

SQUAW VALLEY PUBLIC SERVICE DISTRICT

OLYMPIC VALLEY, CALIFORNIA

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

**For the Year Ended
June 30, 2010**

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June 30, 2010

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SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

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, 2010. 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 \$2,797,000.
- ✓ Total net assets increased by \$ 181,000.
- ✓ Of the total net assets amount, \$ 728,000 is restricted and must be used only for specific purposes, \$ 4,913,000 is unrestricted is available for replacement of fixed assets and \$ 6,000 is unrestricted but dedicated to future obligations.
(See page 42 and 43, notes 8 & 9)
- ✓ Of major importance is: Property tax revenues actually decreased this year by \$126,000 which is something that has not been experienced by the District in prior years. It is due to reassessment of commercial properties and lack of real estate sales in the valley.
- ✓ Major projects this year were:
 - Sewer System Management Plan completed
 - Sewer Cleaner Truck was replaced with a new Vac-Con truck and has been a real benefit to the District.
 - The Sewer Easement Machine was delivered and has been put in service.
 - The Tiger Tail Sewer Rehabilitation Project is close to completion.
 - The District is beginning the conversion of the Financial Accounting Software to a new network based version.
 - The Easement Abatement Project is moving forward with surveying and a workshop planned to educate residents.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

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. 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, 2010

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 Dollar Change	Percent Change
	2009	2010	2009	2010	2009	2010		
Current and other assets	\$ 680	804	5,804	5,674	6,484	6,478	(6)	-0.09%
Noncurrent assets	6,211	6,017	11,007	11,241	17,218	17,258	40	0.23%
Total Assets	\$ 6,891	6,821	16,811	16,915	23,702	23,736	34	0.14%
Long-term debt outstanding	\$ 567	498	2,270	2,134	2,837	2,632	(205)	-7.23%
Other-liabilities	386	433	605	616	991	1,049	58	5.85%
Total Liabilities	\$ 953	931	2,875	2,750	3,828	3,681	(147)	-3.84%
Net Assets:								
Invested in property and equipment, net of related debt	\$ 5,352	5,223	8,822	9,185	14,174	14,408	234	1.65%
Restricted	93	116	518	612	611	728	117	19.15%
Unrestricted	493	551	4,596	4,368	5,089	4,919	(170)	-3.34%
Total Net Assets	\$ 5,938	5,890	13,936	14,165	19,874	20,055	181	0.91%

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)

Changes in Net Assets (In Thousands)

	Governmental Activities (Fire)		Business-Type Activities (Utility)		Total		Dollar Change	Percent Change
	2009	2010	2009	2010	2009	2010		
Program revenue	\$ 117	105	1,887	1,898	2,004	2,003	(1)	-0.05%
General Revenues								
Property Tax	2,322	2,513	1,029	713	3,351	3,226	(125)	-3.73%
Dedications	0	0	388	82	388	82	(306)	-78.87%
Other	63	(22)	431	326	494	304	(190)	-38.46%
Total Revenues	\$ 2,502	2,596	3,735	3,019	6,237	5,615	(622)	-9.97%
Expenses	\$ 2,498	2,644	2,858	2,790	5,356	5,434	78	1.46%
Increase (Decrease) in								
Net Assets	\$ 4	(48)	877	229	881	181	(700)	-79.46%

The Statement of Net Assets (pages 18 & 19) and the Statement of Revenues, Expenses and Changes in Net Assets (pages 20-22) provide an indication of the District's financial condition and also indicate that, other revenues decreased this year mainly due to Grant funds having been depleted that were provided to fund major improvement projects. The expenses increased slightly this year due to some unforeseen increases in annual system fees charged by the State of California and other system permits charged by the county.

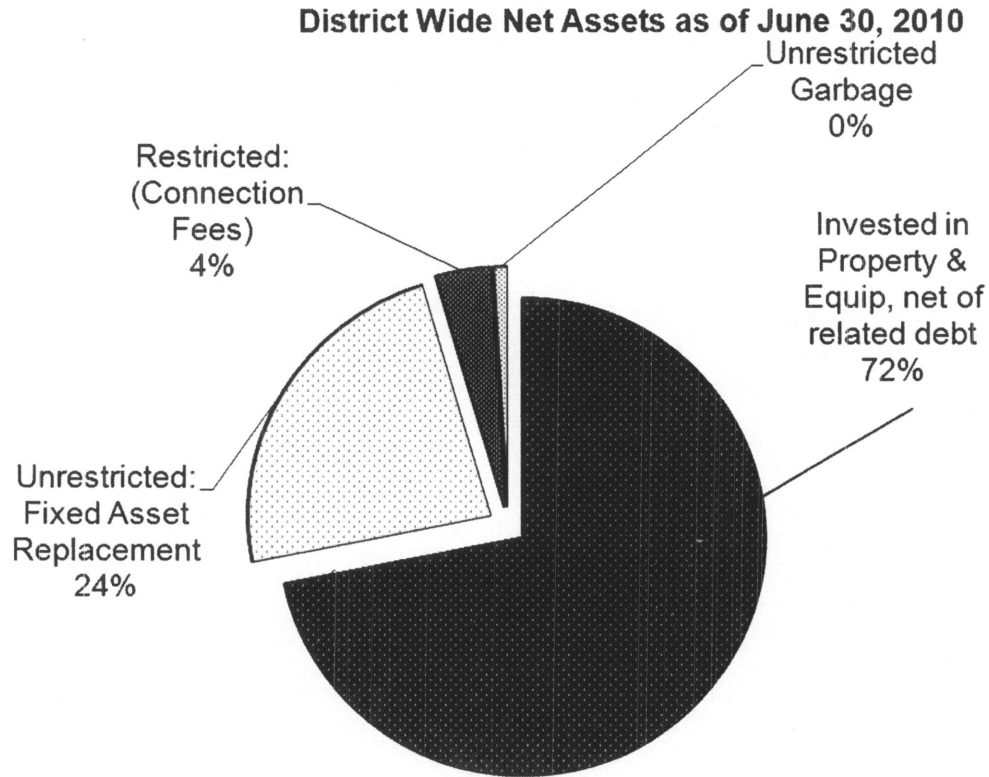
The Fire Department's major change is due to the disposal of some major Draeger SCBA equipment purchased in 2006 reducing the value of its investment in property and equipment.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

FINANCIAL ANALYSIS OF THE DISTRICT (CONTINUED)



An overall increase in net assets for the year, shown in the Statement of Activities and Changes in Net Assets (pages 20-22), can be attributed the District's policy of designating net assets for future investment in capital projects and asset replacements as projected in District's asset management plan.

Connection fees remain considerably low for the current year which has been dictated by the state of the economy. New permits were limited to 1 Commercial building, 1 residential in the SVPSD water zone, 1 in the Squaw Valley Mutual water zone and 1 on the Truckee River for which on Fire Protection Fees are collected. There were only 6 remodels in the entire District during the year. A normal high-growth construction year would result in around 15 new home permits.

