



SQUAW VALLEY PUBLIC SERVICE DISTRICT
OLYMPIC VALLEY PUBLIC SERVICE DISTRICT AS OF OCTOBER 1, 2020



OLYMPIC VALLEY, CALIFORNIA

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

For the Year Ended

June 30, 2020



SQUAW VALLEY PUBLIC SERVICE DISTRICT
(Olympic Valley Public Service District as of October 1, 2020)

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SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING JUNE 30, 2020

Management's Discussion and Analysis (Required Supplementary Information – Unaudited)

The management of the Squaw Valley Public Service District (Olympic Valley Public Service District as of October 1, 2020) offers this narrative overview of the financial activities of the District for the fiscal year ending June 30, 2020. All information presented here should be read in conjunction with the District's audited financial statements following this section.

Financial Highlights

- ✓ Total current assets exceeded total liabilities by \$126,000. This is a decrease from FY2019 when current assets exceeded total liabilities by \$641,000. This is primarily due to a decrease in cash and investments for spending related to capital projects. This is offset by reducing long term-debt from the building loan (note 5) and the pension liability (note 7).
- ✓ Net pension liability was recorded at \$5,291,000 (\$2,940,000 for Fire and \$2,351,000 for Utility). This is a \$137,000 decrease for the Fire department and a \$299,000 decrease for the Utility Department, for a net decrease of \$436,000 from the prior year (note 7). This reduction is partially the result of paying an additional \$935,000 to PERS in FY2019. An additional \$1,200,000 was paid to PERS in FY2020, however, that will not be reflected in the liability until FY2021 due to when actuarial valuations are released.
- ✓ This is the 3rd year of complying with GASB 75 (note 14). The other post-employment benefit (OPEB) liability is \$742,311 (\$334,040 for Fire and \$408,271 for Utility). This is an increase of \$115,809 from FY2019, mostly due to changes in actuarial assumptions.
- ✓ Total net position increased by \$524,000, or 3%, from the prior year. There was an increase to program revenues (mostly rate revenue and connection fees) as well as general revenue (mostly property tax revenue). This was offset by an increase to salaries and benefits. In addition to the pension and OPEB expense increasing, the District also added a new full-time position.
- ✓ Of the total net position, \$1,251,000 is restricted and must be used only for expansion (note 9), \$5,041,000 is unrestricted and available in fixed asset replacement funds, however, \$2,539,000 of this unrestricted balance is dedicated to future debt obligations (note 10).
- ✓ From FY2019, water rates increased 4%, sewer increased 5%, and garbage increased 3%.
- ✓ Property tax revenues increased by \$72,000 from the 2018-19 tax roll, or about 2%

Major projects this year included:

- Completed construction of the Truckee River Siphon Replacement which is the largest sewer replacement project in the District's history. The total cost came to \$2,100,000.
- The District received funding from Placer County to provide snow removal services on the Squaw Valley Bike Trail. There was a surplus of \$23,400 which was added to the reserve balance and will be used towards the replacement of a new blower when needed.
- This was the 6th year of providing Operations & Maintenance services to the Mutual Water Co. Revenue generated was \$106,000.
- The Fire Department continued annual staffing at Station 22 during the winter months to mitigate delays on the Fire Department response time caused by heavy ski traffic.

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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 to government activities in a manner similar to a private-sector business. Governmental activities and enterprise 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, protection fees, interest, strike team reimbursements, and grant-program funds. All Fire protection fees are restricted by law to specific reserve funds in order to finance improvements, construction, and acquisition 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.

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 which can serve to stabilize rates over time. Unused property tax revenues are generally used to subsidize current rates of both water and sewer customers.

- ✓ The *STATEMENT OF NET POSITION* presents information on the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in the net position is a good indicator of whether the District is financially healthy or deteriorating.
- ✓ The *STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION* presents information showing how District net assets changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows, also known as accrual-based accounting. Some revenues and expenses reported in this statement may result in cash flows to 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.

NOTES TO THE FINANCIAL STATEMENTS provide additional commentary essential to a full understanding of the data provided in the government-wide and fund financial statements.

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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 inflows and outflows of spendable resources*. This is also referred to as modified-accrual accounting.

Proprietary Funds are used to report the enterprise activities of the District. These activities include water, sewer, garbage, and bike trail contract services.

FINANCIAL ANALYSIS OF THE DISTRICT

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

Statement of Activities and Change in Net Position (in thousands)								
	Governmental Activities (Fire)		Business-Type Activities (Utility)		Total		Dollar Change	Percent Change
	2019	2020	2019	2020	2019	2020		
	Program & Grant Revenue	\$ 87	54	3,805	4,326	3,892		
General Revenues								
Property Tax	3,426	3,597	142	43	3,568	3,640	72	2%
Administrative Fees	65	2	4	9	69	11	(58)	-84%
Dedications	-	-	193	-	193	-	(193)	-100%
Interest	14	15	160	139	174	154	(20)	-11%
Rental Revenue	30	31	60	64	90	95	5	6%
Other	1	10	-	0.4	1	10	9	900%
Total Revenues	\$ 3,623	3,709	4,364	4,581	7,987	8,290	\$ 303	4%
Expenses	\$ 3,606	3,873	3,544	3,893	7,150	7,766	\$ 616	9%
Increase (Decrease) in Net Position	\$ 17	(164)	820	688	837	524	--	--

Total change in Net Position increased by \$524,000. Total revenues have increased by \$303,000, or 4%. Program and Grant revenue received for the year amounted to \$4,380,000. This is an increase from the prior year primarily due to an increase in service fees of \$227,000 and connection fees of \$297,000.

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General Revenues decreased by \$185,000 mostly due to fewer dedications such as the Squaw Valley North Condos water line that was received in the prior year. Also note interest income decreased by \$20,000 due to economic impacts of the Coronavirus.

Expenses have increased \$616,000, or 9%. Due to a decrease in strike team activity and reimbursement of Fire Department wages, an additional position added to the Operations Department, and cost-of-living adjustments, there was a \$283,000 increase in salaries. There was a \$284,000 increase in benefits, mostly due to the PERS pension expense per GASB 68 valuation reports increasing by \$265,000 from the prior year. Lastly, there was a \$83,000 increase to operating expenses mostly due to the increase in cost for chemical supplies as well as additional engineering consulting work. This was offset by a reduction in depreciation of \$32,000.

	Changes in Net Assets (In Thousands)							
	Governmental		Business-Type		Total		Dollar	Percent
	Activities		Activities					
	(Fire)		(Utility)		2019	2020	Change	Change
2019	2020	2019	2020					
Current and Other Assets	\$ 1,163	1,631	8,189	6,615	9,352	8,246	\$ (1,106)	-12%
Non-Current Assets	5,341	4,909	9,178	10,411	14,519	15,320	801	6%
Total Assets	\$ 6,504	6,540	17,367	17,026	23,871	23,566	\$ (305)	-1%
Deferred Outflows	\$ 1,460	1,432	1,284	1,988	2,744	3,420	\$ 676	25%
Current Liabilities	\$ 448	499	972	741	1,420	1,240	\$ (180)	-13%
Non-Current Liabilities	3,358	3,274	3,933	3,606	7,291	6,880	(411)	-6%
Total Liabilities	\$ 3,806	3,773	4,905	4,347	8,711	8,120	\$ (591)	-7%
Deferred Inflows	95	301	197	429	292	730	438	150%
Net Position:								
Net Inv in Capital Assets	\$ 5,114	4,909	8,378	9,473	13,492	14,382	\$ 890	7%
Restricted	24	72	855	1,179	879	1,251	372	42%
Unrestricted	(1,076)	(1,083)	4,317	3,586	3,241	2,503	(738)	-23%
Total Net Position	\$ 4,062	3,898	13,550	14,238	17,612	18,136	\$ 524	3%

Total Current Assets have increased \$468,000 for the Fire Department. The increase is partly due to the Utility Department paying the Fire Department \$226,000 back for an outstanding transfer of assets that occurred when the District moved into the new building. There was also minimal spending on capital projects in the current year. The Utility Department's Current Assets have decreased \$1,574,000 from the prior year. This is mostly due to payments made towards the

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Truckee River Siphon Replacement Project. This was a planned capital project. The District retains mostly liquid funds in pooled conservative investment accounts with Placer County Investment Funds, Placer County Revenue Funds, Certificates of Deposit, or the Local Agency Investment Funds. These funds are transferred into the daily operating accounts only when needed, in order to allow the maximum generation of interest income.

Delinquent service fees in the amount of \$39,120 were submitted to Placer County for collection on the 2020-2021 property tax rolls, which is an \$11,000 increase from the prior year. These delinquencies total less than 1% of the total billed revenue.

Net non-current assets (fixed assets) totaled \$15,320,000 which is \$801,000 greater than the prior year. The District added new assets to its inventory such as the Truckee River Siphon, a portable sewer bypass pump, rehabilitation to Well 3R, and new turnout gear. On the other hand, assets were disposed of or reached the end of their depreciable lives. As the District's infrastructure ages, assets are strategically replaced as guided by Capital Replacement Plans. It is not prudent to repair or replace assets that have a low probability of failure or have a low consequence of failure. However, contributions into Capital Replacement accounts should continue and even accelerate to offset the rate of depreciation and to provide adequate reserves for the eventual replacement of assets.

