

**EL DORADO COUNTY  
FIRE PROTECTION DISTRICT**

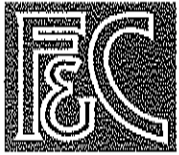
**FINANCIAL STATEMENTS  
With Independent Auditor's Report Thereon**

**JUNE 30, 2015**

**EL DORADO COUNTY  
FIRE PROTECTION DISTRICT  
Financial Statements  
June 30, 2015**

**TABLE OF CONTENTS**

|   |       |
|---|-------|
| INDEPENDENT AUDITOR'S REPORT .....  | 1-2   |
| MANAGEMENT DISCUSSION AND ANALYSIS .....  | 3-7   |
| <b>BASIC FINANCIAL STATEMENTS</b>   |       |
| Government-Wide Financial Statements:   |       |
| Statement of Net Position.....  | 8     |
| Statement of Activities .....   | 9     |
| Fund Financial Statements:  |       |
| Balance Sheet – Governmental Funds .....  | 10    |
| Reconciliation of the Governmental Funds Balance Sheet<br>To the Statement of Net Position .....  | 11    |
| Statement of Revenues, Expenditures, and Changes in Fund Balances –<br>Governmental Funds .....   | 12    |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balances of Governmental Funds to the Statement<br>of Activities..... | 13    |
| Notes to Financial Statements .....   | 14-30 |
| Supplementary Data  |       |
| Principal Officials .....   | 31    |
| Required Supplementary Information – Post-employment benefits .....   | 32    |
| Budgetary Comparison Schedule – General Fund .....  | 33    |
| Required Supplementary Information – Pensions.....  | 34    |



**FECHTER  
& COMPANY**  
Certified Public Accountants

Craig R. Fechter, CPA, MST  
Scott A. German, CPA

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
El Dorado County Fire Protection District  
Camino, California

We have audited the accompanying financial statements of the governmental activities of each major fund of the El Dorado County Fire Protection District as of and for the year ended June 30, 2015, 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.

**Auditor's 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. 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 auditor's 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.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the El Dorado County Fire Protection District as of June 30, 2015, 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.

Board of Directors  
El Dorado County Fire Protection District  
Camino, California

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, post-employment benefits, budgetary comparison and pension information on pages 3-7 and 32-34 respectively, 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.

*Implementation of New Accounting Standards*

As disclosed in Note 1 to the financial statements, the El Dorado County Fire Protection District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year ended June 30, 2015.

Fechter & Company  
Certified Public Accountants

  
Sacramento California  
March 10, 2016

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2015**

Members of the Board of Directors and  
Citizens of the El Dorado County Fire  
Protection District

As management of the El Dorado County Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements following this section.

**Financial Highlights**

- At the end of fiscal year 2015, net position of the District totaled \$ (19,755,099) million. This is a large decrease from the prior year. The main reason for this decrease is the fact that the District had to implement GASB 68 which is explained in the footnotes.
- At June 30, 2015, total fund balance in the General Fund was \$3,541,396 million. This is an increase of \$1,767,226 from the prior year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components:

- 1) Government-wide Financial Statements,
- 2) Fund Financial Statements which are combined as a single presentation and
- 3) Notes to the financial statements.

**Government-Wide Financial Statements**

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Fire District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fire District is improving or deteriorating.

The Statement of Activities present information showing how the District's net position changed during the most 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Government-Wide Financial Statements present activities of the Fire District that are principally supported by taxes and charges for services. The District provides services for fire protection, emergency medical, fire prevention, safety, rescue and hazardous materials response services.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2015**

**Fund financial statements**

The District, like other state and local government, uses fund accounting for recording its financial activities. In general, fund accounting provides a mechanism to separately account for a variety of different funding sources and enables the District to demonstrate compliance with finance-related legal requirements.

**Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains the individual governmental funds. Information is combined in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Development Fee, Medical Benefit Trust Fund and JPA Retiree Health Insurance Benefits.

The District adopts an annual appropriate budget for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with this budget.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide Fund Financial Statements.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2015**

**Government-Wide Financial Statements**

The District has presented its financial statements under the reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34). The following Government-Wide statements include a comparison between current and prior year results by operations and year-end balances.

