$ 50,900
2015	<u>28,956</u>
	<u>\$ 79,856</u>

(16) 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, 2013

Assets

	<u>Primary Government</u>	
	<u>Governmental Fund (Fire)</u>	<u>Proprietary Fund (Utility)</u>
Current Assets		
Cash	\$ 22,980	\$ 178,810
Investments	<u>1,026,026</u>	<u>4,198,592</u>
Cash and cash equivalents	1,049,006	4,377,402
Receivables		
Service fees	-0-	41,170
Interest	-0-	14
Other	<u>20,517</u>	<u>15,746</u>
Total Receivables	20,517	56,930
Less allowance for doubtful accounts	<u>-0-</u>	<u>(1,500)</u>
Net receivables	20,517	55,430
Prepaid expenses and other assets	<u>18,818</u>	<u>24,575</u>
Total Current Assets	1,088,341	4,457,407
Noncurrent Assets		
Capital assets, at cost	-0-	24,428,666
Less accumulated depreciation	<u>-0-</u>	<u>(13,249,790)</u>
Net capital assets	-0-	11,178,876
Inter-activity balances	226,494	(226,494)
Note discount and issue costs	<u>-0-</u>	<u>10,894</u>
Total Noncurrent Assets	<u>226,494</u>	<u>10,963,276</u>
Total Assets	<u>\$ 1,314,835</u>	<u>\$ 15,420,683</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Fund Financial Statements

Balance Sheet

June 30, 2013

Liabilities and Fund Balances

	<u>Primary Government</u>	
	<u>Governmental Fund (Fire)</u>	<u>Proprietary Fund (Utility)</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 55,534	\$ 59,090
Accrued liabilities	359,069	310,592
Current portion of long-term debt	<u>-0-</u>	<u>152,430</u>
Total Current Liabilities	414,603	522,112
Noncurrent Liabilities		
Postemployment health benefits	-0-	158,362
Long-term debt	<u>-0-</u>	<u>1,693,638</u>
Total Noncurrent Liabilities	<u>-0-</u>	<u>1,852,000</u>
Total Liabilities	414,603	2,374,112
Fund Balances		
Governmental Fund (Note 10)		
Nonspendable	265,829	-0-
Restricted	150,631	-0-
Committed	387,281	-0-
Unassigned	96,491	-0-
Proprietary Fund		
Net investment in capital assets	-0-	9,332,808
Restricted	-0-	688,198
Unrestricted	<u>-0-</u>	<u>3,025,565</u>
Total Fund Balances	<u>900,232</u>	<u>13,046,571</u>
Total Liabilities and Fund Balances	<u>\$ 1,314,835</u>	<u>\$ 15,420,683</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

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

June 30, 2013

Fund balance of governmental fund	\$	900,232
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in governmental funds:		
Land	\$	1,012,603
Buildings		4,922,184
Equipment		1,647,090
Master plan		1,137
Less accumulation depreciation		<u>(2,344,695)</u>
Net Book Value		5,238,319
Postemployment health benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds		(135,623)
Long-term debt is not due and payable in the current period and therefore are not reported in the funds		<u>(347,500)</u>
Net position of governmental activities	\$	<u><u>5,655,428</u></u>

The accompanying notes are an integral part of 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, 2013

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Mutual aid	\$ 3,350	\$ 23,349	\$ (19,999)
Fire protection fee	9,000	14,500	(5,500)
Total Program Revenue	12,350	37,849	(25,499)
 Expenditures			
Salaries and wages	1,267,647	1,292,538	(24,891)
Employee benefits	838,166	801,296	36,870
Field operations			
Material & supplies	12,400	9,722	2,678
Uniforms	12,000	1,871	10,129
Utilities	41,998	37,880	4,118
Maintenance & repairs	62,259	51,224	11,035
Radio communications	2,000	1,000	1,000
Training & memberships	33,963	29,198	4,765
Fire prevention	4,750	2,283	2,467
Vehicle maintenance	25,344	28,408	(3,064)
Total field operations	194,714	161,586	33,128
General & administrative			
Board expenses	12,760	12,760	-0-
Accounting & audit services	11,854	11,543	311
Legal services	3,000	40	2,960
Insurance	34,000	23,557	10,443
Office expense	3,935	3,853	82
Travel & meetings	1,080	298	782
Other	24,474	24,474	-0-
Total general & administrative	91,103	76,525	14,578

The accompanying notes are an integral part of 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, 2013

