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

Audited Financial Statements and
Compliance Report

June 30, 2024

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

AUDITED FINANCIAL STATEMENTS AND
COMPLIANCE REPORTS

June 30, 2024

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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 Audit of the Financial Statements

### *Opinions*

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance - budget and actual – General Fund, 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 OPEB 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

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

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 Information***

Management is responsible for the other information in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion of any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 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 the effectiveness of the District's 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

December 13, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of the El Dorado Hills County Water District ("Fire Department" or "District"), 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, 2024.

Our discussion and analysis of the Fire Department provides the reader with an overview of its 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

Government-wide Financial Statements

- The District ended the fiscal year with a positive net position of $40,826,165. This is made up of $34,050,007 in net capital assets, $3,673,434 in assets that are restricted for qualifying capital improvements related to District growth, and another $7,475,445 in assets that are restricted for the payment of pension benefits. Unrestricted net position ended at a *deficit* of $4,372,721 , a decrease of $2,626,614 from the prior year's unrestricted net position.
- The net pension liability increased from the prior year to $29,008,513 and the net OPEB (other post-employment benefits) liability increased to $14,947,482. Total combined net pension and OPEB liabilities were $43,955,995 as of June 30, 2024, a total net increase of $3,461,774 from the prior year. This significant increase is mostly due to the impact of lower-than-expected investment earnings in fiscal year 2022/23 as well as an increase in the District's proportionate share of the pooled net pension liability and is *partially* offset by a decrease in pension and OPEB deferred inflows of $1,355,492 and $172,745, respectively. The decrease in deferred inflows primarily reflects differences between the employer's contributions and its proportionate share of contributions. Pension and OPEB deferred outflows decreased by $665,425 and $919,010, respectively, which represents changes in assumptions, differences between projected and actual investment earnings (deferral of the investment loss), difference between expected and actual experience, change in employer's proportion and contributions made subsequent to the measurement date of 6/30/2023.

Fund Financial Statements

- General fund revenues for the year exceeded expenditures by $3,399,489.
- A net amount of $752,968 was transferred into the District's capital replacement fund in fiscal year 2023/24, which is reported as the committed fund balance.
- The District's general fund reported a total fund balance of $35,196,941. Of this balance, $24,048,062 is unrestricted. The portion of the unrestricted balance committed for future capital replacements is $5,789,259. Another $481,471 of the unrestricted balance is comprised of prepaid amounts that are reported as non-spendable funds. The remaining $17,777,332 of

unrestricted fund balance represents approximately 64.6% of the year's total fund operating expenditures, a decrease from 72.2% in the prior year. This is consistent with the District's Reserve policy, which requires a minimum unrestricted fund balance of 50% annual operating expenditures.

## ANNUAL REPORT OVERVIEW

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 the management's discussion and analysis (this section), the basic financial statements, and the required supplementary information (RSI). The basic financial statements include governmental fund financial statements, government-wide financial statements and notes to the basic 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 of the District's activities and financial position.

The *Statement of Net Position* presents all of the District's assets, deferred outflows, liabilities and deferred inflows, both current and non-current, on a full accrual basis. The difference between assets/deferred outflows and liabilities/deferred inflows is reported as net position, an important indicator of the financial health of the District.

The *Statement of Activities* presents the District's revenues and expenses on the full accrual basis (i.e. revenue is recorded when earned and expenses are recorded when incurred, regardless of the timing of the associated cash flows), and shows how the District's net position changed during the reported fiscal year.

### Governmental Fund Financial Statements

Unlike the government-wide financial statements, the governmental fund financial statements present a near-term perspective and focus on the short-term activities of the District. All the District's activities are reported in the general fund. A modified accrual basis of accounting is reflected, which measures cash and all other financial assets that can be readily converted into cash.

The fund statements are comprised of a *Balance Sheet* and a *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The fund *Balance Sheet* reflects assets and liabilities that are generally current in nature. The differences between governmental activities (government-wide statements) and governmental funds are reconciled as shown in the "adjustments" column between the two statements and in Note J to the financial statements.

### Notes to the Basic Financial Statements and Required Supplementary Information

Notes provide additional information that is essential for a reader to fully understand the data provided in the government-wide and fund financial statements. In addition to the notes, the report contains required supplementary information which provides detail to further support the information in the basic financial statements.

## 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 using the full accrual basis of accounting.

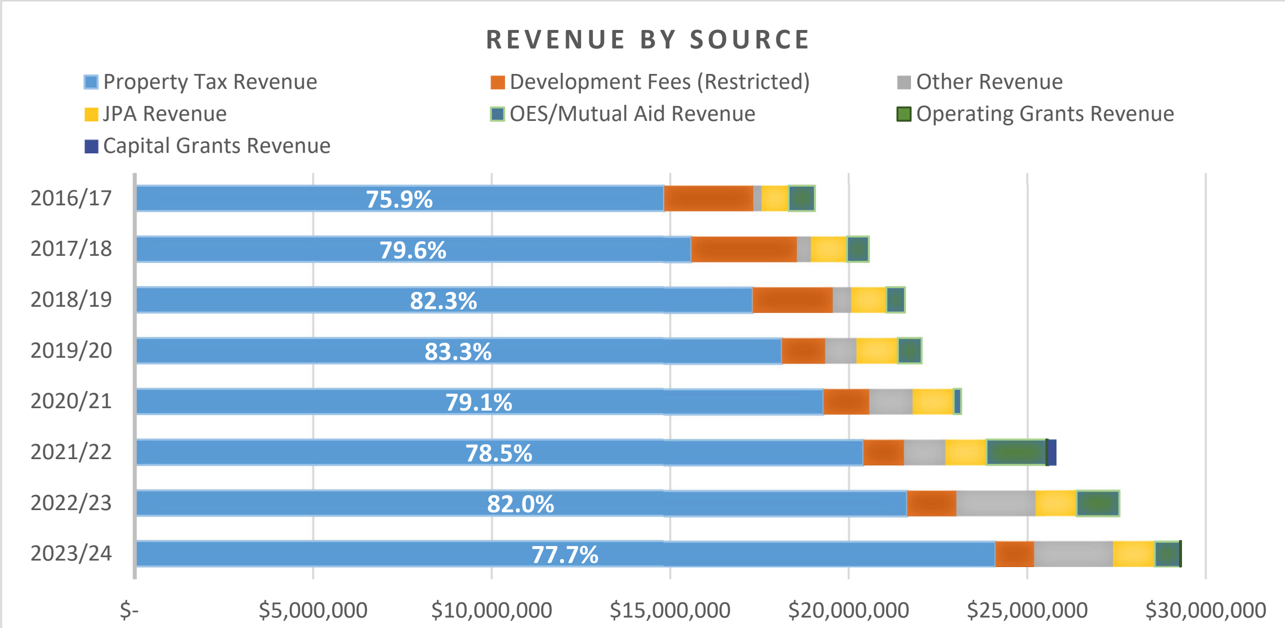
### General and Program Revenues

Table 1 shows a condensed schedule of revenues compared with the prior year. Total revenues for fiscal year 2023/24 increased by $2,992,260 from the prior year. The primary source of funding for the District to provide services is property taxes, which made up approximately 78% of total revenues in 2023/24. Property tax revenues increased by $1,080,660, or 4.5% from the prior year, primarily due to growth in the District's assessed value and growth in supplemental tax revenue. Development fee revenue increased by $116,625 or 10.8% from the prior year as the result of a increase in new development permits within the District. Investment Earnings increased by $610,197, or 69.2% from the prior year due to unrealized gains on investments as well as an increase in interest earnings from the prior year. Other revenue increased by $235,895, or 17.7% from the prior year, mostly due to increases in hosted training revenue, Community Risk Reduction Division (CRRD) cost recovery fees, and other miscellaneous revenue. JPA revenue increased by $1,030,471, or 82.4%, from the prior year due to the addition of a second ambulance unit (M-86) for a portion of the fiscal year. There was a decrease of $56,905, or 7.9%, in California Office of Emergency Service (OES)/Mutual-Aid revenue, reflecting the District's participation in strike team incidents. The District did not collect any grant revenue in fiscal year 2023/24.

**TABLE 1**
**Condensed Schedule of Revenues**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| **General Revenues** | | | | |
| Property Tax Revenue | $ 25,183,435 | $ 24,102,775 | $ 1,080,660 | 4.5% |
| Development Fees | 1,200,203 | 1,083,578 | 116,625 | 10.8% |
| Investment Earnings | 1,492,300 | 882,103 | 610,197 | 69.2% |
| Other Revenue | 1,571,817 | 1,335,922 | 235,895 | 17.7% |
| Total General Revenues | $ 29,447,755 | $ 27,404,378 | $ 2,043,377 | 7.5% |
| **Program Revenues** | | | | |
| JPA Revenue | $ 2,281,159 | $ 1,250,688 | $ 1,030,471 | 82.4% |
| OES/Mutual Aid Revenue | 667,231 | 724,136 | (56,905) | -7.9% |
| Operating Grants Revenue | - | 24,683 | (24,683) | -100.0% |
| Capital Grants Revenue | - | - | - | N/A |
| Total Program Revenues | $ 2,948,390 | $ 1,999,507 | $ 948,883 | 47.5% |
| **Total Revenues** | **$ 32,396,145** | **$ 29,403,885** | **$ 2,992,260** | **10.2%** |

The chart on the following page shows revenue by source from fiscal year 2016/17 to present. Property tax revenues have represented between 75-84 percent of total District revenues over this time period.




## Expenses

Table 2 shows a condensed schedule of expenses compared with the prior year. Total expenses for fiscal year 2023/24 increased from prior year by $5,831,391 or 21.4%. Most of the District's cost to operate is comprised of labor costs. Wages and benefits made up approximately 84.4% of total expenses for the fiscal year and increased by $4,794,653, or 20.8%, from 2022/23. This is mostly due to a significant increase in pension and OPEB expense in 2023/24 resulting from an increase in the District's calculated pension and OPEB unfunded liabilities. There were also significant cost increases in base salaries and wages, education/longevity incentive pay, overtime pay, workers' compensation insurance premiums, health premiums, and the compensated absences liability true-up. Finally, there was a discretionary lump sum payment to the District's OPEB section 115 trust account. Professional services and IT costs remained relatively consistent compared to the prior year, with a small decreased of $29,476, or 3.5%. Maintenance costs increased by $189,489, or 39.2% from the prior year, which is primarily due to a rise in the cost of parts & supplies for vehicles and apparatus, as well as an increase in facilities maintenance costs. Other operating expenses also increased from the previous year by $407,916, or 26.8%, mostly due to increases in the following expense categories: hosted training, non-hosted training, transportation & travel, small tools, and property/general liability insurance. Finally, depreciation and amortization expense increased due to an increase in depreciable capital assets.