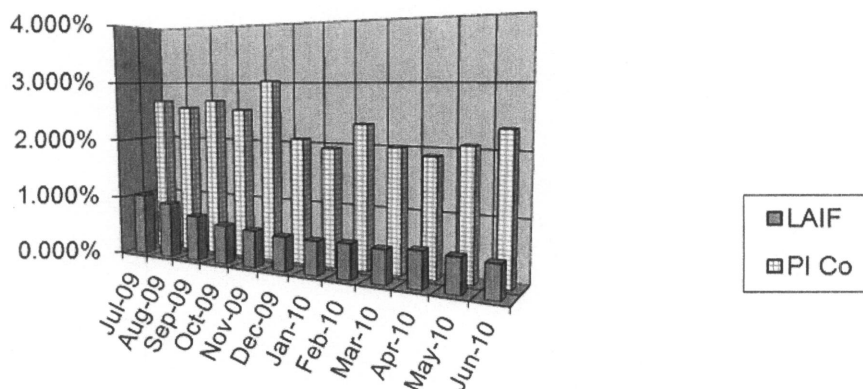
SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

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 2009-10 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.

Interest Rates 2009-2010



	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
LAIF	1.035%	0.925%	0.750%	0.646%	0.611%	0.569%	0.558%	0.577%	0.547%	0.588%	0.560%	0.528%
PI Co	2.670%	2.560%	2.690%	2.540%	3.030%	2.080%	1.950%	2.350%	2.010%	1.900%	2.080%	2.340%

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

Receivables

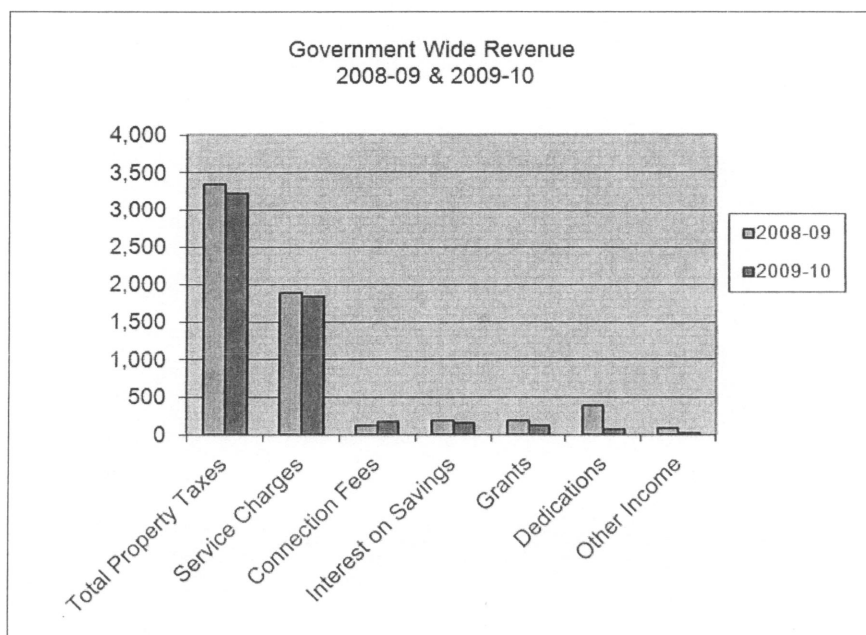
In the accounts receivable, there were \$31,000 deposits on file at the end of the 2009-10 budget year and receivables due of \$14,000. The deposits are due to a large deposit from the Resort at Squaw Creek that secured on-going legal, engineering and contract fees and now being held for further development costs. There were 2 rental deposits, deposits for ongoing easement adjustment costs and advance payment of District property rent by the Inn Shop of Squaw Valley.

\$19,852 in delinquent service fees were submitted to Placer County for collection on the 2010-2011 property tax rolls. This is by far the largest ever submitted for collection. It is possibly due to the result of the current state of economy. The delinquencies total approximately 1% of the total billed revenue.

Government Wide Revenues

Government Wide Revenue 2008-09 & 2009-10 (In Thousands)

	2008-09		2009-10	
Total Property Taxes	3,351	54%	3,226	57%
Service Charges	1,886	30%	1,836	33%
Connection Fees	118	2%	167	3%
Interest on Savings	197	3%	152	3%
Grants	199	3%	124	2%
Dedications	388	6%	82	1%
Other Income	98	2%	28	1%
	<u>6,237</u>		<u>5,615</u>	



SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

Liabilities

Government Wide Liabilities for Long Term Loans

	Interest	2008-09	2009-10	2009-10	6/30/2010
	Rate	Balance	Additions	Annual	Balance
Governmental Activities					
<u>Municipal Finance Corporation-Land (East Valley)</u>	5.10%				
Final payment: 12/24/16		\$ 633	0	65	568
Total Long Term Debt - Governmental Activities		\$ 633	0	65	568
Business Type Activities					
<u>Municipal Finance Corporation-Land (East Valley)</u>	5.10%				
Final payment: 12/24/16		633		65	568
<u>California Infrastructure & Economic Development Bank (Facility)</u>	3.63%				
Final payment: 08/01/2028		1,765		63	1,702
Total Long Term Debt - Business Type Activities		\$ 2,398	0	128	2,270

The Statement of Net Assets shows a current financial position with Total Current Assets (Page 18) as \$6,478,000 and Total Liabilities as \$3,681,000 (Page 19). The Long Term Loans shown above are solely for the Squaw Valley Public Service District & Fire Department Administration Building and land. The total annual liability is only 3% of the total revenues of the District.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

Governmental Fund

The Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Fund (pages 52 & 53) 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 2008-09 with 2009-10 with the impact on the total fund.

**Governmental Fund - Program Expenses
Fire Department - Fiscal Years 2008-09 & 2009-10
(in Thousands)**

	FY	FY		
	2008-09	2009-10	Change	%Change
Expenditures:				
Wages & Benefits	2,001	2,108	107	5%
Total Field Operations	137	202	65	47%
Total General & Administrative	85	73	-12	-14%
Total Departmental Expenditures	2,223	2,383	160	7%

Table 1

2009-10 Salaries & Benefits were 5% over the prior year amount due to salary adjustment per the union contract and a increase in overtime calls.

Field Operations expenses increased over 2008-09 costs due to higher repairs, utilities and vehicle maintenance costs.

Since the Fire Department is primarily financed by tax revenues, shown under General Revenues, and is dependant on retained funds for the following six months to pay expenditures, these funds are designated as unrestricted to be used for 2010-11 expenditures.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

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 2008-09 with 2009-10 with the impact on the total fund.