**STATEMENT OF NET POSITION  
Governmental Activities  
As of June 30, 2015 and 2014**

|   | <b>2015</b>    | <b>2014</b>   |
|---|----------------|---------------|
| <b>Assets:</b>                          |                |               |
| Current and other assets                | \$ 5,571,508   | \$ 2,364,384  |
| Capital assets (net of depreciation)    | 4,530,495      | 4,830,165     |
| Total Assets                            | 10,102,003     | 7,194,549     |
| <b>Liabilities:</b>                     |                |               |
| Current and other liabilities           | 1,362,765      | 970,180       |
| Long-term liabilities                   | 28,494,337     | 7,719,124     |
| Total Liabilities                       | 29,857,102     | 8,689,304     |
| <b>Net Position:</b>                    |                |               |
| Invested in capital assets, net of debt | 2,219,295      | 2,462,605     |
| Restricted                              | 384,916        | 318,000       |
| Unrestricted                            | (22,359,310)   | (4,275,360)   |
| Total Net Position                      | \$(19,755,099) | \$(1,494,755) |

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2015**

**Government-Wide Financial Statements, continued**

The Statement of Activities provides details of how net position changed from the beginning of the year to the end of the year.

**STATEMENT OF ACTIVITIES  
Governmental Activities  
Fiscal Years Ended June 30, 2015 and 2014**

|                            | <u>2015</u>          | <u>2014</u>          |
|----------------------------|----------------------|----------------------|
| Revenues:                  |                      |                      |
| Program Revenues:          |                      |                      |
| Service charges            | \$ 585,814           | \$ 574,327           |
| Other Government           | 66,404               | -                    |
| General revenues:          |                      |                      |
| Property taxes             | 7,821,786            | 7,524,995            |
| Direct benefit assessments | 656,844              | 686,110              |
| Investment income          | 6,089                | 1,058                |
| Development fees           | 99,290               | 119,084              |
| Other                      | 926,378              | 808,935              |
| Total Revenues             | <u>10,162,605</u>    | <u>9,714,509</u>     |
| Expenses                   |                      |                      |
| Public protection          | 8,883,844            | 8,769,633            |
| Depreciation               | 426,523              | 447,277              |
| Total Expenses             | <u>9,310,367</u>     | <u>9,216,910</u>     |
| Increase (Decrease) in net | <u>852,238</u>       | <u>503,599</u>       |
| Net position – beginning   | <u>(1,494,755)</u>   | <u>(1,998,354)</u>   |
| Prior period adjustment    | <u>(19,112,582)</u>  | <u>-</u>             |
| Net position - ending      | <u>\$(1,494,755)</u> | <u>\$(1,494,755)</u> |



**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
JUNE 30, 2015**

**Requests for Information**

This financial report is designed to provide a general overview of El Dorado County Fire Protection District's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to El Dorado County Fire Protection District, P. O. Box 807, Camino, CA 95709.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

**ASSETS**

|                            |                  |
|----------------------------|------------------|
| Cash and investments       | \$ 4,309,185     |
| Due from other governments | 34,591           |
| Prepaid expenses           | 179,367          |
| Capital assets, net        | <u>4,530,495</u> |

|                     |                         |
|---------------------|-------------------------|
| <b>TOTAL ASSETS</b> | <b><u>9,053,638</u></b> |
|---------------------|-------------------------|

**DEFERRED OUTFLOWS OF RESOURCES**

|                                 |              |
|---------------------------------|--------------|
| Deferred pensions (footnote 11) | \$ 1,048,365 |
|---------------------------------|--------------|

**LIABILITIES**

|                                   |         |
|-----------------------------------|---------|
| Accounts payable                  | 62,160  |
| Accrued salaries and benefits     | 309,818 |
| Deferred revenue                  | 609,769 |
| Compensated absences              | 292,720 |
| Accrued interest                  | 30,886  |
| Current portion of long-term debt | 57,412  |

Long-term liabilities:

|                                    |                  |
|------------------------------------|------------------|
| Net pension liability (footnote 4) | 15,891,296       |
| Long-term debt                     | 2,222,902        |
| OPEB liability                     | <u>6,020,314</u> |

|                          |                          |
|--------------------------|--------------------------|
| <b>TOTAL LIABILITIES</b> | <b><u>25,497,277</u></b> |
|--------------------------|--------------------------|

**DEFERRED INFLOWS OF RESOURCES**

|                                 |                  |
|---------------------------------|------------------|
| Deferred pensions (footnote 11) | <u>4,359,825</u> |
|---------------------------------|------------------|

|   |           |
|---|-----------|
| Invested in capital assets, net of related debt | 2,219,295 |
|---|-----------|

Restricted for:

|                          |                     |
|--------------------------|---------------------|
| Development fee reserves | 384,916             |
| Unrestricted             | <u>(22,359,310)</u> |

|                     |                               |
|---------------------|-------------------------------|
| <b>NET POSITION</b> | <b><u>\$ (19,755,099)</u></b> |
|---------------------|-------------------------------|

