

**EL DORADO HILLS COUNTY WATER DISTRICT  
(dba EL DORADO HILLS FIRE DEPARTMENT)**

---

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2015**

**ROBERT W. JOHNSON**  
Certified Public Accountant

## CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Financial Statements:	
Statement of Net Position and Governmental Fund Balance Sheet	7
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances	8
Statement of Revenues and Expenditures - Compared to Budget	9-10
Notes to Financial Statements	11-29
Supplemental Information:	
Principal Officials	31
Schedule of Funding Progress of Other Postemployment Benefits Plan	32
Schedule of the District's Proportionate Share of the Net Pension Liability	33
Schedule of Contributions for Pensions	34

# **ROBERT W. JOHNSON**

**An Accountancy Corporation  
Certified Public Accountant**

6234 BIRDCAGE STREET • CITRUS HEIGHTS, CA 95610-5949 • (916) 723-2555

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
El Dorado Hills Fire Department  
El Dorado Hills, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of El Dorado Hills Fire Department, as of and for the year ended June 30, 2015, as listed in the table of contents, and the related notes to the financial statements.

### **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 an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Dorado Hills Fire Department as of June 30, 2015, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

## **Other Matters**

### *Required Supplementary Information*

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes 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 relates 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, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Robert W. Johnson, An Accountancy Corporation*

Citrus Heights, California  
October 15, 2015



## **Management's Discussion and Analysis (MD&A)**

As management of the El Dorado Hills County Water District (Fire Department) we offer this Management Discussion and Analysis Report as an overview and analysis of the financial activities of the Fire Department for the fiscal year ended June 30, 2015.

Our discussion and analysis of the Fire Department provides the reader with an overview of the District's financial position and performance. The MD&A describes the significant changes from the prior year that occurred in general operations and discusses the activities during the year for capital assets. The discussion concludes with a description of currently known facts, decisions and conditions that are expected to impact the financial position of the District's operations. We encourage the reader to consider the information presented here in conjunction with the additional information furnished in our annual financial report including the financial statements and notes to the financial statements.

### **Background**

The El Dorado Hills County Water District (Fire Department) is a Special District established in 1963. The District provides fire and emergency medical services to the communities of El Dorado Hills and Latrobe totaling approximately 58,500 acres.

### **Financial Reporting**

The Fire Department maintains its accounts in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The Fire Department is mostly financed from property tax collected and distributed by the County of El Dorado.

### **Investment Policies and Procedures**

The Board reviews the investment policy periodically. The Board is invested mostly with the State of California Local Agency Investment Fund and minimally with the El Dorado County Treasury.

### **Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position**

The balance sheets include all of the Fire Department's assets and liabilities, using the accrual basis of accounting, as well as information about which assets can be utilized for general purposes, and which assets are restricted by other commitments. The statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated.

**Summary of Financial Position and Changes in Net Position as of and  
for the years ended June 30, 2015 and June 30, 2014**

<b>Assets and Deferred Outflows</b>	<b>2014-2015</b>	<b>2013-2014</b>
Cash	21,173,222	22,152,003
Accounts Receivable	530,686	207,057
Capital Assets	31,040,306	27,055,677
Less, accumulated depreciation	(8,517,657)	(7,881,672)
Deferred Outflows	2,109,192	
Total Assets and Deferred Outflows	46,335,749	41,533,065
<b>Liabilities and Deferred Inflows</b>		
Accounts Payable	777,399	76,036
Accrued employee benefits payable	388,613	359,982
Accrued vacation and sick leave benefits	1,259,991	1,222,530
Net Pension Liability	10,374,901	
Deferred Inflows	3,217,735	
Total Liabilities and Deferred Inflows	16,018,639	1,658,548
<b>Fund Balance / Net Position</b>		
Invested in Capital Assets	22,522,649	19,174,005
Reserved	2,927,126	2,399,629
Unreserved	4,867,335	18,300,883
Total Fund Balances	30,317,110	39,874,517
Total Liabilities, Deferred Inflows and Fund Balances	46,335,749	41,533,065
<b>Revenue, Expenses and Changes in Net Position</b>		
Operating Revenues	17,138,631	14,547,681
Operating Expenses	15,004,534	14,088,796
Operating Income/Increase in Net Position	2,134,097	458,885
Prior Period Adjustment, Net Pension Liability	(12,466,703)	
Annexation of Latrobe FPD	775,199	
Net Position, beginning of year	39,874,517	39,415,632
Net Position, end of year	30,317,110	39,874,517

## **Management's Discussion and Analysis as of and for the Year Ended June 30, 2015**

### **Assets - Cash and Accounts Receivable**

During the year ended June 30, 2015, the District's cash and investments decreased due to increased expenditures relating to the Station 84 rebuild. The District continues to spend conservatively especially with the uncertain economic times.