Proprietary Fund - Program Expenses
Utility Department - Fiscal Years 2008-09 & 2009-10
(in Thousands)

	<u>FY</u> <u>2008-09</u>	<u>FY</u> <u>2009-10</u>	<u>Change</u>	<u>%Change</u>
Expenditures:				
Wages & Benefits	1,413	1,411	-2	0%
Total Field Operations	365	357	-8	-2%
Total General & Administrative	<u>220</u>	<u>175</u>	<u>-45</u>	<u>-20%</u>
Total Departmental Expenditures	<u>1,998</u>	<u>1,943</u>	<u>-55</u>	<u>-3%</u>

Table 2

The Utility Department had more sewer and easement related projects in 2009-10 resulting in increased payroll costs that could not be billed to special projects as anticipated. The District administration billed less salaries to projects and to the Fire Department than originally anticipated which increased the overall expenditures

Field expenses and G & A expenses decreased significantly due to careful conservation in purchases in both the operations and administration departments bringing expenses down almost 2%. The proprietary Fund Balance increased favorably by \$229,000.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

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

(In Thousands)

		2007	2008	2009	2010
Debt Service					
Bal Fwd	\$	87	115	0	0
Increases		59	0	0	0
Decreases		31	16	0	0
Transfer		0	-99	0	0
Balance	\$	115	0	0	0
Water Capital					
Bal Fwd	\$	321	288	361	196
Increases		117	153	92	142
Decreases		150	179	257	0
Transfer		0	99	0	0
Balance	\$	288	361	196	338
Sewer Capital					
Bal Fwd	\$	34	20	8	16
Increases		12	11	8	6
Transfer frm Sewer Fixed Assets		0	0	0	13
Expenditures		26	23	0	35
Balance	\$	20	8	16	0
Inflow & Infiltration Capital					
Bal Fwd	\$	303	324	303	306
Increases		29	26	19	13
Decreases		8	47	16	45
Balance	\$	324	303	306	274
Garbage Capital					
Bal Fwd	\$	119	123	146	169
Increases		7	23	23	9
Decreases		3	0	0	0
Balance	\$	123	146	169	178
Water Fixed Assets					
Bal Fwd	\$	876	1324	1,418	1,520
Increases		526	383	406	257
Decreases		78	289	304	324
Balance	\$	1,324	1,418	1,520	1,453
Sewer Fixed Assets					
Bal Fwd	\$	1,543	2,083	2,561	2,903
Revenues		731	650	434	243
Transfer to Sewer Capital		0	0	0	-13
Expenditures		191	172	92	402
Balance	\$	2,083	2,561	2,903	2,731

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Management's Discussion and Analysis

For the Year Ended June 30, 2010

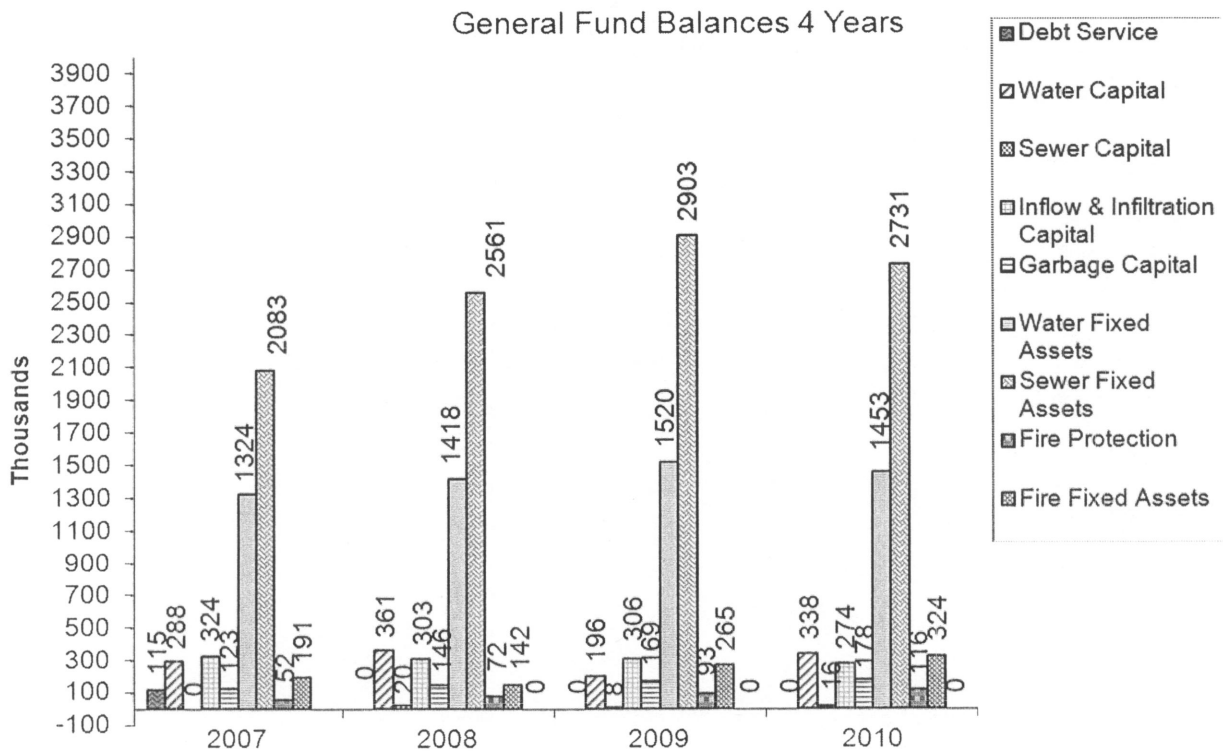
General Fund Balances – 4 year comparison of funds available for capital projects – In Thousands

Fire Protection

Bal Fwd	\$	27	52	72	93
Increases		25	20	21	23
Decreases		0			
Balance	\$	52	72	93	116

Fire Fixed Assets

Bal Fwd	\$	203	191	142	265
Increases		79	79	170	161
Decreases		91	128	47	102
Balance	\$	191	142	265	324



Management's Discussion and Analysis

For the Year Ended June 30, 2010

Economic Factors and Next Year's Budget for FY 2010-2011

We would like to say things have improved over the last year and the future is bright but as we all know the economy continues to struggle and we are very close to entering into a second recession if we haven't already done so. Just like last year the State of California is still facing a \$20 billion annual short fall. The Governor and the Legislature are further apart than we have ever seen them for this time of year. Governor Schwarzenegger is demanding significant changes to the California Public Employees Retirement plan before he will sign any budget and the Legislature is driven by the unions trying to protect the retirement plan. The District is also considering changes to the employees' retirement plan to control future costs. Until the State budget is resolved for the long run the District's tax revenues are at risk.

