EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT)

Audited Financial Statements and
Compliance Report

June 30, 2019

EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT)

AUDITED FINANCIAL STATEMENTS AND
COMPLIANCE REPORTS

June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Dorado Hills County Water District
(dba El Dorado Hills Fire Department)
El Dorado Hills, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the El Dorado Hills County Water District (dba El Dorado Hills Fire Department) (the District) as of and for the year ended June 30, 2019 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 of 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.

To the Board of Directors
El Dorado Hills County Water District
(dba El Dorado Hills Fire Department)

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 the major fund of the District as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Correction of Errors

As described in Note J to the financial statements, the District corrected an error in the June 30, 2018 financial statements. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and related ratios and schedule of contributions to the pension plan as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

November 21, 2019

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, 2019.

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. 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.

FINANCIAL HIGHLIGHTS

- Revenues for the year, mostly comprised of property tax revenues, exceeded expenses by $2,914,391. A portion of this excess is comprised of restricted development fee revenue. Excluding development impact fees and related interest earnings which are also restricted, revenues exceeded expenses by $1,521,730.
- The District ended the fiscal year with a positive Net Position of $32,896,285. This is made up of $21,474,147 in net capital assets, $9,207,372 in assets that are restricted for qualifying capital improvements related to District growth, and another $2,110,460 in assets that are restricted for the payment of pension benefits. Unrestricted Net Position ended at $104,306, a decrease from prior year's Unrestricted Net Position of $1,754,055.
- The Net Pension Liability increased slightly from prior year to $17,171,498, while the Net OPEB Liability increased significantly to $12,537,319 due to changes in actuarial assumptions. Total combined Net Pension and OPEB liabilities were $29,708,817 as of June 30, 2019, an increase of $6,159,761 from prior year.
- The District's General Fund reported total fund balances of $31,283,480. Of this balance, $19,965,648 is unrestricted. The portion of the unrestricted balance committed for future capital replacements is $3,790,697. The remaining $16,174,951 of unrestricted fund balance represents approximately 84.8% of the year's total operating expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District maintains its accounts in accordance with general accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The attached audit report is comprised of both governmental fund and government-wide financial statements.

Government-Wide Financial Statements

The government-wide financial statements include a Statement of Net Position and Statement of Activities. These statements report financial information using the full accrual basis of accounting and reflect a longer-term perspective. The government-wide statement of net position includes non-current assets and liabilities such as net fixed assets and the pension and other post-employment benefit (OPEB) unfunded liabilities, as well as related deferred inflows and outflows.

Fund Financial Statements

The governmental fund financial statements are comprised of a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. These statements report current financial resources on a modified accrual basis and reflect a near term perspective. The fund balance sheet reflects assets and liabilities that are generally current in nature.

INVESTMENT POLICIES AND PROCEDURES

The Board reviews the District's investment policy periodically. During the 2018-19 fiscal year, the District's unrestricted funds were invested mostly with the State of California Local Agency Investment Fund and minimally with the El Dorado County Treasury.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The analysis below is based on information found in the District's Government-Wide Statement of Activities and Statement of Net Position.

Revenues

Total revenues for fiscal year 2018/19 increased by $266,140 from 2017/18. The primary source of funding for the District to provide services is property taxes, which makes up approximately 82% of total revenues. Property Tax Revenues increased by $808,762, or 4.7% from prior year. Other Revenue also increased by $346,324, primarily as a result of higher interest earnings. OES/Mutual Aid Revenue (offset by OES expenses) increased by $142,646, or 27.2% due to a busy fire season. JPA Revenue decreased slightly from prior year due to the implementation of a fixed rate contract. Development Impact Fee Revenue also decreased as a result of lower rates and less development than in prior year.

Summary of Total Revenues

	2018/19	2017/18 (restated)	$ Change	% Change
General Revenues				
Property Tax Revenue	$ 18,124,296	$ 17,315,334	$ 808,762	4.7%
Development Fees	1,209,930	2,229,285	(1,019,355)	(45.7%)
Other Revenue	877,600	531,276	346,324	65.2%
Total General Revenues	$ 20,211,826	$ 20,075,895	$ 135,931	0.7%
Program Revenues				
JPA Revenue	1,150,000	1,162,437	$ (12,437)	(1.1%)
OES/Mutual Aid Revenue	666,922	524,276	142,646	27.2%
Total Program Revenues	$ 1,816,922	$ 1,686,713	$ 130,209	7.7%
Total Revenues	**$ 22,028,748**	**$ 21,762,608**	**$ 266,140**	**1.2%**

Expenses

Total expenses for fiscal year 2018/19 increased by $2,211,429, or 11.8% from prior year. Most of the District's cost to operate is comprised of labor costs. Wages and Benefits made up approximately 86.4% of total expenses for the 2018/19 fiscal year and increased by $2,434,792, or 15.5%, from 2017/18. This is mostly due to an increase in both GASB 68 Pension Expense and GASB 75 OPEB Expense, as well as an increase in base wages due to higher employee headcount. Professional Services, Information Technology, Maintenance, Other Operating Expense and Depreciation Expense all remained relatively consistent with prior year. There is a decrease of $321,426 in Loss of Disposal of Capital Assets as the District did not dispose of any material assets in fiscal year 2018/19.

Summary of Total Expenses

	2018/19	2017/18 (restated)	$ Change	% Change
Public Protection				
Wages & Benefits	$ 18,140,765	$ 15,705,973	$ 2,434,792	15.5%
Professional Services & IT	550,417	570,569	(20,152)	(3.5%)
Maintenance	290,666	335,729	(45,063)	(13.4%)
Other Operating Expense	837,847	742,781	95,066	12.8%
Total Public Protection	$ 19,819,695	$ 17,355,052	$ 2,464,643	14.2%
Depreciation Expense	$ 1,185,816	$ 1,117,604	$ 68,212	6.1%
Loss on Disposal of Capital Assets	$ 2,615	$ 324,041	$ (321,426)	(99.2%)
Total Expenses	**$ 21,008,126**	**$ 18,796,697**	**$ 2,211,429**	**11.8%**

Net Position

The District's net position of $32,896,285 at June 30, 2019 increased by $1,020,622, or 3.2% from prior year. This increase is primarily attributable to an increase in the District's Current Assets and Deferred Outflows, partially offset by an increase in the Net OPEB Liability. The increase in Current Assets is mostly due to an increase in the Development Fee Fund cash balance of $1,392,660 and an increase in Restricted Cash/Investments for Pensions of $1,654,700. The increase in Deferred Outflows is due to the delayed recognition of changes in actuarial assumptions used in determining the net OPEB liability, including a discount rate reduction and the inclusion of the implied subsidy. These changes in actuarial assumptions also resulted in a significant increase in the net OPEB liability of $6,072,396 from prior year.