**Table 2**
**Condensed Schedule of Expenses**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| Public Protection | | | | |
| Wages & Benefits | $ 27,859,427 | $ 23,064,777 | $ 4,794,650 | 20.8% |
| Professional Services & IT | 804,208 | 833,683 | (29,475) | -3.5% |
| Maintenance | 673,356 | 483,867 | 189,489 | 39.2% |
| Other Operating Expense | 1,932,783 | 1,524,865 | 407,918 | 26.8% |

**Table 2 (continued)**
**Condensed Schedule of Expenses**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| Total Public Protection | $ 31,269,774 | $ 25,907,192 | $ 5,362,582 | 20.7% |
| Debt Service Interest Expense | $ 4,682 | $ 7,096 | $ (2,414) | -34.0% |
| Depreciation/Amortization Expense | $ 1,745,243 | $ 1,274,020 | $ 471,223 | 37.0% |
| **Total Expenses** | **$ 33,019,699** | **$ 27,188,308** | **$ 5,831,391** | **21.4%** |

## Net Position

The District's net position of $40,826,165 at June 30, 2024 decreased by $623,554, or 1.5% from June 30, 2023. Tables 3 and 4 summarize the components of the District's net position compared to the previous year.

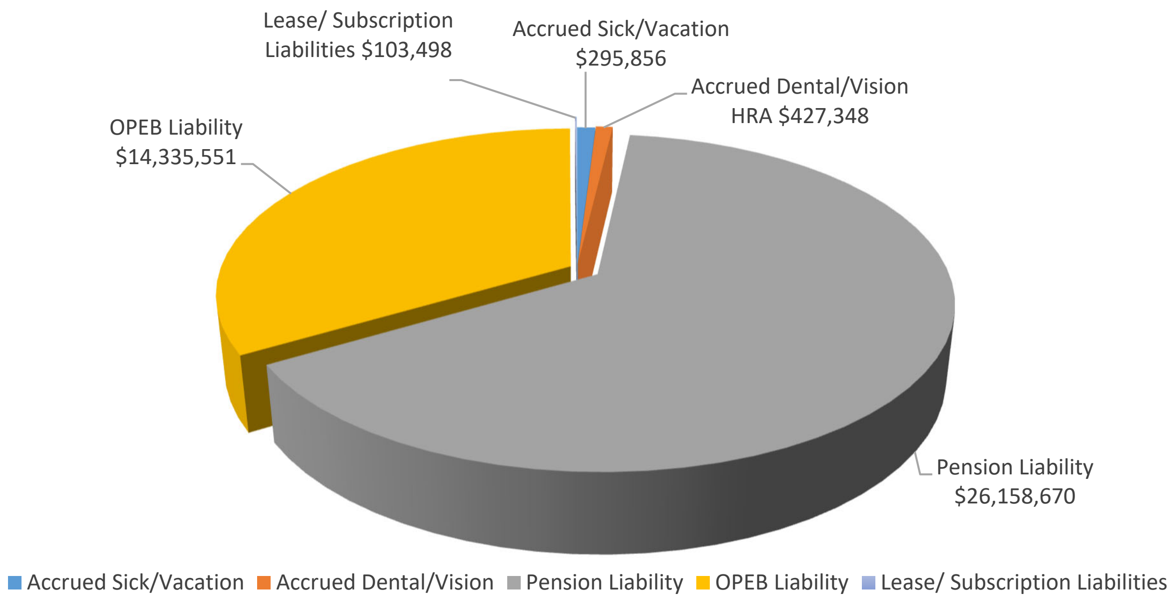
**Table 3**
**Condensed Schedule of Net Position**

| | June 30, 2024 | June 30, 2023 | $ Change | % Change |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and Investments | $ 31,386,887 | $ 29,764,786 | $ 1,622,101 | 5.4% |
| Other Current Assets | 4,635,893 | 3,400,910 | 1,234,983 | 36.3% |
| Lease Receivable - Non-Current | 616,422 | 650,775 | (34,353) | -5.3% |
| Capital Assets | 34,276,995 | 34,583,232 | (306,237) | -0.9% |
| Total Assets | 70,916,197 | 68,399,703 | 2,516,494 | 3.7% |
| **Deferred Outflows of Resources** | 20,223,792 | 21,808,227 | (1,584,435) | -7.3% |
| **Total Assets & Deferred Outflows** | **$ 91,139,989** | **$ 90,207,930** | **$ 932,059** | **1.0%** |
| **Liabilities:** | | | | |
| Current Liabilities | $ 2,037,488 | $ 2,425,170 | $ (387,682) | -16.0% |
| Long-Term Liabilities | 44,840,281 | 41,320,923 | 3,519,358 | 8.5% |
| Total Liabilities | 46,877,769 | 43,746,093 | 3,131,676 | 12.3% |
| **Deferred Inflows of Resources** | 3,436,055 | 5,012,118 | (1,576,063) | -31.4% |
| **Total Liabilities & Deferred Inflows** | **$ 50,313,824** | **$ 48,758,211** | **$ 1,555,613** | **5.1%** |
| **Net Position:** | | | | |
| Net Investment in Capital Assets | $ 34,050,007 | $ 33,782,588 | $ 267,419 | 0.8% |
| Restricted for Capital Improvements | 3,673,434 | 2,874,187 | 799,247 | 27.8% |
| Restricted for Pension Benefits | 7,475,445 | 6,539,051 | 936,394 | 14.3% |
| Unrestricted | (4,372,721) | (1,746,107) | (2,626,614) | -150.4% |
| **Total Net Position** | **$ 40,826,165** | **$ 41,449,719** | **$ (623,554)** | **-1.5%** |

The decrease in net position from prior year is attributable to the following:

- **Deferred Outflows** relating to both pension and OPEB decreased by $1,584,435, or 7.3% from the prior year due to changes in assumptions, differences between projected and actual investment earnings, difference between expected and actual experience, change in employer's proportion and contributions made subsequent to the measurement date of 6/30/2023.

- **Long-term Liabilities** increased by $3,519,357, or 8.5% from the previous year. This increase is mostly due to increases in the net pension and OPEB liabilities. Pension and OPEB unfunded liabilities make up approximately 98% of the District's total long-term liabilities. The net pension liability does not reflect approximately $7.5M in District assets held in a section 115 trust account that is restricted for pension benefits. The pie chart below shows a breakdown of the District's long-term liabilities as of June 30, 2024:




The decreases in net position described above were *partially* offset by the following:

- **Cash and Investments** increased by $1,622,101, or 5.4% from the prior year. This increase is primarily due to increases in the District's LAIF, PARS (Pension Section 115 Trust account), and Development Fee Fund balances.

- **Other Current Assets** increased by $1,234,984, or 36.3% from the prior year. This increase is primarily due to an increase in District receivables from other governments due to the timing of collection.

- **Deferred Inflows** decreased by $1,576,063, or 31.4%, the majority of which represents decreases in Pension and OPEB deferred inflows. These decreases are due to differences between expected and actual experience, changes in assumptions, and differences between the employer's contributions and its proportionate share of contributions.

**Table 4**
**Schedule of Changes in Net Position**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| Revenues | | | | |
| Program Revenues: | | | | |
| Charges for Services | $ 2,948,390 | $ 1,974,824 | $ 973,566 | 49.3% |
| Operating Grants and Contributions | - | 24,683 | (24,683) | -100.0% |
| General Revenues: | | | | |
| Property Taxes and Assessments | 25,183,435 | 24,102,775 | 1,080,660 | 4.5% |
| Fire Impact Fees | 1,200,203 | 1,083,578 | 116,625 | 10.8% |
| Investment Earnings | 1,492,300 | 882,103 | 610,197 | -69.2% |
| Other Revenues | 1,571,817 | 1,335,922 | 235,895 | 17.7% |
| Total Revenues | $ 32,396,145 | $ 29,403,885 | $ 2,992,260 | 10.2% |
| Expenses | | | | |
| Public Protection | $ 31,269,774 | $ 25,907,192 | $ 5,362,582 | 20.7% |
| Interest on Long-term Debt | 4,682 | 7,096 | (2,414) | -34.0% |
| Depreciation and Amortization | 1,745,243 | 1,274,020 | 471,223 | 37.0% |
| Total Expenses | $ 33,019,699 | $ 27,188,308 | $ 5,831,391 | 21.4% |
| Increase/(Decrease) in Net Position | (623,554) | 2,215,577 | 2,839,131 | 128.1% |
| Net Position - Beginning (Restated) | 41,449,719 | 39,234,142 | 2,215,577 | 5.6% |
| **Net Position - Ending** | **$ 40,826,165** | **$ 41,449,719** | **$ (623,554)** | **-1.5%** |

## FINANCIAL ANALYSIS OF THE DISTRICT'S GENERAL FUND

The District's general fund is broken down into an unassigned fund, a non-spendable fund (prepaids), a capital replacement fund (committed), a development fee fund (restricted), and a pension benefit fund (restricted). Fund balances totaled $35,196,941 at the end of 2023/24, an increase of $3,399,489 from 2022/23.

Table 5 below shows the detailed breakdown of fund balances compared to the prior fiscal year:

**Table 5**
**Summary of Total Fund Balances**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| General Reserve Fund - Unassigned | $ 17,777,332 | $ 16,967,932 | $ 809,400 | 4.8% |
| General Reserve Fund – Non-spendable | 481,471 | 379,991 | 101,480 | 26.7% |
| Capital Replacement Fund - Committed | 5,789,259 | 5,036,291 | 752,968 | 15.0% |
| **Unrestricted Fund Balances** | **$ 24,048,062** | **$ 22,384,214** | **$ 1,663,848** | **7.4%** |

**Table 5 (continued)**
**Summary of Total Fund Balances**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| Development Fee Fund - Restricted | 3,673,434 | 2,874,187 | 799,247 | 27.8% |
| Pension Benefit Fund - Restricted | 7,475,445 | 6,539,051 | 936,394 | 14.3% |
| **Restricted Fund Balances** | **$ 11,148,879** | **$ 9,413,238** | **$ 1,735,641** | **18.4%** |
| **Total Fund Balances** | **$ 35,196,941** | **$ 31,797,452** | **$ 3,399,489** | **10.7%** |

- The unassigned general reserve fund ended the fiscal year with a balance of $17,777,332, an increase of $809,400, or 4.8% from the prior year. This increase is due to an excess of revenue over expenditures excluding capital outlay expenditures, which were funded by the capital replacement and development fee funds.