Speaking of tax revenues the assessed value of property within the District boundaries was decreased by the Placer County Assessor by a whopping \$135,000,000 or 10.5%. This is good for the tax payers because it saves them about \$1.3 million in taxes but the District will take a proportional hit on its tax revenues amounting to a loss estimated at \$336,000 this year alone. Going forward we expect further reductions in the assessed valuation of properties but not to the extent we have experienced to date.

The State budget also impacts the expense side of our budget. With the State operating in a deficit mode they are looking everywhere they can to increase fees. The best or worst example depending upon how one looks at it is the fee we are charged by the Department of Public Health to oversee our water system. For the last 18 years that fee was about \$700 per year, this year the fee increased by 10 times to about \$7,000! Maybe if the State had been more on top of managing these fees they wouldn't be \$20 billion in the red today. Placer County has likewise increased their fees because of loss of revenue and new services being shifted to it from the State.

Another challenge facing the District will be future changes in the staffing. Many of the staff have been with the District 20 plus years as these folks retire there will be opportunities created and challenges to be met. Any change offers opportunities such as restructuring and cost savings. The staff has done a good job cross training but new employees can't be expected to have all of the institutional knowledge of the current staff.

Even in this uncertain future the District will remain diligent in providing quality efficient services. We anxiously anticipate the completion of the replacement of well 2 and the new well house in the parking lot. Completion of this project will improve the reliability of our water supply and improve the pumping efficiency of our wells not to mention improve the esthetics of the parking lot.

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 the agencies finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Richard L. Lierman, 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 recorded media discs 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, 2010, 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, 2010, 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 October 19, 2010, 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

October 19, 2010

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Net Assets

June 30, 2010

	<u>Assets</u>		
	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	
	(Fire)	(Utility)	Total
Current Assets			
Cash (Note 2)	\$ 231	\$ 468,016	\$ 468,247
Investments (Note 2)	782,094	5,117,084	5,899,178
Cash and cash equivalents	782,325	5,585,100	6,367,425
Receivables			
Service fees	-0-	6,113	6,113
Interest	8	109	117
Other (Note 11)	9,000	55,497	64,497
Total Receivables	9,008	61,719	70,727
Less allowance for doubtful accounts	-0-	(1,500)	(1,500)
Net receivables	9,008	60,219	69,227
Prepaid expenses and other assets	12,328	28,850	41,178
Total Current Assets	803,661	5,674,169	6,477,830
Noncurrent Assets			
Plant, property, and equipment, at cost (Note 3)	7,599,412	22,433,191	30,032,603
Less accumulated depreciation (Note 3)	(1,809,004)	(10,978,743)	(12,787,747)
Net plant, property, and equipment	5,790,408	11,454,448	17,244,856
Inter-activity balances (Note 16)	226,494	(226,494)	-0-
Note discount and issue costs	-0-	13,049	13,049
Total Noncurrent Assets	6,016,902	11,241,003	17,257,905
Total Assets	\$ 6,820,563	\$ 16,915,172	\$ 23,735,735

(Continued)

The accompanying notes are an integral part of these statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Statement of Net Assets

June 30, 2010

Liabilities and Net Assets

	<u>Primary Government</u>		
	<u>Governmental Activities (Fire)</u>	<u>Business-Type Activities (Utility)</u>	<u>Total</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 31,433	\$ 77,952	\$ 109,385
Accrued liabilities	232,523	262,466	494,989
Unearned grants (Note 11)	-0-	4,656	4,656
Current portion of long-term debt (Note 4)	<u>70,000</u>	<u>135,651</u>	<u>205,651</u>
Total Current Liabilities	<u>333,956</u>	<u>480,725</u>	<u>814,681</u>
Noncurrent Liabilities			
Postemployment health benefits (Note 12)	99,270	135,100	234,370
Long-term debt (Note 4)	<u>497,500</u>	<u>2,134,001</u>	<u>2,631,501</u>
Total Noncurrent Liabilities	<u>596,770</u>	<u>2,269,101</u>	<u>2,865,871</u>
Total Liabilities	<u>930,726</u>	<u>2,749,826</u>	<u>3,680,552</u>
Net Assets			
Invested in property and equipment, net of related debt	5,222,908	9,184,796	14,407,704
Restricted (Note 8)	115,948	612,293	728,241
Unrestricted (Note 9)	<u>550,981</u>	<u>4,368,257</u>	<u>4,919,238</u>
Total Net Assets	<u>5,889,837</u>	<u>14,165,346</u>	<u>20,055,183</u>
 Total Liabilities and Net Assets	 <u><u>\$ 6,820,563</u></u>	 <u><u>\$ 16,915,172</u></u>	 <u><u>\$ 23,735,735</u></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, 2010

	Primary Government		
	Governmental Activities (Fire)	Business-Type Activities (Utility)	Total
Program Revenue			
Mutual aid	\$ 84,848	\$ -0-	\$ 84,848
Service fees	-0-	1,750,865	1,750,865
Fire protection fee	20,113	-0-	20,113
Connection fee	-0-	146,753	146,753
Total Program Revenue	104,961	1,897,618	2,002,579
Expenses			
Salaries and wages	1,388,782	921,670	2,310,452
Employee benefits	719,284	488,896	1,208,180
Field operations			
Material & supplies	13,497	10,833	24,330
Uniforms	4,050	3,861	7,911
Chemicals & lab fees	-0-	19,358	19,358
Minor equipment repair	-0-	222	222
Utilities	44,753	46,221	90,974
Maintenance & repairs	47,832	37,602	85,434
Radio communications	1,238	-0-	1,238
Training & memberships	44,149	9,471	53,620
Fire prevention	3,981	-0-	3,981
Vehicle maintenance	42,499	16,833	59,332
Garbage contract	-0-	212,442	212,442
Total field operations	\$ 201,999	\$ 356,843	\$ 558,842

(Continued)

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, 2010

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Expenses (Continued)			
General & administrative			
Board expenses	\$ 13,255	\$ 26,629	\$ 39,884
Accounting & audit services	8,521	9,613	18,134
Consultants	-0-	7	7
Legal services	3,230	17,767	20,997
Insurance	25,267	25,944	51,211
License, permit & contracts	-0-	22,167	22,167
Office expense	2,268	23,905	26,173
Travel & meetings	305	1,758	2,063
Office utilities	-0-	46,977	46,977
Other	19,678	-0-	19,678
Total general & administrative	72,524	174,767	247,291
Other expenses			
Depreciation	231,706	755,933	987,639
Interest	29,370	92,290	121,660
Total other expenses	261,076	848,223	1,109,299
Total Expenses	2,643,665	2,790,399	5,434,064
Net Program Revenue (Expense)	\$ (2,538,704)	\$ (892,781)	\$ (3,431,485)

(Continued)