The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

| Functions/Programs                   | Expenses            | Program Revenues        |  |  | Net (Expense)<br>and<br>Change in<br>Net Position |
|--------------------------------------|---------------------|-------------------------|--|--|---|
|                                      |                     | Charges for<br>Services | Operating<br>Contributions<br>and Grants | Capital<br>Contributions<br>and Grants |   |
| Governmental Activities:             |                     |                         |  |  |   |
| Public Safety                        | \$ 9,229,060        | \$ 585,814              | \$ -                                     | \$ 66,404                              | \$ (8,576,842)                                    |
| Interest on long-term debt           | 81,307              | -                       | -  | -                                      | (81,307)  |
| <b>Total Governmental Activities</b> | <b>\$ 9,310,367</b> | <b>\$ 585,814</b>       | <b>\$ -</b>                              | <b>\$ 66,404</b>                       | <b>(8,658,149)</b>                                |

General Revenues

|  |                                   |
|--|-----------------------------------|
| Property taxes                               | 7,821,786                         |
| Special assessments                          | 656,844                           |
| Development fees                             | 99,290                            |
| Plan check fees                              | 30,053                            |
| Use of money and property                    | 6,089                             |
| JPA administrative fee                       | 80,000                            |
| Reimbursements                               | 465,387                           |
| Miscellaneous                                | 350,938                           |
| <b>Total general revenues</b>                | <b>9,510,387</b>                  |
| <br>Change in net position                   | <br><u>852,238</u>                |
| <br>Net position at beginning of fiscal year | <br><u>(1,494,755)</u>            |
| <br>Prior period adjustment                  | <br><u>(19,112,582)</u>           |
| <br>Net position at end of fiscal year       | <br><u><u>\$ (19,755,099)</u></u> |

The accompanying notes are an integral part of these financial statements

## **FUND FINANCIAL STATEMENTS**

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2015**

**ASSETS**

|                            |    |           |
|----------------------------|----|-----------|
| Cash and investments       | \$ | 4,309,185 |
| Accounts receivable        |    | -         |
| Prepaid expenses           |    | 179,367   |
| Due from other governments |    | 34,591    |

|                     |           |                  |
|---------------------|-----------|------------------|
| <b>TOTAL ASSETS</b> | <b>\$</b> | <b>4,523,143</b> |
|---------------------|-----------|------------------|

**LIABILITIES**

|                      |    |         |
|----------------------|----|---------|
| Accounts payable     | \$ | 62,160  |
| Accrued payroll      |    | 309,818 |
| Compensated absences |    | -       |
| Deferred revenue     |    | 609,769 |

|                   |  |         |
|-------------------|--|---------|
| Total liabilities |  | 981,747 |
|-------------------|--|---------|

**FUND BALANCES**

|                                |  |           |
|--------------------------------|--|-----------|
| Fund balance:                  |  |           |
| Reserved for capital purchases |  | 384,916   |
| Unassigned                     |  | 3,156,480 |

|                    |  |           |
|--------------------|--|-----------|
| Total fund balance |  | 3,541,396 |
|--------------------|--|-----------|

|  |           |                  |
|--|-----------|------------------|
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$</b> | <b>4,523,143</b> |
|--|-----------|------------------|

The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

|  |                    |                        |
|--|--------------------|------------------------|
| Total fund balances - governmental funds   |                    | \$ 3,541,396           |
| <p>In governmental funds, only current assets are reported.<br/>In the statement of net position all assets are reported,<br/>including capital assets and accumulated depreciation.</p> |                    |                        |
| Capital assets at historical cost, net of accumulated depreciation   |                    | 4,530,495              |
| Deferred outflows of resources   |                    | 1,048,365              |
| <p>Long-term liabilities are not due and payable in the current period and, therefore<br/>are not reported in the funds. Those liabilities consist of:</p>                               |                    |                        |
| Accrued compensated absences   | (292,720)          |                        |
| Accrued interest   | (30,886)           |                        |
| Long-term debt   | (2,280,314)        |                        |
| OPEB liability   | (6,020,314)        |                        |
| Net pension liability  | (15,891,296)       |                        |
| Deferred inflows of resources  | <u>(4,359,825)</u> | <u>(28,875,355)</u>    |
| Net position of governmental activities  |                    | <u>\$ (19,755,099)</u> |

The accompanying notes are an integral part of these financial statements

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

**REVENUES**

|                            |                       |
|----------------------------|-----------------------|
| Property taxes             | \$ 7,821,786          |
| Special assessments        | 656,844               |
| Development fees           | 99,290                |
| Plan check fees            | 30,053                |
| Use of money and property  | 6,089                 |
| JPA administrative fee     | 80,000                |
| Charges for services       | 585,814               |
| Intergovernmental revenues | 66,404                |
| Reimbursements             | 465,387               |
| Miscellaneous              | <u>350,938</u>        |
| <br>Total revenues         | <br><u>10,162,605</u> |

**EXPENDITURES**

|                        |                      |
|------------------------|----------------------|
| Current:               |                      |
| Salaries and benefits  | 7,369,699            |
| Services and supplies  | 875,111              |
| Capital outlay         | 126,853              |
| Debt service:          |                      |
| Principal              | 55,610               |
| Interest               | <u>82,057</u>        |
| <br>Total expenditures | <br><u>8,509,330</u> |

**EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES** 1,653,275

**FUND BALANCES, BEGINNING OF YEAR** 1,774,170

**PRIOR PERIOD ADJUSTMENT** 113,951

**FUND BALANCE, END OF YEAR** \$ 3,541,396

The accompanying notes are an integral part of these financial statements



**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

|                             |              |
|-----------------------------|--------------|
| NET CHANGE IN FUND BALANCES | \$ 1,653,275 |
|-----------------------------|--------------|

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

|   |           |
|---|-----------|
| Capital outlay expenditures are therefore added back to fund balances | 126,853   |
| Depreciation expense not reported in governmental funds               | (426,523) |

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but deferred and amortized throughout the period during which the related debt is outstanding in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

|   |           |
|---|-----------|
| Repayment of debt principal is added back to fund balance | 55,610    |
| Accrued interest  | 750       |
| Increase in OPEB liability                                | (581,504) |
| Change in net pension liability                           | 23,777    |

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

|   |            |
|---|------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 852,238 |
|---|------------|

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

In 1991, several fire districts in El Dorado County consolidated into the El Dorado County Fire Protection District (the District) which proudly provides fire protection, rescue, and emergency medical service to the communities of: Apple Hill; Camino; Coloma; Cool; Gold Hill; Kyburz; Lotus; Oak Hill; Pacific House; Pilot Hill; Placerville; Pleasant Valley; Pollock Pines; Salmon Falls; Shingle Springs; Sierra Springs; Silver Fork; Strawberry; Texas Hill; and Twin Bridges; with a population of approximately 74,000 residents within 281 square miles.

The District is located in the California Mother Lode along US Highway 50 between Sacramento and South Lake Tahoe, California, on the Western slope of the Sierra Nevada mountain range. The District begins in the lower foothills near Salmon Falls at an altitude of 500 feet and ends well into the Sierras at Twin Bridges, an elevation of nearly 6,000 feet. The incorporated city of Placerville, protected by the District, is the county seat, situated in the center of the District. It comprises approximately 20 square miles of urban area, while maintaining a small town flair.

The District's mission is dedicated to provide an all risk service to our citizens that results in improved quality of life and peace of mind. As a team, we will strive to minimize loss and suffering through our emergency service delivery, public education and community service activities. We will provide this service with pride, trust and integrity.

To protect this wide diversity, the Fire District is governed by a five-member board of directors. Charged with a \$9.1 million dollar budget, the 78 career personnel and 45 active volunteer firefighters operate from eight staffed and seven volunteer firehouses, protecting over \$3.5 billion in assessed valuation.

New Pronouncements

In February 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are now broken out in five categories:

- **Nonspendable Fund Balance** – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e. – prepaid expenses) or legally or contractually required to be maintained intact.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)**

- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (i.e. – fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

**Basis of Presentation – Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are allocated from the general government activity to the public safety function based on relative percentages or prior year actual operating expenditures. Program revenues include: 1) charges to customers who purchase, use or directly benefit from the goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general expenses.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when reimbursable costs are incurred under the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

Basis of Presentation – Fund Financial Statements

The accounts of the District are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Separate financial statements are provided for each governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, grants, donations and charges for current services. The District uses an availability period of 60 days after year-end. Expenditures under the modified accrual basis of accounting are generally recognized when the related fund liability is incurred.

The District reports the following major governmental fund types:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

Budgets and Budgetary Process

The District operates under the laws of the State of California. The Board of Directors adopts a General Fund budget only, which can be amended by the Board during the fiscal year. All appropriations lapse at year end.

The budgeted financial statements represented in these reports reflect the final budget authorizations including all amendments.

Board of Directors

There are five members of the board. Each member of the board is a resident and registered voter of the District and is an elected representative of the general public.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Fund Balance

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent current management plans.

Revenue

Revenue to finance the District's operation is derived from the County property tax bills. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments, on April 10 and December 10. Unsecured property taxes are payable in one installment on or before August 31.