Accounts Receivable increased from prior year due to the Latrobe Base Revenue Transfer receivable from the county as described in Note 15 to the financial statements.

### **Liabilities, Deferred Inflows and Deferred Outflows**

The District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* in its financial statements for the year ending June 30, 2015. Consistent with the requirements of this standard, the District recognized Deferred Inflows, Deferred Outflows, and the Net Pension Obligation relating to the Defined Benefit Retirement Plans active as of the valuation date of June 30, 2014.

### **Changes in Net Position**

Operating revenues increased about \$2.6 million from prior year, from \$14.5 million to \$17.1 million. This includes a \$1.6 million increase to property tax revenue, a 12.6% increase from the previous year. Approximately \$337,500 of this increase is attributable to the Latrobe annexation. Development fee revenue increased by \$531,890, or 44.1% from the previous year. OES/Mutual Aid reimbursement revenue increased by \$251,000 or 121% from prior year.

Operating expenses increased by about \$915,738 from prior year. Wages and Benefits increased by approximately \$1.1 million, or 8.9%. This calculation does not include the purchase of capital assets.

- The majority of the annual revenue is generated from property taxes. The total property tax revenue for 2013/14 was \$12,407,577 and for 2014/15 was \$13,969,063, a 12.6% increase over the previous year. This increase includes \$337,482 for Latrobe. The remaining increase is primarily in secured tax revenue, which is reflective of growth and increasing property values in the community
- The JPA contributed \$755,805 in revenue for the ambulance contract. This amount is consistent with prior year.
- The total revenue received from development fees was \$1,741,799, a 41% increase over the \$1,234,108 received in the prior year. This year the development fee was used to pay for a portion of the cost to rebuild Station 84.
- The total revenue received from Interest on all accounts was \$50,652. The District earned an average of 0.25% on our cash accounts this past year.
- At the end of the current fiscal year, the Unassigned General Fund balance (including Development Fee reimbursement receivable for 2014-15 activity totaling \$1,735,202) is \$13,840,847, which is approximately 89% of the annual normal operating expenses.

- The District also maintains a Capital Reserve Fund which has a balance of \$4,245,134 as of June 30, 2015. There were no contributions to this fund this fiscal year. Operating vehicles, fire equipment and station building improvements were paid for from this fund at a cost of \$584,497.

### **Capital Assets**

The District purchased fixed assets totaling \$4,709,792 in 2014/15. This includes \$3,616,861 in expenditures for the Station 84 rebuild which was still in progress as of 6/30/2015 and \$515,599 in assets acquired in the Latrobe annexation. Two First Responder vehicles and one Type VI patrol vehicle were also purchased in 2014/15, as well as replacement structure turnouts and other operating and office equipment.

All the capital assets are valued at actual historical cost. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets with a value of \$5,000 or more are recorded as capital assets. All capital assets are depreciated over their estimated useful lives, using the straight-line method.

### **General Revenues**

The primary source of revenue for the operation of the District is generated through the collection of secured, unsecured, and supplemental property taxes. The total assessed value of the District increased 8.9% in 2014/15.

Development fee revenue increased by 41% compared to prior year. This increase in development indicates further increases to property tax revenues in future years.

### **Economic Outlook**

The District's financial position continues to be adequate. Financial planning is based on specific assumptions from recent trends in real property values, new commercial and residential development, economic forecasts and historical growth patterns in the foothills.

The economic condition of the El Dorado Hills County Water District (Fire Department) as it appears on the balance sheet reflects financial stability. The District is encouraged with the increase in building and development throughout its boundaries. The District will continue to maintain a watchful eye over expenditures and remain committed to sound fiscal management practices to deliver the highest quality service to the citizens of the area.