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, 2010

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	
	(Fire)	(Utility)	Total
General Revenues			
Property tax	\$ 2,512,555	\$ 712,968	\$ 3,225,523
Administrative fees	-0-	2,819	2,819
Grants	20,811	102,793	123,604
Dedications	-0-	82,171	82,171
Interest	10,692	141,122	151,814
Rental revenue	-0-	75,886	75,886
Gain (loss) on asset disposal	(55,196)	2,565	(52,631)
Other	1,225	1,927	3,152
Total General Revenues	2,490,087	1,122,251	3,612,338
Increase (Decrease) in Net Assets	(48,617)	229,470	180,853
Net Assets – Beginning of Year	5,938,454	13,935,876	19,874,330
Net Assets – End of Year	\$ 5,889,837	\$ 14,165,346	\$ 20,055,183

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, 2010

	Water Department	Sewer Department	Garbage Contract	Total Business-Type Activities (Utility)
Program Revenue				
Service fees	\$ 873,521	\$ 656,642	\$ 220,702	\$ 1,750,865
Connection fee	134,540	12,213	-0-	146,753
Total Program Revenue	1,008,061	668,855	220,702	1,897,618
Expenses				
Salaries and wages	493,836	425,856	1,978	921,670
Employee benefits	263,134	224,992	770	488,896
Field operations				
Material & supplies	6,852	3,878	103	10,833
Uniforms	1,856	2,005	-0-	3,861
Chemicals & lab fees	19,258	100	-0-	19,358
Minor equipment repair	16	206	-0-	222
Utilities	41,847	4,374	-0-	46,221
Maintenance & repairs	21,591	16,011	-0-	37,602
Training & memberships	5,250	4,221	-0-	9,471
Vehicle maintenance	8,465	8,368	-0-	16,833
Garbage contract	-0-	-0-	212,442	212,442
Total field operations	\$ 105,135	\$ 39,163	\$ 212,545	\$ 356,843

(Continued)

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, 2010

	<u>Water Department</u>	<u>Sewer Department</u>	<u>Garbage Contract</u>	<u>Total Business-Type Activities (Utility)</u>
Expenses (Continued)				
General & administrative				
Board expenses	\$ 18,374	\$ 8,255	\$ -0-	\$ 26,629
Accounting & audit services	6,633	2,980	-0-	9,613
Consultants	5	2	-0-	7
Legal services	12,663	5,104	-0-	17,767
Insurance	17,843	8,101	-0-	25,944
License, permit & contracts	15,295	6,872	-0-	22,167
Office expense	16,494	7,411	-0-	23,905
Travel & meetings	1,214	544	-0-	1,758
Office utilities	32,137	14,840	-0-	46,977
Total general & administrative	<u>120,658</u>	<u>54,109</u>	<u>-0-</u>	<u>174,767</u>
Other expenses				
Depreciation	484,291	271,642	-0-	755,933
Interest	63,680	28,610	-0-	92,290
Total other expenses	<u>547,971</u>	<u>300,252</u>	<u>-0-</u>	<u>848,223</u>
Total Expenses	<u>1,530,734</u>	<u>1,044,372</u>	<u>215,293</u>	<u>2,790,399</u>
Net Program Revenue (Expense)	<u>\$ (522,673)</u>	<u>\$ (375,517)</u>	<u>\$ 5,409</u>	<u>\$ (892,781)</u>

(Continued)

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, 2010

	Water Department	Sewer Department	Garbage Contract	Total Business-Type Activities (Utility)
General Revenues				
Property tax	\$ 408,878	\$ 304,090	\$ -0-	\$ 712,968
Administrative fees	1,692	1,127	-0-	2,819
Grants	102,793	-0-	-0-	102,793
Dedications	82,171	-0-	-0-	82,171
Interest	54,182	82,779	4,161	141,122
Rental revenue	37,943	37,943	-0-	75,886
Gain on asset disposal	1,283	1,282	-0-	2,565
Other	1,261	666	-0-	1,927
Total General Revenues	<u>690,203</u>	<u>427,887</u>	<u>4,161</u>	<u>1,122,251</u>
Increase in Net Assets	<u>\$ 167,530</u>	<u>\$ 52,370</u>	<u>\$ 9,570</u>	<u>\$ 229,470</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, 2010

	Primary Government		
	Governmental Activities (Fire)	Business-Type Activities (Utility)	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 137,856	\$ 1,970,403	\$ 2,108,259
Cash payments to suppliers for goods and services	(950,414)	(974,884)	(1,925,298)
Cash payments to employees for services	(1,371,705)	(910,254)	(2,281,959)
Other receipts	1,225	4,746	5,971
Net Cash Provided (Used) by Operating Activities	<u>(2,183,038)</u>	<u>90,011</u>	<u>(2,093,027)</u>
Cash Flows From Noncapital Financing Activities:			
Receipt of property taxes	2,512,555	712,968	3,225,523
Grants received	27,000	-0-	27,000
Net Cash Provided By Noncapital Financing Activities	<u>2,539,555</u>	<u>712,968</u>	<u>3,252,523</u>
Cash Flows From Capital and Related Financing Activities:			
Grants received	-0-	127,224	127,224
Repayment of long-term debt	(65,000)	(128,534)	(193,534)
Interest paid on long-term debt	(29,422)	(92,505)	(121,927)
Net Cash Used By Capital and Related Financing Activities	<u>(94,422)</u>	<u>(93,815)</u>	<u>(188,237)</u>
Cash Flows From Investing Activities:			
Purchase of capital assets	(118,921)	(927,478)	(1,046,399)
Proceeds from disposal of capital assets	10,000	2,565	12,565
Interest received on cash and investments	10,831	143,279	154,110
Net Cash Used By Investing Activities	<u>(98,090)</u>	<u>(781,634)</u>	<u>(879,724)</u>
Net Increase (Decrease) In Cash	164,005	(72,470)	91,535
Cash and Cash Equivalents -- Beginning of Year	<u>618,320</u>	<u>5,657,570</u>	<u>6,275,890</u>
Cash and Cash Equivalents -- End of Year	<u>\$ 782,325</u>	<u>\$ 5,585,100</u>	<u>\$ 6,367,425</u>

(Continued)

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, 2010

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	
	(Fire)	(Utility)	Total
Reconciliation of Increase in Net Assets to Net Cash Used by Operating Activities:			
Increase (Decrease) in net assets	\$ (48,617)	\$ 229,470	\$ 180,853
Adjustments to reconcile increase in net assets to net cash used by operating activities:			
Depreciation	231,706	755,933	987,639
Amortization of debt costs	-0-	719	719
(Gain) loss on asset disposal	55,196	(2,565)	52,631
Dedications	-0-	(82,171)	(82,171)
Non-operating revenue	(2,544,058)	(956,883)	(3,500,941)
Non-operating expenses	29,370	91,571	120,941
(Increase) decrease in:			
Receivables	32,895	(3,851)	29,044
Prepays	667	(6,075)	(5,408)
Increase (decrease) in:			
Accounts payable	20,059	49,409	69,468
Accrued liabilities	17,077	12,602	29,679
Postemployment health benefits	22,667	1,852	24,519
Total adjustments	(2,134,421)	(139,459)	(2,273,880)
Net Cash Provided (Used) By Operating Activities	\$ (2,183,038)	\$ 90,011	\$ (2,093,027)

The accompanying notes are an integral part of these statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(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, 2010

(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.