Summary of Net Position

	2018/19	2017/18 (restated)	$ Change	% Change
Current Assets	$ 31,877,680	$ 28,922,709[1]	$ 2,954,972	10.2%
Capital Assets	21,474,147	21,475,181	(1,035)	0%

Summary of Net Position (continued)

	2018/19	2017/18 (restated)	$ Change	% Change
Deferred Outflows	13,221,355	8,613,435	4,607,920	53.5%
Total Assets & Deferred Outflows	$ 66,573,182	$ 59,011,325	$ 7,561,857	12.8%
Current Liabilities	1,395,592	1,290,942	104,650	8.1%
Net Pension Liability	17,171,498	17,084,133	87,365	0.5%
Net OPEB Liability	12,537,319	6,464,923	6,072,396	93.9%
Other Non-Current Liabilities	1,073,837	975,763	98,074	10.1%
Deferred Inflows	1,498,651	1,319,901	178,750	13.5%
Total Liabilities & Deferred Inflows	$ 33,676,897	$ 27,135,662	$ 6,541,235	24.1%
Net Position	**$ 32,896,285**	**$ 31,875,663**[1]	**$ 1,020,622**	**3.2%**

[1] Restated balance as of 6/30/2018

FINANCIAL ANALYSIS OF THE DISTRICT'S GENERAL FUND

The District's General Fund is broken down into a General Reserve Fund (unassigned and non-spendable), a Capital Replacement Fund (committed), a Development Fee Fund (restricted), and a Pension Benefit Fund (restricted). Fund balances totaled $31,283,480 at the end of 2018/19, an increase of $2,914,391 from 2017/18. This increase is mostly due to increases in restricted fund balances, as unrestricted funds increased just slightly from prior year. The General Reserve Fund, comprised of unassigned and non-spendable (prepaid) fund balances, totaled $16,174,951, a small decrease from prior year. The committed, or Capital Replacement Fund balance, relatively consistent with prior year, ended at $3,790,697. The District's restricted, or Development Fee Fund balance ended at $9,207,372, a significant increase from prior year as a result of development fee collections exceeding transfers out for qualifying expenditures. The District made $1.5M in contributions to its Pension Section 115 trust, resulting in an increase of $1,654,700 in the Pension Benefit Fund. Outstanding reimbursements due to the General Reserve Fund from the Development Fee Fund of approximately $375,955 for qualifying expenditures made in 2018/19 are reflected in these balances.

Summary of Total Fund Balances

	2018/19	2017/18 (restated)	$ Change	% Change
General Reserve Fund	$ 16,174,951	$ 15,918,875	$ 256,076	1.6%
Capital Replacement Fund	3,790,697	3,803,787	(13,090)	(0.3%)
Unrestricted Fund Balances	**$ 19,965,648**	**$ 19,722,662**	**$ 242,986**	**(1.2%)**
Development Fee Fund	9,207,372	8,190,667	1,016,705	12.4%
Pension Benefit Fund	2,110,460	455,760[2]	1,654,700	363.1%
Restricted Fund Balances	**$ 11,317,832**	**$ 8,646,427**[2]	**$ 2,671,405**	**30.9%**
Total Fund Balances	**$ 31,283,480**	**$ 28,369,089**[2]	**$ 2,914,391**	**10.3%**

[2] Restated balance as of 6/30/2018

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual financial results are evaluated against the District's final adopted budget monthly at its regular board meetings. Below is a comparison of the final budget and actual results for fiscal year 2018/19:

Budget vs. Actual – General Fund

	2018/19 Final Budget	2018/19 Actual	$ Variance Favorable/ (Unfavorable)
Total Revenues	$ 22,278,263	$ 21,997,690	$ (280,573)
Operating Expenditures	(19,359,431)	(17,895,902)	1,463,529
Capital Outlay	(1,981,460)	(1,189,046)	792,414
Other Financing Sources (Uses)	-	1,649	1,649
Net Change in Fund Balance	**$ 937,372**	**$ 2,914,391**	**$ 1,977,019**

- Actual revenue was less than budgeted revenue by $280,573 due to the following:
  - Supplemental property tax revenue was less the budgeted estimate
  - Latrobe base transfer revenue was less than the budgeted estimate due to the timing of collection
  - Development impact fees collected were less than the budgeted estimate
- Actual operating expenditures came in favorable to the final budget by $1,463,529 due to the following:
  - Contributions made to the Pension Section 115 trust were budgeted as expense, but recorded as a restricted asset
- Capital outlay was favorable to budget by $792,414 as a result of the following:
  - Delayed purchase of a flashover simulator
  - Delayed implementation of CAD to CAD integration
  - Savings on budgeted Mobile Data Computers and Mapping
  - Savings on budgeted storage structure at Station 91

CAPITAL ASSETS

The District purchased fixed assets totaling $1,189,046 in 2018/19. This includes $726,918 for a new Type I Engine. A replacement Prevention vehicle and a new Fire Chief vehicle were also purchased totaling $40,586 and $40,943, respectively. Radio Communications Equipment, including Mobile Data Computers, were purchased totaling $176,935. Another $79,500 was spent on two Simulation Tables for training and community outreach. Other capital expenditures made during the year include a Lucas Device, a Prevention iPlan table, a Water Rescue boat and motor, a Technical Rescue trailer, and Holmatro rescue tools for the new Type I Engine.

Approximately $357,719 in assets were written off or disposed of in fiscal year 2018/19 and the District recognized a net loss on disposal of $2,615. All capital assets are valued at historical cost and depreciated over their estimated useful lives using the straight-line method.

ECONOMIC OUTLOOK

The District's net position continues to be adequate and reflects financial stability. Development and property values continue to grow, and while this upward trend appears to be slowing, growth is still expected to continue into the 2019/20 fiscal year. The District is cognizant of the significant challenges that lie ahead with increased pension and healthcare costs, as well as the potential for an economic recession. It continues to be pro-active in its efforts to prefund pension and OPEB obligations. The District made deposits of $2,100,000 to its PARS (Public Agency Retirement Services) Pension and OPEB Section 115 trust accounts during the 2018/19 fiscal year and has already made another $1,000,000 deposit in fiscal year 2019/20. These funds will serve to offset the growing unfunded liability balances and may also be utilized to offset future qualifying pension and OPEB expenses in the event of an economic downturn. The District's Board of Directors and staff continuously monitor and communicate economic trends and forecasts to ensure sound fiscal management.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

For questions regarding this report, please contact the El Dorado Hills Fire Department Director of Finance at 1050 Wilson Blvd., El Dorado Hills, CA 95762. More information about the District can also be found at www.edhfire.com.

EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT)

STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

June 30, 2019

	General Fund	Adjustments (Note J)	Statement of Net Position
ASSETS			
Cash and investments - unrestricted	$ 20,114,992		$ 20,114,992
Cash and investments - restricted	11,317,832		11,317,832
Receivables:			
Interest receivable - unrestricted	103,210		103,210
Due from other governments	94,620		94,620
Other receivables	1,414		1,414
Prepaid costs	245,612		245,612
Capital assets:			
Nondepreciable		$ 3,995,945	3,995,945
Depreciable, net		17,478,202	17,478,202
TOTAL ASSETS	31,877,680	21,474,147	53,351,827
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan		5,184,557	5,184,557
Other postemployment benefits plan		8,036,798	8,036,798
TOTAL DEFERRED OUTFLOWS OF RESOURCES		13,221,355	13,221,355
TOTAL ASSETS AND DEFFERED OUTFLOWS OF RESOURCES	$ 31,877,680	34,695,502	66,573,182
LIABILITIES			
Accounts payable	$ 117,797		117,797
Salaries and benefits payable	398,065		398,065
Compensated absences - current		720,000	720,000
Health reimbursement arrangement liability - current		159,731	159,731
Noncurrent liabilities:			
Compensated absences - noncurrent		726,204	726,204
Health reimbursement arrangement liabiilty - noncurrent		347,632	347,632
Net pension liability		17,171,498	17,171,498
Net other postemployment benefits liability		12,537,319	12,537,319
TOTAL LIABILITIES	515,862	31,662,384	32,178,246
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	78,338	(78,338)	
Pension plan		1,334,451	1,334,451
Other postemployment benefits plan		164,200	164,200
TOTAL DEFFERED INFLOWSOF RESOURCES	78,338	1,420,313	1,498,651
FUND BALANCES/NET POSITION			
Fund balance:			
Nonspendable–prepaid costs	245,612	(245,612)	
Restricted for capital improvements	9,207,372	(9,207,372)	
Restricted for pension benefits	2,110,460	(2,110,460)	
Committed	3,790,697	(3,790,697)	
Unassigned	15,929,339	(15,929,339)	
TOTAL FUND BALANCES	31,283,480	(31,283,480)	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 31,877,680		
Net position:			
Investment in capital assets		21,474,147	21,474,147
Restricted for capital improvements		9,207,372	9,207,372
Restricted for pension benefits		2,110,460	2,110,460
Unrestricted		104,306	104,306
TOTAL NET POSITION		$ 32,896,285	$ 32,896,285

The accompanying notes are an integral part of these financial statements.

EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2019

	General Fund	Adjustments (Note J)	Statement of Activities
EXPENDITURES/EXPENSES			
Current:			
Public protection	$ 17,895,902	$ 1,923,793	$ 19,819,695
Capital outlay	1,189,046	(1,189,046)	
Depreciation		1,185,816	1,185,816
Loss on disposal of capital assets		2,615	2,615
TOTAL EXPENDITURES/EXPENSES	19,084,948	1,923,178	21,008,126
PROGRAM REVENUES			
Charges for services			
Reimbursements from other agencies	1,150,000		1,150,000
State operating grants	666,922		666,922
TOTAL PROGRAM REVENUES	1,816,922		1,816,922
NET PROGRAM EXPENSE	(17,268,026)	(1,923,178)	(19,191,204)
GENERAL REVENUES			
Property taxes and assessments	18,045,958	78,338	18,124,296
Fire impact fees	1,209,930		1,209,930
Investment earnings	753,953		753,953
Other revenues	170,927	(47,280)	123,647
TOTAL GENERAL REVENUES	20,180,768	31,058	20,211,826
EXCESS OF REVENUES OVER EXPENDITURES	2,912,742	(1,892,120)	1,020,622
OTHER FINANCING SOURCES/(USES)			
Proceeds from sale of capital assets	1,649	(1,649)	
TOTAL OTHER FINANCING SOURCES/(USES)	1,649	(1,649)	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	2,914,391	(2,914,391)	
CHANGE IN NET POSITION		(1,893,769)	1,020,622
Fund balance/net position, beginning of year - as previously reported	27,913,329	3,506,574	31,419,903
Restatement	455,760		455,760
Fund balance/net position, beginning of year - as restated	28,369,089	3,506,574	31,875,663
FUND BALANCE/NET POSITION, END OF YEAR	$ 31,283,480	$ 1,612,805	$ 32,896,285

The accompanying notes are an integral part of these financial statements.

EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT)

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended June 30, 2019

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Property taxes and assessments	$ 18,223,063	$ 18,223,063	$ 18,045,958	$ (177,105)
Fire impact fees	2,000,000	2,000,000	1,209,930	(790,070)
Reimbursements from other agencies	1,150,000	1,150,000	1,150,000	
State operating grants	560,000	560,000	666,922	106,922
Use of money and property	225,000	225,000	753,953	528,953
Other revenues	120,200	120,200	170,927	50,727
TOTAL REVENUES	22,278,263	22,278,263	21,997,690	(280,573)
EXPENDITURES				
Current				
Public protection				
Salaries and wages	7,322,670	7,322,670	8,693,557	(1,370,887)
Retirement	4,079,525	4,079,525	1,332,561	2,746,964
Overtime	2,188,037	2,188,037	2,212,227	(24,190)
Health insurance	1,449,396	1,449,396	1,562,904	(113,508)
Retiree health insurance	1,416,254	1,416,254	1,517,124	(100,870)
Other insurance	714,027	714,027	627,749	86,278
Professional services	310,469	310,469	367,813	(57,344)
Employment taxes and benefits	365,363	365,363	310,254	55,109
Maintenance				
Equipment	270,449	270,449	202,859	67,590
Structures	103,859	103,859	87,807	16,052
Information technology	218,828	218,828	182,604	36,224
Communications	159,711	159,711	141,636	18,075
Special department expenditures	204,689	204,689	169,087	35,602
Clothing and personal supplies	121,676	121,676	96,043	25,633
Transportation and travel	110,000	110,000	97,127	12,873
Rents and leases	67,224	67,224	67,034	190
Other expenditures	257,254	257,254	227,516	29,738
Capital outlay	1,981,460	1,981,460	1,189,046	792,414
TOTAL EXPENDITURES	21,340,891	21,340,891	19,084,948	2,255,943
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets			1,649	1,649
TOTAL OTHER FINANCING SOURCES (USES)			1,649	1,649
NET CHANGE IN FUND BALANCE	$ 937,372	$ 937,372	2,914,391	$ 1,977,019
Fund balance at beginning of year - as previously reported			27,913,329	
Restatement			455,760	
Fund balance at beginning of year - as restated			28,369,089	
FUND BALANCE AT END OF YEAR			$ 31,283,480	

The accompanying notes are an integral part of these financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements present the El Dorado Hills County Water District, which is doing business as (DBA) the El Dorado Hills Fire Department. The financial statements of the El Dorado Hills County Water District (DBA El Dorado Hills Fire District) (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the District are described below.

Background: The El Dorado Hills County Water District was formed by the Board of Supervisors of the County of El Dorado pursuant to Division 12, Part 2, Chapter 4, Section 30320 of the Water Code of the State of California. In 1963, the El Dorado Hills Fire Department was established under the El Dorado Hills County Water District (the District). Ten years later, the citizens of El Dorado Hills voted to transfer all water and sewer system powers to the El Dorado Irrigation District; thereby leaving only fire protection under the direction of the District's Board.

The District's functions are governed by a five-member Board of Directors elected by the District's voting population. The Board of Directors manages the Fire Chief who oversees all financial, administrative and operational aspects of the District for the purpose of carrying-out fire and emergency services.