Property Taxes and Special Assessments

Secured property taxes are considered measurable and available when apportioned to the District. The County is responsible for assessing and collecting secured property taxes for the District in accordance with enabling state legislation (including appropriation limits). The County apportions secured taxes to the District under the "Tecter Plan" – California Revenue and Taxation Code Sections 4701-4717. A complex allocation formula is used to distribute levied secured taxes to the County and its districts. The levy date is July 1. The District is credited with 100 percent of its apportionments, regardless of the actual collections and delinquencies and

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

accordingly, penalties and interest collected by the County are not allocated to the District. Apportionments are distributed according to the following schedule:

| <u>Action</u>                 | <u>Date</u>    | <u>Percent</u> |
|-------------------------------|----------------|----------------|
| 1st Apportionment             | By December 25 | 55 Percent     |
| 2 <sup>nd</sup> Apportionment | By April 25    | 40 Percent     |
| 3 <sup>rd</sup> Apportionment | By June 25     | 5 Percent      |

Supplemental unsecured property taxes and special assessments are considered measurable and available when collected. The District assesses supplemental unsecured property taxes and special assessments on real property. These assessments are not based on property values but on usage and are levied by parcel, square footage, dwelling unit, and/or space in accordance with Proposition 218. The assessments are remitted to the County for collection with the secured property tax billings. The County deposits collections in the District's County Treasury account. The County does not maintain separate accounts receivable by year but remits any past due amounts upon allocation.

**Property, Plant and Equipment**

Fixed assets are recorded at actual cost or estimated historical cost if actual cost is not available. Assets costing \$1,000 or more and with an expected life of 5 years or more are capitalized. Donated fixed assets are valued at donation date at the estimated fair market value. When actual cost is not available, estimated costs are made by knowledgeable personnel. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Fixed assets of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------|--------------|
| Building      | 10-45        |
| Equipment     | 1-40         |
| Vehicles      | 5-20         |

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

Compensated Absences

An employee accumulates vacation time in accordance with the employee's respective "Memorandum of Understanding". The amount of vacation and sick time vested and accrued depends on years of service, employee classification, and date of hire. Vacation vested may be accumulated up to various maximum hours and is paid in full upon termination or retirement. Employees may convert unused sick time towards PERS years of service upon retirement.

Allowance for Doubtful Accounts

Management believes its accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

Implementation of New Accounting Principles

The following Governmental Accounting Standards Board (GASB) Statements were implemented during the 2015 fiscal year:

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27 – The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

**NOTE 2: CASH AND INVESTMENTS**

Cash at June 30, 2015, consisted of the following:

|                         | <u>Cost</u>         | <u>Fair Value</u>   |
|-------------------------|---------------------|---------------------|
| Pooled Funds:           |                     |                     |
| Cash in County Treasury | <u>\$ 4,309,185</u> | <u>\$ 4,309,185</u> |
| Total Funds             | <u>\$ 4,309,185</u> | <u>\$ 4,309,185</u> |

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 2: CASH AND INVESTMENTS – (continued)**

Authorized Investments

California statutes authorize the District to invest idle or surplus funds in a variety of credit instruments as provided for in California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in the following instruments:

- Securities of the United States Government, or its agencies
- Small Business Administration loans
- Certificates of Deposit (or Time Deposits) placed with commercial banks
- Negotiable Certificates of Deposit
- Banker's Acceptances
- Commercial paper and medium-term corporate notes
- Local Agency Investment Fund (State Pool and County Pool) Deposits
- County Cash Pool

Investments

The District has adopted provisions of Governmental Accounting Standards Board (GASB) 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools."* GASB 31 establishes accounting and financial standards for investments in interest-earning investment contracts, external investment pools, and mutual funds. The statement requires all applicable investments to be reported at fair value on the balance sheet. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced sale. All investment income, including changes in fair market value of investments, is recognized as revenue in the operating statement.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The bank certificates of deposits held by the District are all under eighteen months in maturity and are non-negotiable and, thus, have a guaranteed face value.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Generally, this is measured by the assignment of a rating by a nationally recognized statistical rating organization.



**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 3: CAPITAL ASSETS**

The following changes in the capital assets occurred during the year:

|  | Balance<br>June 30, 2014 | Additions    | Disposals | Balance<br>June 30, 2015 |
|--|--------------------------|--------------|-----------|--------------------------|
| Capital assets, not being depreciated:       |                          |              |           |                          |
| Land   | \$ 95,588                | \$ -         | \$ -      | \$ 95,588                |
| Total capital assets, not being depreciated: | 95,588                   | -            | -         | 95,588                   |
| Capital assets, being depreciated:           |                          |              |           |                          |
| Buildings and improvements                   | 4,102,005                | 41,815       | -         | 4,143,820                |
| Equipment                                    | 7,360,489                | 85,038       | -         | 7,445,527                |
| Total capital assets, being depreciated:     | 11,462,494               | 126,853      | -         | 11,589,347               |
| Total accumulated depreciation               | (6,727,917)              | (426,523)    | -         | (7,154,440)              |
| Total capital assets being depreciated, net  | 4,734,577                | (299,670)    | -         | 4,434,907                |
| Governmental activities capital assets, net  | \$ 4,830,165             | \$ (299,670) | \$ -      | \$ 4,530,495             |

Total depreciation expense for the year was \$426,523, all charged to the public safety function.