- The non-spendable fund increased by $101,480, or 26.7% from the prior year due to an increase in prepayments for future expenses.

- The committed, or capital replacement fund balance, increased by $752,968 from the prior year to $5,789,259. This increase is the result of contributions, or transfers into the fund during the fiscal year in excess of capital outlay expenditures.

- The restricted development fee fund balance ended the fiscal year at $3,673,434, a 27.8% increase from the prior year. This increase resulted from development fee revenue and interest collections for the fiscal year in excess of qualifying expenditures from the fund. Outstanding reimbursements due to the general reserve fund from the development fee fund of $698,443 for qualifying expenditures made in 2023/24 are reflected in these balances.

- Transfers were made into the District's pension 115 trust account totaling $500,000 during fiscal year 2023/24, resulting in a corresponding increase in the restricted pension benefit fund balance. The remaining increase in the pension benefit fund balance from prior year is the result of a $436,394 unrealized gain on investments as of June 30, 2024.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Actual financial results are evaluated against the adopted (original) final budget and/or mid-year final budget on a monthly basis at the District's regular board meetings. Table 6 on the following page shows a comparison of the final mid-year budget and actual results for fiscal year 2023/24:

**Table 6**
**Condensed Schedule of Revenues and Expenditures**
**Budget vs. Actual - General Fund**

| | 2023/24 Mid-Year Budget | 2023/24 Actual | $ Variance Favorable/ (Unfavorable) | % Variance Favorable/ (Unfavorable) |
|---|---|---|---|---|
| Total Revenues | $ 30,841,825 | $ 32,416,778 | $ 1,574,953 | 5.1% |
| Total Expenditures | 29,191,866 | 29,017,289 | 174,577 | 0.6% |
| **Net Change in Fund Balance** | **$ 1,649,959** | **$ 3,399,489** | **$ 1,749,530** | 106.0% |

- Actual revenues exceed budgeted revenues by $1,574,954 due to the following:
  - There are unbudgeted gains on investment of $626,686 due to unrealized gains in the District's LAIF account and restricted PARS Section 115 trust account as of June 30, 2024.
  - Secured property tax revenue is favorable to budget by $47,744 and supplemental tax revenue was favorable by $59,839.
  - Latrobe Base Transfer revenue is favorable to budget by $105,581.
  - CRRD cost recovery fees are favorable to budget by $180,555.
  - JPA revenue is favorable to budget by $141,159.
  - OES/Mutual Aid revenue is favorable to budget by $149,928.
  - Interest revenue is favorable to budget by $343,725, a portion of which is due to an increase in the fair value adjustment from the prior year on El Dorado County cash balances.
  - There are partially offsetting unfavorable variances in the following revenue categories:
    - Development fee revenue is unfavorable to budget by $120,572.
- Actual expenditures are favorable to the mid-year budget by $174,577, mostly due to the following:
  - Capital outlay expenditures are favorable to budget by $230,844, primarily due to the delayed timing of budgeted expenditures.
  - Professional services are favorable to budget by $43,987 due to savings in legal and consulting fees.
  - Information technology expenditures are favorable to budget by $59,696, due to the delay in timing of the planned website redesign and a cyber security project.
  - There are partially offsetting unfavorable budget variances in the following expense categories:
    - Wages and benefits are unfavorable to budget by $143,246, mostly due to unfavorable overtime wages.

## CAPITAL ASSETS

The District purchased capital assets totaling $1,439,006 in 2023/24. This includes $234,720 in construction expenditures on Phase 1 of the Training Center and $943,818 on the purchase of new apparatus and vehicles, including a Type 3 Engine, three (3) CRRD vehicles, the retrofitting three (3) command vehicles, retrofitting of Rescue 85, and two (2) water rescue rafts. The District also purchased a telehandler forklift, a washer, an extractor, two (2) water storage tanks, an air compressor, storage locker racks, and an ice maker for the new training facility. Radio communications equipment were purchased for $57,100, and another $20,693 was spent on office furniture. Finally, $76,000 was spent on rescue tools for apparatus.

There were no asset write-offs or disposals in fiscal year 2023/24. District capital assets are valued at historical cost and depreciated over their estimated useful lives using the straight-line method. More information about capital assets may be found in Note C of the financial statements.

The chart and Table 7 below show a breakdown of the District's capital assets (net of depreciation and amortization) by category:

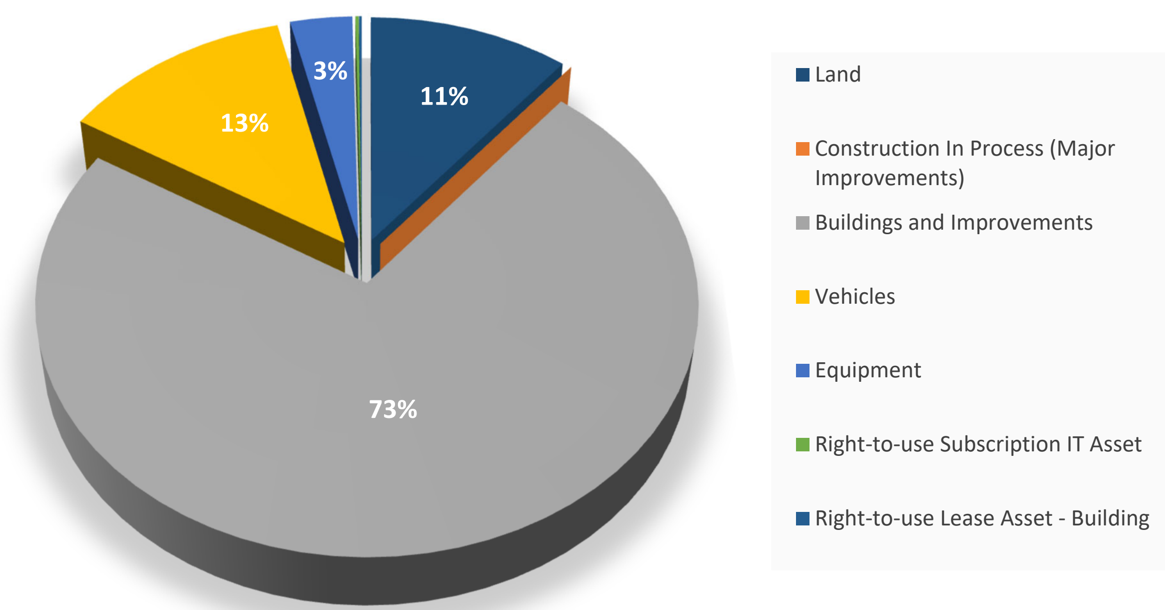



**Table 7**
**Capital Assets by Category (Net of Depreciation and Amortization)**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| Land | $ 3,714,639 | $ 3,714,639 | $ - | 0.0% |
| Construction In Process (Training Facility/Station 85 Remodel) | 3,500 | 13,284,459 | (13,280,959) | -100.0% |
| Buildings and Improvements | 24,997,810 | 12,381,210 | 12,616,600 | 101.9% |

**Table 7 (continued)**
**Capital Assets by Category (Net of Depreciation and Amortization)**

| | 2023/24 | 2022/23 | $ Change | % Change |
|---|---|---|---|---|
| Vehicles | $ 4,301,337 | $ 3,895,183 | 406,154 | 10.4% |
| Equipment | 1,148,416 | 1,127,435 | 20,981 | 1.9% |
| Right-to-use Subscription IT Asset | 62,290 | 77,863 | (15,573) | -20.0% |
| Right-to-use Lease Asset - Building | 49,003 | 102,443 | (53,440) | -52.2% |
| **Total Capital Assets, Net** | **$ 34,276,995** | **$ 34,583,232** | **$ (306,237)** | **-0.9%** |

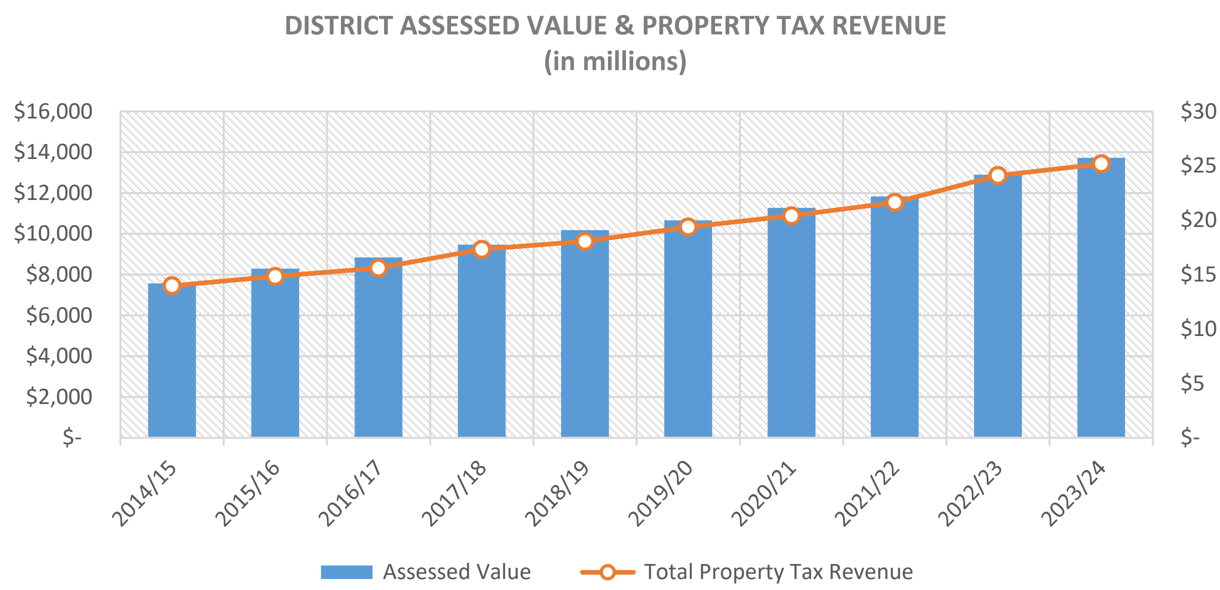
## LONG-TERM DEBT

The District's long-term liabilities consist of compensated absences, a health reimbursement arrangement (HRA) liability, lease/subscription liabilities, and the net pension and OPEB liabilities. The District does not have any other outstanding long-term debt. Additional information about the District's long-term debt may be found in Note E to the financial statements.

