



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

November 9, 2016

Mr. José C. Henríquez, Executive Officer
El Dorado Local Agency Formation Commission
550 Main Street Suite E
Placerville, CA 95667

Dear José:

You asked us to review Agenda item #8, Approve Changes to the Budgetary Creation Process, in your management report for the September 28, 2016 Commission meeting and asked us if we anticipate any adverse accounting or reporting issues that would result from the proposed process of budgeting the current fund balance carryover as a revenue source in a future year. We reviewed the proposal and do not believe there would be any adverse accounting or reporting issues that would result from such a process of budgeting the fund balance carryover as a revenue source in a future year.

The budgetary comparison statement in the El Dorado Local Agency Formation Commission's June 30, 2015 financial statements was presented consistently with Generally Accepted Accounting Principles (GAAP) and a fund balance carryover would not be considered to be revenue under GAAP. Governments are not prohibited from reporting budgeted non-GAAP revenue in a budgetary comparison statement if a reconciliation of the budgetary revenue to GAAP basis revenue is included in the statement. This is a common disclosure and is not considered to be undesirable. The City of Sacramento's June 30, 2015 General Fund budgetary comparison statement is attached to this letter as an example of the required budget to GAAP reconciliation.

If you have any questions, please do not hesitate to call me.

Very truly yours,

A handwritten signature in blue ink that reads 'Brian Nash'.

Brian N. Nash
Partner

City of Sacramento

General Fund

**Statement of Revenues, Expenditures and Change in Fund Balance
- Budget and Actual (Non-GAAP Budgetary Basis)
with Budget to GAAP Reconciliation**

For the Fiscal Year Ended June 30, 2015

(in thousands)

	Budgeted Amounts		Actual	Variance with	Budget to GAAP Reconciliation	Actual
	Original	Final	Amounts - Budgetary Basis	Final Budget - Positive (Negative)		Amounts - GAAP Basis
Revenues:						
Taxes	\$ 274,337	\$ 274,337	\$ 286,786	\$ 12,449	\$ -	\$ 286,786
Intergovernmental	8,982	10,920	13,363	2,443	-	13,363
Charges for services	61,385	63,810	71,394	7,584	-	71,394
Fines, forfeits and penalties	12,168	11,811	10,782	(1,029)	-	10,782
Interest, rents, and concessions	887	2,270	1,707	(563)	-	1,707
Assessment levies	30	74	176	102	-	176
Contributions and donations	-	6	13	7	-	13
Miscellaneous	124	124	426	302	-	426
Total revenues	357,913	363,352	384,647	21,295	-	384,647
Expenditures:						
Current:						
Mayor/Council	3,063	3,609	3,270	339	-	3,270
City Manager	2,561	3,258	2,510	748	1	2,511
City Attorney	4,164	4,479	3,957	522	7	3,964
City Clerk	1,205	1,233	1,200	33	-	1,200
City Treasurer	1,820	1,944	1,873	71	(39)	1,834
Finance	4,876	4,966	4,539	427	(17)	4,522
Information technology	8,437	5,504	4,794	710	46	4,840
Human resources	2,584	2,952	2,737	215	(36)	2,701
Subtotal - General government	28,710	27,945	24,880	3,065	(38)	24,842
Police	124,602	126,546	128,671	(2,125)	(284)	128,387
Fire	95,968	99,585	98,469	1,116	(54)	98,415
General services	9,104	9,483	9,625	(142)	(21)	9,604
Public works	6,663	7,030	6,414	616	(127)	6,287
Convention, culture and services	4,603	4,647	4,586	61	(19)	4,567
Economic development	3,514	2,843	2,507	336	7	2,514
Parks and recreation	15,008	15,841	17,244	(1,403)	(62)	17,182
Community development	20,767	24,263	20,770	3,493	(92)	20,678
Library	7,130	7,130	7,130	-	-	7,130
Utilities	3,480	956	278	678	-	278
Citywide and community support	40,679	37,853	37,817	36	(601)	37,216
Capital outlay	25,719	38,821	13,164	25,657	(4,263)	8,901
Debt service:						
Principal	2,984	2,984	2,984	-	-	2,984
Interest and fiscal charges	235	235	235	-	-	235
Total expenditures	389,166	406,162	374,774	31,388	(5,554)	369,220
Excess (deficiency) of revenues over (under) expenditures	(31,253)	(42,810)	9,873	52,683	5,554	15,427
Other financing sources (uses):						
Transfers in	30,042	30,042	31,275	1,233	-	31,275
Transfers out	(24,532)	(25,621)	(25,265)	356	-	(25,265)
Proceeds of long-term capital related debt	-	3,100	3,100	-	-	3,100
Total other financing sources (uses)	5,510	7,521	9,110	1,589	-	9,110
Net change in fund balance	\$ (25,743)	\$ (35,289)	\$ 18,983	\$ 54,272	\$ 5,554	\$ 24,537

The notes to the financial statements are an integral part of this statement.