**NOTE 4: PENSION PLANS**

**Plan Description**

Qualified employees are covered under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4: PENSION PLANS – (continued)**

Regulatory Change

Assembly Bill 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013. This act changes the safety plan from its current 3% at age 50 attributes to a 2.7% at age 57 plan. This will impact employees hired on or after January 1, 2013. The initial contribution rate for this plan is 20.742% of reportable compensation.

Funding Policy

The contribution requirements of the plan members are established by state statute. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the contribution rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2014-2015 was 37.112% of annual payroll for safety employees and 23.372% of annual payroll for miscellaneous employees.

At June 30, 2015, the District reported a liability of \$15,891,296 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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 Pension Plan participants, which was actuarially determined.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$1,024,588 in its Government-Wide Financial Statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 4: PENSION PLANS – (continued)**

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate/Rate of Return – 7.5%, net of investment expense
- Inflation Rate – 2.75%
- Salary increases – Varies by Entry Age and Service
- COLA Increases – up to 2.75%
- Post-Retirement Mortality – Derived using CalPERS' Membership Data for all Funds

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2013. The long-term expected rate of return on pension plan investments (7.5%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class                   | Target Allocation | Long-term Expected Real Rate of Return |
|-------------------------------|-------------------|--|
| Global Equity                 | 47.0%             | 5.71%                                  |
| Global Fixed Income           | 19.0%             | 2.43%                                  |
| Inflation Sensitive           | 6.0%              | 3.36%                                  |
| Private Equity                | 12.0%             | 6.95%                                  |
| Real Estate                   | 11.0%             | 5.13%                                  |
| Infrastructure and Forestland | 3.0%              | 5.09%                                  |
| Liquidity                     | 2.0%              | (1.05)%                                |

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 4: PENSION PLANS – (continued)**

Actuarial Assumptions

District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

|  | 1% Decrease<br>6.50% | Discount Rate<br>7.5% | 1% Increase<br>8.5% |
|--|----------------------|-----------------------|---------------------|
| District's proportionate share of the net pension plan liability | \$ 26,264,784        | \$ 15,891,296         | \$ 7,342,430        |

Detailed information about the pension fund's fiduciary net position is available in the separately issued CALPERS comprehensive annual financial report which may be obtained by contacting PERS.

**NOTE 5: LONG-TERM DEBT**

Changes in Long-Term Debt are summarized below:

|                       | Balance<br>June 30, 2014 | Additions  | Reductions   | Adjustments  | Balance<br>June 30, 2015 |
|-----------------------|--------------------------|------------|--------------|--------------|--------------------------|
| Compensated absences  | \$ 357,720               | \$ -       | \$ 65,000    | \$ -         | \$ 292,720               |
| OPEB liability        | 5,438,810                | 581,504    | -            | -            | 6,020,314                |
| Accrued interest      | 31,636                   | 30,886     | 31,636       | -            | 30,886                   |
| Long-term debt        | 2,335,924                | -          | 55,610       | -            | 2,280,314                |
| Net pension liability | -                        | -          | 4,468,150    | 20,359,446   | 15,891,296               |
| Total                 | \$ 8,164,090             | \$ 612,390 | \$ 4,620,396 | \$20,359,446 | \$ 24,515,530            |

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 5: LONG-TERM DEBT – (continued)**

Long-Term Debt interest paid for the year was \$82,056.

The District entered into a Capital Lease agreement dated September 1, 2012 with the California Infrastructure and Economic Development Bank (CIEDB) to provide funds for the acquisition and construction of major capital facilities in an amount totaling \$2,500,000. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has also been recorded at the present value of the future minimum lease payments in the statement of net position.

Collateral for the lease are the lease payments made by the district to the Finance Corporation for the use of the existing facilities. The future minimum lease obligations and the net present value of those minimum lease payments as of June 30, 2015 are as follows:

**Fiscal year ending June 30,**

|                        |    |              |
|------------------------|----|--------------|
| 2016                   | \$ | 130,608      |
| 2017                   |    | 130,577      |
| 2018                   |    | 130,545      |
| 2019                   |    | 130,514      |
| 2020                   |    | 130,481      |
| 2021-2025              |    | 651,785      |
| 2026-2030              |    | 650,858      |
| 2031-2035              |    | 649,678      |
| 2036-2040              |    | 648,295      |
| 2041                   |    | 129,471      |
| Total future payments  |    | 3,382,812    |
| Less: Interest portion |    | (1,102,498)  |
| Total Due              |    | \$ 2,280,314 |

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 6: OPERATING LEASES**

The District is committed under various non-cancelable operating leases, primarily for equipment. Future minimum operating lease commitments are as follows:

| <u>Year ending June 30,</u> |                  |
|-----------------------------|------------------|
| 2016                        | \$ 13,983        |
| 2017                        | 14,042           |
| 2018                        | 12,010           |
| 2019                        | 11,604           |
| 2020                        | <u>10,637</u>    |
| Total                       | <u>\$ 62,277</u> |

Rent expenses totaled \$18,774 for the year ended June 30, 2015.