Proprietary Fund

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

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

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

Proprietary Fund (Continued)

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, 2010

(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.

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

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(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, 2010 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 October 19, 2010, 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, 2010, the District's cash and investment balances included the following:

Pooled cash	\$ 468,247
Pooled investments	<u>5,899,178</u>
	<u>\$ 6,367,425</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(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	\$ 22,818	\$ 22,818
Placer County Pooled Investment Fund	5,876,360	5,876,360
Total	<u>\$ 5,899,178</u>	<u>\$ 5,899,178</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(3) PLANT, PROPERTY AND EQUIPMENT:

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

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Fire Department:					
Land	\$ 1,012,603	\$ -0-	\$ -0-	\$ -0-	\$ 1,012,603
Buildings	4,914,812	-0-	-0-	-0-	4,914,812
Equipment	1,704,430	102,484	(136,054)	-0-	1,670,860
Master plan	1,137	-0-	-0-	-0-	1,137
Total Plant, Property and Equipment	7,632,982	<u>102,484</u>	<u>(136,054)</u>	<u>-0-</u>	7,599,412
Accumulated Depreciation	1,648,156	<u>\$ 231,706</u>	<u>(\$ 70,858)</u>	<u>\$ -0-</u>	1,809,004
Net Book Value	<u>\$ 5,984,826</u>				<u>\$ 5,790,408</u>

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

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Utility Department:					
Water system	\$ 7,820,370	\$ 91,352	(\$ 2,649)	\$ 140,610	\$ 8,049,683
Sewage system	4,374,070	446,990	-0-	17,116	4,838,176
Interceptors	1,167,822	-0-	-0-	-0-	1,167,822
Other	7,327,418	-0-	(76,259)	-0-	7,251,159
Construction in progress	832,083	451,994	-0-	(157,726)	1,126,351
Total Plant, Property and Equipment	21,521,763	<u>990,336</u>	<u>(78,908)</u>	<u>-0-</u>	22,433,191
Accumulated Depreciation	10,301,718	<u>\$ 755,933</u>	<u>(\$ 78,908)</u>	<u>\$ -0-</u>	(10,978,743)
Net Book Value	<u>\$ 11,220,045</u>				<u>\$ 11,454,448</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(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, 2010

(4) LONG-TERM DEBT: (Continued)

A summary of the District's Governmental Activities long-term debt at June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Payments	Balance June 30, 2010
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>\$ 632,500</u>	<u>\$ -0-</u>	<u>\$ 65,000</u>	<u>\$ 567,500</u>
Total Long-Term Debt	632,500	<u>\$ -0-</u>	<u>\$ 65,000</u>	567,500
Less Current Installments of Long-Term Debt	<u>65,000</u>			<u>70,000</u>
Long-Term Debt Excluding Current Installments	<u>\$ 567,500</u>			<u>\$ 497,500</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(4) LONG-TERM DEBT: (Continued)

A summary of the District's Business-Type Activities long-term debt at June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Payments	Balance June 30, 2010
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	\$ 632,500	\$ -0-	\$ 65,000	\$ 567,500
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.	1,765,686	-0-	63,534	1,702,152
Total Long-Term Debt	2,398,186	<u>\$ -0-</u>	<u>\$ 128,534</u>	2,269,652
Less Current Installments of Long-Term Debt	128,535			135,651
Long-Term Debt Excluding Current Installments	<u>\$ 2,269,651</u>			<u>\$ 2,134,001</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(4) LONG-TERM DEBT: (Continued)

The annual requirements to amortize District long-term debt as of June 30, 2010 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 205,651	\$ 112,880	\$ 318,531
2012	212,837	103,478	316,315
2013	225,096	93,628	318,724
2014	232,430	83,327	315,757
2015	244,842	72,573	317,415
2016 through 2020	778,295	227,364	1,005,659
2021 through 2025	486,846	127,954	614,800
2026 through 2029	451,155	34,101	485,256
	<u>\$ 2,837,152</u>	<u>\$ 855,305</u>	<u>\$ 3,692,457</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 \$15,500 (\$20,500 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 \$31,000 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 \$15,500 (\$20,500 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 \$31,000 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, 2010

(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 2009/2010 was 21.651% for utility department employees and 22.123% 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, 2010

(6) EMPLOYEE RETIREMENT SYSTEM: (Continued)

c) Annual Pension Cost

For fiscal year 2009/2010, Squaw Valley Public Service District's annual pension cost was \$656,155 and the District actually contributed \$656,155. The required contribution for fiscal year 2009/2010 was determined as part of the June 30, 2007 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 3.25% 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 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, 2007 was 16 years for utility department employees and 17 years for 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
6/30/06	210,592	100	-0-	192,764	100	-0-
6/30/07	231,500	100	-0-	245,233	100	-0-
6/30/08	237,543	100	-0-	289,317	100	-0-

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(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>
6/30/04	\$ 681,517	\$ 580,961	\$ 100,556	85.2 %	\$ 160,107	62.8 %
6/30/05	872,346	729,557	142,790	83.6	203,995	70.0
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

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>
6/30/04	\$ 5,383,922	\$ 4,424,587	\$ 959,335	82.2 %	\$ 575,296	166.8 %
6/30/05	6,367,049	5,295,150	1,071,899	83.2	664,148	161.4
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

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(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, 2010 was \$4,766,213. 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, 2010 was \$3,225,523, leaving a margin of \$1,540,690.

The proceeds of taxes limitation adopted by the District for the year ended June 30, 2011 is \$4,686,028.

(8) RESTRICTED NET ASSETS:

Net assets are subject to the following legal restrictions:

Governmental Activities:

Fire – protection fees	<u>\$ 115,948</u>
Total Restricted Net Assets – Governmental Activities	<u><u>\$ 115,948</u></u>

Business-Type Activities:

Capital projects – water	\$ 338,168
Inflow and infiltration	<u>274,125</u>
Total Restricted Net Assets – Business-Type Activities	<u><u>\$ 612,293</u></u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(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	\$ 324,346
Fixed asset replacement fund - building	226,494
Total Designated Net Assets	<u>550,840</u>
Undesignated Net Assets	<u>141</u>
Total Unrestricted Net Assets – Governmental Activities	<u>\$ 550,981</u>

Business-Type Activities:

Fixed asset replacement fund - water	\$ 1,453,078
Fixed asset replacement fund - sewer	2,731,342
Garbage	178,302
Total Designated Net Assets	<u>4,362,722</u>
Undesignated Net Assets	<u>5,535</u>
Total Unrestricted Net Assets – Business-Type Activities	<u>\$ 4,368,257</u>

(10) 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, 2010 were \$220,702 while expenses, both direct and allocated, totaled \$215,292.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(11) GRANTS:

In January 2006, the District entered into a grant agreement with the Department of Homeland Security (DHS). Grant funds are to be used to cover a portion of select Fire Department personal salary and benefits over a 5-year period. The grant provides that the DHS will pay up to \$300,000 of costs. As of June 30, 2010, the District had expended \$300,000 under the grant. The District had received \$291,000 in reimbursements as of June 30, 2010, resulting in a receivable in the amount of \$9,000.