### **Contacting the District's Financial Management**

The Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances. Questions about this report should be directed to Jessica Braddock, Director of Finance, El Dorado Hills Fire Department, 1050 Wilson Blvd., El Dorado Hills, California, 95762.



EL DORADO HILLS FIRE DEPARTMENT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET  
June 30, 2015

ASSETS AND DEFERRED OUTFLOWS	General Fund	Adjustments	Statement of Net Position
Cash (Note 3)	\$21,173,222	\$ -	\$ 21,173,222
Accounts receivable - Latrobe (Note 15)	258,301	-	258,301
Accounts receivable - other	272,385	-	272,385
Capital assets (Note 4)	-	31,040,306	31,040,306
Less, accumulated depreciation	<u>-</u>	<u>( 8,517,657)</u>	<u>( 8,517,657)</u>
Total assets	<u>21,703,908</u>	<u>22,522,649</u>	<u>44,226,557</u>
DEFERRED OUTFLOWS	<u>-</u>	<u>2,109,192</u>	<u>2,109,192</u>
Total assets and deferred outflows	<u>\$21,703,908</u>	<u>\$ 24,631,841</u>	<u>\$ 46,335,749</u>
LIABILITIES AND DEFERRED INFLOWS			
Accounts payable	\$ 777,399	\$ -	\$ 777,399
Accrued employee benefits payable	388,613	-	388,613
Accrued vacation and sick leave benefits	1,259,991	-	1,259,991
Weed abatement deposits	-	-	-
Net pension liability (Note 6)	<u>-</u>	<u>10,374,901</u>	<u>10,374,901</u>
Total liabilities	<u>2,426,003</u>	<u>10,374,901</u>	<u>12,800,904</u>
DEFERRED INFLOWS	<u>-</u>	<u>3,217,735</u>	<u>3,217,735</u>
FUND BALANCES/NET POSITION			
Fund balances (Note 9):			
Restricted	2,927,126	( 2,927,126)	-
Committed	4,245,134	( 4,245,134)	-
Unassigned	<u>12,105,645</u>	<u>(12,105,645)</u>	<u>-</u>
Total fund balances	<u>19,277,905</u>	<u>(19,277,905)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$21,703,908</u>		
Net position (Note 9):			
Net investment in capital assets		22,522,649	22,522,649
Restricted		2,927,126	2,927,126
Unrestricted		<u>4,867,335</u>	<u>4,867,335</u>
		<u>\$ 30,317,110</u>	<u>\$ 30,317,110</u>

See notes to financial statements

EL DORADO HILLS FIRE DEPARTMENT  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
for the year ended June 30, 2015

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Program expenditures/expenses:			
Public protection	\$14,082,900	\$( 983,259)	\$13,099,641
Support services	543,745	-	543,745
Capital outlay	4,194,193	(4,194,193)	-
Depreciation	-	879,123	879,123
Loss on disposal of equipment	<u>-</u>	<u>482,025</u>	<u>482,025</u>
Total program expenditures/expenses	<u>18,820,838</u>	<u>(3,816,304)</u>	<u>15,004,534</u>
Program revenues:			
OES/Mutual Aid reimburse	458,024	-	458,024
JPA revenue	<u>755,805</u>	<u>-</u>	<u>755,805</u>
Total program revenues	<u>1,213,829</u>	<u>-</u>	<u>1,213,829</u>
General revenues:			
Tax revenue	13,631,581	-	13,631,581
Latrobe tax revenue	337,482	-	337,482
Development fees	1,737,512	-	1,737,512
Interest income	50,652	-	50,652
Grant revenue	-	-	-
Contributions	-	-	-
Cell site rental	23,592	-	23,592
Other	<u>143,983</u>	<u>-</u>	<u>143,983</u>
Total general revenues	<u>15,924,802</u>	<u>-</u>	<u>15,924,802</u>
Excess of revenues (expenditures)/ changes in net position	( 1,682,207)	3,816,304	2,134,097
Fund balances/net position:			
Beginning	20,700,512	19,174,005	39,874,517
Prior period adjustment (Note 14)	-	(12,466,703)	(12,466,703)
Annexation of Latrobe Fire Protection District (Note 13)	<u>259,600</u>	<u>515,599</u>	<u>775,199</u>
Ending	<u>\$19,277,905</u>	<u>\$11,039,205</u>	<u>\$30,317,110</u>