**NOTE 7: DEVELOPMENT FEES**

On November 18, 1998, the Board of Directors adopted Resolution 98-11 establishing the development fees for the District. The use of these funds is restricted solely for financing public facilities and equipment necessary to serve new developments.

Activities of the development fees reserved for 2014-2015 is as follows:

|                                |                   |
|--------------------------------|-------------------|
| Balance, July 1, 2014          | \$ 318,000        |
| Development fees collected     | 99,290            |
| Transfer out                   | (33,256)          |
| Interest apportioned by county | <u>882</u>        |
| Balance, June 30, 2015         | <u>\$ 384,916</u> |

**NOTE 8: JPA**

The District is a member agency of a Joint Powers Authority, the El Dorado County Regional Pre-hospital Emergency Services Operations Authority that was formed in 1997, for the purpose of providing pre-hospital emergency medical service and emergency dispatch service for the west-slope of El Dorado County.

Other member agencies are, Cameron Park Community Services District/Fire Department, Diamond Springs/El Dorado Fire Protection District, El Dorado Hills County Water District/Fire Department, Garden Valley Fire Protection District,

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 8:**     **JPA** -- (continued)

Georgetown Fire Protection District, Latrobe Fire Protection District, Mosquito Fire Protection District, Pioneer Fire Protection District and Rescue Fire Protection District.

The District is fully reimbursed for all authorized costs incurred in the furtherance of the contract. In addition, the District realizes revenue as the result of administering the twenty-eight employees who operate the ambulances in the JPA.

**NOTE 9:**     **RISK OF LOSS**

El Dorado County Fire Protection District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, and injuries to employees. During the 2015 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

**NOTE 10:**    **POST-RETIREMENT BENEFITS**

*Plan Description*

The District provides post-employment health care benefits to certain employees who are eligible to retire with PERS and have completed a minimum of 5 years of employment with the District.

*Funding Policy*

The required contribution is based on projected pay-as-you-go financing requirements, with an amount of funding the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2015, the District contributed only for pay-as-you-go in the amount of \$789,666.

*Annual OPEB Cost and Net OPEB Obligation*

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10: POST-RETIREMENT BENEFITS – (continued)**

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

|   |                         |
|---|-------------------------|
| Annual required contribution                | \$ 1,371,170            |
| Contributions made                          | <u>(789,666)</u>        |
| <br>Increase in net OPEB obligation         | <br>581,504             |
| <br>Net OPEB obligation – beginning of year | <br>5,438,810           |
| <br>Net OPEB obligation -- end of year      | <br><u>\$ 6,020,314</u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 is as follows:

| <u>Fiscal Year<br/>Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage<br/>of Annual<br/>OPEB Cost<br/>Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|------------------------------|-----------------------------|---|--------------------------------|
| June 30, 2013                | \$ 1,335,805                | 56.99%  | \$4,866,686                    |
| June 30, 2014                | \$ 1,312,462                | 56.41%  | \$5,438,810                    |
| June 30, 2015                | \$ 1,371,170                | 57.59%  | \$6,020,314                    |

*Funded Status and Funding Process*

As of July 1, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$19,597,708, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,610,677 and the ratio of the UAAL to the covered payroll was 349.30 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.



**EL DORADO COUNTY FIRE PROTECTION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**NOTE 10: POST-RETIREMENT BENEFITS -- (continued)**

*Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% discount (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate at 5-9 percent. An inflation rate of 3.25% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was twenty-five years.

**NOTE 11: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Pursuant to GASB Statement No. 63, the District recognized deferred outflows of resources in the Government-Wide and Proprietary Fund Statements. These items are a consumption of net position by the District that is applicable to a future reporting period.

The District has one item that is reportable on the Government-wide Statement of Net Position as Deferred Outflows of Resources which is related to pensions. The sum total is \$1,048,365.

The District also recognized deferral inflows of resources in the Government-Wide Financial Statements. This is an acquisition of net position by the District that is applicable to a future reporting period. The District has one item related to pensions that is captured as a deferred inflow of resources. The sum total at year-end was \$4,359,825.

Under the modified accrual basis of accounting, it is not enough that revenue is earned; it must also be available to finance expenditures of the current period. Governmental funds will therefore include deferred inflows of resources for amounts that have been earned but are not available to finance expenditures in the current period.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 11: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES – (continued)**

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$1,048,365 was reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-end June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>       |
|-----------------------------|---------------------|
| 2016                        | \$ 1,102,534        |
| 2017                        | 1,102,534           |
| 2018                        | 1,094,151           |
| 2019                        | 1,060,606           |
| Total                       | <u>\$ 4,359,825</u> |

**NOTE 12: PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was recorded in the Government-Wide Financial Statements in an amount totaling \$19,112,582 to decrease the beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

**NOTE 13: SUBSEQUENT EVENTS**

Subsequent events have been reviewed through March 10, 2016, the date the financial statements were available for issuance. Since year-end, the District has received a FEMA Grant to purchase a new water tender and five new engines, which include 2 type III engines and 3 type I engines.