El Dorado Hills County Water District operates five fire stations. 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. The District serves approximately 58,500 acres with close to 16,000 homes and an estimated population of 45,000.

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. All of the District's activities are reported in the General Fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues to be available if they are collected within 90 days of the end of the current fiscal period or 60 days for taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Payable balances consist primarily of payables to vendors.

Property and other tax revenues, reimbursements and interest earnings associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of the District and accounts for revenues collected to provide services and finance the fundamental operations of the District. The fund is charged with all costs of operations.

Budgets: Budgets are adopted on a basis consistent with generally accepted accounting principles and in accordance with the District's policy and procedure. Budgetary control is exercised by major object. All budgetary changes during the fiscal year require the approval of the District's Board of Directors. Unencumbered budget appropriations lapse at the end of the fiscal year.

Risk Management: The District is subject to various risks of loss that are covered by commercial insurance. The District's claims have not exceeded the insurance coverage and no reductions of coverage have occurred during the past three years.

Restricted Assets: Restricted assets consist of $9,207,372 of unspent fire impact fees collected by the County of El Dorado on the District's behalf as well as $2,110,460 of contributions to a Section 115 trust fund and related interest that is restricted to contributions to the District's CalPERS pension plan as described in Note F. The impact fees are required to be spent on public facilities and equipment by the related County of El Dorado Ordinance.

Prepaid Costs: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. Prepaid costs of governmental funds are offset by a nonspendable portion of fund balance to indicate they do not represent resources available for future appropriation.

Capital Assets: Capital assets for governmental funds are not capitalized in the funds used to acquire or construct them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements. Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Contributed capital assets are recorded at their acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Capital assets are defined by the District as assets with at least three years expected life and meet the required minimum value threshold seen below. Costs of assets sold or retired are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures and changes in fund balances as proceeds from sale. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Asset Category	Threshold	Estimated Useful Life
Land & easements	-	N/A
Building/improvements	50,000	39.5 years
Fire equipment (SCBA's)	1,000	8-15 years
Fire equipment (Other)	3,000	5-15 years
Hose (LDH)	3,000	15-20 years
Office equipment	3,000	3-7 years
Radio commuications equipment	3,000	5 years
Fire apparatus	3,000	15 years
Vehicles	3,000	5-7 years
Furniture/fixtures/tools	3,000	3-7 years

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's pension and OPEB plans under GASB Statements No. 68 and No. 75, respectively, as described in Notes E and F. Unavailable revenues in governmental funds arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. Revenues unavailable because they were not received in the availability period are recognized for the government-wide presentation.

Compensated Absences: The District compensates employees for unused vacation and, subject to certain conditions, sick leave upon separation from the District. The District's policy for sick leave states that sick leave will not be paid upon separation due to termination for cause, but otherwise up to 60% of accumulated sick leave will be paid to the employee or employee's beneficiary at retirement, separation or in the event of death. Sick leave may also be converted to service credit under the District's pension plan with CalPERS. All vacation is accrued when earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is used to liquidate compensated absences.

Unearned Revenues: Unearned revenues arise when resources are received by the District before it has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures). The District had no unearned revenues at year-end.

Fund Balance: In the fund financial statements, governmental funds report nonspendable, restricted, committed, assigned and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Nonspendable balances are not expected to be converted to cash within the next operating cycle, which comprise prepaid items and other assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts reported as restricted funds represent impact fees collected for future capital expenditures as well as amounts held in a Section 115 trust fund for future contributions to the District's pension plan.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which is a Resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board modifies or removes the fund balance commitment with another Resolution of the Board of Directors.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Funds – Unassigned fund balance is the residual classification of the District's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources, then unrestricted resources as they are needed.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. The outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

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.

These taxes are accrued as intergovernmental revenue only if they are received from the County within 60 days after year end in the governmental fund. They are accrued when earned regardless of the timing of the related cash flows in the government-wide statement.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Powers Authority: The District is a member agency of the El Dorado County Emergency Services Authority, a Joint Powers Authority (JPA), which provides ambulance and other pre-hospital emergency transport 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 or authorized alternate from each member agency. The JPA is independently accountable for its fiscal matters and maintains its own accounting records under the oversight of the El Dorado County board of Supervisors. Each of the ten-member Fire Districts approves the JPA budget and their vote is carried by their Fire Chief to the Board. The JPA contracts with the District for one medic unit and six employees working shift work. The District is provided a flat fee that is designed to reimburse all costs incurred in the execution of the contract. The District is not responsible for the liabilities of the JPA upon dissolution. Separate financial statements for the JPA are available by contacting the JPA staff through the link at edcjpa.org.

Health Reimbursement Arrangement: The District provides a health reimbursement arrangement (HRA) for each full-time and part-time employee working a minimum of 32 hours per week for dental and vision expenses. The benefit is also offered to the eligible employee's spouse and dependents. Eligible participants are allowed to submit qualifying dental and vision expenses for reimbursement under the HRA as defined in the Department Policy Manual. The benefit provided is $120, $150 and $200 per month for employees with no dependents, one dependent and two or more dependents, respectively. As described in Note F, HRA benefits are extended to retirees. Retirees are provided a benefit of $100 and $150 with no dependents and one dependent, respectively. The District does not have a trust where the HRA assets are set aside for the benefit of employees. Consequently, the HRA assets are available to the District's creditors.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the District's pension plan, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System plan (Plan) and additions to/deductions from the Plan's 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.

Other Postemployment Benefits Plan (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from these estimates.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements: In June 2017, the GASB issued Statement No. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The District is currently analyzing the impact of the required implementation of this new statement.

NOTE B – CASH AND INVESTMENTS

As of June 30, 2019, the District's cash and investments consisted of the following:

Cash and investments - unrestricted	$ 20,114,992
Cash and investments - restricted	11,317,832
	$ 31,432,824
Deposits in financial institutions	$ 563,273
California Local Agency Investment Fund (LAIF)	18,084,037
Investment in County of El Dorado investment pool	10,675,054
Public Agency Retirement Services (PARS) Trust - mutal funds	2,110,460
Total cash and investments	$ 31,432,824

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The investments held by the pension plan rate stabilization PARS Section 115 Trust are governed by an investment guideline document and not the California Government Code. The District's investment policy does not limit interest rate risk, credit risk or concentration of credit risk beyond what is required by the California Government Code, with the exception of limiting the maximum investment in one issuer for numerous investment types beyond what is required by the California Government Code. The average maturity of each investment pool is disclosed below.

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.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County's investment pool does not have a rating provided by a nationally recognized statistical rating organization.

NOTE B – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2019, the carrying amount and balance per banks of the District's bank deposits were $563,273 and $719,140, respectively. Of the balance per banks, $250,000 was covered by federal depository insurance and the remaining amount was collateralized by the pledging financial institution's investment securities, which were not in the name of the District.

California Local Agency Investment Fund (LAIF): LAIF is stated at fair value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF is $105,814,483,092 which is managed by the State Treasurer. Of that amount, 1.77 percent is invested in structured notes and asset-backed commercial paper. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 173 days at June 30, 2019.