See notes to financial statements

EL DORADO HILLS FIRE DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES  
COMPARED TO BUDGET  
for the year ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Favorable/ (Unfavorable) Variance</u>
Revenues:			
Tax revenue	\$13,408,140	\$13,631,581	\$ 223,441
Development fees	1,075,000	1,737,512	662,512
OES/Mutual Aid reimburse	250,000	458,024	208,024
JPA revenue	750,000	755,805	5,805
Latrobe tax revenue	341,866	337,482	( 4,384)
Interest income	40,000	50,652	10,652
Grant revenue	-	-	-
Contributions	-	-	-
Cell site rental	23,250	23,592	342
Other	<u>101,750</u>	<u>143,983</u>	<u>42,233</u>
Total revenues	<u>15,990,006</u>	<u>17,138,631</u>	<u>1,148,625</u>
Expenditures:			
Salaries	6,459,560	5,972,166	487,394
Overtime	1,825,000	1,982,546	( 157,546)
Volunteer pay	75,000	56,330	18,670
Director pay	16,000	16,900	( 900)
Other compensation	25,000	81,912	( 56,912)
Retirement	2,341,839	2,103,266	238,573
Medicare	129,372	114,992	14,380
Other benefits	2,781,934	2,782,689	( 755)
Clothing and personal supplies	85,050	90,602	( 5,552)
Communications	121,780	102,831	18,949
Housekeeping	22,575	21,854	721
Insurance	65,000	58,936	6,064
Maintenance – equipment	268,790	278,266	( 9,476)
– structures	51,440	75,319	( 23,879)
Medical supplies	1,500	760	740
Memberships	8,105	7,447	658
Miscellaneous	12,900	8,108	4,792
Office supplies	19,250	18,812	438

(continued)  
See notes to financial statements  
-9-

EL DORADO HILLS FIRE DEPARTMENT  
STATEMENT OF REVENUES AND EXPENDITURES, continued  
COMPARED TO BUDGET  
for the year ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Favorable/ (Unfavorable) <u>Variance</u>
Expenditures (continued):			
Professional services	\$ 466,330	\$ 452,515	\$ 13,815
Rents and leases	106,554	106,657	( 103)
Small tools	42,800	34,234	8,566
Special departmental expenses	101,350	84,751	16,599
Transportation and travel	123,550	90,545	33,005
Utilities	104,600	84,207	20,393
Fixed asset additions	6,805,850	4,194,193	2,611,657
Contingency	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>22,061,129</u>	 <u>18,820,838</u>	 <u>3,240,291</u>
 Excess of revenues/ (expenditures)	 <u>\$( 6,071,123)</u>	 <u>\$( 1,682,207)</u>	 <u>\$ 4,388,916</u>

See notes to financial statements

## EL DORADO HILLS FIRE DEPARTMENT NOTES TO FINANCIAL STATEMENTS

### 1. Organization:

In 1963 the Fire Department was established under the El Dorado Hills County Water District. After ten years the citizens of El Dorado Hills voted to have the water and sewer systems operated by El Dorado Irrigation District; therefore leaving only fire protection under the direction of the County Water District Board.

The District's financial and administrative functions are governed by a five member Board of Directors elected by the voting population within the District.

El Dorado Hills County Water District, "the District", operates four fire stations, employs 60 full-time employees and has approximately 35 volunteers. The District provides emergency medical services, rescue, fire suppression, and other public services as needed. The District is a member of the El Dorado County Emergency Services Authority, which also provides advanced life support and ambulance transport within the County.

In 2014 the District annexed Latrobe FPD. With this annexation the District has expanded from 30,000 acres to 58,500 acres with over 15,000 homes and an estimated population of 45,000. Commercial development includes a 900-acre business park, a 260-acre town center, three grocery stores, and a Target. The total commercial square feet in the District is approximately 4,600,000.

The District's purpose, vision, and mission are as follows:

#### Purpose

To project the growth of the community and Fire Department and to establish a financial and operational plan to meet the emergency response needs of the community.