Current Liabilities have decreased \$180,000 from the prior year, mostly due to completing the Truckee River Siphon Project. Also note the only long-term debt remaining is for the building at 305 Squaw Valley Road. The remaining principle balance at year-end is \$938,000.

Net non-current liabilities have decreased by \$411,000. The District continues to pay-off its long-term debt obligation for its administration and fire headquarters (maturing in 2028), resulting in a reduction of \$91,000 from the prior fiscal year. Postemployment Health Benefits increased by \$116,000. This is due to the implementation of GASB 75 which is an actuarially determined number based on any eligible employee who may receive a post-employment health insurance stipend through the District's plan. The Net Pension Liability decreased \$436,000. Under GASB 68 standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred inflows/outflows of resources in their financial statements. Before GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense, and no liability or deferred inflows/outflows. For more information on the District's pension plan, see Note 7 of the Financial Statements.

During the fiscal year, the Enterprise portion of the District had a cash and cash equivalents decrease of \$1,588,000, which was less than the two prior years cash surpluses of \$622,000 and \$636,000, respectively. There was an increase of \$1,639,000 in capital purchases, \$100,000 less in property tax revenue allocated to the Utility Department, as well as an additional \$226,000 payment to pay off the Fire Department loan. This was offset by a \$235,000 increase to cash provided by operating activities.

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The District continues to maintain a healthy current ratio of 6.65:1 (Current Assets against Current Liabilities), which has increased from the prior year of 6.59:1. Total Current and Other Assets against Total Liabilities is 1.02:1, a decrease from 1.06:1 in the prior year. The District's cash and liquidity position remains strong and is poised to address any immediate catastrophic repair and/or replacement of key assets and infrastructure.

Even though the District's cash position remains strong, reserves should continue to be allocated into fixed asset replacement funds for anticipated replacement and/or repair of the District's aging infrastructure. In the current year, reserve and capital accounts decreased by \$334,000, mostly due to fully funding the Siphon Project from District reserve accounts. The Utility funds decreased by \$597,000 while the Fire Department funds increased by \$263,000. It is the goal of the District to grow reserve accounts to fully fund capital projects and acquisitions in the 100-year asset replacement plan as well as mitigate potential adverse exposure to the sustainability of the District's infrastructure. The District has a 100 year asset replacement plan with the intention for reserve accounts to fully fund projects without resorting to unnecessary special assessments or material rate increases.

The District maintains separate fund accounts for capital projects that are summarized on the next page. Notable purchases from the fund balances for the year are as follows. There was a \$321,000 increase to the Water Capital Fund due to new connections at the Palisades development. The Sewer Capital account remains at \$0 due to the Truckee River Siphon Replacement Project. \$569,000 was transferred from the Sewer FARF to the Sewer Capital account to pay for its portion of the Siphon. There was a \$164,000 increase to the Water Fixed Asset Replacement Fund. Projects funded by the Water FARF included the Zone 3 booster pump station rehabilitation, Well 3 rehabilitation, and a portable bypass pump. There was a \$1,086,000 decrease to the Sewer Fixed Assets Replacement Fund. Projects funded by the Sewer FARF included the Truckee River Siphon and a portable bypass pump. Next, there was a \$48,000 increase to the Fire Capital Fund due to connections at the Palisades development. Lastly, the Fire FARF showed an increase of \$215,000. Projects funded by the Fire FARF included new turnout gear. Between connection fees, excess operating funds and taxes, and interest earned, \$1,326,000 was contributed to the fund accounts (before capital purchases). As Fixed Asset Replacement needs are determined, allocations to each fund will be adjusted.

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General Fund Balances - 5 Year Comparison of Funds Available for Capital Projects					
(in thousands)	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Capital					
Beginning Balance	541	711	786	591	693
Increases	170	75	93	134	321
Decreases	-	-	(288)	(32)	-
Ending Balance	711	786	591	693	1,014
Sewer Capital					
Beginning Balance	-	8	-	-	-
Increases	8	5	40	52	137
Transfer from Sewer FARF	-	15	46	194	660
Decreases	-	(28)	(86)	(246)	(797)
Ending Balance	8	-	-	-	-
Inflow & Infiltration Capital					
Beginning Balance	159	147	155	158	162
Increases	11	7	3	4	4
Decreases	(23)	-	-	-	-
Ending Balance	147	155	158	162	166
Garbage Capital					
Beginning Balance	178	163	172	186	193
Increases	6	11	14	13	9
Decreases	(22)	(1)	-	(6)	(32)
Ending Balance	163	172	186	193	170
Water FARF					
Beginning Balance	46	311	622	809	1,197
Increases	366	372	321	481	275
Decreases	(101)	(62)	(134)	(93)	(111)
Ending Balance	311	622	809	1,197	1,361
Sewer FARF					
Beginning Balance	2,665	2,783	3,154	3,574	3,789
Increases	176	439	637	531	286
Transfer to Sewer Capital	-	(15)	(46)	(194)	(660)
Decreases	(58)	(54)	(171)	(122)	(712)
Ending Balance	2,783	3,154	3,574	3,789	2,703
Fire Protection Funds					
Beginning Balance	201	232	237	2	24
Increases	31	13	18	22	48
Transfer from Fire FARF	-	-	115	-	-
Decreases	-	(9)	(368)	-	-
Ending Balance	232	237	2	24	72
Fire FARF					
Beginning Balance	511	724	393	502	569
Increases	240	191	292	209	223
Transfer to Fire Capital	-	-	(115)	-	-
Decreases	(27)	(522)	(68)	(142)	(8)
Ending Balance	724	393	502	569	784
Bike Trail Snow Removal FARF					
Beginning Balance	-	-	-	-	0.8
Increases	-	-	-	0.8	23
Decreases	-	-	-	-	-
Ending Balance	-	-	-	0.8	24

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Economic Factors and Financial Outlook for FY 2020-21

At the time of preparing this audit, the world is experiencing a global pandemic. The Novel Coronavirus (COVID-19) hit the United States in early 2020 and on March 19th, 2020 the California Governor issued stay-at-home orders, which are slowly being lifted. Businesses and restaurants have extremely modified operations, the California unemployment rate is 11%, the State has had its worst fire season on record, there is a presidential election, and “social distancing” is a new normal. It is fair to say these are unprecedented times and no one knows what the future will look like. However, the District remains committed to providing high levels of service to the residents, businesses, and visitors of Olympic Valley. While the future is uncertain, the following addresses some of the District’s plans moving forward.

Based on the information stated above, it would be hard to believe that home purchases in the Valley and all over Lake Tahoe are breaking all records to date. Mortgage interest rates are at an all-time low and the Federal Reserve says it plans to keep it that way to help stimulate economic activity. As of the third quarter of 2020, the percentage of homes sold is up 30% from 2019. The average sales price is up 33% from 2019. With more people working from home, the possibility of leaving the big city and coming to work in the mountains has piqued the interest of many. This directly impacts the District’s finances through increased ad valorem tax revenues and service fees due to new construction. While there is some good news for the District, there are still uncertainties for when a vaccine will be available, as well as a much anticipated economic slow-down. As such, the District will continue to be prudent with its spending and budgeting.

Total assessed property values within District boundaries increased \$46 million to \$1.439 billion in 2020-21. The District’s resulting estimated net ad valorem tax revenue is expected to be \$3,727,000. This is a \$87,000, or 2.39% increase from the \$3,640,000 net received in 2019-20.

The District continues to monitor and adjust the 100-year Capital Replacement Plan as needed. Many capital projects are anticipated for the 2020-2021 fiscal year which includes residential water meter replacements, recoating of the West tank, manhole inspections and replacements, roof replacement, exterior painting of the building, purchase new turnout gear, and a new ambulance for the Fire Department. Total capital projects are budgeted at \$1,481,000.

For fiscal year 2020-21 the District plans to pay an additional \$830,000 to CalPERS (\$600,000 for the Utility Department and \$230,000 for the Fire Department). This payment is on top of the annual minimum required contribution and was made to reduce the liability, which increases at a 7% annual interest rate. This goes toward reducing the unfunded accrued liability (UAL) for pensions, which as of June 2020 was at \$5,291,000. Each year the District will assess any excess funds that can be allocated to keep reducing the liability.

The District plans to continue annual payment of its long-term debt associated with the construction of the Administrative Facility and Firehouse. The District expects to continue funding its Fixed Asset Replacement Funds in alignment with the results from the Cost of

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Service Analysis and Rate Study, which helps preclude the need for debt financing, a special assessment or sharp rate increases in the future.

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

Last but not least, the District formally changed its name to the Olympic Valley Public Service District effective October 1, 2020. This new name is in line with the naming of the post office and should resolve requests that have come up in years past to remove the derogatory naming.

This section of the MD&A was prepared on October 14th, 2020.

Request for Information

This financial report is designed to provide a general overview of the District's 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, Olympic Valley Public Service District, P.O. Box 2026, Olympic Valley, CA 96146. The entire report is available online at www.ovpsd.org.