Investment in the County of El Dorado's Investment Pool: The District maintains an investment in the County of El Dorado cash and investment pool, which is managed by the County Treasurer. The County pool is stated at amortized cost, which approximates fair value. The amount invested by all public agencies in El Dorado County's cash and investment pool is $513,964,064 at June 30, 2019. The County does not invest in any derivative financial products. The County Treasury Investment Oversight Committee has oversight responsibility for the investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in El Dorado County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. Investments held in the County's investment pool are available on demand to the District and are stated at amortized cost. This investment is not subject to categorization under GASB No. 3. As of June 30, 2019, the weighted average maturity of the investments contained in the County's investment pool was approximately 138 days.

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in the PARS Trust: The District invested in a PARS Section 115 Trust Fund as a pension plan rate stabilization strategy. The District elected a discretionary investment approach, which allows the District to maintain oversight of the investment management, discretionary investment approach, control over target yield and the portfolio's risk tolerance. The District has elected to invest in the Balanced Index PLUS investment option, which is invested in index-based mutual funds, including exchange-traded funds. PARS uses Highmark Capital Management to help manage investment options. The assets are withdrawn from the PARS trust on an amortized cost basis. The average maturity of the PARS trust was 6.5 years at June 30, 2019.

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets, not being depreciated:					
Land	$ 3,714,639				$ 3,714,639
Construction in process:					
Station 91 remodel					
Training facility	269,338	$ 11,968			281,306
Total capital assets, not being depreciated	3,983,977	11,968			3,995,945
Capital assets, being depreciated:					
Buildings and improvements	19,625,747				19,625,747
Vehicles	5,306,811	892,929	$ (35,711)		6,164,029
Equipment	2,286,795	284,149	(322,008)		2,248,936
Total capital assets being depreciated	27,219,353	1,177,078	(357,719)		28,038,712
Less accumulated depreciation:					
Buildings and improvements	(5,040,423)	(506,866)			(5,547,289)
Vehicles	(3,178,978)	(341,346)	35,711		(3,484,613)
Equipment	(1,508,748)	(337,604)	317,744		(1,528,608)
Total accumulated depreciation	(9,728,149)	(1,185,816)	353,455		(10,560,510)
Total capital assets being depreciated	17,491,204	(8,738)	(4,264)		17,478,202
Capital assets, net	$ 21,475,181	$ 3,230	$ (4,264)	$ -	$ 21,474,147

NOTE D – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity other than pension and OPEB liability activity for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Repayments	Balance June 30, 2019	Due Within One Year	Due in More Than One Year
Compensated absences	$ 1,301,259	$ 1,009,843	$ (864,898)	$ 1,446,204	$ 720,000	$ 726,204
Health reimbursement arrangement (HRA) liability	459,106	185,242	(136,985)	507,363	159,731	347,632
	$ 1,760,365	$ 1,195,085	$(1,001,883)	$ 1,953,567	$ 879,731	$ 1,073,836

NOTE E – DEFINED BENEFIT PENSION PLAN

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple Employer Defined Benefit Pension Plan (the Plan or PERFC) administered by the California Public Employees' Retirement System (CalPERS). PERFC consists of a miscellaneous risk pool and a safety risk pool, which are comprised of the following rate plans:

- Miscellaneous Rate Plan
- Miscellaneous Second Tier Rate Plan
- PEPRA Miscellaneous Rate Plan
- Safety Rate Plan
- Safety Second Tier Rate Plan
- PEPRA Safety Police Rate Plan

Although one Plan exists, CalPERS provides the information separately for the Miscellaneous and Safety Risk Pools and the information is presented separately below where available. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

	Miscellaneous Rate Plan	**Miscellaneous Second Tier Rate Plan**	**PEPRA Miscellaneous Rate Plan**
Hire date	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	3.0% @ 60	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Final average compensation period	one year	three year	three year
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	13.00%	12.00%	6.25%
Employee contribution rates paid by the District	8.00%	7.00%	6.25%
Required employer contribution rates	8.439%	3.892%	6.842%

	Safety Rate Plan	**Safety Second Tier Rate Plan**	**PEPRA Safety Rate Plan**
	Prior to August 13, 2011	August 13, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula (at full retirement)	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Final average compensation period	three year	three year	three year
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.40% to 3.00%	2.00% to 2.70%
Required employee contribution rates	18.00%	18.00%	11.50%
Employee contribution rates paid by the District	9.00%	9.00%	11.50%
Required employer contribution rates	11.556%	8.614%	12.141%

The table above reflects an employee pick-up of employer contributions of 5% for Miscellaneous First and Second Tier and 9% for Safety First and Second Tier Rate Plans under the District's MOU. The District pays the required employee contribution under the District's MOU. All rate plans except the PEPRA rate plans are closed to new members that are not already CalPERS participants. All miscellaneous rate plans are combined and reported below as the Miscellaneous Risk Pool and all safety rate plans are combined and reported below as the Safety Risk Pool.

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 the risk pools 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, 2019, the employer contributions of $92,391 and $1,806,293 were made to the Miscellaneous and Safety Risk Pools, respectively, for total contributions of $1,898,684.

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

A. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Risk Pool	$ 808,389
Safety Risk Pool	16,363,109
Total Net Pension Liability	$ 17,171,498

The District's net pension liability for each risk pool is measured as the proportionate share of the net pension liability. The net pension liability of each risk pool is measured as of June 30, 2018, and the total pension liability for each risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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 risk pool relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for each risk pool as of June 30, 2019 and 2018 were as follows:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
Proportion - June 30, 2018	0.020894%	0.272132%	0.172267%
Proportion - June 30, 2019	0.021450%	0.278875%	0.178197%
Change - increase (decrease)	0.000556%	0.006743%	0.005930%

For the year ended June 30, 2019, the District recognized pension expense of $3,255,192 for both risk pools combined. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources for the Plan from the following sources:

	Miscellaneous Risk Pool		Safety Risk Pool		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 92,391		$ 1,806,293		$ 1,898,684	
Differences between actual and expected experience	31,016	$ (10,554)	351,588	$ (1,334)	382,604	$ (11,888)
Changes in assumptions	92,159	(22,586)	1,605,506	(216,612)	1,697,665	(239,198)
Differences between the employer'scontribution and the employer's proportionate share of contributions		(41,363)	193,211	(791,478)	193,211	(832,841)
Change in employer's proportion	32,313		865,298	(250,524)	897,611	(250,524)
Net differences between projected and actual earnings on plan investments	3,996		110,786		114,782	
Total	$ 251,875	$ (74,503)	$ 4,932,682	$ (1,259,948)	$ 5,184,557	$ (1,334,451)

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

The amount above 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 following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the risk pools will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous Risk Pool	Safety Risk Pool	Total
2020	$ 74,710	$ 1,444,966	$ 1,519,676
2021	42,305	907,750	950,055
2022	(24,763)	(372,936)	(397,699)
2023	(7,271)	(113,339)	(120,610)
	$ 84,981	$ 1,866,441	$ 1,951,422

Actuarial Assumptions: The total pension liabilities at the June 30, 2018 measurement date for each risk pool was determined using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry-Age Normal Cost Method
Amortization Method	Level percent of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	3.00%
Projected salary increases	3.2% to 12.2% Miscellaneous and 3.4% to 20.0% Safety, depending on entry age and service
Investment rate of return	7.15%
Mortality[1]	Derived using CalPERS membership data for all funds

[1] The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website. All other actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study Report can be found on CalPERS' website under Forms and Publications.