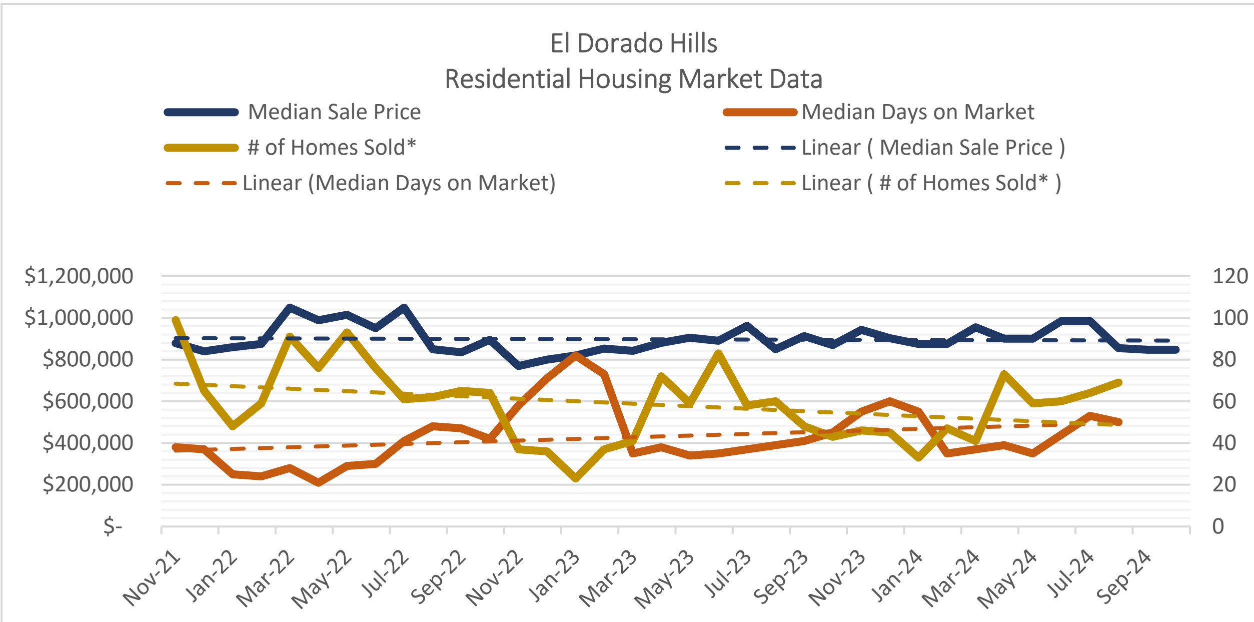
## ECONOMIC OUTLOOK

The District's net position remains strong and reflects financial stability. There is a continuing trend of increased Development within the District and property values remain at historic highs. However, the District continues to be mindful of the potential for an economic recession in the near term and the probable tapering of assessed value and property tax revenue growth. The District also expects the trend of rising costs to continue, anticipating further increases in insurance costs, pension and healthcare costs, and the cost of general goods and services due to economic inflation.

The District's primary source of revenue is property taxes, which are directly tied to property assessed values, new development, and the sale of existing properties. The chart below shows the rising trend in District assessed value and property tax revenue over the past 10 fiscal years:



Residential parcels comprise about 88% of the District's total assessed value. The local residential housing market has been very strong for several years, as is shown in the growing assessed value and property tax revenue trends above. The chart on the following page shows a flattening of the median home sales price in El Dorado Hills over the past two years, an increase in the average number of days a home is on the market, and a decrease in the number of homes sold. Per Realtor.com, the median sales price of a home in El Dorado Hills was $847,500 in October 2024, a slight decrease from the median sales price of $870,000 in October 2023. The median number of days a home was on the market was 44 days in October 2024, relatively consistent with 45 days in October 2023. Finally, the number of homes sold in the twelve month period ending October 2024 was 553 compared to 588 homes sold the preceding twelve month period.




District management continuously monitors and communicates economic trends, forecasts, and financial projections to ensure a sound fiscal position. Budgeting and spending is prioritized to align with the District's mission, core values, and goals. The Fire Department is committed to maintaining and further enhancing its high level of service to the community. Part of doing so is ensuring the financial stability and longevity of the Department.

The Board of Directors and staff continue to be proactive in their efforts to keep healthy reserve balances and prefund pension and OPEB obligations whenever feasible. The District made discretionary transfers to its PARS pension and OPEB Section 115 trust accounts of $500,000 and $646,409, respectively, in fiscal year 2023/24. These transfers serve to offset the District's unfunded liability balances and may also be utilized to offset future qualifying pension and OPEB expenditures in the event of an economic downturn.

## 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, 2024

| | General Fund | Adjustments (Note J) | Statement of Net Position |
|---|---|---|---|
| ASSETS | | | |
| Cash and investments - unrestricted | $ 20,238,008 | | $ 20,238,008 |
| Cash and investments - restricted | 11,148,879 | | 11,148,879 |
| Receivables: | | | |
| Interest receivable - unrestricted | 163,587 | | 163,587 |
| Due from other governments | 1,570,656 | | 1,570,656 |
| Deposits | 2,390,297 | $ (4,471) | 2,385,826 |
| Prepaid costs | 481,471 | | 481,471 |
| Leases receivable - current | 34,353 | | 34,353 |
| Leases receivable - noncurrent | 616,422 | | 616,422 |
| Capital assets: | | | |
| Nondepreciable | | 3,718,139 | 3,718,139 |
| Depreciable, net | | 30,558,856 | 30,558,856 |
| TOTAL ASSETS | 36,643,673 | 34,272,524 | 70,916,197 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension plan | | 12,859,948 | 12,859,948 |
| Other postemployment benefits plan | | 7,363,844 | 7,363,844 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | | 20,223,792 | 20,223,792 |
| TOTAL ASSETS AND DEFFERED OUTFLOWS OF RESOURCES | $ 36,643,673 | 54,496,316 | 91,139,989 |
| LIABILITIES | | | |
| Accounts payable | $ 341,478 | | 341,478 |
| Salaries and benefits payable | 336,850 | | 336,850 |
| Unearned revenue | 98,757 | | 98,757 |
| Current portion of long-term liabilities | | 1,260,403 | 1,260,403 |
| Noncurrent portion of long-term liabilities | | 44,840,281 | 44,840,281 |
| TOTAL LIABILITIES | 777,085 | 46,100,684 | 46,877,769 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 84,239 | (84,239) | |
| Leases receivable | 585,408 | | 585,408 |
| Pension plan | | 1,972,219 | 1,972,219 |
| Other postemployment benefits plan | | 878,428 | 878,428 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 669,647 | 2,766,408 | 3,436,055 |
| FUND BALANCES/NET POSITION | | | |
| Fund balance: | | | |
| Nonspendable - prepaid costs | 481,471 | (481,471) | |
| Restricted for capital improvements | 3,673,434 | (3,673,434) | |
| Restricted for pension benefits | 7,475,445 | (7,475,445) | |
| Committed | 5,789,259 | (5,789,259) | |
| Unassigned | 17,777,332 | (17,777,332) | |
| TOTAL FUND BALANCES | 35,196,941 | (35,196,941) | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | $ 36,643,673 | | |
| Net position: | | | |
| Net investment in capital assets | | 34,050,007 | 34,050,007 |
| Restricted for capital improvements | | 3,673,434 | 3,673,434 |
| Restricted for pension benefits | | 7,475,445 | 7,475,445 |
| Unrestricted | | (4,372,721) | (4,372,721) |
| TOTAL NET POSITION | | $ 40,826,165 | $ 40,826,165 |

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, 2024

| | General Fund | Adjustments (Note J) | Statement of Activities |
|---|---|---|---|
| EXPENDITURES/EXPENSES | | | |
| Current: | | | |
| Public protection | $ 27,507,178 | $ 3,762,596 | $ 31,269,774 |
| Capital outlay | 1,439,006 | (1,439,006) | |
| Debt service - principal | 66,423 | (66,423) | |
| Debt service - interest | 4,682 | | 4,682 |
| Depreciation and amortization | | 1,745,243 | 1,745,243 |
| TOTAL EXPENDITURES/EXPENSES | 29,017,289 | 4,002,410 | 33,019,699 |
| PROGRAM REVENUES | | | |
| Charges for services | | | |
| Reimbursements from other agencies | 2,948,390 | | 2,948,390 |
| TOTAL PROGRAM REVENUES | 2,948,390 | | 2,948,390 |
| NET PROGRAM EXPENSE | (26,068,899) | (4,002,410) | (30,071,309) |
| GENERAL REVENUES | | | |
| Property taxes and assessments | 25,183,435 | | 25,183,435 |
| Fire impact fees | 1,200,203 | | 1,200,203 |
| Investment earnings | 1,492,300 | | 1,492,300 |
| Other revenues | 1,592,450 | (20,633) | 1,571,817 |
| TOTAL GENERAL REVENUES | 29,468,388 | (20,633) | 29,447,755 |
| NET CHANGE IN FUND BALANCE | 3,399,489 | (3,399,489) | |
| CHANGE IN NET POSITION | | (4,023,043) | (623,554) |
| Fund balance/net position, beginning of year | 31,797,452 | 9,652,267 | 41,449,719 |
| FUND BALANCE/NET POSITION, END OF YEAR | $ 35,196,941 | $ 5,629,224 | $ 40,826,165 |

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 (the 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. 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.

The 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 (Authority), which also provides advanced life support and ambulance transport within the County. The District serves approximately 58,500 acres with approximately 18,998 homes and an estimated population of 50,425.

As discussed above, the District is a member of the Authority under a Joint Powers Agreement. The District is not responsible for the liabilities of the Authority upon withdrawal from the Authority and has a proportionate residual equity interest in any assets of the Authority upon its dissolution.

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.

Restricted Assets: Restricted assets consist of $3,673,434 of unspent fire impact fees collected by the County of El Dorado on the District's behalf as well as $7,475,445 of contributions to a Section 115 trust fund with the Public Agency Retirement Services (PARS) 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. See Note H.

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 |

Right-to-use lease assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period of the District's leases is 4 years.

Right-to-use subscription IT assets are recognized at the subscription commencement data and represent the District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at initial value of the subscription liability plus and payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription term or useful life of the underlying asset using the straight-line method. The amortization period of the District's IT assets is 6 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 assets by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net assets 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 leases receivable described in Note C and the pension and OPEB plans under GASB Statements No. 68 and No. 75, respectively, as described in Notes F and G. 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.