McCLINTOCK ACCOUNTANCY CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Squaw Valley Public Service District
(Olympic Valley Public Service District as of October 1, 2020)

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Squaw Valley Public Service District (Olympic Valley Public Service District as of October 1, 2020), as of and for the year ended June 30, 2020, 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 (Olympic Valley Public Service District as of October 1, 2020), as of June 30, 2020, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, the budgetary comparison schedules on pages 59-63, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 64, the Schedule of District Contributions on page 65, and the schedule of Changes in the Total OPEB Liability and OPEB Liability and Related Ratios on page 66 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statement of activities and changes in net position, business-type activities is presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020 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

The image shows a handwritten signature in black ink that reads "McClintock Accountancy Corporation". The signature is written in a cursive, flowing style.

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
November 10, 2020

Basic Financial Statements

Government-Wide Financial Statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Statement of Net Position

	June 30, 2020		
	<u>Assets</u>		
	<u>Governmental Activities (Fire)</u>	<u>Business-Type Activities (Utility)</u>	<u>Total</u>
Current Assets			
Cash (Note 2)	\$ 254,788	184,455	439,243
Investments (Notes 2 and 3)	<u>1,363,279</u>	<u>6,286,163</u>	<u>7,649,442</u>
Cash and cash equivalents	1,618,067	6,470,618	8,088,685
Receivables			
Service Fees	2,880	105,799	108,679
Interest	921	7,295	8,216
Other	<u>-</u>	<u>20,052</u>	<u>20,052</u>
Total Receivables	3,801	133,146	136,947
Prepaid Expenses and other assets	<u>8,798</u>	<u>11,501</u>	<u>20,299</u>
Total Current Assets	1,630,666	6,615,265	8,245,931
Noncurrent Assets			
Capital Assets, at cost (Note 4)	8,227,817	27,936,464	36,164,281
Less accumulated depreciation (Note 4)	<u>(3,318,580)</u>	<u>(17,525,281)</u>	<u>(20,843,861)</u>
Total Noncurrent Assets	<u>4,909,237</u>	<u>10,411,183</u>	<u>15,320,420</u>
Total Assets	<u>\$ 6,539,903</u>	<u>17,026,448</u>	<u>23,566,351</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions (Note 7)	1,390,445	1,943,579	3,334,024
Deferred outflows related to OPEB (Note 14)	<u>41,757</u>	<u>44,269</u>	<u>86,026</u>
Total Deferred Outflows of Resources	<u>\$ 1,432,202</u>	<u>1,987,848</u>	<u>3,420,050</u>

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Statement of Net Position

June 30, 2020

Liabilities and Net Position

	<u>Governmental Activities (Fire)</u>	<u>Business-Type Activities (Utility)</u>	<u>Total</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 19,534	171,864	191,398
Accrued liabilities	480,010	460,305	940,315
Deferred Revenue	-	17,819	17,819
Current portion of long-term debt (Note 5)	-	91,097	91,097
Total Current Liabilities	<u>499,544</u>	<u>741,085</u>	<u>1,240,629</u>
Noncurrent Liabilities			
Total OPEB Liability (Note 14)	334,040	408,271	742,311
Net pension liability (Note 7)	2,939,480	2,351,163	5,290,643
Long-term debt (Note 5)	-	846,905	846,905
Total Noncurrent Liabilities	<u>3,273,520</u>	<u>3,606,339</u>	<u>6,879,859</u>
Total Liabilities	<u>\$ 3,773,064</u>	<u>4,347,424</u>	<u>8,120,488</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions (Note 7)	284,305	418,918	703,223
Deferred inflows related to OPEB (Note 14)	16,369	10,032	26,401
	<u>\$ 300,674</u>	<u>428,950</u>	<u>729,624</u>
Net Position			
Net investment in capital assets	4,909,237	9,473,181	14,382,418
Restricted (Note 9)	71,842	1,179,160	1,251,002
Unrestricted (Deficit) (Note 10)	<u>(1,082,712)</u>	<u>3,585,581</u>	<u>2,502,869</u>
Total Net Position	<u>\$ 3,898,367</u>	<u>14,237,922</u>	<u>18,136,289</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2020

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
Program Revenue			
Mutual aid	\$ 6,539	-	6,539
Service fees	-	3,798,406	3,798,406
Fire protection fee	47,000	-	47,000
Connection fee	-	439,375	439,375
Grants (Note 13)	-	88,792	88,792
Total Program Revenue	53,539	4,326,573	4,380,112
Expenses			
Salaries and wages	2,002,232	1,383,092	3,385,324
Employee benefits	1,311,940	972,298	2,284,238
Total salaries, wages and benefits	3,314,172	2,355,390	5,669,562
Field Operations			
Material & supplies	14,045	15,534	29,579
Uniforms	2,813	10,377	13,190
Chemicals & lab fees	-	49,003	49,003
Utilities	45,056	57,345	102,401
Maintenance & repairs	41,387	80,994	122,381
Training	20,708	23,787	44,495
Fire prevention	1,819	-	1,819
Vehicle maintenance	22,510	35,317	57,827
Garbage contract	-	260,363	260,363
Total field operations	148,338	532,720	681,058

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2020

Expenses (Continued)	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
General & administrative			
Board expenses	\$ 17,656	52,970	70,626
Accounting & audit services	10,129	17,633	27,762
Consulting Services	7,670	52,018	59,688
Insurance	34,722	49,890	84,612
License, permit & contracts	60,316	40,243	100,559
Office expense	18,179	51,530	69,709
Travel & meetings	16,975	7,423	24,398
Office utilities	-	51,262	51,262
	165,647	322,969	488,616
Total general & administrative			
Other expenses			
Depreciation	244,794	645,056	889,850
Interest	-	34,316	34,316
Miscellaneous	-	2,612	2,612
	244,794	681,984	926,778
Total other expenses			
Total Expenses	3,872,951	3,893,063	7,766,014
Net Program Revenue (Expense)	(3,819,412)	433,510	(3,385,902)

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2020

	Primary Government		Total
	Governmental Activities (Fire)	Business-Type Activities (Utility)	
General Revenues			
Property tax (Note 8)	\$ 3,597,362	\$ 42,514	\$ 3,639,876
Administrative fees	200	9,759	9,959
Interest	15,897	138,801	154,698
Rental revenue (Note 16)	31,339	63,628	94,967
Other	10,386	44	10,430
	<u>3,655,184</u>	<u>254,746</u>	<u>3,909,930</u>
 Total General Revenues			
	<u>3,655,184</u>	<u>254,746</u>	<u>3,909,930</u>
 Increase/ (Decrease) in Net Position	 (164,228)	 688,256	 524,028
 Net Position - Beginning of Year	 \$ <u>4,062,595</u>	 \$ <u>13,549,666</u>	 \$ <u>17,612,261</u>
 Net Position - End of Year	 \$ <u><u>3,898,367</u></u>	 \$ <u><u>14,237,922</u></u>	 \$ <u><u>18,136,289</u></u>

The accompanying notes are an integral part of these statements.

Fund Financial Statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Fund Financial Statements

Balance Sheet

June 30, 2020

Assets

	Primary Government	
	Governmental Fund (Fire)	Proprietary Fund (Utility)
Current Assets		
Cash	\$ 254,788	184,455
Investments	1,363,279	6,286,163
Cash and cash equivalents	1,618,067	6,470,618
Receivables		
Service fees	2,880	105,799
Interest	921	7,295
Other	-	20,052
Total Receivables	3,801	133,146
Prepaid expenses and other assets	8,798	11,501
Total Current Assets	1,630,666	6,615,265
Noncurrent Assets		
Capital assets, at cost	-	27,936,464
Less accumulated depreciation	-	(17,525,281)
Total Noncurrent Assets	-	10,411,183
Total Assets	\$ 1,630,666	17,026,448
Deferred Outflows of Resources		
Deferred outflows related to pensions	-	1,943,579
Deferred outflows related to OPEB	-	44,269
Total Deferred Outflows of Resources	\$ -	1,987,848

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Fund Financial Statements

Balance Sheet

June 30, 2020

Liabilities and Fund Balances

	Primary Government	
	Governmental Fund (Fire)	Proprietary Fund (Utility)
Liabilities		
Current Liabilities		
Accounts Payable	\$ 19,534	171,864
Accrued Liabilities	480,010	460,305
Deferred Revenue	-	17,819
Current portion of long-term debt	-	91,097
	499,544	741,085
Total Current Liabilities		
Noncurrent Liabilities		
Postemployment health benefits	-	408,271
Net pension liability	-	2,351,163
Long-term debt	-	846,905
	-	3,606,339
Total Noncurrent Liabilities		
	499,544	4,347,424
Total Liabilities		
Deferred Inflows of Resources		
Deferred inflows related to pensions	-	418,918
Deferred inflows related to OPEB	-	10,032
	-	428,950
Total Deferred Inflows of Resources		
Total Fund Balances		
Fund Balances		
Governmental Fund (Note 11)		
Nonspendable	\$ 12,599	-
Restricted	71,842	-
Committed	783,773	-
Unassigned	262,908	-
Proprietary Fund		
Net investment in capital assets	-	9,473,181
Restricted	-	1,179,160
Unrestricted	-	3,585,581
	1,131,122	14,237,922
Total Fund Balances		