**SUPPLEMENTARY DATA**

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
PRINCIPAL OFFICIALS**

Board of Directors:

|                 |            |
|-----------------|------------|
| Dennis Thomas   | Chair      |
| Mark Brunton    | Vice Chair |
| Chris Swarbrick | Director   |
| Bill Draper     | Director   |
| Tara Mason      | Director   |

Operations:

|               |            |
|---------------|------------|
| Michael Hardy | Fire Chief |
|---------------|------------|

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
JUNE 30, 2015**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Valuation<br>of<br>Assets<br>(a) | Actuarial<br>Valued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL<br>as a %<br>of<br>Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|---|--|------------------------------------|--------------------------|---------------------------|---|
| 1/1/2009                       | \$ -  | \$19,107,000                                     | \$19,107,000                       | 0.0%                     | \$5,857,500               | 326.19%   |
| 1/1/2012                       | \$ -  | \$19,597,708                                     | \$19,597,708                       | 0.0%                     | \$5,610,677               | 349.30%   |

1. This information is intended to help users assess the OPEB funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

|                              | <u>Budgeted Amounts</u> |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------|-------------------------|---------------------|---------------------|---|
|                              | <u>Original</u>         | <u>Final</u>        | <u>Actual</u>       |   |
| <b>REVENUES</b>              |                         |                     |                     |   |
| Property taxes               | \$ 7,492,106            | \$ 7,492,106        | \$ 7,821,786        | \$ 329,680  |
| Special assessments          | 786,106                 | 786,106             | 656,844             | (129,262)   |
| Development fees             | -                       | -                   | 99,290              | 99,290  |
| Plan check fees              | 25,000                  | 25,000              | 30,053              | 5,053   |
| Use of money and property    | -                       | -                   | 6,089               | 6,089   |
| JPA administrative fee       | 85,000                  | 85,000              | 80,000              | (5,000)   |
| Charges for services         | 574,327                 | 574,327             | 585,814             | 11,487  |
| Intergovernmental revenues   | -                       | -                   | 66,404              | 66,404  |
| Reimbursements               | 272,231                 | 272,231             | 465,387             | 193,156   |
| Miscellaneous                | 287,552                 | 287,552             | 350,938             | 63,386  |
|                              | <u>9,522,322</u>        | <u>9,522,322</u>    | <u>10,162,605</u>   | <u>640,283</u>  |
| <b>EXPENDITURES</b>          |                         |                     |                     |   |
| Current:                     |                         |                     |                     |   |
| Salaries and benefits        | 7,494,789               | 7,494,789           | 7,369,699           | 125,090   |
| Services and supplies        | 813,095                 | 813,095             | 875,111             | (62,016)  |
| Capital outlay               | 40,750                  | 40,750              | 126,853             | (86,103)  |
| Debt service:                |                         |                     |                     |   |
| Principal                    | 99,204                  | 99,204              | 55,610              | 43,594  |
| Interest                     | 38,836                  | 38,836              | 82,057              | (43,221)  |
|                              | <u>\$ 8,486,674</u>     | <u>\$ 8,486,674</u> | <u>8,509,330</u>    | <u>\$ (22,656)</u>                                      |
| Net changes in fund balances |                         |                     | <u>\$ 1,653,275</u> |   |

**EL DORADO COUNTY FIRE PROTECTION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
JUNE 30, 2015**

El Dorado County Fire Protection District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years\*:

|   | <u>FY 2014</u> |
|---|----------------|
| District’s proportion of the net pension liability  | Varies by plan |
| District’s proportionate share of the net pension liability   | \$ 15,891,296  |
| District’s covered employee payroll   | 6,243,562      |
| District’s proportionate share of the net pension liability as a percentage of its covered-employee payroll | 254.52%        |
| Plan Fiduciary net position as a percentage of the total pension liability                                  | 79.49%         |

\*Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

**CALPERS - Schedule of District contributions**

Last 10 Fiscal Years\*:

|   | <u>FY 2014</u> |
|---|----------------|
| Actuarially determined contribution                       | \$ 1,024,588   |
| Total actual contributions                                | (1,024,588)    |
| Contribution deficiency (excess)                          | \$ -           |
| <br>  |                |
| District’s covered-employee payroll                       | \$ 6,243,562   |
| Contributions as a percentage of covered employee payroll | 16.41%         |