In June 2008, the District entered into a grant agreement with California Department of Water Resources (DWR). Grant funds are to be used for the District's well-aquifer-system interaction study. The grant provides that the DWR will pay up to \$189,023 of costs. As of June 30, 2010, the District had expended \$176,978 for the project. The District had received \$121,848 in reimbursements as of June 30, 2010 and is expecting reimbursements for costs incurred in the amount of \$55,130.

In January 2009, the District entered into a grant agreement with the California Regional Water Quality Control Board, Lahontan Regional (Lahontan Water Board). Grant funds are to be used for the District's project to develop a groundwater monitoring plan and a groundwater management database for Squaw Valley. The grant provides that the Lahontan Water Board will pay up to \$46,216 of costs. As of June 30, 2010, the District had expended \$41,560 under the grant. The District had received \$46,216 in reimbursements as of June 30, 2010, resulting in prepaid revenues in the amount of \$4,656.

In May 2009, 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. The grant provides that the PCWA will pay up to \$35,000 of costs. As of June 30, 2010, the District had expended \$5,743 for the project. The District had received \$5,376 in reimbursements as of June 30, 2010 and is expecting reimbursements for costs incurred in the amount of \$367.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(12) 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 employees 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, 2010

(12) POSTRETIREMENT HEALTH BENEFITS: (Continued)

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

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	\$ (134)	\$ 5,365
Interest on net Postemployment Health Benefit obligation	5,665	7,381
Annual Postemployment Health Benefit cost (expense)	5,531	12,746
Contributions made	(670)	(670)
Increase in net Postemployment Health Benefit obligation	4,861	12,076
Net Postemployment Health Benefit obligation – beginning of year	94,409	123,024
Net Postemployment Health Benefit obligation – end of year	<u>\$ 99,270</u>	<u>\$ 135,100</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(12) POSTRETIREMENT 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, 2010 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>	
6/30/2010	\$ 5,531	12.1%	\$ 99,270

<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>	
6/30/2010	\$ 12,746	5.3%	\$ 135,100

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Notes to the Financial Statements

June 30, 2010

(12) POSTRETIREMENT HEALTH BENEFITS: (Continued)

d) Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Governmental Activities	Business-Type Activities
Actuarial accrued liability (AAL)	\$ 99,270	\$ 135,100
Actuarial value of plan assets	-0-	-0-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 99,270</u>	<u>\$ 135,100</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (active plan members)	\$ 1,152,310	\$ 952,217
UAAL as a percentage of covered payroll	8.6%	14.2%

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, 2010 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.

Notes to the Financial Statements

June 30, 2010

(13) 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, 2010

(14) RENTAL ACTIVITY:

The District rents idle facilities to outside parties. These facilities have an original cost of \$1,053,650, accumulated depreciation of \$811,849, and a net book value of \$241,801. Rental income of \$75,886 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	\$ 15,923
Maintenance and repairs	(516)
Insurance	305
Utilities	5,145
Depreciation	<u>38,550</u>
Total Expenses	<u>\$ 59,407</u>

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

<u>Year Ending June 30</u>	<u>Amount</u>
2011	\$ 51,275
2012	50,025
2013	38,275
2014	38,275
2015	<u>28,956</u>
	<u>\$ 206,806</u>

(15) RELATED PARTY TRANSACTION:

As described in Note 14, 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 are 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 \$3,000 for the year ended June 30, 2010.

(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

Notes to the Financial Statements

June 30, 2010

(17) CASH FLOWS:

During the 2009-10 fiscal year, the Business-Type Activity recognized the dedication of various water and sewer projects. These dedications resulted in non-cash items effecting capital financing and investing activities in the amount \$82,171.

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Fund Financial Statements

Balance Sheet

June 30, 2010

Assets

	Primary Government	
	Governmental Fund (Fire)	Proprietary Fund (Utility)
Current Assets		
Cash	\$ 231	\$ 468,016
Investments	782,094	5,117,084
Cash and cash equivalents	782,325	5,585,100
Receivables		
Service fees	-0-	6,113
Interest	8	109
Other	9,000	55,497
Total Receivables	9,008	61,719
Less allowance for doubtful accounts	-0-	(1,500)
Net receivables	9,008	60,219
Prepaid expenses and other assets	12,328	28,850
Total Current Assets	803,661	5,674,169
Noncurrent Assets		
Plant, property and equipment, at cost	-0-	22,433,191
Less accumulated depreciation	-0-	(10,978,743)
Net plant, property, and equipment	-0-	11,454,448
Inter-activity balances	226,494	(226,494)
Note discount and issue costs	-0-	13,049
Total Noncurrent Assets	226,494	11,241,003
Total Assets	\$ 1,030,155	\$ 16,915,172

(Continued)

The accompanying notes are an integral part of these statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT

Fund Financial Statements

Balance Sheet

June 30, 2010

Liabilities and Fund Balances

	Primary Government	
	Governmental Fund (Fire)	Proprietary Fund (Utility)
Liabilities		
Current Liabilities		
Accounts payable	\$ 31,433	\$ 77,952
Accrued liabilities	232,523	262,466
Unearned grants	-0-	4,656
Current portion of long-term debt	-0-	135,651
Total Current Liabilities	263,956	480,725
Noncurrent Liabilities		
Postemployment health benefits	-0-	135,100
Long-term debt	-0-	2,134,001
Total Noncurrent Liabilities	-0-	2,269,101
Total Liabilities	263,956	2,749,826
Fund Balances		
Invested in property and equipment, net of related debt	-0-	9,184,796
Restricted	115,951	612,293
Unrestricted	650,248	4,368,257
Total Fund Balances	766,199	14,165,346
Total Liabilities and Fund Balances	\$ 1,030,155	\$ 16,915,172

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 Assets

June 30, 2010

Fund balance of governmental fund	\$ 766,199
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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	1,670,860
Master plan	1,137
Less accumulation depreciation	<u>(1,809,004)</u>

Net Book Value	5,790,408
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Postemployment health benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds	(99,270)
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Long-term debt is not due and payable in the current period and therefore are not reported in the funds	<u>(567,500)</u>
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Net assets of governmental activities	<u><u>\$ 5,889,837</u></u>
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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, 2010