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Reconciliation of the Balance Sheet of Governmental Fund (Fire) to the Statement of Net Position

June 30, 2020		
Fund balance of governmental fund	\$	1,131,122
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Deferred outflows related to pensions are not financial resources and therefore are not reported in governmental funds</p>		1,390,445
<p>Deferred outflows related to OPEB are not financial resources and therefore are not reported in governmental funds</p>		41,757
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds</p>		
Land	\$	1,012,603
Buildings		4,944,087
Vehicles		1,624,321
Equipment		571,438
Furniture & Fixtures		39,343
Master plan		1,137
Construction in progress		34,888
Less accumulated depreciation		<u>(3,318,580)</u>
Net Book Value		4,909,237
<p>Postemployment health benefits are not due and payable in the current period and, therefore, are not reported in governmental funds</p>		(334,040)
<p>Net pension liability is not due and payable in the current period and therefore is not reported in governmental funds</p>		(2,939,480)
<p>Deferred inflows related to pensions are not financial resources and therefore are not reported in governmental funds</p>		(284,305)
<p>Deferred inflows related to OPEB are not financial resources and therefore are not reported in governmental funds</p>		<u>(16,369)</u>
Net position of governmental activities	\$	<u><u>3,898,367</u></u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

Program Revenue	
Mutual aid	\$ 6,539
Fire protection fee	<u>47,000</u>
Total Program Revenue	53,539
Expenditures	
Salaries and wages	2,002,232
Employee benefits	<u>1,163,617</u>
Total salaries, wages and benefits	3,165,849
Field operations	
Material & supplies	14,045
Uniforms	2,813
Utilities	45,056
Maintenance & repairs	41,387
Training	20,708
Fire prevention	1,819
Vehicle maintenance	<u>22,510</u>
Total field operations	148,338
General & administrative	
Board expenses	17,656
Accounting & audit services	10,129
Consulting services	7,670
Insurance	34,722
License, permit & contracts	60,316
Office expense	18,179
Travel & meetings	<u>16,975</u>
Total general & administrative	165,647

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

Expenditures (Continued)

Other expenditures	
Capital outlay	\$ 40,548
Debt service	-
Interest	-
	<hr/>
Total other expenditures	40,548
	<hr/>
Total Expenditures	3,520,382
	<hr/>
Net Program Revenue (Expenditures)	(3,466,843)
	<hr/> <hr/>
General Revenues	
Property tax	3,597,362
Administrative fees	200
Interest	15,897
Rental Revenue	31,339
Other	11,238
	<hr/>
Total General Revenues	3,656,036
	<hr/>
Increase (Decrease) in Fund Balance	189,193
	<hr/>
Fund Balance - Beginning of Year	941,929
	<hr/>
Fund Balance - End of Year	\$ <u>1,131,122</u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

Increase (decrease) in fund balance - governmental fund	\$	189,193
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	\$	40,548
Less - current year depreciation expense		<u>(244,794)</u> (204,246)
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		(12,505)
Loss on disposals of assets 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		(853)
Changes in the net pension liabilities and the related deferred outflows and inflows 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		<u>(135,816)</u>
Increase in net position of governmental activities	\$	<u><u>(164,228)</u></u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

Program Revenue		
Service fees	\$	3,798,406
Connection fee		439,375
Grants		<u>88,792</u>
Total Program Revenue		4,326,573
Expenses		
Salaries and wages		1,383,092
Employee benefits		<u>972,298</u>
Total salaries, wages and benefits		2,355,390
Field operations:		
Material & supplies		15,534
Uniforms		10,377
Chemicals & lab fees		49,003
Utilities		57,345
Maintenance & repairs		80,994
Training		23,787
Vehicle maintenance		35,317
Garbage contract		<u>260,363</u>
Total field operations		532,720

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

Expenses (Continued)

General & administrative		
Board expenses	\$	52,970
Accounting & audit services		17,633
Consultanting Services		52,018
Insurance		49,890
License, permit & contracts		40,243
Office expense		51,530
Travel & meetings		7,423
Office utilities		<u>51,262</u>
Total general & administrative		322,969
Other expenses		
Depreciation		645,056
Interest		34,316
Miscellaneous		<u>2,612</u>
Total other expenses		<u>681,984</u>
Total Expenses		<u>3,893,063</u>
Net Program Revenue		
(Expense)		<u><u>433,510</u></u>

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

General Revenues		
Property tax	\$	42,514
Administrative fees		9,759
Interest		138,801
Rental Revenue		63,628
Other		<u>44</u>
Total General Revenues		<u>254,746</u>
Increase (Decrease) in Fund Balance		688,256
Fund Balance - Beginning of Year	\$	<u>13,549,666</u>
Fund Balance - End of Year	\$	<u><u>14,237,922</u></u>

The accompanying notes are an integral part of these statements.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Statement of Cash Flows Proprietary Fund (Utility)

For the Year Ended June 30, 2020

	<u>Business-Type Activities (Utility)</u>
Cash Flows from Operating Activities:	
Cash receipts from customers	\$ 4,259,675
Cash payments to suppliers for goods and services	(2,528,176)
Cash payments to employees for services	(1,323,444)
Other receipts	105,991
Net Cash Provided By Operating Activities	<u>514,046</u>
Cash Flows From Noncapital Financing Activities:	
Receipt of property taxes	42,514
Net Cash Provided By Noncapital Financing Activities	<u>42,514</u>
Cash Flows From Capital and Related Financing Activities:	
Repayment of long-term debt	(314,655)
Interest paid on long-term debt	(35,782)
Net Cash Used By Capital and Related Financing Activities	<u>(350,437)</u>
Cash Flows From Investing Activities:	
Purchase of capital assets	(1,939,321)
Interest received on cash and investments	145,687
Net Cash Used By Investing Activities	<u>(1,793,634)</u>
Net Increase/ (Decrease) in Cash	(1,587,511)
Cash and Cash Equivalents - Beginning of Year	<u>8,058,129</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,470,618</u>

The accompanying notes are an integral part of these statements.

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Statement of Cash Flows Proprietary Fund (Utility)

For the Year Ended June 30, 2020

	<u>Business-Type Activities (Utility)</u>
Reconciliation of Increase in Net Position to Net	
Cash Used by Operating Activities:	
Increase in fund balance	\$ <u>688,256</u>
Adjustments to reconcile increase in net position	
to net cash used by operating activities:	
Depreciation	645,056
Non-operating revenue	(181,315)
Non-operating expenses	34,316
(Increase) decrease in:	
Receivables	(27,493)
Prepays	6,890
Deferred outflows	(703,128)
Increase (decrease) in:	
Accounts payable	50,669
Accrued liabilities	3,755
Postemployment health benefits	63,695
Net pension liability	(298,937)
Deferred inflows	<u>232,282</u>
 Total adjustments	 <u>(174,210)</u>
 Net Cash Provided by Operating Activities	 \$ <u><u>514,046</u></u>

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Squaw Valley Public Service District (the “District”), or Olympic Valley Public Service District as of October 1, 2020, 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 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 based on 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 how 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, 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 they are earned while expenses are recognized in the period in which the liability is incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to inter-fund 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. Note in the current year there are none.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Government-Wide Financial Statements (Continued)

The District applies all applicable GASB pronouncements as well as the following pronouncements 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.

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 of 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 at the time of the budget to designate a portion of the available fund balance to a specific purpose. This can be modified at the end of the year depending on a deficit or surplus from operations.

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

For the year ended June 30, 2020, the District realized an increase in fund balance for the governmental fund of \$189,193. This is primarily a result of additional tax revenue and less spending towards capital assets. This further resulted in an unassigned fund balance of \$262,908 as of June 30, 2020 which will be used for future capital projects.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

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 Finance and Administration Manager presents a monthly report to the Board explaining variances 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
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Designated Net Position

The District records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use (Note 10).

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 revenue 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 the District's portion of total billed property taxes less an estimated administration fee. 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	3-20 years

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, 2020 at their current rate of pay.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) and additions to/deductions from CalPERS fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds or employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

Post-Employment Benefits Other Than Pensions

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB"). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees. The District engaged Total Compensation Systems, Inc. to analyze liabilities associated with its retiree health program as of June 30, 2019.

For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

At June 30, 2020, the District had an undesignated unrestricted (deficit) of \$(2,538,619); \$(1,866,485) for governmental activities and \$(672,134) for business-type activities (Note 10). This resulted in an unrestricted net position of \$(1,082,712) for governmental activities. This deficit is primarily a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as well as GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits*. The District expects that these deficits will be funded with future tax revenues.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 (Utility), 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 effects of subsequent events have been evaluated through November 10, 2020, which is the date the financial statements were available to be issued.