#### Vision

The vision of the El Dorado Hills Fire Department is that, by year 2017, the Department will pursue, attain and retain international accreditation and be recognized as an agency that provides the delivery of quality, professional emergency services to our Community, meeting and exceeding industry best practices. Through the pursuit and achievement of our goals, we will demonstrate continuous improvement in enhancing the services that our Community trusts us to provide.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

1. Organization, continued:

Vision, continued

In honoring our Community's trust, and with capable administrative support, we will be well trained and properly equipped to deliver all departmental programs and services promptly and efficiently. Through enhanced communications initiatives internally, and through expanded and improved Community outreach externally, we will connect respectfully with all stakeholders. We recognize both the importance and our interdependence with other agencies for the successful accomplishment of our mission and therefore, we will take action to foster improvement in our external systems relations.

With a comprehensive workforce planning initiative, and with enhanced and improved employee training programs, we will invest in our greatest organizational assets, to ensure that our workforce is appropriately staffed and professionally developed to most effectively accomplish our mission.

Through these efforts, we shall be viewed as an emergency services agency that clearly values integrity, service and excellence as a culture central to our success. Our Community's expectations will be met or exceeded by holding one another accountable for carrying out our mission, living our values, and ensuring that this vision becomes reality.

Mission

We, the El Dorado Hills Fire Department, exist to serve and protect the Community through emergency management.

2. Summary of Significant Accounting Policies:

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing GAAP for state and local government organizations. The District's significant accounting policies are described below.

Measurement Focus and Basis of Accounting

The District reports a *General Fund* that is used to account for all financial resources except those required or designated by the Board of Directors to be accounted for in another fund.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Measurement Focus and Basis of Accounting, continued

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 at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues to be available if they are collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues that are accrued include property taxes, interest income, and charges for current services. Revenues that are not accrued include permits and fines, forfeitures, and penalties, if applicable. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital assets are reported as expenditures in governmental funds. Proceeds of general long-term and capital assets are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Amortization of assets acquired under capital lease is included in depreciation. Structures and equipment are depreciated using the straight-line method over their estimated useful lives, which range from five to forty years.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Budgets

In accordance with the provisions of Sections 13901 through 13906 of the California Health & Safety Code and other statutory provisions, commonly known as the Budget Act, the District prepares and legally adopts a final balanced budget for each fiscal year.

Compensated Absences

Vested or accumulated vacation and sick leave that are expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability.

Cash

The District maintains cash balances with the Treasurer of El Dorado County in an interest-bearing pooled investment account. The District's operating cash is held in a bank. The principal amount of District cash is invested with LAIF, a state local agency investment pool. All cash invested is within the State statutes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.



EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies (continued):

Property Taxes

The District receives property taxes from El Dorado County. Property taxes become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are levied on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. Cash:

The District had the following cash balances at June 30, 2015:

Petty cash		\$	100
Cash in bank			501,722
Cash with County:			
General	\$	464,149	
Development fees		2,927,100	
JPA Retiree health benefits		26	
Weed abatement		<u>16,843</u>	
			3,408,118
LAIF			<u>17,263,282</u>
			<u>\$21,173,222</u>

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2015 are as follows:

	Balance, beginning of year	Additions	Latrobe Annexed Additions	Disposals	Balance, end of year
Land	\$ 4,437,512	\$ -	\$ 150,000	\$ -	\$ 4,587,512
Buildings and improvements	14,330,092	65,822	26,286	678,001	13,744,199
Vehicles	4,673,576	255,648	308,815	-	5,238,039
Equipment	<u>3,249,891</u>	<u>255,862</u>	<u>30,498</u>	<u>47,162</u>	<u>3,489,089</u>
	26,691,071	577,332	515,599	725,163	27,058,839
Work in progress:					
Station 84 rebuild	272,848	3,616,861	-	-	3,889,709
Training Facility	<u>91,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,758</u>
	<u>\$27,055,677</u>	<u>\$4,194,193</u>	<u>\$ 515,599</u>	<u>\$ 725,163</u>	<u>\$31,040,306</u>

5. JPA:

The District is a member agency of a joint powers authority, the El Dorado County Emergency Services Authority (JPA), which provides ambulance and other pre-hospital emergency services on the west slope of El Dorado County. There are ten member agencies in total. The governing Board of Directors controls the operations of the JPA. The JPA Board is made up of a Fire Chief from each District. The JPA is independently accountable for its fiscal matters and maintains its own accounting records. Each of the ten member Fire Districts approves the JPA budget and their vote is carried by their Fire Chief to the Board. Separate financial statements for the JPA are available.