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's unearned revenues at year-end consisted mainly of unearned Community Risk Reduction Division fees and Hosted Training Registration fees.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, which is excluded from the liability under GASB 16. 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.

Lease and Subscription Liabilities: Lease liabilities represent the District's obligation to make lease payments arising from leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The lease payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate.

Subscription liabilities represent the District's obligation to make subscription payments arising from subscription contracts. Subscription liabilities are recognized at the subscription commencement date based on the present value of the future subscription payments expected to be made during the subscription term. The subscription payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate.

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 are comprised of prepaid costs.

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. Committed fund balance represents the capital replacement fund approved by the Board of Directors for replacement or necessary improvement of fleet and facilities that exceeds routine maintenance.

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 and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 report net position. Net position is categorized as the 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 balance of debt and other payables that are attributable to the acquisition, construction or improvement of the assets reduces the balance in this category. The District had lease and subscription liabilities that reduce the net investment in capital assets.

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.

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. The JPA contracts with the District for two units and twelve employees working shift work. The JPA reimburses actual costs incurred by the District for services with a maximum limit of $1,398,990 per medic unit. 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 an optional health reimbursement arrangement (HRA) for each full-time and part-time employee hired prior to October 1, 2019 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 $145, $175 and $225 per month for employees with no dependents, one dependent and two or more dependents, respectively. HRA benefits are extended to legacy retirees that retired prior to October 1, 2019. Retirees electing the HRA benefit are provided a monthly benefit of $100 and $150 with no dependents and one dependent, respectively, which is included as part of the OPEB liability.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The HRA benefits are not available to employees/retirees hired/retired on or after October 1, 2019 and instead, the employees/retirees are provided a District-paid dental and vision insurance plan. Employees hired prior to October 1, 2019 also have the option to elect a paid dental/vision insurance plan in lieu of the HRA. The District excludes District-paid retiree dental and vision insurance premiums included in the net OPEB liability from the HRA liability. 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. The General Fund is used to liquidate the HRA liability.

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.

New Pronouncements: In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a primary government, or reporting unit that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. If the criteria in the Statement have been met for a concentration or constraint, the government should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The provisions of this Statement are effective for years beginning after June 15, 2024.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, including 1) certain topics and disclosures in Management's Discussion and Analysis; 2) requiring the display of inflows and outflows of unusual and infrequent items to be reported separately as the last presented flow(s) of resources prior to the net change in resources flows in the government-wide, governmental fund, and proprietary fund statement of resources flows; 3) changing the definition of proprietary fund nonoperating revenues and expenses to include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory and investment income and expenses and defines operating revenues and expenses as revenue and expenses other than nonoperating revenue and expenses; 4) requires major component units to be presented separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements; and 5) requires budgetary comparison schedules to be reported as Required Supplementary Information (RSI), requires the presentation of variances between original and final budget amounts and final budget and actual amounts in the RSI and requires the explanation of significant variances to be reported in notes to the RSI. The provisions of this Statement are effective for years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires lease assets recognized in accordance with GASB Statement No. 87, *Leases*, right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscription assets recognized in accordance with GASB Statement No 96, *Subscription-Based Information Technology Arrangements*, and other intangible assets to be disclosed separately in capital assets footnote disclosures. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose the ending historical cost and accumulated depreciation by major class of asset and the carrying amount of debt for which the assets are pledged as collateral by major class of asset held for sale under this Statement. The provisions of this Statement are effective for fiscal years beginning after June 15, 2025.

The District is currently analyzing the impact of the required implementation of these new statements.

## NOTE B – CASH AND INVESTMENTS

As of June 30, 2024, the District's cash and investments consisted of the following:

| | |
|---|---|
| Cash and investments - unrestricted | $ 20,238,008 |
| Cash and investments - restricted | 11,148,879 |
| | $ 31,386,887 |

| | |
|---|---|
| Deposits in financial institutions | $ 596,871 |
| California Local Agency Investment Fund (LAIF) | 18,156,450 |
| Investment in County of El Dorado investment pool | 5,158,121 |
| Public Agency Retirement Services (PARS) Trust | 7,475,445 |
| Total cash and investments | $ 31,386,887 |

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.

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 fair 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.

NOTE B – CASH AND INVESTMENTS (Continued)

At June 30, 2024, the carrying amount and balance per banks of the District's bank deposits were $596,871 and $790,297, 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.

<u>California Local Agency Investment Fund (LAIF)</u>: 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 $178,255,132,764 which is managed by the State Treasurer. Approximately 3.00% of the LAIF carrying cost plus accrued interest purchased is invested in structured notes and asset-backed commercial paper and investments. 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 217 days at June 30, 2024.

<u>Investment in the County of El Dorado's Investment Pool</u>: 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 fair value. The amount invested by all public agencies in El Dorado County's cash and investment pool is $927,521,802 at June 30, 2024. 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, 2024, the weighted average maturity of the investments contained in the County's investment pool was approximately 619 days.

<u>Investment in the PARS Trust</u>: 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 Moderately Conservative Index PLUS investment option for the pension account, which is invested in index-based mutual funds and exchange-traded funds. PARS uses PFM Asset Management (effective January 1, 2024) 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 8.2 years at June 30, 2024.

<u>Fair Value Measurement</u>: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments in LAIF and the County of El Dorado investment pool are not subject to the fair value hierarchy. The District's investment in PARS is valued at the net asset value of the underlying mutual funds of the PARS pool in which the District invests as provided by PARS, which is not categorized under the fair value hierarchy.

## NOTE C – LEASES RECEIVABLE

On March 31, 2014, the District entered into a lease agreement with AT&T Wireless to provide space for a cell tower located at the District's Station 84. The initial lease term was five years, with three five-year automatic renewals. The lease provides for monthly principal and interest payments ranging from $2,415 to $3,194. Interest is imputed at 4.25%.

On January 16, 2019, the District entered into a lease agreement with Verizon Wireless to provide space for a cell tower located at the District's Station 85. The initial lease term was five years, with three five-year automatic renewals. The lease provides for monthly principal and interest payments ranging from $2,100 to $3,194. Interest is imputed at 4.25%. Lease income was $55,267 during the year ended June 30, 2024.

Future principal and interest payments for the above leases received were as follows at June 30, 2024:

| Year Ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 34,353 | $ 27,009 | $ 61,362 |
| 2026 | 36,821 | 25,486 | 62,307 |
| 2027 | 38,417 | 23,890 | 62,307 |
| 2028 | 40,081 | 22,226 | 62,307 |
| 2029 | 43,073 | 20,484 | 63,557 |
| 2030-2034 | 279,211 | 68,386 | 347,597 |
| 2035-2039 | 169,305 | 21,075 | 190,380 |
| 2040 | 9,514 | 67 | 9,581 |
| | $ 650,775 | $ 208,623 | $ 859,398 |

## NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

| | Balance at June 30, 2023 | Additions | Retirements | Transfers | Balance at June 30, 2024 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 3,714,639 | | | | $ 3,714,639 |
| Construction in process: | | | | | |
| Station 85 remodel | 5,505 | | | $ (2,005) | 3,500 |
| Training facility | 13,278,954 | | | (13,278,954) | |
| Total capital assets, not being depreciated | 16,999,098 | | | (13,280,959) | 3,718,139 |
| Capital assets being depreciated/amortized: | | | | | |
| Buildings and improvements | 20,042,420 | | | 16,661 | 20,059,081 |
| Training facility | - | $ 232,715 | | 13,264,298 | 13,497,013 |
| Vehicles | 8,280,083 | 943,818 | | | 9,223,901 |
| Equipment | 3,022,904 | 262,473 | | | 3,285,377 |
| Right-to-use subscription IT asset | 93,436 | | | | 93,436 |
| Right-to-use lease asset - building | 209,323 | | | | 209,323 |
| Total capital assets being depreciated/amortized | 31,648,166 | 1,439,006 | | 13,280,959 | 46,368,131 |
| Less accumulated depreciation/amortization: | | | | | |
| Buildings and improvements | (7,661,210) | (555,376) | | | (8,216,586) |
| Training facility | - | (341,697) | | | (341,697) |
| Vehicles | (4,384,900) | (537,665) | | | (4,922,565) |
| Equipment | (1,895,469) | (241,492) | | | (2,136,961) |
| Right-to-use subscription IT asset | (15,573) | (15,573) | | | (31,146) |
| Right-to-use lease asset - building | (106,880) | (53,440) | | | (160,320) |
| Total accumulated depreciation/ amortization | (14,064,032) | (1,745,243) | | | (15,809,275) |
| Total capital assets being depreciated/ amortized, net | 17,584,134 | (306,237) | - | 13,280,959 | 30,558,856 |
| Capital assets, net | $ 34,583,232 | $ (306,237) | $ - | $ - | $ 34,276,995 |

## NOTE E – LONG-TERM LIABILITIES

The following is a summary of long-term liabilities activity for the year ended June 30, 2024:

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 | Due Within One Year | Due in More Than One Year |
|---|---|---|---|---|---|---|
| Compensated absences | $ 1,206,982 | $ 1,432,370 | $ (1,172,055) | $ 1,467,297 | $ 1,030,771 | $ 436,526 |
| Health reimbursement arrangement (HRA) liability | 589,585 | 146,726 | (162,417) | 573,894 | 168,468 | 405,426 |
| Lease liability | 104,737 | | (55,492) | 49,245 | 49,245 | - |
| Subscription IT liability | 65,184 | | (10,931) | 54,253 | 11,919 | 42,334 |
| Net pension liability | 26,158,670 | 2,849,843 | | 29,008,513 | | 29,008,513 |
| Net OPEB liability | 14,335,551 | 611,931 | | 14,947,482 | | 14,947,482 |
| | $ 42,460,709 | $ 5,040,870 | $ (1,400,895) | $ 46,100,684 | $ 1,260,403 | $ 44,840,281 |

Lease Liability: On November 6, 2019, the District entered into a 5-year lease agreement for two units of a building in El Dorado Hills of 3,439 square feet from May 22, 2020 to May 21, 2025. The lease contains two 5-year options to renew the lease. It is not considered reasonably certain that the option periods would be exercised; therefore, the option periods were not included in the lease term for the lease liability calculation. For the purposes of discounting future payments on the lease, the District used a discount rate of 4.25%, which represents the District's estimated incremental borrowing rate. The facility will be used for training classes until a permanent training facility is constructed, which is expected to be funded with development fees. Monthly payments of principal and interest range from $4,471 to $5,021. The future lease payments and the net present of value of the payments for the building were as follows at June 30, 2024:

| Year Ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 49,245 | $ 964 | $ 50,209 |
| | $ 49,245 | $ 964 | $ 50,209 |

Subscription Liability: On April 26, 2022, the District entered into a 6-year user license agreement with no options to extend the agreement for its plan review and inspection software. The agreement did not state an interest rate, so the District is discounting future payments using the District's estimated incremental borrowing rate of 3.07%. The software is used to track permits and calculate fees. Yearly payments of principal and interest range from $12,000 to $15,315. The future subscription payments and net present value of the payments for the subscription were as follows at June 30, 2024:

NOTE E – LONG-TERM LIABILITIES (Continued)

| Year Ending June 30: | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 11,919 | $ 1,311 | $ 13,230 |
| 2026 | 12,970 | 922 | 13,892 |
| 2027 | 14,088 | 498 | 14,586 |
| 2028 | 15,276 | 39 | 15,315 |
| | $ 54,253 | $ 2,770 | $ 57,023 |

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLANS

Defined Benefit 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.