Upcoming Accounting Pronouncements

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

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 average cash and investment balances of the respective fund. At June 30, 2020, the District's cash and investment balances included the following:

Pooled cash	\$ 439,243
Pooled investments	<u>7,649,442</u>
	<u>\$ 8,088,685</u>

All cash balances on deposit at banks are entirely insured or collateralized. The California Government Code requires California banks, savings, and loans to secure District 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. 40 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 can 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 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
California Local Agency Investment Fund	\$ 24,932	24,932
ProEquities Certificate of Deposit	739,000	789,396
ProEquities Money Market	3,330	3,330
Placer County Pooled Investment Fund	<u>6,882,180</u>	<u>6,882,180</u>
Total	<u>\$ 7,649,442</u>	<u>7,699,838</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

2) CASH AND INVESTMENTS: (Continued)

The Placer County Treasurer's Pooled Investment Fund is a local government pool managed by the County Treasurer's Office on behalf of Investment Pool participants. Included in the County Pool's investment portfolio are US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Pursuant to California Government Code Section 27130, the Placer County Treasurer's Review Panel was created to provide oversight in the investment in public funds. The Treasurer's Review Panel reviews and monitors the Treasurer's Investment Policy. The Panel is also responsible for causing an annual compliance audit of the Treasurer's investment operations, and for reviewing the findings of the audit.

The District's investments with Local Agency Investment Fund (LAIF) at June 30, 2020 included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

Interest Rate Risk

The District does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in the Placer County investment pool have not been rated by a nationally recognized statistical agency.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

3) FAIR VALUE MEASUREMENTS:

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

- a) State of California Local Agency Investment Fund of \$24,932 is valued using the underlying quoted market prices (Level 2 inputs)
- b) Placer County Pooled Investment Fund of \$6,882,180 is valued using the underlying quoted market prices (Level 2 inputs)

4) CAPITAL ASSETS:

A summary of Governmental Activities capital assets is presented below:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Fire Department:					
Land	\$ 1,012,603	-	-	-	\$ 1,012,603
Buildings	4,944,086	-	-	-	4,944,086
Equipment	569,312	7,722	(5,596)	-	571,438
Furniture & Fixtures	39,343	-	-	-	39,343
Master plan	1,137	-	-	-	1,137
Vehicles	1,624,321	-	-	-	1,624,321
Construction in progress	2,063	32,826	-	-	34,889
Total Capital Assets	8,192,865	40,548	(5,596)	-	8,227,817
Accumulated Depreciation	(3,078,529)	(244,794)	4,743	-	(3,318,580)
Net Book Value	\$ 5,114,336				\$ 4,909,237

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

4) CAPITAL ASSETS: (continued)

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

Utility Department:	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Land	\$ 1,012,603	-	-	-	\$ 1,012,603
Buildings	4,441,530	-	(13,719)	-	\$ 4,427,811
Water system	10,864,314	38,491	(38,000)	-	10,864,805
Sewage system	5,826,948	1,494,210	-	671,892	7,993,050
Headquarters	752,614	-	-	-	752,614
Equipment	509,531	8,271	(59,286)	-	458,516
Interceptors	1,183,280	-	-	-	1,183,280
Vehicles	604,404	-	-	-	604,404
Furniture & Fixtures	208,344	-	(790)	-	207,554
Construction in progress	992,631	111,088	-	(671,892)	431,827
Total Capital Assets	<u>26,396,199</u>	<u>1,652,060</u>	<u>(111,795)</u>	<u>-</u>	27,936,464
Accumulated Depreciation	<u>(16,992,020)</u>	<u>(645,056)</u>	<u>111,795</u>	<u>-</u>	<u>(17,525,281)</u>
Net Book Value	<u>\$ 9,404,179</u>				<u>\$10,411,183</u>

5) LONG-TERM DEBT:

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 a new Fire and Administration Center at 305 Squaw Valley Road. 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 was collateralized with District owned property at 1810 Squaw Valley Road. In the event of default, the District has agreed to surrender the property at 1810 and pay CIEDB all damages incurred by reason of default by the District. Since the loan is older than twelve years, the loan can be prepaid without being subject to penalties. As of June 30, 2020, the District is current on all debt obligation payments to CIEDB.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

5) LONG-TERM DEBT: (Continued)

A summary of the District's Business-Type Activities long-term debt at June 30, 2020 is as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2020</u>
3.63% lease faculty for \$2,000,000, 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.	\$ 1,026,163	-	\$ (88,161)	\$ 938,002
Total Long-Term Debt	1,026,163	-	(88,161)	938,002
Less Current Installments of Long-Term Debt	88,161			91,097
Long-Term Debt Excluding Current Installments	<u>\$ 938,002</u>			<u>\$ 846,905</u>

The annual requirements to amortize District long-term debt as of June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	91,097	32,533	123,630
2022	94,130	29,175	123,305
2023	97,265	25,706	122,971
2024	100,504	22,122	122,626
2025	103,851	18,418	122,269
2026 through 2029	451,155	34,101	485,256
	<u>\$ 938,002</u>	<u>162,055</u>	<u>1,100,057</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

6) DEFERRED COMPENSATION PLANS:

A 457 Deferred Compensation Plan has been established by the District with Mass Mutual. Employees may elect to defer compensation up to 100% of their salary or \$19,500 (\$26,000 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 \$38,000 per year. This Plan is fully funded with Mass Mutual.

In addition, the District has 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 \$19,500 (\$26,000 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 \$39,000 per year. This Plan is fully funded with the California Public Employees' Retirement System.

Lastly, the District has established a 457 Roth Plan with the California Public Employees' Retirement System. Employees may elect to defer compensation up to 100% of their salary or \$6,000 (\$7,000 if employee will have obtained age 50 by the end of the calendar year), whichever is less. This Plan is fully funded with the California Public Employees' Retirement System.

The District is not responsible for the 457 plans; accordingly, these investments are not included in the accompanying financial statements.

7) NET PENSION LIABILITY:

General Information about the Pension Plan

a) Plan Description

All full-time employees of Squaw Valley Public Service District (Olympic Valley Public Service District as of October 1, 2020) are provided with pensions through the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employee defined benefit pension plan administered by CalPERS. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov

b) Benefits Provided

CalPERS provides retirement, disability, and death benefits. Retirement benefits are determined as a percent of the employee's highest earned 1-year (or in some cases 3-year average) compensation, modified for social security participation, times the participant's benefit factor. The benefit factor

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

7) NET PENSION LIABILITY: (Continued)

b) Benefits Provided: (continued)

is determined based on the participant's hire date, years of service in the plan and their age at retirement. Employees with 5 years of continuous service are eligible to retire anywhere from age 50-62 depending on which retirement group the employee is classified. Five years of service is required for non-industrial disability eligibility and no minimum years of service for an industrial disability. Disability benefits are determined in the same manner as retirement benefits. Death benefits vary from simple return of participant contributions to a monthly allowance equal to the retirement benefit. The plan provides for annual cost-of-living adjustment based on the Consumer Price Index, subject to a maximum of 2%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For the District, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. For the measurement period ended June 30, 2019 (the measurement date), the following is a summary of contribution rates:

	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Total Required Contribution</u>
Governmental Activity (Fire Department)			
First Tier Plan	9.000%	20.556%	29.556%
Second Tier Plan	9.000	17.614	26.614
PEPRA Plan	12.000	12.141	24.141
Business-Type Activity (Utility Department)			
First & Second Tier Plan	8.000%	13.428%	21.428%
PEPRA Plan	6.750	7.363	14.113

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

7) NET PENSION LIABILITY: (Continued)

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

At June 30, 2020, the District reported a liability of \$5,290,643 (\$2,939,480 for governmental activities and \$2,351,163 for business-type activities) for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.04709% for the governmental activities pool and 0.05871% for the business-type activities pool, which compares to 0.05243% the governmental activities pool and 0.07032% for the business-type activities pool at June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$1,418,344 (\$829,294 for governmental activities and \$589,050 for business-type activities). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 191,922	\$ -0-
Changes of assumptions	120,484	23,512
Difference between projected and actual earnings on pension plan investments	-0-	40,438
Changes in proportion and differences between District contributions and proportionate share of contributions	384,562	220,355
District contributions subsequent to the measurement date	693,477	-0-
Total	\$ 1,390,445	\$ 284,305

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

7) NET PENSION LIABILITY: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 163,298	\$ 12,652
Changes of assumptions	112,114	39,744
Difference between projected and actual earnings on pension plan investments	-0-	41,106
Changes in proportion and differences between District contributions and proportionate share of contributions	344,210	325,416
District contributions subsequent to the measurement date	1,323,957	
Total	\$ 1,943,579	\$ 418,918

The amount \$2,017,434 (\$693,477 for governmental activities and \$1,323,957 for business-type activities) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

Year Ended	Governmental Activities	Business-Type Activities	Total
6/30/21	\$ 308,614	176,218	484,832
6/30/22	45,824	(15,763)	30,061
6/30/23	50,537	31,942	82,479
6/30/24	7,868	8,306	16,174

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

7) NET PENSION LIABILITY: (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

7) NET PENSION LIABILITY: (Continued)

Long-term Expected Rate of Return (continued)

flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class</u>	<u>Assumed asset allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	50.0 %	4.80 %	5.98 %
Fixed Income	28.0	1.00	2.62
Inflation Assets	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Estate	13.0	3.75	4.93
Liquidity	1.0	0.0	(0.92)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability/(asset) of the District as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Discount Rate – 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate +1% (8.15%)</u>
Governmental Activities	\$ 4,867,366	2,939,480	1,358,916
Business-Type Activities	3,846,545	2,351,163	1,116,832
Total	<u>\$ 8,713,911</u>	<u>5,290,643</u>	<u>2,475,748</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

7) NET PENSION LIABILITY: (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

Payables to the Pension Plan

At June 30, 2020, the employer's contribution for the final payroll of the fiscal year had not been paid and was included in accounts payable in the following amounts:

Governmental Activities	\$	-0-
Business-Type Activities		8,050
	\$	<u>8,050</u>

8) 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, 2020 was \$6,902,573. The District's actual annual proceeds of taxes for the year ended June 30, 2020 was \$3,639,876, leaving a margin of \$3,262,697.