The JPA contracts with the District for one medic unit with six employees working shift work. The District is fully reimbursed for all authorized costs incurred in the execution of the Contract.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Defined Benefit Retirement Plan:

A. General Information About the Pension Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The District participates in the miscellaneous 3% at age 50 risk pool (safety) and 3.0% at age 60 risk pool (miscellaneous). Effective on January 1, 2013, in accordance with Public Employees' Pension Reform Act (PEPRA), new employees who meet the definition of new member of CalPERS will have benefit formulas calculated as (safety) 2.7% at age 57 and (miscellaneous) 2% at age 62. The District also instituted a Tier 2 plan with slightly less benefits that would apply to new employees who were members of CalPERS with a different agency.

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. All permanent District employees are eligible to participate in the System. Benefits vest after five years of service. Pre-PEPRA (January 1, 2013 and later hires) District employees who retire at age 50 to 55 and with over 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 3.00 percent of their average salary (safety) during their last highest year of employment, based on years of employment, and 2.00 to 3.00 percent of their average salary for (miscellaneous) employees retiring between age 50 and 60. Employees hired after January 1, 2013 use last highest three years of employment to determine retirement benefit.

A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS executive office, 400 P Street, Sacramento, California, 95814.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Defined Benefit Retirement Plan, continued:

Funding Policy

Covered employees are required by statute to contribute 9 percent (safety) and 8 percent (miscellaneous) of their salary to the plan. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due; however, the employees contribute 3% of the employer's share. The District is required to contribute at an actuarially determined rate. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the years ended June 30, 2015, 2014, 2013 and 2012 were \$2,103,266, \$1,971,986, \$1,983,803 and \$2,018,524 respectively, which were equal to the required contributions each year.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Safety - Classic</u>	<u>Miscellaneous - Classic</u>	<u>PEPRA Safety</u>
Benefit formula	3% @ 50	3% @ 60	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50+	50 to 60+	50-57+
Monthly benefits, as a % of eligible compensation	3%	2.0% to 3.0%	2.0 – 2.7%
Required employee contribution rates	9%	8%	11.50%
Required employer contribution rates	27.85%	16.79%	11.5%

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Defined Benefit Retirement Plan, continued:

**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 a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense were as follows:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
Contributions – employer	\$1,229,839	\$ 60,974	\$ 16
Contributions – employee	\$ 849,061	\$ 38,190	\$ 19,770

**B. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:***

As of June 30, 2015, the District reported net pension liability as follows:

Net pension liability	<u>\$10,374,901</u>
-----------------------	---------------------

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, actuarially determined.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Defined Benefit Retirement Plan, continued:

For the year ended June 30, 2015, the District recognized pension expense of \$1,120,007. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Adjustment due to differences in proportions	\$ 5,926	\$ 69,487
Net differences between projected and actual earnings on pension plan investment	-	3,148,248
Pension contributions subsequent to measurement date	<u>2,103,266</u>	<u>-</u>
	<u>\$2,109,192</u>	<u>\$3,217,735</u>

\$2,109,102 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2015	\$ 809,762
2016	809,762
2017	805,223
2018	787,062
2019	-
Thereafter	-

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Defined Benefit Retirement Plan, continued:

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>PEPRA Safety</u>
Valuation date	June 30, 2013	June 30, 2013	June 30, 2013
Measurement date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method		
Actuarial Assumptions:			
Discount rate	7.5%	7.5%	7.5%
Inflation	2.75%	2.75%	2.75%
Payroll Growth	3.0%	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2%	3.3% - 14.2%	3.3%-14.2%
Investment Rate of Return	7.5%	7.5%	7.5%

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Defined Benefit Retirement Plan, continued:

The long-term expected rate of return on pension plan investments 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.

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 the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	<u>2.0%</u>	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.



EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

6. Defined Benefit Retirement Plan, continued:

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as 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 or 1-percentage point higher than the current rate:

	<u>Safety</u>	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
1% Decrease	6.5%	6.5%	6.5%
Net Pension Liability	\$17,060,509	\$821,165	\$218
Current Discount Rate	7.5%	7.5%	7.5%
Net Pension Liability	\$ 9,913,883	\$460,891	\$127
1% Increase	8.5%	8.5%	8.5%
Net Pension Liability	\$ 4,025,372	\$161,898	\$ 51

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

7. Other Post-Employment Benefits (OPEB):

**Plan Description:** In addition to pension benefits, the District provides certain post-employment health care benefits to eligible retirees and their eligible dependents who retire from the District at age 50 with at least five years of service, or become fully disabled while working. The District provides health benefits to any retiree with a PERS pension, and continues it for surviving spouses. Coverage for dependents is paid by the District. Coverage is for medical benefits only.

**Funding Policy:** The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. Annually, the District intends to make a total contribution equal to or greater than the Annual Required Contribution (ARC). For the fiscal year ended June 30, 2015, the District contributed \$829,741. Retiree benefit costs are to be paid directly by the District and any remaining amount (up to 100% of the ARC) is deposited into the OPEB California Employers’ Retiree Benefit Trust (CERBT) fund. At June 30, 2015 the CERBT account balance was \$5,061,223.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

7. Other Post-Employment Benefits (OPEB), continued:

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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The District has paid the annual required contribution (ARC) to CERBT each year. Therefore, the net OPEB obligation is \$0.

Funded Status and Funding Progress: As of July 1, 2013, there were 21 retirees receiving health benefits. The projection shows increases to 62 retirees in 2032-33. The actuarial accrued liability for benefits was \$8,873,200 of which 37.47% was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$5,449,000 and the ratio of UAAL to the covered payroll was 101.82%.

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 multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 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 value of assets, consistent with the long-term perspective of the calculations.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

7. Other Post-Employment Benefits (OPEB), continued:

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial method was used. The investment return assumption is 7.5% per year. This interest rate is appropriate if the District will fund the ARC fully with investments that are expected to earn that rate of return. This rate is also used to discount expected future benefit payments to present value. The UAAL is the present value of benefits attributed to the past which have not yet been funded. The UAAL is amortized over 30 years beginning July 1, 2008. The remaining amortization period at June 30, 2015 is twenty four years. Healthcare premiums are expected to rise 5% per annum in the future.

8. Development Fees:

The use of development fees is restricted solely for financing public facilities and equipment necessary to serve new developments.

Activities of development fees cash for 2014-15 follows:

Cash – beginning, El Dorado Hills Fire Department, July 1, 2014		\$ 2,307,405
2014-15 activity:		
Add, development fees collected	\$ 1,742,637	
Latrobe Fire Dept. development fee cash	38,511	
interest income	4,331	
Deduct, transfers for prior year capital items	(1,165,784)	
		<u>615,695</u>
Ending County cash, Development Fees, June 30, 2015		2,927,100
Deduct, development fees used 2014-15, cash transferred in 2015-16 fiscal year	1,730,078	
development fee refund	<u>5,124</u>	
		<u>1,735,202</u>
Development fee cash available for use, future years		\$ <u>1,191,898</u>

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

8. Development Fees, continued:

The status of accumulated development fees through June 30, 2015 is analyzed as follows:

Capital costs attributable to development fees		\$12,312,990
Less, development fees applied from prior year collections	\$2,403,695	
development fees applied from current year collections	<u>1,730,078</u>	<u>4,133,773</u>
Balance, payable to General Fund, future development fee expenditures		\$ <u>8,179,217</u>

9. Equity:

General Fund:

Restricted for:

Development fees	\$2,927,100	
JPA medical benefits	<u>26</u>	\$ 2,927,126

Committed for:

Capital replacement		4,245,134
---------------------	--	-----------

Unassigned		<u>12,105,645</u>
------------	--	-------------------

\$19,277,905

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

9. Equity, continued:

Statement of Net Position:

Net investment in capital assets		\$22,522,649
----------------------------------	--	--------------

Restricted:

Development fees	\$2,927,100	
JPA medical benefits	<u>26</u>	
		2,927,126

Unrestricted:

Board designated:		
Capital replacement	4,245,134	
Undesignated	<u>622,201</u>	
		<u>4,867,335</u>
		<u>\$30,317,110</u>

10. Operating Lease:

The District's two year lease of a commercial building in El Dorado Hills, CA during Station 84 remodel ended on June 30, 2015.

Effective July 1, 2015, the District is paying rent on a month to month basis at a base rent of \$3,632.