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

NOTE E – DEFINED BENEFIT PENSION 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class for each risk pool. 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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(1)	Real Return Years 11+(2)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.00%		

(1) An expected inflation of 2.00% used for this period.
(2) An expected inflation of 2.92% used for this period.

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 risk pool, calculated using the discount rate for each risk pool, 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:

	Miscellaneous Risk Pool	Safety Risk Pool	Total
1% Decrease	6.15%	6.15%	6.15%
Net pension liability	$ 1,298,497	$ 26,604,476	$ 27,902,973
Current discount rate	7.15%	7.15%	7.15%
Net pension liability	$ 808,389	$ 16,363,109	$ 17,171,498
1% increase	8.15%	8.15%	8.15%
Net pension liability	$ 403,813	$ 7,972,143	$ 8,375,956

NOTE E – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position: Detailed information about each risk pool's fiduciary net position is available in the separately issued CalPERS financial reports.

B. Payable to the Pension Plan

At June 30, 2019, the District reported payables for the outstanding amount of employer contributions to the Plan of $60,961.

PARS Section 115 Trust: The District has made contributions to a defined contribution multiple employer Public Agency Retirement Services (PARS) Section 115 pension trust as a rate stabilization strategy. PARS acts as a common investment and administrative agent for participating public agencies. The District made contributions of $1,500,000 during the year ended June 30, 2019 and assets total $2,110,460 at June 30, 2019. Assets were invested in the PARS Balanced Index PLUS investment option. The assets in the trust are restricted for contributions to the District's CalPERS pension plan. The assets are not considered pension plan assets under GASB 68 as the assets are not available for pension benefits until contributed to CalPERS. The assets are not reachable by the District's creditors and are considered restricted for pension benefits. PARS has financial statements available upon request for its pension trust funds, which can be obtained by contacting the District's Finance Department.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The District's defined benefit OPEB plan (the Plan), is an agent multiple-employer defined benefit OPEB plan that provides OPEB benefit for all miscellaneous and public safety employees once they have a minimum of five years of CalPERS credited service with the District and a minimum of ten years of CalPERS credited service, including service at other public agencies. Employees hired prior to March 1, 2012 receive the same benefits as other employees whether or not the District remains in CalPERS. Eligible employees' surviving spouses and dependents are also eligible for benefits. The California Water Code grants the Board of Directors the authority to establish and amend the benefit terms. The District participates in the CalPERS CERBT, which is a Sect 115 trust fund administered by CalPERS. The CERBT is included in the CalPERS publicly available financial statements that can be obtained at www.calpers.ca.gov under Forms and Publications.

During the year ended June 30, 2018, the District joined a defined contribution multiple employer Section 115 trust fund for OPEB benefits administered by PARS. PARS acts as a common investment and administrative agent for participating public agencies. The PARS trust provides and alternative investment option for the District's existing OPEB plan assets. PARS has financial statements available upon request for its OPEB trust funds, which can be obtained by contacting the District's Finance Department.

No other publicly available reports are available for the Plan.

Benefits Provided: The Plan provides healthcare benefits for retirees, surviving spouses and their dependents. Benefits are provided through CalPERS, and the full cost of the benefits are covered by the Plan. The plan provides a cash subsidy for monthly insurance premiums on a graded scale of 50% of insurance premium costs at ten years of service up to 100% of insurance premium costs at twenty years of service. Benefits do not cease at age 65 when the retiree or spouse is eligible for Medicare. Retirees are eligible to continue medical coverage as a participant with active employees at a blended premium rate

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

until eligible for Medicare under CalPERS requirements. Retirees are also eligible for a contribution to a health reimbursement arrangement (HRA) of $150 per month for dental and vision expenses. The HRA contributions are not held in a trust for the benefit of participants and, therefore, are not considered plan assets.

Employees Covered by Benefit Terms: At the June 30, 2018 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	33
Active employees	67
Total	100

Contributions: The Board of Directors has the authority to establish and amend the contribution requirements of the District and employees under powers granted to it under the California Water Code, subject to the District's Memorandum of Understanding with employee bargaining units.

The Board of Directors has established reimbursement percentages of actual insurance premiums paid by Plan members. No other contribution requirements exist under the Plan. Employees are not required to contribute to the Plan. During the fiscal year ended June 30, 2019, the District's direct payments of insurance premiums were $617,108, cash contributions to the trust were $900,000, implied subsidy benefit payments were $66,286 and administrative expenses paid outside of trust were $1,462, resulting in total contributions of $1,584,856. The District made contributions of $300,000 and $600,000 to the CERBT and PARS, respectively.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions: The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	6.75%
Inflation	2.75%
Salary increases	3.00%
Investment rate of return	6.75%
Dental/vision cap increase	3.00%
Mortality rate	CalPERS 1997-2015 Experience Study
Pre-retirement turnover	CalPERS 1997-2015 Experience Study
Healthcare trend rate non-Medicare	7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Healthcare trend rate Medicare	6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076
Participation rate	Tier 1 100%; Tier 2 depending on vesting

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 1997 to 2015 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB 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 OPEB 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.

Changes in Assumptions: The following changes in assumptions occurred at the June 30, 2018 measurement date: The discount rate was updated to 6.75%; demographic assumptions were updated to the CalPERS 1997-2015 Experience Study; mortality improvement scale was updated to Scale MP-2018; active, spouse and family participation updated; implied subsidy was included; medical trend was updated to Getzen model; ACA Excise Tax of 2% load was included on cash benefits; and dental benefits were included.