The proceeds of taxes limitation adopted by the District for the year ended June 30, 2021 is \$7,250,972.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

9) RESTRICTED NET POSITION:

Net position is subject to the following legal restrictions:

Governmental Activities:	
Fire – protection fees	\$ <u>71,842</u>
Total Restricted Net Position – Governmental Activities	\$ <u><u>71,842</u></u>
Business-Type Activities:	
Capital projects - water	\$ 1,013,550
Capital projects - sewer	-0-
Inflow and infiltration	<u>165,610</u>
Total Restricted Net Position – Business-Type Activities	\$ <u><u>1,179,160</u></u>

10) UNRESTRICTED NET POSITION:

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

Governmental Activities:	
Capital asset replacement fund	\$ <u>783,773</u>
Total Designated Net Position	783,773
Undesignated Net Position	<u>(1,866,485)</u>
Total Unrestricted Net Position – Governmental (Deficit) Activities	\$ <u><u>(1,082,712)</u></u>
Business-Type Activities:	
Capital asset replacement fund - water	\$ 1,360,593
Capital asset replacement fund - sewer	2,703,327
Garbage	169,601
Bike Trail	<u>24,194</u>
Total Designated Net Position	4,257,715
Undesignated Net Position (Deficit)	<u>(672,134)</u>
Total Unrestricted Net Position – Business-Type Activities	\$ <u><u>3,585,581</u></u>

The District had an undesignated unrestricted (deficit) of \$(2,538,619); \$(1,866,485) for governmental activities and \$(672,134) for business-type activities. This resulted in an unrestricted net position of \$(1,082,712) for governmental activities. This deficit is primarily a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as well as GASB Statement No. 75, *Accounting and Financial Reporting for Other Post-Employment Benefits*. The District expects that these deficits will be funded with future tax revenues

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

11) FUND BALANCE – GOVERNMENTAL FUND (FIRE):

Nonspendable fund balance consists of receivables (\$3,801) and prepaid expenses (\$8,798).

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

12) GARBAGE SERVICE:

Effective October 1, 1974, Ordinance No. 4 was passed by the Board of Directors of the Squaw Valley Public Service District (Olympic Valley Public Service District as of October 1, 2020) providing for compulsory trash collection service for all District residents. The trash collection 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, 2020 were \$268,010 while expenses, both direct and allocated, totaled \$262,464.

13) GRANTS:

In May 2015, the District entered into a grant agreement with the South Tahoe Public Utility District (STPUD) regarding a pass-through grant from the California Department of Water Resources. Grant funds are to be used for the District's Regional Water Use Efficiency Program. The grant provides that the STPUD will pay up to \$25,246 of costs. As of June 30, 2020, the District had expended \$14,208 for the project. As of June 30, 2020 the District had a receivable in the amount of \$2,477.

In May of 2017 the District entered into a Development Agreement with The Palisades Development, LLC (Developer). The Developer agreed to pay \$50,000 over a three-year period to the District for the purpose of installing a pressure reduction valve and station. This would be a contribution to the District's Zone 1A Improvement Project. As of June 30, 2020 the District had billed the final installment of \$16,667 and had not yet received payment. The District did receive payment for all other installments.

In October of 2018, the District was notified that an application submitted to the Integrated Regional Water Management Grant (IRWM) by South Lake Tahoe Public Utility District on behalf of Tahoe agencies was accepted. The total grant amount was for \$707,360, of which \$34,647 will be allocated to the Squaw Valley Public Service District. The District has not yet incurred costs; therefore a receivable was not booked as of June 30, 2020. However, the District intends to spend the money on implementation of an Advanced Metering Infrastructure (AMI)/Automatic Meter Reading (AMR) system and replacement of residential water meters that have reached the end of their useful life.

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

13) GRANTS: (continued)

In May of 2019 the District was awarded \$10,000 from the Placer County Water Agency for Asset Management Implementation and GIS Database Updates. This was in accordance with the Financial Assistance Program (FAP). Per the agreement, the District will be reimbursed for costs associated with data collection, data input to GIS and data import to the asset management software. As of June 30, 2020, the District had expended \$7,482 for the project. As of June 30, 2020 the District had a receivable in the amount of \$7,482.

14) POSTEMPLOYMENT HEALTH BENEFITS:

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. The District follows Public Employees' Medical & Hospital Care Act (PEMHCA) minimum contribution requirements for each eligible retiree. Benefit provisions are established and may be amended by the District Board of Directors. The plan does not issue a stand-alone financial report.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions ("OPEB") and would replace GASB statements 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly. This is the second year of implementation for the District.

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
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

14) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

Annual Postemployment Health Benefit Cost and Total Postemployment Health Benefit Obligation

The most recent valuation data available for the Postemployment Health Benefit plan is for the year ended June 30, 2019. The following information is presented based on the plan's June 30, 2019 valuation. A standard actuarial "look-back" methodology was used to estimate the Total OPEB Liability (TOL) as of the measurement date which is June 30, 2019. The following table shows the results of the look-back.

Changes in Total OPEB Liability as of June 30, 2019	Total OPEB Liability	Plan Contributions and Benefit Payments	Total OPEB Liability
Balance at June 30, 2018 Measurement Date	\$626,502	\$-	\$626,502
Service Cost	29,958	-	29,958
Interest on TOL	24,140	-	24,140
Employer Contributions	-	14,474	(14,474)
Employee Contributions	-	-	-
Assumption Changes	30,073	-	30,073
Experience (Gains)/Losses	46,112	-	46,112
Expected Benefit Payments	(14,474)	(14,474)	-
Other	-	-	-
Net Change during 2019-20	\$115,809	\$-	\$115,809
Balance at June 30, 2019 Meas. Date	\$742,311	\$-	\$742,311

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

14) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

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. For the measurement period ending June 30, 2019 (the measurement date), the total OPEB liability was based on the following actuarial methods and assumptions:

<u>Actuarial Cost Method</u>	Entry Age in accordance with the requirements of GASB Statement No. 75
 <u>Actuarial Assumptions</u>	
Discount Rate	3.5% per year net of expenses. Based on the Bond Buyer 20 Bond Index
Inflation	2.75%
Salary Increases	2.75%
Healthcare Cost Trend	4%
Mortality Rate Table	Derived using CalPERS' 2017 Mortality Data
Retirement Rates	Firefighters: Hired before 2013: 2017 CalPERS 3% @50 Rates for Firefighters Hired after 2012: 2017 CalPERS 2.7% @57 Rates for Firefighters General Employees: Hired before 2013: 2017 CalPERS 2.7% @55 Rates for Miscellaneous employees Hired after 2012: 2017 CalPERS 2% @62 Rates for Miscellaneous employees
Service Requirement	100% at 5 years of service

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

14) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability for a measurement date of June 30, 2019 was 3.5%. The District assumed that all contributions are from the employer. There are currently no plan assets, so assumptions made about projected cash flows and investment returns were not included.

The following presents the total OPEB liability/(asset) of the District as of the measurement date, calculated using the discount rate of 3.5 percent, as well as what the total OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (2.5 percent) or 1 percentage-point higher (4.5 percent) than the current rate:

	Discount Rate – 1% (2.50%)	Current Trend Rate (3.50%)	Discount Rate +1% (4.50%)
Net OPEB Liability	\$ 881,191	742,311	633,140

Sensitivity of the Total OPEB Liability to Changes in the healthcare cost trend.

The following presents the total OPEB liability/(asset) of the District as of the measurement date, calculated using the healthcare cost trend of 4 percent, as well as what the total OPEB liability/(asset) would be if it were calculated using a trend that is 1 percentage-point lower (3 percent) or 1 percentage-point higher (5 percent) than the current rate:

	Trend Rate – 1% (3.00%)	Current Trend Rate (4.00%)	Trend Rate +1% (5.00%)
Net OPEB Liability	\$ 618,703	742,311	903,565

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

14) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

Summary of Plan Participants

	Number of Participants
Inactive Employees Receiving Benefits	10
Inactive Employees Entitled to But Not Receiving Benefits	2
Participating Active Employees	26
	38

OPEB Expense

Under GASB 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows. The OPEB expense for the current year is summarized below.