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

The rate plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

| | **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% |
| Gross employee contribution rates | 8.00% | 7.00% | 7.75% |
| Employee contribution rates paid by the District | 8.00% | 7.00% | 0.00% |
| Gross employer contribution rates | 17.26% | 11.84% | 7.68% |
| Employer contribution rates paid by employees | 8.00% | 8.00% | 0.00% |

| | **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 | one 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% |
| Gross employee contribution rates | 9.00% | 9.00% | 13.75% |
| Employee contribution rates paid by the District | 9.00% | 9.00% | 0.00% |
| Gross employer contribution rates | 27.11% | 22.83% | 13.54% |
| Employer contribution rates paid by employees | 12.00% | 12.00% | 0.00% |

The employer contribution rates above do not include Unfunded Liability (UAL) payments of $78,809 and $1,654,249 made for Miscellaneous and Public Safety employees during the year ended June 30, 2024, respectively. The tables above reflect employer contribution percentages before an employee pick-up of employer contributions of 8% for Miscellaneous First and Second Tier and 12% 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 for all rate plans except the PEPRA rate plans. All rate plans except the PEPRA rate plans are closed to new members that are not CalPERS participants. All rate plans are combined and reported below as the Miscellaneous Risk Pool and as the Safety Risk Pool.

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for 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, 2024, the employer contributions of $156,583 and $3,153,582 were made to the Miscellaneous and Safety Risk Pools, respectively, for total contributions of $3,310,165.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

| | |
|---|---|
| Miscellaneous Risk Pool | $ 1,259,516 |
| Safety Risk Pool | 27,748,997 |
| Total Net Pension Liability | $ 29,008,513 |

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, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2024 and 2023 were as follows:

| | Miscellaneous Risk Pool | Safety Risk Pool | Total |
|---|---|---|---|
| Proportion - June 30, 2023 | 0.02497% | 0.36368% | 0.22647% |
| Proportion - June 30, 2024 | 0.02519% | 0.37123% | 0.23253% |
| Change - increase (decrease) | 0.00022% | 0.00755% | 0.00606% |

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

For the year ended June 30, 2024, the District recognized a pension expense of $5,469,940 for both risk pools combined. At June 30, 2024, 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 | $ 156,583 | | $ 3,153,582 | | $ 3,310,165 | |
| Differences between actual and expected experience | 64,343 | $ (9,981) | 2,037,288 | $ (174,414) | 2,101,631 | $ (184,395) |
| Changes in assumptions | 76,043 | | 1,619,468 | | 1,695,511 | |
| Differences between the employer's contribution and the employer's proportionate share of contributions | 1,642 | (28,053) | | (1,753,933) | 1,642 | (1,781,986) |
| Change in employer's proportion | 9,216 | (5,838) | 1,740,413 | | 1,749,629 | (5,838) |
| Net differences between projected and actual earnings on plan investments | 203,927 | | 3,797,443 | | 4,001,370 | |
| Total | $ 511,754 | $ (43,872) | $ 12,348,194 | $ (1,928,347) | $ 12,859,948 | $ (1,972,219) |

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 |
|---|---|---|---|
| 2025 | $ 87,362 | $ 2,416,432 | $ 2,503,794 |
| 2026 | 61,471 | 1,673,702 | 1,735,173 |
| 2027 | 156,614 | 3,070,139 | 3,226,753 |
| 2028 | 5,852 | 105,992 | 111,844 |
| | $ 311,299 | $ 7,266,265 | $ 7,577,564 |

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities at the June 30, 2023 measurement date for each risk pool was determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation date | June 30, 2022 |
| Measurement date | June 30, 2023 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Amortization method | Level percent of payroll |
| Asset valuation method | Fair value |
| Actuarial assumptions: | |
| Discount rate | 6.90% |
| Inflation | 2.30% |
| Salary increases | Varies by entry age and service |
| Mortality[1] | Derived using CalPERS membership data for all funds |

[1] The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by Society of Actuaries. For more details on this table, please refer to the 2021 Experience Study report that can be found on the CalPERS website. 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 6.90%. 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.

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.

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

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(1,2) |
|---|---|---|
| Global equity- cap weighted | 30.0% | 4.54% |
| Global equity non-cap-weighted | 12.0% | 3.84% |
| Private equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed securities | 5.0% | 0.50% |
| Investment grade corporates | 10.0% | 1.56% |
| High yield | 5.0% | 2.27% |
| Emerging market debt | 5.0% | 2.48% |
| Private debt | 5.0% | 3.57% |
| Real assets | 15.0% | 3.21% |
| Leverage | -5.0% | -0.59% |
| Total | 100.00% | |

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Mangement Study

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 | 5.90% | 5.90% | 5.90% |
| Net pension liability | $ 1,881,637 | $ 42,401,378 | $ 44,283,015 |
| Current discount rate | 6.90% | 6.90% | 6.90% |
| Net pension liability | $ 1,259,516 | $ 27,748,997 | $ 29,008,513 |
| 1% increase | 7.90% | 7.90% | 7.90% |
| Net pension liability | $ 747,456 | $ 15,769,633 | $ 16,517,089 |

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, 2024, the District reported payables for the outstanding amount of employer contributions to the Plan of $27,038.

NOTE F – PENSION PLAN AND DEFERRED COMPENSATION PLANS (Continued)

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 contributed $500,000 to the PARS pension trust during the year ended June 30, 2024. Assets in the PARS trust were $7,475,445 at June 30, 2024. Assets were invested in the PARS Moderately Conservative 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.

Deferred Compensation Plans: The District offers two Internal Revenue Code (IRC) Section 457 deferred compensation plans (the Plans) to eligible employees. Benefit terms, including contribution requirements for the Plans, were established by and may be amended by the Board of Directors, subject to bargaining unit MOUs. One Plan is administered by CalPERS and the other plan is administered by Nationwide Retirement Solutions, Inc. (Nationwide). All permanent employees may participate in either plan at their hire date. The District had no contribution requirements for either plan at June 30, 2024 and the participants may contribute voluntarily to the Plans up to the applicable IRC contribution limits. The District will be required to match PEPRA employee contributions to the plans up to $100 per month beginning the first pay period in July 2024. Employees vest immediately in their own contributions. The District made no contribution to either Plan and employees contributed $79,122 and $717,344 to the CalPERS and Nationwide Plans during the year ended June 30, 2024, respectively. Contributions are made to individual accounts held in qualifying trusts for each participant and participants self-direct investment options.

NOTE G – 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, subject to the Memorandums of Understanding (MOU's) with the employees. The District participates in the CalPERS California Employers' Retiree Benefits Trust Fund (CERBT), which is a Section 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 Public Agency Retirement Services (PARS). PARS acts as a common investment and administrative agent for participating public agencies. The PARS trust provides an alternative investment option for the District's existing OPEB plan assets. The assets in PARS are invested in the Capital Appreciation Index Plus investment option. PARS has financial

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

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 District covers a maximum of the fifth highest cost plan offered in CalPERS Region 1 for represented employees, and up to $2,850 per month for unrepresented employees.

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 until eligible for Medicare under CalPERS requirements. Retirees hired before October 1, 2019 are also eligible for a contribution to a health reimbursement arrangement (HRA) $100 for a single retiree and $150 for the retiree plus spouse 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 who retire after October 1, 2019 are offered dental and vision insurance benefits in retirement after 10 years of CalPERS credited employment with the District instead of the HRA benefits. The dental and vision insurance offered to retirees is limited to the employee plus one dependent.

Employees Covered by Benefit Terms: At June 30, 2024 (June 30, 2023 measurement date), the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefit payments | 42 |
| Active employees | 77 |
| Total | 119 |

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, 2024, the District's direct payments of insurance premiums were $900,688, cash contributions to the CERBT trust were $300,000, cash contributions to the PARS trust were $646,408, implied subsidy benefit payments were $19,000 and administrative expenses paid outside of trust were $2,889, resulting in total contributions of $1,868,985.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Valuation date | June 30, 2022 |
| Measurement date | June 30, 2023 |
| Actuarial cost method | Entry-age normal cost method |
| Actuarial assumptions: | |
| Discount rate | 6.25% |
| Inflation | 2.50% |
| Salary increases | 2.75% |
| Investment rate of return | 6.25% |
| Dental/vision cap increase | 2.75% |
| Mortality rate | CalPERS 2000-2019 Experience Study |
| Pre-retirement turnover | CalPERS 2000-2019 Experience Study |
| Healthcare trend rate: | |
| Non-Medicare | 8.50% for 2024, decreasing to 3.45% in 2076 |
| Medicare (Non-Kaiser) | 7.50% for 2024, decreasing to 3.45% in 2076 |
| Medicare (Kaiser) | 6.25% for 2024, decreasing to 3.45% in 2076 |
| Participation rate | Tier 1 100%; Tier 2 and 3: 90% to 98% depending on vesting |

Pre-retirement mortality information and post-retirement mortality information was derived from data collected during 2000 to 2019 2021 CalPERS Experience Study. Mortality improvement was projected fully generational Scale MP-2021. 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.