The target allocation and best estimates of arithmetic real rates of return for each major asset class for CERBT and PARS investments as of the measurement date are summarized in the following table:

Asset Class	Target Allocation CERBT-Strategy 1	CERBT Expected Real Rate of Return	Target Allocation PARS-Capital Appreciation	PARS Expected Real Rate of Return
Global equity	57.0%	4.82%	73.0%	4.82%
Fixed income	27.0%	1.47%	20.0%	1.47%
TIPS	5.0%	1.29%		
Commodities	3.0%	0.84%		
REITs	8.0%	3.76%	2.0%	3.76%
Cash			5.0%	6.00%
Total	100.0%		100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.75%, a decrease from the 7.00% discount rate used in the previous valuation. The projection of cash flows used to determine the discount rate assumed that District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018	$ 12,772,971	$ 6,308,048	$ 6,464,923
Changes in the year:			
Service cost	365,211		365,211
Interest	899,012		899,012
Differences between expected and actual experience	191,319		191,319
Changes in assumptions	7,047,446		7,047,446
Changes in benefit terms			
Contributions - employer		1,890,325	(1,890,325)
Investment income		553,479	(553,479)
Administrative expenses		(13,212)	13,212
Benefit payments	(590,325)	(590,325)	
Net changes	7,912,663	1,840,267	6,072,396
Balance at June 30, 2019	$ 20,685,634	$ 8,148,315	$ 12,537,319

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB 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 discount rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net OPEB liability	$ 15,547,645	$ 12,537,319	$ 10,081,387

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 9,744,814	$ 12,537,319	$ 16,022,359

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2019, the District recognized OPEB expense of $1,508,939. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,584,856	
Differences between actual and expected experience	170,523	
Changes in benefit terms		
Changes in assumptions	6,281,419	
Net differences between projected and actual earnings on plan investments		$ (164,200)
Total	$ 8,036,798	$ (164,200)

The change in deferred outflows for changes in assumptions above mainly results from the effect of including the implied subsidy in the computation of the OPEB liability in 2019. This is due to a difference of opinion between the current and previous actuary about whether the implied subsidy is appropriate to include in the computation of the net OPEB liability for CERBT members.

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2020	$ 735,395
2021	735,395
2022	735,395
2023	776,907
2024	786,823
Thereafter	2,517,827
	$ 6,287,742

Payable to the OPEB Plan: At June 30, 2019, there was no payable to the OPEB Plan.

NOTE F – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Subsequent Changes to OPEB Benefits: In October 2019, the Board of Directors approved the following changes to the District's OPEB benefits: The maximum monthly health insurance benefit reimbursed by the District will be limited to $2,932 and $2,850 effective January 1, 2020 and 2021, respectively. In addition, the percentage of the maximum monthly health insurance that will be reimbursed by the District for employees hired after October 1, 2019 will range from 50% at ten years of credited service up to 100% after 20 years of credited service.

In addition, HRA benefits for employees hired prior to October 1, 2019 have been revised to $66.92, $80.77 and $103.85 for employees with no dependents, one dependent and two or more dependents, respectively. Employees hired prior to October 1, 2019 are allowed to elect to have the District pay 100% of the premium for a new Department-sponsored dental and vision plan instead of participating in the HRA. Employees hired after October 1, 2019 are not allowed to participated in the HRA. The District will pay 100% of a new Department-sponsored dental and vision plan with a maximum District contribution of employee plus one if they have a minimum of ten years of CalPERS credited service with the District.

NOTE G – FIRE IMPACT FEES

The use of fire impact fees is restricted solely for financing public facilities and equipment necessary to serve new developments. Changes in unspent fire impact fees reported as restricted cash and investments were as follows during the year ended June 30, 2019:

Amount available at June 30, 2018	$ 8,190,667
Add fees collected and interest income	1,392,660
Amount available in county investment pool at June 30, 2019	9,583,327
Less outstanding transfer at June 30, 2019	(375,955)
Amount available at June 30, 2019	$ 9,207,372

NOTE H – COMMITMENTS AND CONTINGENCIES

Operating Lease: The District entered into solar leases at four fire stations during the year ended June 30, 2017 that expire during the year ending June 30, 2031. The yearly payments for all the leases combined total $65,388 to $79,344 per year and increase approximately 1.4% per year.

Contingencies: The District is a party to claims and lawsuits arising in the normal course of business. The District's management does not believe that the ultimate liability, if any, arising from these claims will have a material adverse impact on the financial position of the District.

The District has a number of funding sources under grant and other funding agreements that are subject to compliance audits by the provider. The amount of expenditures, if any, which may be disallowed by the provider cannot be determined although the District expects such amounts, if any, to be immaterial.

The County of El Dorado (the County) collects fire impact fees imposed on behalf of the District and deposits those fees into a separate account within the County's investment pool. The balance of the account in the County's investment pool holding the impact fees is reported as part of the District's cash

NOTE H – COMMITMENTS AND CONTINGENCIES (Continued)

and investments. The County will only release the fees from the County investment pool when the District incurs qualifying expenditures and provides supporting documentation for expenditures incurred that is acceptable to the County. It is possible that the County could disallow costs incurred by the District as part of the approval process.

The District's Board of Directors included the design of a fire training facility as part of its strategic plan and two architectural contracts have been awarded, as described in Note K. Design costs were included as part of construction in progress, which is reported in capital assets on the District's balance sheet. If the project is cancelled, the design costs included in construction in process are required to be written-off through expenditures under generally accepted accounting principles.

NOTE I – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Amounts reported for governmental activities in the governmental funds balance sheet are being adjusted to arrive at the statement of net position. The adjustments are as follows at June 30, 2019:

Fund balances - Total Governmental Funds	$ 31,283,480
Deferred outflows of resources on pensions and OBEB are not reported in the governmental funds.	13,221,355
Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds.	21,474,147
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	
Compensated absences	(1,446,204)
HRA liability	(507,363)
Net pension liability	(17,171,498)
Net OPEB Liability	(12,537,319)
Deferred inflows of resoures on pensions and OBEB are not reported in the govermental funds.	(1,498,651)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 32,896,285

NOTE I – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Amounts reported for governmental activities in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances are adjusted to arrive at the Statement of Activities for Government-wide presentation. The adjustments for the fiscal year ended June 30, 2019 are as follows:

Net change in fund balance - Governmental Funds	$ 2,914,391
The change in net position for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital outlay	1,189,046
Depreciation	(1,185,816)
Governmental funds report proceeds from disposal of capital assets as revenues. However, in the government-wide statement of activities only the gain or (loss) on the sale of capital assets is reported. This is the difference between the gain or (loss) and proceeds.	(4,264)
Changes in deferred inflows and outflows related to the pension and OPEB plans doe not result in the receipt or use of current financial resources and are not reported in the governmental funds.	
Change in deferred outflows of resources	4,607,920
Change in deferred inflows of resources	(178,750)
Governmental funds do not present revenues that are not available to pay current expenditures. Such revenues are recognized in the Statement of Activities.	31,058
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences liability	(144,945)
Change in health reimbursement arrangement liability	(48,257)
Change in net pension liability	(87,365)
Change in net OPEB liability	(6,072,396)
NET CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,020,622

NOTE J – RESTATEMENT

During the year ended June 30, 2019, the District's actuary informed the District that contributions made to a PARS Section 115 trust did not qualify as pension assets and should have been considered to be restricted District assets instead. Consequently, the pension contribution below should not have been reported as expenditures in the General Fund during the year ended June 30, 2018. This correction of an error resulted in an increase in restricted cash and restricted net position in the General Fund and government-wide statements at July 1, 2018. The effect of this restatement is as follows:

Balance as originally reported - June 30, 2018	$ 27,913,329
Reverse 2018 PARS contribution from OPEB expense.	455,760
Balance as restated - June 30, 2018	$ 28,369,089

NOTE K – SUBSEQUENT EVENTS

On November 6, 2019, the Board of Directors approved two separate architectural master service agreements with not to exceed limits of $2 million each for the construction of new facilities and major repairs and remodeling of existing facilities for Department-owned and leased general government buildings and grounds. Task orders will be separately approved under the contracts by the Capital Projects Manager up to $50,000, Fire Chief up to $100,000 and Board of Directors for any task order exceeding $100,000. The design of a training facility would be completed under the agreements if the scope of the project is approved by the Board of Directors. The budget for the training facility during the fiscal year ending June 30, 2020 is $500,000. Any architectural services would be completed as part of this budget.