11. Risk of Loss

El Dorado Hills Fire Department 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.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

12. Subsequent Events:

Management has evaluated subsequent events through October 15, 2015, the date these June 30, 2015 financial statements were available to be issued.

13. Annexation of Latrobe Fire Protection District:

Effective on November 24, 2014, Latrobe Fire Protection District was annexed into the El Dorado Hills County Water District (El Dorado Hills Fire District).

The following assets were annexed into the District:

Land, buildings, equipment and vehicles	\$ 515,599
Restricted funds – development fees	38,556
Unrestricted funds	<u>221,044</u>
	<u>\$ 775,199</u>

14. Prior Period Adjustment:

Pursuant to the requirements of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, the District was required to recognize long-term obligation for pension benefits as a liability on the statement of net position. At June 30, 2015 a prior period adjustment of \$12,466,703 was made to recognize the District's pension obligation.

EL DORADO HILLS FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS, continued

15. Accounts Receivable – Latrobe Base Revenue Transfer:

As of 6/30/15, there is a receivable due from El Dorado County for a transfer of base property tax revenue in the amount of \$258,301. This receivable and associated revenue were recorded to reflect the agreement between the District and the Board of Supervisors of the County of El Dorado as documented in County Resolution No. 064-2014. This resolution was approved and adopted on June 10, 2014 in connection with the District's Dissolved Territory and Sphere of Influence Territory.

On October 8, 2015, the District received a letter from the Chief Administrative Officer from the County of El Dorado stating that errors of a technical nature were discovered relating to the adoption of the transfer of this revenue. The letter expressed, however, that the County is committed to working with the District to ensure that its agreement, as expressed in Resolution 064-2014, is fulfilled and in accordance with California law.

## SUPPLEMENTAL INFORMATION



EL DORADO HILLS FIRE DEPARTMENT  
PRINCIPAL OFFICIALS

Board of Directors:

Barbara Winn	President
John Hidahl	Vice-President
Greg Durante	
James Hartley	
Doug Hus	

Operations:

David Roberts	Chief
Connie Bair	Chief Financial Officer

EL DORADO HILLS FIRE DEPARTMENT  
SCHEDULE OF FUNDING PROGRESS  
Other Post-Employment Benefits (OPEB)  
for the year ended June 30, 2015

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (4) / (5)
7/1/2013	\$3,325,000	\$8,873,200	37.47%	\$5,548,200	\$5,449,000	101.82%
7/1/2011	\$2,015,900	\$7,376,143	27.33%	\$5,361,000	\$5,544,200	96.70%
1/1/2010	\$1,367,279	\$5,814,000	23.52%	\$4,446,721	\$6,641,000	66.96%
1/1/2008	\$ 483,612	\$5,353,000	9.03%	\$4,869,388	\$6,123,000	79.53%

EL DORADO HILLS FIRE DEPARTMENT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY  
As of June 30, 2015  
Last 10 years (1)

	<u>Safety</u>	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
Proportion of the net pension liability	0.15932%	0.00741%	0.00000%
Proportionate share of the net pension liability	\$ 9,913,883	\$ 460,891	\$ 127
Covered – employee payroll	\$ 6,070,736	\$ 415,532	\$47,704
Proportionate Share of the net pension liability as percentage of covered-employee payroll	163.31%	110.92%	0.27%
Plan's fiduciary net position	\$43,440,043	\$2,254,821	\$ 556
Plan fiduciary net position as a percentage of the total pension liability	81.42%	83.03%	81.41%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in assumptions: None

(1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only one year is shown.

EL DORADO HILLS FIRE DEPARTMENT  
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS  
As of June 30, 2015  
Last 10 years (1)

	<u>Safety</u>	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
Contractually required contribution (actuarially determined)	\$1,340,262	\$ 43,590	\$ 19,510
Contributions in relation to the actuarially determined contributions	<u>(1,340,262)</u>	<u>( 43,590)</u>	<u>( 19,510)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered – employee payroll	\$6,070,736	\$ 415,532	\$ 47,704
Contributions as a percentage of covered employee payroll	22.08%	10.49%	40.90%

Notes to Schedule:

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Amortization method	Entry Age Normal Cost Method
Remaining amortization period	15 Years
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5% Net of Pension Plan Investment and Admin. Expenses

(1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only one year is shown.