	Original and Final Budget	Actual	Budget Variance (Over) Under
	<u> </u>	<u> </u>	<u> </u>
Expenditures (Continued)			
Other expenditures			
Capital outlay	\$ 41,850	\$ 42,514	\$ (664)
Debt service	77,500	77,500	-0-
Interest	<u>18,982</u>	<u>18,946</u>	<u>36</u>
Total other expenditures	<u>138,332</u>	<u>138,960</u>	<u>(628)</u>
Total Expenditures	<u>2,529,962</u>	<u>2,470,905</u>	<u>59,057</u>
Net Program Revenue (Expenditures)	(2,517,612)	(2,433,056)	(84,556)
General Revenues			
Property tax	2,423,880	2,598,525	(174,645)
Grants	-0-	20,517	(20,517)
Interest	1,150	7,807	(6,657)
Other	<u>-0-</u>	<u>3,493</u>	<u>(3,493)</u>
Total General Revenues	<u>2,425,030</u>	<u>2,630,342</u>	<u>(205,312)</u>
Increase (Decrease) in Fund Balance	\$ <u>(92,582)</u>	197,286	<u>\$ (289,868)</u>
Fund Balance – Beginning of Year		<u>702,946</u>	
Fund Balance – End of Year		<u>\$ 900,232</u>	

The accompanying notes are an integral part of 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, 2013

Increase (decrease) in fund balance – governmental fund	\$	197,286
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental fund reports capital outlay for capital assets 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 capital assets	\$	42,514
Less – current year depreciation expense		<u>(221,923)</u> (179,409)
Increases in the accrual of postemployment health benefits is an expense in the Statement of Net Position but does not use current financial resources and therefore is not reflected in the government fund		(15,276)
Repayment of long-term debt is an expenditure in the government fund but the repayment reduced long-term liabilities in the Statement of Net Position		<u>77,500</u>
Increase in net position of governmental activities	\$	<u><u>80,101</u></u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual
Proprietary Fund (Utility)

For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Service fees	\$ 2,218,838	\$ 2,186,537	\$ 32,301
Connection fee	30,964	70,909	(39,945)
	<hr/>	<hr/>	<hr/>
Total Program Revenue	2,249,802	2,257,446	(7,644)
Expenses			
Salaries and wages	946,168	878,069	68,099
Employee benefits	538,488	509,360	29,128
Field operations:			
Material & supplies	13,000	9,346	3,654
Uniforms	5,000	3,861	1,139
Chemicals & lab fees	21,200	21,480	(280)
Minor equipment repair	600	-0-	600
Equipment rental	200	-0-	200
Utilities	56,740	50,248	6,492
Maintenance & repairs	23,812	36,973	(13,161)
Training & memberships	8,770	11,106	(2,336)
Vehicle maintenance	27,000	26,434	566
Garbage contract	223,211	220,980	2,231
	<hr/>	<hr/>	<hr/>
Total field operations	379,533	380,428	(895)

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual
Proprietary Fund (Utility)

For the Year Ended June 30, 2013

Expenses (Continued)	Original and Final Budget	Actual	Budget Variance (Over) Under
General & administrative			
Board expenses	\$ 29,760	\$ 24,048	\$ 5,712
Accounting & audit services	18,021	17,783	238
Consultants	2,000	1,378	622
Legal services	23,660	10,561	13,099
Insurance	30,259	32,086	(1,827)
License, permit & contracts	18,591	19,389	(798)
Office expense	50,113	24,257	25,856
Travel & meetings	7,063	4,133	2,930
Office utilities	57,345	39,143	18,202
Total general & administrative	236,812	172,778	64,034
Other expenses			
Depreciation	-0-	820,069	(820,069)
Interest	74,877	74,622	255
Total other expenses	74,877	894,691	(819,814)
Total Expenses	2,175,878	2,835,326	(659,448)
Net Program Revenue (Expense)	73,924	(577,880)	651,804

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Budget and Actual
Proprietary Fund (Utility)

For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Budget Variance (Over) Under
General Revenues			
Property tax	\$ 55	\$ 284,024	\$ (283,969)
Administrative fees	2,000	33,018	(31,018)
Interest	5,000	74,110	(69,110)
Rental revenue	51,654	43,330	8,324
Gain on capital asset disposition	-0-	315	(315)
Other	200	2,503	(2,303)
	<u>58,909</u>	<u>437,300</u>	<u>(378,391)</u>
Total General Revenues			
Increase (Decrease) in Fund Balance	\$ <u>132,833</u>	(140,580)	\$ <u>273,413</u>
Fund Balance – Beginning of Year		<u>13,187,151</u>	
Fund Balance – End of Year		\$ <u>13,046,571</u>	

The accompanying notes are an integral part of 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, 2013

McCLINTOCK ACCOUNTANCY CORPORATION

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To the Board of Directors
Squaw Valley Public Service District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Squaw Valley Public Service District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2013.

Internal Control over Financial Reporting

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

McClintock Accountancy Corporation

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
December 16, 2013