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Mutual aid	\$ 3,350	\$ 84,848	\$ (81,498)
Fire protection fee	9,000	20,113	(11,113)
Total Program Revenue	12,350	104,961	(92,611)
Expenditures			
Salaries and wages	1,320,082	1,388,782	(68,700)
Employee benefits	831,657	620,014	211,643
Field operations			
Material & supplies	15,200	13,497	1,703
Uniforms	12,000	4,050	7,950
Utilities	47,424	44,753	2,671
Maintenance & repairs	68,100	47,832	20,268
Radio communications	2,400	1,238	1,162
Training & memberships	50,253	44,149	6,104
Fire prevention	5,650	3,981	1,669
Vehicle maintenance	35,080	42,499	(7,419)
Total field operations	236,107	201,999	34,108
General & administrative			
Board expenses	15,255	13,255	2,000
Accounting & audit services	8,340	8,521	(181)
Legal services	3,000	3,230	(230)
Insurance	32,000	25,267	6,733
Office expense	6,720	2,268	4,452
Travel & meetings	1,800	305	1,495
Other	19,678	19,678	-0-
Total general & administrative	\$ 86,793	\$ 72,524	\$ 14,269

(Continued)

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, 2010

	Original and Final Budget	Actual	Budget Variance (Over) Under
Expenditures (Continued)			
Other expenditures			
Capital outlay	\$ 168,600	\$ 102,484	\$ 66,116
Debt service	65,000	65,000	-0-
Interest	29,400	29,370	30
	<u>263,000</u>	<u>196,854</u>	<u>66,146</u>
Total other expenditures			
	<u>2,737,639</u>	<u>2,480,173</u>	<u>257,466</u>
Total Expenditures			
Net Program Revenue (Expenditures)	<u>(2,725,289)</u>	<u>(2,375,212)</u>	<u>(350,077)</u>
General Revenues			
Property tax	2,443,139	2,512,555	(69,416)
Grants	27,000	20,811	6,189
Interest	1,150	10,692	(9,542)
Proceeds from capital disposal	-0-	10,000	(10,000)
Other	500	1,225	(725)
	<u>2,471,789</u>	<u>2,555,283</u>	<u>(83,494)</u>
Total General Revenues			
Increase (Decrease) in Fund Balance	<u>(\$ 253,500)</u>	180,071	<u>(\$ 433,571)</u>
Fund Balance – Beginning of Year		<u>586,128</u>	
Fund Balance – End of Year		<u>\$ 766,199</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, 2010

Increase in fund balance – governmental fund		\$ 180,071
Amounts reported for governmental activities in the Statement of Activities are 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	\$ 102,484	
Less – current year depreciation expense	<u>(231,706)</u>	(129,222)
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		(99,270)
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		65,000
The proceeds from the sales of capital (\$10,000) are reported as general revenue in the governmental funds. However, the net book value of the capital sold (\$65,196) is removed from the capital assets account in the Statement of Net Assets and offset against the sale proceeds resulting in a "Loss on asset disposal" in the Statement of Activities. Thus, more revenue is reported in the government funds than the loss in the Statement of Activities		<u>(65,196)</u>
Decrease in net assets of governmental activities		<u><u>(\$ 48,617)</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 Assets Budget and Actual Proprietary Fund (Utility)

For the Year Ended June 30, 2010

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Service fees	\$ 1,749,069	\$ 1,750,865	(\$ 1,796)
Connection fee	30,964	146,753	(115,789)
Total Program Revenue	<u>1,780,033</u>	<u>1,897,618</u>	<u>(117,585)</u>
Expenses			
Salaries and wages	929,847	921,670	8,177
Employee benefits	508,366	488,896	19,470
Field operations:			
Material & supplies	17,000	10,833	6,167
Uniforms	6,000	3,861	2,139
Chemicals & lab fees	22,900	19,358	3,542
Minor equipment repair	500	222	278
Equipment rental	300	-0-	300
Utilities	51,801	46,221	5,580
Maintenance & repairs	37,897	37,602	295
Training & memberships	13,350	9,471	3,879
Water conservation	300	-0-	300
Vehicle maintenance	23,300	16,833	6,467
Garbage contract	<u>215,174</u>	<u>212,442</u>	<u>2,732</u>
Total field operations	<u>\$ 388,522</u>	<u>\$ 356,843</u>	<u>\$ 31,679</u>

(Continued)

The accompanying notes are an integral part of these statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT

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

For the Year Ended June 30, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Budget Variance (Over) Under</u>
Expenses (Continued)			
General & administrative			
Board expenses	\$ 33,495	\$ 26,629	\$ 6,866
Accounting & audit services	10,195	9,613	582
Consultants	14,000	7	13,993
Legal services	16,380	17,767	(1,387)
Insurance	28,820	25,944	2,876
License, permit & contracts	19,221	22,167	(2,946)
Office expense	39,364	23,905	15,459
Travel & meetings	6,573	1,758	4,815
Office utilities	<u>45,740</u>	<u>46,977</u>	<u>(1,237)</u>
Total general & administrative	<u>213,788</u>	<u>174,767</u>	<u>39,021</u>
Other expenses			
Depreciation	-0-	755,933	(755,933)
Interest	<u>92,486</u>	<u>92,290</u>	<u>196</u>
Total other expenses	<u>92,486</u>	<u>848,223</u>	<u>(755,737)</u>
Total Expenses	<u>2,133,009</u>	<u>2,790,399</u>	<u>(657,390)</u>
Net Program Revenue (Expense)	<u>(\$ 352,976)</u>	<u>(\$ 892,781)</u>	<u>\$ 539,805</u>

(Continued)

The accompanying notes are an integral part of these statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT

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

For the Year Ended June 30, 2010

	Original and Final Budget	Actual	Budget Variance (Over) Under
General Revenues			
Property tax	\$ 385,028	\$ 712,968	(\$ 327,940)
Administrative fees	2,000	2,819	(819)
Grants	-0-	102,793	(102,793)
Dedications	-0-	82,171	(82,171)
Interest	5,000	141,122	(136,122)
Rental revenue	71,836	75,886	(4,050)
Gain (loss) on asset disposal	-0-	2,565	(2,565)
Other	200	1,927	(1,727)
	<u>464,064</u>	<u>1,122,251</u>	<u>(658,187)</u>
Total General Revenues			
	<u>\$ 111,088</u>	229,470	<u>(\$ 118,382)</u>
Increase (Decrease) in Fund Balance			
		<u>13,935,876</u>	
Fund Balance – Beginning of Year			
Fund Balance – End of Year		<u>\$ 14,165,346</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, 2010

M^cCLINTOCK ACCOUNTANCY CORPORATION

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The Board of Directors of Squaw Valley Public Service District

We have audited the basic financial statements of the Squaw Valley Public Service District (District), as of and for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. 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
October 19, 2010