Preliminary OPEB Expense Fiscal Year Ending June 30, 2020

Service Cost	\$29,958
Interest on Total OPEB Liability (TOL)	24,140
Employee Contributions	-
Recognition of Experience (Gain)/Loss Deferrals	4,192
Recognized Assumption Change Deferrals	(200)
Actual Investment Income	-
Recognized Investment Gains/Losses	-
Contributions After Measurement Date (Deferred Outflow)	-
Liability Change Due to Benefit Changes	-
Administrative Expense	-
OPEB Expense	\$58,090

The amount \$16,767 (\$5,049 for governmental activities and \$11,718 for business-type activities) reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows/ (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	Governmental Activities	Business-Type Activities	Total
6/30/21	\$ 1,852	2,140	3,992
6/30/22	1,852	2,140	3,992
6/30/23	1,852	2,140	3,992
6/30/24	1,852	2,140	3,992
6/30/25	1,852	2,140	3,992
Thereafter	11,080	11,818	22,898

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

14) POSTEMPLOYMENT HEALTH BENEFITS: (Continued)

“Pay As You Go” Funding of Retiree Benefits

The actuarial assumptions listed above were used to project the ten-year retiree benefit outlay, including any implicit rate subsidy.

Year Beginning July 1	Total	Fire Fighters	General Employees
2019	\$16,767	\$5,049	\$11,718
2020	17,418	5,455	11,963
2021	18,557	6,123	12,434
2022	20,344	7,375	12,969
2023	21,521	7,979	13,542
2024	22,968	8,742	14,226
2025	24,744	9,746	14,998
2026	26,693	10,900	15,793
2027	28,692	12,082	16,610
2028	30,906	13,381	17,525

15) 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 employee 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 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

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

15) RISK MANAGEMENT (continued):

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 employee dishonesty insurance, the District has joined 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 employee 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.

16) RENTAL ACTIVITY:

The District rents idle facilities to outside parties. These facilities have an original cost of \$1,007,624, accumulated depreciation of \$983,003, and a net book value of \$24,620. Rental income of \$94,967 is reflected in the Statement of Activities for the Business-Type and Government Activity. Expenses for the rental activity, which are also reflected in the Statement of Activities, are as follows:

Maintenance and repairs	\$ 8,250
Insurance	1,821
Utilities	19,690
Depreciation	<u>10,920</u>
Total Expenses	<u>\$ 40,681</u>

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

<u>Year Ending June 30</u>	<u>Amount</u>
2021	95,172
2022	<u>31,724</u>
	<u>\$ 126,896</u>

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to the Financial Statements

For the Year Ended June 30, 2020

17) INTER-ACTIVITY BALANCES:

In July 2005, the Governmental Activity transferred (at net book value) a portion of a building to the Business-Type Activity. This inter-activity balance of \$226,494 was repaid in the current year.

**Required Supplementary
Information (Unaudited)**

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	Original and Final Budget	Actual	Budget Variance (Over) Under
Program Revenue			
Mutual aid	\$ 50,000	\$ 6,539	\$ 43,461
Fire protection fee	16,500	47,000	(30,500)
Total Program Revenue	66,500	53,539	12,961
Expenditures			
Salaries and wages	1,913,697	2,002,232	(88,535)
Employee benefits	972,089	1,163,617	(191,528)
Total salaries, wages and benefits	2,885,786	3,165,849	(280,063)
Field Operations			
Material & supplies	17,175	14,045	3,130
Uniforms	12,350	2,813	9,537
Utilities	42,927	45,056	(2,129)
Maintenance & repairs	51,785	41,387	10,398
Training	41,720	20,708	21,012
Fire prevention	2,500	1,819	681
Vehicle maintenance	30,300	22,510	7,790
Total field operations	198,757	148,338	50,419
General & Administrative			
Board expenses	18,600	17,656	944
Accounting & audit services	9,736	10,129	(393)
Consulting services	15,000	7,670	7,330
Insurance	30,129	34,722	(4,593)
License, permit & contracts	69,235	60,316	8,919
Office expense	16,600	18,179	(1,579)
Travel & meetings	24,000	16,975	7,025
Total general & administrative	183,300	165,647	17,653

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	Original and Final Budget	Actual	Budget Variance (Over) Under
Expenditures (Continued)			
Other expenditures			
Capital outlay	\$ 103,320	40,548	62,772
Debt service	-	-	-
Interest	-	-	-
	103,320	40,548	62,772
Total other expenditures	103,320	40,548	62,772
Total Expenditures	3,371,163	3,520,382	(149,219)
Net Program Revenue (Expenditures)	(3,304,663)	(3,466,843)	162,180
General Revenues			
Property tax	3,541,225	3,597,362	(56,137)
Administrative fees	-	200	(200)
Interest	-	15,897	(15,897)
Rental Revenue	31,650	31,339	311
Other	10,488	11,238	(750)
	3,583,363	3,656,036	(72,673)
Total General Revenues	3,583,363	3,656,036	(72,673)
Increase (Decrease) in Fund Balance	\$ 278,700	189,193	89,507
Fund Balance – Beginning of Year		941,929	
Fund Balance – End of Year		\$ 1,131,122	

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Budget Variance (Over) Under</u>
Program Revenue			
Service fees	\$ 3,804,100	3,798,406	5,694
Connection fee	153,646	439,375	(285,729)
Grants	<u>62,667</u>	<u>88,792</u>	<u>(26,125)</u>
 Total Program Revenue	 4,020,413	 4,326,573	 (306,160)
Expenses			
Salaries and wages	1,335,870	1,383,092	(47,222)
Employee benefits	<u>682,404</u>	<u>972,298</u>	<u>(289,894)</u>
 Total salaries, wages and benefits	 2,018,274	 2,355,390	 (337,116)
Field operations:			
Material & supplies	17,000	15,534	1,466
Uniforms	10,000	10,377	(377)
Chemicals & lab fees	25,000	49,003	(24,003)
Utilities	58,793	57,345	1,448
Maintenance & repairs	103,246	80,994	22,252
Training	24,200	23,787	413
Vehicle maintenance	41,900	35,317	6,583
Garbage contract	<u>258,059</u>	<u>260,363</u>	<u>(2,304)</u>
 Total field operations	 538,198	 532,720	 5,478

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Budget Variance (Over) Under</u>
Expenses (Continued)			
General & administrative			
Board expenses	\$ 55,800	52,970	2,830
Accounting & audit services	17,864	17,633	231
Consulting services	86,995	52,018	34,977
Insurance	50,586	49,890	696
License, permit & contracts	39,767	40,243	(476)
Office expense	52,800	51,530	1,270
Travel & meetings	16,650	7,423	9,227
Office utilities	<u>51,077</u>	<u>51,262</u>	<u>(185)</u>
Total general & administrative	371,539	322,969	48,570
Other expenses			
Depreciation	666,222	645,056	21,166
Interest	35,782	34,316	1,466
Miscellaneous	<u>1,000</u>	<u>2,612</u>	<u>(1,612)</u>
Total other expenses	<u>703,004</u>	<u>681,984</u>	<u>21,020</u>
Total Expenses	<u>3,631,015</u>	<u>3,893,063</u>	<u>(262,048)</u>
Net Program Revenue (Expense)	<u>389,398</u>	<u>433,510</u>	<u>(44,112)</u>

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Budget Variance (Over) Under</u>
General Revenues			
Property tax	\$ 20,000	42,514	(22,514)
Administrative fees	4,005	9,759	(5,754)
Interest	13,500	138,801	(125,301)
Rental revenue	63,299	63,628	(329)
Other	-	44	(44)
	<u>100,804</u>	<u>254,746</u>	<u>(153,942)</u>
 Total General Revenues			
 Increase (Decrease) in Fund Balance	 \$ 490,202	 688,256	 (198,054)
	<u>490,202</u>		<u>(198,054)</u>
 Fund Balance – Beginning of Year,		 <u>13,549,666</u>	
 Fund Balance – End of Year		 \$ <u>14,237,922</u>	

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Schedule of the District's Proportionate Share of Net Pension Liability (Unaudited)
Last 10 Years*

Governmental Activities

	District's proportion of the net pension liability (asset) %	District's proportionate share of the net pension liability (asset)	District's covered- employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll (%)	Plan fiduciary net position as a percentage of the total pension liability (%)
6/30/2020	0.04709	\$ 2,939,480	\$ 1,412,413	208.12	79.1
6/30/2019	0.05243	\$ 3,076,605	\$ 1,444,106	213.05	76.07
6/30/2018	0.05073	\$ 3,031,127	\$ 1,426,607	212.47	75.16
6/30/2017	0.0498	\$ 2,579,354	\$ 1,409,624	182.98	75.48
6/30/2016	0.04803	\$ 1,979,217	\$ 1,388,693	142.52	79.14
6/30/2015	0.04532	\$ 1,398,722	\$ 1,267,582	110.35	81.42