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 | 49.0% | 4.56% | 75.0% | 4.56% |
| Fixed income | 23.0% | 1.56% | 20.0% | 0.78% |
| TIPS | 5.0% | -0.08% | | |
| Commodities | 3.0% | 1.22% | | |
| REITs | 20.0% | 4.06% | | |
| Cash | | | 5.0% | -0.50% |
| Total | 100.0% | | 100.0% | |

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Discount Rate: The discount rate used to measure the total OPEB liability was 6.25%. 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.

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability/(Asset) |
| Balance at June 30, 2023 | $ 27,061,942 | $ 12,726,391 | $ 14,335,551 |
| Changes in the year: | | | |
| Service cost | 1,134,524 | | 1,134,524 |
| Interest | 1,730,540 | | 1,730,540 |
| Differences between expected and | | | |
| Contributions - employer | | 1,318,491 | (1,318,491) |
| Investment income | | 947,667 | (947,667) |
| Benefit payments | (1,015,650) | (1,015,650) | |
| Administrative expenses | | (13,025) | 13,025 |
| Net changes | 1,849,414 | 1,237,483 | 611,931 |
| Balance at June 30, 2024 | $ 28,911,356 | $ 13,963,874 | $ 14,947,482 |

Changes in Assumptions: None

Changes in Benefit Terms: None

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: 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 5.25% | Current Discount Rate 6.25% | 1% Increase 7.25% |
|---|---|---|---|
| Net OPEB liability | $ 19,027,282 | $ 14,947,482 | $ 11,599,050 |

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:

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

| | 1% Decrease | Current Healthcare Cost Trend Rates | 1% Increase |
|---|---|---|---|
| Net OPEB liability | $ 10,945,141 | $ 14,947,482 | $ 19,917,053 |

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 and in a PARS financial report available from the District.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2024, the District recognized OPEB expense of $3,227,181. At June 30, 2024, 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 | $ 1,868,985 | |
| Differences between actual and expected experience | 66,543 | $ (463,414) |
| Changes in assumptions | 4,643,596 | (415,014) |
| Net differences between projected and actual earnings on plan investments | 784,720 | |
| Total | $ 7,363,844 | $ (878,428) |

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 | |
|---|---|
| 2025 | $ 1,148,715 |
| 2026 | 1,071,251 |
| 2027 | 1,510,912 |
| 2028 | 315,797 |
| 2029 | 201,022 |
| Thereafter | 368,734 |
| | $ 4,616,431 |

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 8.3 years at June 30, 2024.

Payable to the OPEB Plan: At June 30, 2024, there was no payable to the OPEB Plan.

NOTE H – 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, 2024:

| | |
|---|---|
| Amount available at June 30, 2023 | $ 2,874,187 |
| Add fees collected and investment income | 1,408,057 |
| Less qualifying expenditures and county administration fees | (608,810) |
| Amount available at June 30, 2024 | $ 3,673,434 |

NOTE I – COMMITMENTS AND CONTINGENCIES

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 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.

Participation in Insurance Risk Pool: Effective November 1, 2022, the District joined the California Association of Mutual Water Companies (Cal Mutuals) Joint Powers Risk and Insurance Management Authority (JPRMIA). The Authority is a public entity risk pool of governments that provides property & casualty, pollution and employee benefits insurance coverage. Loss contingency reserves established by the Authority are funded by contributions from member agencies. The District pays an annual premium to the JPRMIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjustments, legal costs and administrative and other costs to operate the Authority. Private insurers may provide excess coverage over the Authority's coverage limits. Cal Mutuals may be contacted at www.calmutualsjprima.org.

NOTE I – COMMITMENTS AND CONTINGENCIES (Continued)

The District's coverage limits were as follows as of June 30, 2024:

| | JPRIMA Coverage | Deductible |
|---|---|---|
| Auto liability and uninsured motorist (including comprehensive and collision) | $ 1,000,000 | None - $5,000 |
| Auto medical payments | 5,000 | None |
| Property coverage | 25,303,393 | 5,000 |
| Coverage extension blanket limit | 2,000,000 | 5,000 |
| Mobile equipement (including borrowed, rented or leased) | 50,000-183,000 | 5,000 |
| Additional property coverage (depending on type) | 2,500-1,000,000 | None |
| Crime coverage (includes employee theft, forgery, theft, robbery and computer, funds transfer and money order fraud) | 250,000 | 1,000 |
| General liability (includes bodily injury, property damage, professional healthcare, medical expenses, personal, damage to premises rented and medical expenses) | 10,000-10,000,000 | None |
| Public officials and management liability (includes wrongful acts employment practices, employee benefit plans and injunctive relief) | 5,000-1,000,000 | 10,000-25,000 |

In addition to the insurance above, JPRMIA secures commercial excess insurance of $5,000,000. The District continues to carry commercial workers' compensation insurance. Settled claims have not exceeded the insurance limits in the past three years and there have been no reductions of insurance limits.

Mitigation Fee Act-Austin Case: In December of Thomas and Helen Austin of El Dorado Hills filed a lawsuit against the County seeking a writ of mandate that would force the County to refund fees collected under the Mitigation Fee Act on behalf of the El Dorado Hills Community Services District, El Dorado County's Ecological Preserve Program and Traffic Impact Mitigation fee program and the District. The Court has since ruled in favor of the Austins and the case is awaiting a trial date to determine the amount of the refund of mitigation fees. The District's potential loss would not exceed $4.5 million, and would be limited to the funds held in the Fire Impact Fee fund. The District intends to appeal the ruling and the outcome of the case is not determinable at this time.

Contract with County of El Dorado Sherriff's Office of Emergency Services (OES): The District began providing personnel, training, uniforms, vehicle and technology services to the County of El Dorado Sherriff's OES under an agreement for emergency management services from November 1, 2023 to June 30, 2027. Compensation of the District by the County under the agreement has a not to exceed amount of $850,000.

Purchase commitment: In July 2023, the District entered into an agreement to purchase a Type I Engine for $1.25 million including a $15,000 motor continency and changes/mounting. The build time for the apparatus is expected to be 40.5 to 43.5 months.

## NOTE J – 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, 2024:

| | |
|---|---|
| Fund balances - Total Governmental Funds | $ 35,196,941 |
| Deferred outflows of resources on the pension and OPEB plans are not reported in the governmental funds. | 20,223,792 |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the governmental funds. | 34,276,995 |
| 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. The initial lease deposit was included as an initial payment for the leased assets. | |
| Lease deposit added to leased building cost | (4,471) |
| Compensated absences | (1,467,297) |
| HRA liability | (573,894) |
| Lease liability | (49,245) |
| Subscription liability | (54,253) |
| Net pension liability | (29,008,513) |
| Net OPEB liability | (14,947,482) |
| Revenues that are deferred in the governmental funds because they are not current financial resources are recognized in the government-wide statements. | 84,239 |
| Deferred inflows of resoures on the pension and OPEB plans are not reported in the govermental funds. | (2,850,647) |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | $ 40,826,165 |

## NOTE J – 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, 2024 are as follows:

| | |
|---|---|
| Net change in fund balance - Governmental Funds | $ 3,399,489 |
| 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 | 1,439,006 |
| Depreciation | (1,745,243) |
| Changes in deferred inflows and outflows related to the pension and OPEB plans do 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 | (1,584,435) |
| Change in deferred inflows of resources | 1,528,237 |
| Governmental funds do not present revenues that are not available to pay current expenditures. Such revenues are recognized in the Statement of Activities. | (20,633) |
| Governmental funds report debt issuance as revenue and debt service payments as expenditures. However, in the statements of activities, borrowing and repayments of principal of indebtness increase and reduce long-term liabilities in the statement of net position. | |
| Principal payments on leases and subscription liabilities | 66,423 |
| 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 | |
| Change in compensated absences liability | (260,315) |
| Change in health reimbursement arrangement liability | 15,691 |
| Change in net pension liability | (2,849,843) |
| Change in net OPEB liability | (611,931) |
| NET CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | $ (623,554) |

# REQUIRED SUPPLEMENTARY INFORMATION

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

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

For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| REVENUES | | | | |
| Property taxes and assessments | $ 25,203,779 | $ 24,961,484 | $ 25,183,435 | $ 221,951 |
| Reimbursements from other agencies | 1,600,000 | 2,657,303 | 2,948,390 | 291,087 |
| Fire impact fees | 1,100,000 | 1,320,775 | 1,200,203 | (120,572) |
| Use of money and property | 310,000 | 521,890 | 1,492,300 | 970,410 |
| Federal capital grants | 480,510 | | | |
| Other revenues | 1,230,180 | 1,380,373 | 1,592,450 | 212,077 |
| TOTAL REVENUES | 29,924,469 | 30,841,825 | 32,416,778 | 1,574,953 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public protection | | | | |
| Wages and benefits: | | | | |
| Salaries and wages | 13,286,045 | 13,355,593 | 13,337,987 | 17,606 |
| Overtime | 2,748,857 | 2,951,311 | 3,086,834 | (135,523) |
| Retirement | 1,844,077 | 1,881,816 | 1,924,448 | (42,632) |
| Health insurance | 2,062,568 | 2,121,805 | 2,120,351 | 1,454 |
| Retiree health insurance | 1,664,830 | 1,851,013 | 1,849,986 | 1,027 |
| Workers compensation insurance | 1,102,222 | 1,270,389 | 1,270,389 | |
| Employment taxes and benefits | 501,664 | 521,658 | 506,836 | 14,822 |
| Total wages and benefits | 23,210,263 | 23,953,585 | 24,096,831 | (143,246) |
| Professional services and information technology | | | | |
| Professional services | 482,588 | 501,738 | 457,751 | 43,987 |
| Information technology | 510,056 | 406,153 | 346,457 | 59,696 |
| Total professional services and information technology: | 992,644 | 907,891 | 804,208 | 103,683 |
| Maintentance: | | | | |
| Equipment | 291,489 | 316,883 | 317,729 | (846) |
| Structures | 288,944 | 289,632 | 355,627 | (65,995) |
| Total maintenance: | 580,433 | 606,515 | 673,356 | (66,841) |
| Other operating expense: | | | | |
| Other insurance | 276,247 | 290,723 | 290,723 | |
| Communications | 213,103 | 198,901 | 188,819 | 10,082 |
| Special department expenditures | 580,883 | 548,481 | 526,381 | 22,100 |
| Clothing and personal supplies | 131,650 | 149,964 | 151,245 | (1,281) |
| Transportation and travel | 237,000 | 254,631 | 246,835 | 7,796 |
| Rents and leases | 63,316 | 63,922 | 5,876 | 58,046 |
| Other expenditures | 497,812 | 547,403 | 522,904 | 24,499 |
| Capital outlay | 1,829,961 | 1,669,850 | 1,439,006 | 230,844 |
| Debt service - lease principal | | | 66,423 | (66,423) |
| Debt service - lease interest | | | 4,682 | (4,682) |
| TOTAL EXPENDITURES | 28,613,312 | 29,191,866 | 29,017,289 | 174,577 |
| NET CHANGE IN FUND BALANCE | $ 1,311,157 | $ 1,649,959 | 3,399,489 | $ 1,749,530 |
| Fund balance at beginning of year | | | 31,797,452 | |
| FUND BALANCE AT END OF YEAR | | | $ 35,196,941 | |