On November 6, 2019, the Board of Directors approved a 5-year lease agreement for two units of a building in El Dorado Hills totaling approximately 3,439 square feet from December 1, 2019 to November 31, 2024 for annual rentals ranging from approximately $53,648 to $60,251 per year. The lease contains two 5-year options to renew the lease at prevailing market rates. The facility is expected to be used for training classes until a permanent training facility is constructed. The lease is expected to be funded with development fees.

REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT)

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2019

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
Last 10 Years

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.178197%	0.172267%	0.168837%	0.176436%	0.166733%
Proportionate share of the net pension liability	$ 17,171,498	$ 17,084,133	$ 14,609,638	$ 12,110,427	$ 10,374,901
Covered payroll - measuremant period	$ 7,786,603	$ 7,684,157	$ 7,132,639	$ 6,686,466	$ 6,342,947
Proportionate share of the net pension liability as a percentage of covered payroll	220.53%	222.33%	204.83%	181.12%	163.57%
Plan fiduciary net position as a percentage of the total pension liability	77.96%	76.22%	74.06%	78.40%	79.82%

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)
Last 10 Years

	2019	2018	2017	2016	2015
Contactually required contribution (actuarially determiend)	$ 1,898,684	$ 1,615,849	$ 1,609,245	$ 1,506,948	$ 1,535,189
Contributions in relation to the actuarially determined contributions	(1,898,684)	(1,615,849)	(1,609,245)	(2,706,948)	(1,535,189)
Contribution deficiency (excess)	$ -	$ -	$ -	$ (1,200,000)	$ -
Covered payroll - employer's fiscal year	$ 8,240,341	$ 7,786,603	$ 7,684,157	$ 7,132,639	$ 6,686,466
Contributions as a percentage of covered payroll	23.04%	20.75%	20.94%	37.95%	22.96%
Notes to schedule:					
Valuation date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Date contribution rates were computed	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Investment rate of return and discount rate used to compute contribution rates	7.375%	7.50%	7.50%	7.50%	7.50%

Change in benefit terms: There were no changes to benefit terms.

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal cost method
Amortized method	Difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over average remaining service life of participants
Remaining amortization period	Not specified
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Retirement age	50-67 years. Probabilities of retirement are based on the 2010 CalPeRS Experience Study for the period 1997 to 2007.
Mortality	CalPERS specific data from December 2017 Actuarial Experience Study for the period 1997 to 2015 that uses 20 years of mortality improvements using Society of Actuaries Scale BB.

Note: A $450,000 contribution to PARS in 2018 was deterimined not to qualify as a plan asset as not available to pay benefits until provided to CalPERS. Consequently, the amount was removed from the 2018 contributions above.

Omitted Years: GASB Statement No. 68 was Implemented During the Year Ended June 30, 2015. No information was Available Prior to this Date. Future years will be reported prospectively as they become available.

EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT)
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2019

	2019	2018
Total OPEB liability		
Service cost	$ 365,211	$ 355,436
Interest	899,012	841,728
Differences between expected and actual experience	191,319	
Changes in assumptions	7,047,446	
Benefit payments	(590,325)	(552,110)
Net change in total OPEB liability	7,912,663	645,054
Total OPEB liability - beginning	12,772,971	12,127,917
Total OPEB liability - ending (a)	$ 20,685,634	$ 12,772,971
Plan fiduciary net position		
Contributions - employer	$ 1,890,325	$ 852,110
Investment income	553,479	597,001
Benefit payments	(590,325)	(552,110)
Administrative expenses	(13,212)	(5,054)
Net change in plan fiduciary net position	1,840,267	891,947
Plan fiduciary net position - beginning	6,308,048	5,416,101
Plan fiduciary net position - ending (b)	$ 8,148,315	$ 6,308,048
Net OPEB liability - ending (a)-(b)	$ 12,537,319	$ 6,464,923
Plan fiduciary net position as a percentage of the total OPEB liability	39.39%	49.39%
Covered-employee payroll - measurement period	$ 7,786,603	$ 7,684,157
Net OPEB liability as percentage of covered-employee payroll	161.01%	84.13%
Notes to schedule:		
Valuation date	June 30, 2018	June 30, 2017
Measurement period - fiscal year ended	June 30, 2018	June 30, 2018
Benefit changes:	None	None

Changes in assumptions: The following changes in assumptions occurred at the June 30, 2018 measurement date: The discount rate was updated to 6.75%; demographic assumptions were updated to the CalPERS 1997-2015 Experience Study; mortality improvement scale was updated to Scale MP-2018; active, spouse and family participation updated; implied subsidy was included; medical trend was updated to Getzen model; ACA Excise Tax of 2% load was included on cash benefits; and dental benefits were included.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

EL DORADO HILLS COUNTY WATER DISTRICT
(DBA EL DORADO HILLS FIRE DEPARTMENT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN
LAST TEN FISCAL YEARS

For the Year Ended June 30, 2019

	2019	2018
Contractually determined contribution - employer fiscal year	$ 683,394	$ 890,325
Contributions in relation to the contractually determined contributions	(1,584,856)	(1,890,325)
Contribution deficiency (excess)	$ (901,462)	$ (1,000,000)
Covered-employee payroll - employer fiscal year	$ 9,694,044	$ 7,786,603
Contributions as a percentage of covered-employee payroll	16.35%	24.28%

Notes to Schedule:

Valuation date	June 30, 2018	June 30, 2017
Measurement period - fiscal year ended	June 30, 2018	June 30, 2018
Methods and assumptions used to determine contribution rates:		
Investment rate of return	6.75%	7.00%
Payroll growth	3.00%	2.75%
Inflation	2.75%	2.75%
Healthcare trend initial, non-Medicare	7.50%	4.00%
Healthcare trend initial, Medicare	6.50%	4.00%
Healthcare trendin down to	4.00%	4.00%

Actuarial cost method	Entry Age Normal Cost Method
Amortization method/period	Amorized over average of expected remaining service lives of employees of 9.2 years.
Asset valuation method	Market value
Mortality	2017 CalPERS 1997-2015 Experience Study mortality for fire fighters and miscellaneous employees.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

COMPLIANCE REPORT

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
El Dorado Hills County Water District
(dba El Dorado Hills Fire Department)
El Dorado Hills, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the El Dorado Hills Fire Department (dba El Dorado Hills Fire Department) (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 21, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Directors
El Dorado Hills Fire Department

Compliance and Other Matters

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

Purpose of this Report

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

Richardson & Company, LLP

November 21, 2019