Business-Type Activities

	District's proportion of the net pension liability (asset) %	District's proportionate share of the net pension liability (asset)	District's covered- employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll (%)	Plan fiduciary net position as a percentage of the total pension liability (%)
6/30/2020	0.05871	\$ 2,351,163	\$ 1,470,155	159.93	78.85
6/30/2019	0.07032	\$ 2,650,101	\$ 1,293,000	204.96	74.82
6/30/2018	0.06843	\$ 2,697,379	\$ 1,141,501	236.30	73.39
6/30/2017	0.06679	\$ 2,320,231	\$ 1,159,919	200.03	74.18
6/30/2016	0.06623	\$ 1,817,006	\$ 1,047,508	173.46	79.15
6/30/2015	0.05659	\$ 1,700,068	\$ 998,317	170.29	83.03

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Actuarial cost method	Entry age normal cost method					
Amortization method	Level percent of payroll					
Asset valuation method	Market value					
Actuarial assumptions:						
Discount rate	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%
Projected salary increases	Varies by entry age and service					
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Post Retirement Benefit increase	2.50%	2.50%	2.75%	3.00%	3.00%	3.00%

* Omitted years: GASB statement No. 68 was implemented during the year ended June 30, 2015

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Schedule of District Contributions for Pensions (Unaudited)
Last 10 Years*

Governmental Activities

	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Contractually Required Contribution	\$ 693,477	846,205	381,749	356,437	329,377	301,932
Contributions in relation to the contractually required contribution	\$ (693,477)	(846,205)	(381,749)	(356,437)	(329,377)	(301,932)
Contribution deficiency (excess)	\$ -0-	-0-	-0-	-0-	-0-	-0-
District's covered-employee payroll	\$ 1,412,413	1,444,106	1,426,607	1,409,624	1,388,693	1,267,582
Contributions as a percentage of covered-employee payroll	49.10%	58.60%	26.76%	25.29%	27.32%	23.82%

Business-Type Activities

	6/30/20	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
Contractually Required Contribution	\$ 1,323,957	808,710	253,032	220,906	224,552	192,826
Contributions in relation to the contractually required contribution	\$ (1,323,957)	(808,710)	(253,032)	(220,906)	(224,552)	(192,826)
Contribution deficiency (excess)	\$ -0-	-0-	-0-	-0-	-0-	-0-
District's covered-employee payroll	\$ 1,470,155	1,293,000	1,141,501	1,159,919	1,047,508	998,317
Contributions as a percentage of Covered-employee payroll	90.06%	62.55%	22.17%	19.04%	21.43%	19.32%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14	6/30/13
Actuarial cost method	Entry age normal cost method					
Amortization method	Level percent of payroll					
Asset valuation method	Market value					
Actuarial assumptions:						
Discount rate	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%
Projected salary increases	Varies by entry age and service					
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Post Retirement Benefit increase	2.50%	2.50%	2.75%	3.00%	3.00%	3.00%

* Omitted years: GASB statement No. 68 was implemented during the year ended June 30, 2015

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Schedule of Changes in the Total OPEB Liability as of Measurement Date
Last 10 Years*

As of Measurement Date of June 30th	2017	2018	2019
Total OPEB Liability – Beginning	\$577,372	\$616,532	\$626,502
Service Cost	31,009	31,862	29,958
Interest on TOL	20,519	23,789	24,140
Benefit Payments	(12,368)	(13,412)	(14,474)
Experience (Gains)/Losses	-0-	-0-	46,112
Assumption Changes	-0-	(32,269)	30,073
Total OPEB Liability (TOL) – Ending*	<u>\$616,532</u>	<u>\$626,502</u>	<u>\$742,311</u>
Fiduciary Net Position (FNP)	-0-	-0-	-0-
FNP as a % of TOL	0%	0%	0%

Schedule of OPEB Liability and Related Ratios – Last 10 Years*

Governmental Activities

Measurement Date	Total OPEB Liability (TOL)	Fiduciary Net Liability (FNP)	Net OPEB Liability	FNP as a % of TOL
6/30/2017	\$ 279,216	-	279,216	0%
6/30/2018	\$ 281,926	-	281,926	0%
6/30/2019	\$ 334,040	-	334,040	0%

Business-Type Activities

Measurement Date	Total OPEB Liability (TOL)	Fiduciary Net Liability (FNP)	Net OPEB Liability	FNP as a % of TOL
6/30/2017	\$ 337,316	-	337,316	0%
6/30/2018	\$ 344,576	-	344,576	0%
6/30/2019	\$ 408,271	-	408,271	0%

* Omitted years: GASB statement No. 75 was implemented during the year ended June 30, 2018

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

Notes to Schedule:

Methods and assumptions used to determine OPEB Liability:

Valuation Date	June 30, 2019
Actuarial cost method	Entry Age
Discount rate	3.5%
Projected salary increases	2.75%
Inflation	2.75%
Healthcare Cost Trend	4%
Mortality Rate Table	Derived using CalPERS' 2017 Mortality Data
Retirement Rates	<u>Firefighters:</u> Hired before 2013: 2017 CalPERS 3% @50 Rates for Firefighters Hired after 2012: 2017 CalPERS 2.7% @57 Rates for Firefighters <u>General Employees:</u> Hired before 2013: 2017 CalPERS 2.7% @55 Rates for Miscellaneous employees Hired after 2012: 2017 CalPERS 2% @62 Rates for
Service Requirement	100% at 5 years of service

Supplementary Information

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	<u>Water</u> <u>Department</u>	<u>Sewer</u> <u>Department</u>	<u>Garbage</u> <u>Department</u>	<u>Other</u>	<u>Total Business-</u> <u>Type</u> <u>Activities</u>
Program Revenue					
Service fees	\$ 1,948,281	\$ 1,476,464	\$ 268,010	\$ 105,651	\$ 3,798,406
Connection fee	302,222	137,153	-	-	439,375
Grants	42,792	-	-	46,000	88,792
Total Program Revenue	2,293,295	1,613,617	268,010	151,651	4,326,573
Expenses					
Salaries and wages	711,121	622,040	1,848	48,083	1,383,092
Employee benefits	477,706	468,839	253	25,500	972,298
Total salaries, wages and benefits	1,188,827	1,090,879	2,101	73,583	2,355,390
Field operations:					
Material & supplies	10,408	5,126	-	-	15,534
Uniforms	5,189	5,188	-	-	10,377
Chemicals & lab fees	49,003	-	-	-	49,003
Utilities	47,500	9,845	-	-	57,345
Maintenance & repairs	37,061	21,086	-	22,847	80,994
Training	13,012	10,775	-	-	23,787
Vehicle maintenance	17,941	17,376	-	-	35,317
Garbage contract	-	-	260,363	-	260,363
Total field operations	180,114	69,396	260,363	22,847	532,720

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	Water Department	Sewer Department	Garbage Department	Other	Total Business- Type Activities (Utilities)
Expenses (Continued)					
General & administrative					
Board expenses	\$ 26,485	\$ 26,485	\$ -	\$ -	52,970
Accounting & audit services	8,816	8,817	-	-	17,633
Consulting Services	19,587	19,587	-	12,844	52,018
Insurance	24,945	24,945	-	-	49,890
License, permit & contracts	20,122	20,121	-	-	40,243
Office expense	25,765	25,765	-	-	51,530
Travel & meetings	3,598	3,598	-	227	7,423
Office utilities	25,631	25,631	-	-	51,262
 Total general & administrative	 154,949	 154,949	 -	 13,071	 322,969
Other expenses					
Depreciation	371,908	273,148	-	-	645,056
Interest	17,158	17,158	-	-	34,316
Miscellaneous	2,612	-	-	-	2,612
Total other expenses	391,678	290,306	-	-	681,984
 Total Expenses	 1,915,568	 1,605,530	 262,464	 109,501	 3,893,063
 Net Program					
Revenue (Expense)	\$ 377,727	\$ 8,087	\$ 5,546	\$ 42,150	\$ 433,510

(Continued)

SQUAW VALLEY PUBLIC SERVICE DISTRICT
Olympic Valley Public Service District as of October 1, 2020

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

For the Year Ended June 30, 2020

	Water Department	Sewer Department	Garbage Department	Other	Total Business- Type Activities (Utilities)
General Revenues					
Property tax	\$ 21,257	21,257	-	-	42,514
Administrative fees	1,383	1,383	-	6,993	9,759
Interest	53,250	81,299	3,978	274	138,801
Rental revenue	31,814	31,814	-	-	63,628
Other	22	22	-	-	44
Total General Revenues	\$ <u>107,726</u>	<u>135,775</u>	<u>3,978</u>	<u>7,267</u>	<u>254,746</u>
Increase (Decrease) in Net Balance	\$ <u>485,453</u>	<u>143,862</u>	<u>9,524</u>	<u>49,417</u>	<u>688,256</u>

**SQUAW VALLEY PUBLIC SERVICE DISTRICT
(OLYMPIC VALLEY PUBLIC SERVICE DISTRICT AS OF
OCTOBER 1, 2020)**

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, 2020

McCLINTOCK ACCOUNTANCY CORPORATION

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To the Board of Directors
Squaw Valley Public Service District
(Olympic Valley Public Service District as of October 1, 2020)

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 (Olympic Valley Public Service District as of October 1, 2020), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2020.

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.

The logo for McClintock Accountancy Corporation is written in a black, cursive, handwritten-style font.

McCLINTOCK ACCOUNTANCY CORPORATION
Tahoe City, California
November 10, 2020