The accompanying notes are an integral part of these financial statements

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability | 0.23253% | 0.22647% | 0.21705% | 0.19966% | 0.18922% | 0.17820% | 0.17227% | 0.16884% | 0.17644% | 0.16673% |
| Proportionate share of the net pension liability | $ 29,008,513 | $ 26,158,670 | $ 11,738,830 | $ 21,723,405 | $ 19,389,047 | $ 17,171,498 | $ 17,084,133 | $ 14,609,638 | $ 12,110,427 | $ 10,374,901 |
| Covered payroll - measuremant period | $ 10,799,863 | $ 9,840,569 | $ 9,303,656 | $ 9,330,278 | $ 8,240,341 | $ 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 | 268.60% | 265.82% | 126.17% | 232.83% | 235.29% | 220.53% | 222.33% | 204.83% | 181.12% | 163.57% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.96% | 74.89% | 87.53% | 75.56% | 76.64% | 77.96% | 76.22% | 74.06% | 78.40% | 79.82% |
| Changes in assumptions: | | | | | | | | | | |
| Discount rate changes (measurement date | 6.90% | 6.90% | 7.15% | 7.15% | 7.15% | 7.15% | 7.15% | 7.65% | 7.65% | 7.50% |

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution (actuarially determined) | $ 3,310,165 | $ 2,961,614 | $ 2,616,130 | $ 2,390,487 | $ 2,145,247 | $ 1,898,684 | $ 1,615,849 | $ 1,609,245 | $ 1,506,948 | $ 1,535,189 |
| Contributions in relation to the actuarially determined contributions | (3,310,165) | (2,961,614) | (2,616,130) | (2,390,487) | (2,145,247) | (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 | $ 12,070,376 | $ 10,799,863 | $ 9,840,569 | $ 9,303,656 | $ 9,330,278 | $ 8,240,341 | $ 7,786,603 | $ 7,684,157 | $ 7,132,639 | $ 6,686,466 |
| Contributions as a percentage of covered payroll | 27.42% | 27.42% | 26.59% | 25.69% | 22.99% | 23.04% | 20.75% | 20.94% | 37.95% | 22.96% |
| Notes to schedule: | | | | | | | | | | |
| Contribution valuation date - June 30 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Reporting valuation date - June 30 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Reporting measurement date: June 30 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |

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

Methods and assumptions used to determine contribution rates:

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarial method | Entry age normal cost method | | | | | | | | | |
| Amortized method | Level percentage of payroll, closed | | | | | | | | | |
| Remaining amortization period | Varies by rate plan, but not more than 30 years | | | | | | | | | |
| Asset valuation method | Fair value | | | | | | | | | |
| Inflation | 2.30% | 2.50% | 2.50% | 2.50% | 2.625% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary increases | Varies by entry age and service | | | | | | | | | |
| Payroll growth | 2.80% | 2.75% | 2.75% | 2.875% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Investment rate of return and discount rate used to compute contribution rates | 6.80% | 7.00% | 7.00% | 7.00% | 7.25% | 7.375% | 7.50% | 7.50% | 7.50% | 7.50% |
| Retirement age | 50-67 years. Probabilities of retirement are based on the the most recent CalPERS Experience Study | | | | | | | | | |
| Mortality | Most recent CalPERS Experience Study | | | | | | | | | |

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, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Total OPEB liability | | | | | | | |
| Service cost | $ 1,134,524 | $ 926,849 | $ 853,907 | $ 860,120 | $ 835,068 | $ 365,211 | $ 355,436 |
| Interest | 1,730,540 | 1,553,107 | 1,463,721 | 1,534,984 | 1,429,582 | 899,012 | 841,728 |
| Changes in benefit terms | | | | (1,288,437) | | | |
| Differences between expected and actual experience | | (189,566) | | (580,362) | | 191,319 | |
| Changes in assumptions | | 2,272,553 | 722,288 | (753,802) | | 7,047,446 | |
| Benefit payments | (1,015,650) | (936,235) | (871,073) | (773,002) | (683,394) | (590,325) | (552,110) |
| Net change in total OPEB liability | 1,849,414 | 3,626,708 | 2,168,843 | (1,000,499) | 1,581,256 | 7,912,663 | 645,054 |
| Total OPEB liability - beginning | $ 27,061,942 | 23,435,234 | 21,266,391 | 22,266,890 | 20,685,634 | 12,772,971 | 12,127,917 |
| Total OPEB liability - ending (a) | $ 28,911,356 | $ 27,061,942 | $ 23,435,234 | $ 21,266,391 | $ 22,266,890 | $ 20,685,634 | $ 12,772,971 |
| Plan fiduciary net position | | | | | | | |
| Contributions - employer | $ 1,318,491 | $ 2,259,943 | $ 1,173,022 | $ 1,079,446 | $ 1,584,856 | $ 1,890,325 | $ 852,110 |
| Investment income | 947,667 | (1,914,114) | 2,897,600 | 273,647 | 529,216 | 553,479 | 597,001 |
| Benefit payments | (1,015,650) | (936,235) | (871,073) | (773,002) | (683,394) | (590,325) | (552,110) |
| Administrative expenses | (13,025) | (11,483) | (10,009) | (14,584) | (5,760) | (13,212) | (5,054) |
| Net change in plan fiduciary net position | 1,237,483 | (601,889) | 3,189,540 | 565,507 | 1,424,918 | 1,840,267 | 891,947 |
| Plan fiduciary net position - beginning | 12,726,391 | 13,328,280 | 10,138,740 | 9,573,233 | 8,148,315 | 6,308,048 | 5,416,101 |
| Plan fiduciary net position - ending (b) | $ 13,963,874 | $ 12,726,391 | $ 13,328,280 | $ 10,138,740 | $ 9,573,233 | $ 8,148,315 | $ 6,308,048 |
| Net OPEB liability - ending (a)-(b) | $ 14,947,482 | $ 14,335,551 | $ 10,106,954 | $ 11,127,651 | $ 12,693,657 | $ 12,537,319 | $ 6,464,923 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 48.30% | 47.03% | 56.87% | 47.67% | 42.99% | 39.39% | 49.39% |
| Covered-employee payroll - measurement period | $ 11,986,824 | $ 11,713,352 | $ 11,238,742 | $ 9,958,091 | $ 9,694,044 | $ 7,786,603 | $ 7,684,157 |
| Net OPEB liability as percentage of covered-employee payroll | 124.70% | 122.39% | 89.93% | 111.74% | 130.94% | 161.01% | 84.13% |
| Notes to schedule: | | | | | | | |
| Valuation date - June 30 | 2022 | 2022 | 2020 | 2020 | 2018 | 2018 | 2017 |
| Measurement period - fiscal year ended June 30 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |

Benefit changes:
The health reimbursement arrangement benefit was discontinued for employees hired on or after October 1, 2019. The District covered the highest cost HMO health plan premium through December 31, 2019. Beginning January 1, 2020, 2021 and 2022 the District began to offer a maximum benefit of the third, fourth and fifth highest cost heath insurance plan offered in CalPERS Region 1, respectively.

Changes in assumptions: Changes in actuarial assumptions are listed in the schedule of contributions to the OPEB plan on the next page.

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, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| Contractually determined contribution - employer fiscal year | $ 919,687 | $ 1,015,650 | $ 936,234 | $ 871,073 | $ 773,002 | $ 683,394 | $ 890,325 |
| Contributions in relation to the contractually determined contributions | (1,868,985) | (1,318,491) | (2,259,943) | (1,173,022) | (1,079,446) | (1,584,856) | (1,890,325) |
| Contribution deficiency (excess) | $ (949,298) | $ (302,841) | $ (1,323,709) | $ (301,949) | $ (306,444) | $ (901,462) | $ (1,000,000) |
| Covered-employee payroll - employer fiscal year | $ 13,588,489 | $ 11,986,824 | $ 11,713,352 | $ 11,238,742 | $ 9,958,091 | $ 9,694,044 | $ 7,786,603 |
| Contributions as a percentage of covered-employee payroll | 13.75% | 11.00% | 19.29% | 10.44% | 10.84% | 16.35% | 24.28% |
| Notes to Schedule: | | | | | | | |
| Valuation date - June 30 | 2022 | 2022 | 2020 | 2020 | 2018 | 2018 | 2017 |
| Measurement period - fiscal year ended June 30 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| Methods and assumptions used to determine contribution rates: | | | | | | | |
| Discount rate | 6.25% | 6.25% | 6.50% | 6.75% | 6.75% | 6.75% | 7.00% |
| Investment rate of return | 6.25% | 6.25% | 6.75% | 6.75% | 6.75% | 6.75% | 7.00% |
| Inflation | 2.50% | 2.50% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Payroll growth | 2.75% | 2.75% | 3.00% | 3.00% | 3.00% | 3.00% | 2.75% |
| Healthcare trend initial, non-Medicare | 8.50% | 8.50% | 6.75% | 7.00% | 7.50% | 7.50% | 4.00% |
| Healthcare trend initial, Medicare (Non-Kaiser) | 7.50% | 7.50% | 5.90% | 6.10% | 6.50% | 6.50% | 4.00% |
| Healthcare trend initial, Medicare (Kaiser) | 6.25% | 6.25% | 4.85% | 5.00% | 6.50% | 6.50% | 4.00% |
| Healthcare trending down to | 3.45% | 3.45% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Actuarial cost method | Entry Age Normal Cost Method | | | | | | |
| Amortization period (average expected remaining service life in years) | 8.1 | 8.3 | 8.5 | 8.9 | 9.2 | 9.2 | 9.2 |
| Asset valuation method | Market value | | | | | | |
| Mortality - CalPERS Experience Study Date | 2021 | 2021 | 2017 | 2017 | 2017 | 2017 | 2014 |

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.

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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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2024.

**Report on 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.

**Report on 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 financial statements. 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

December 13, 2024