Yolo Local Agency Formation Commission

Request for Proposals

To provide:

Independent Professional Auditing Services

to Audit Yolo LAFCo Financial Statements for
Fiscal Years ending 2024, 2023, and 2022

Response due by Monday, May 6, 2024, at 3:00 pm

Issued March 25, 2024

YOLO LOCAL AGENCY FORMATION COMMISSION
REQUEST FOR PROPOSAL

The Yolo Local Agency Formation Commission (LAFCo) is seeking a qualified certified public accounting firm to audit its financial statements for fiscal years ending June 30, 2024, 2023, and 2022.

Yolo LAFCo Background

The Yolo LAFCo was formed and operates under the provisions of state law, specifically, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Sec. 56000 et seq.). State law provides for LAFCos to be formed as independent agencies in each county in California. LAFCos implement state law and local policies relating to boundary changes for cities and most special districts. LAFCos approve spheres of influence, incorporations, annexations, reorganizations, and other changes of organization.

The Yolo LAFCo has a five-member commission consisting of the following: two members of the Yolo County Board of Supervisors, two city council members from the four cities within the County, and one member from the public at large. For each membership category, an alternate Commissioner serves in the absence of the regular member.

Yolo LAFCo staff consists of a full time Executive Officer and Administrative Specialist/Clerk and a part-time analyst. Legal services are provided by the Yolo County Counsel's Office. The County of Yolo provides payroll, treasury, personnel, and support services as well as office space in the County's Administrative Building.

The Yolo LAFCo operates under a single-program government fund with an annual budget of approximately $550,000. Funding for operations comes primarily from the County and the four cities in Yolo County, with the County contributing half and the cities contributing the other half. Although the County of Yolo contributes half of Yolo LAFCo's net operational costs and provides many services, the Yolo LAFCo is an independent agency and its budget is not subject to County approval. In addition to the agency contributions, other sources of revenue include applicant fees and interest earnings.

Scope of the Project

Yolo LAFCo is seeking qualified proposals for an independent financial audit in accordance with the following requirements:

1. The audit is to be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, as well as any other current and applicable federal, state, local or programmatic audit requirements.
2. The audit will cover the general purpose financial statements of LAFCo and supporting documentation and schedules for fiscal years ending 2024, 2023, and 2022. The audit report should be combined to cover all 3 years. Please note the LAFCo Finance Analyst, an accountant, prepared unaudited financial statements

for the fiscal years ending June 30, 2023, and 2022 and the County Department of Financial Services reviewed the statements (see Exhibit C).

3. The audit firm will issue a separate Management Letter that includes recommendations, if any, for improvements in internal control that are considered to be significant deficiencies or material weaknesses.

LAFCo staff will prepare the Management Discussion and Analysis (MD&A), if needed.

Audit Process and Deliverables

Preparation of the report will include the following steps:

1. Data collection: including but not limited to soliciting LAFCo staff and the Yolo County Department of Financial Services (DFS) for information, research of existing information, and retrieving documents as needed.
2. Review, interpretation, and analysis of all the information collected.
3. Produce Administrative Draft financial statements for LAFCo staff review (electronic PDF and Word version).
4. Preparation of final draft addressing comments from LAFCo staff, including findings, determinations, and recommendations (electronic PDF and Word versions). Attendance at the Commission meeting(s) approving the final financial statement is required.
5. Following Commission approval of the financial statements, please provide LAFCo with a final electronic version (both PDF and Word versions).
6. All working papers and reports are to be retained at the auditor's expense for a minimum of four (4) years. The audit firm shall make working papers available to LAFCo on request.

Contents of Proposal

The proposal shall be specifically responsive to this request and shall include, but not necessarily be limited to, the following:

1. General statement by the firm or individual about the proposal, including an understanding and general approach to accomplishing the work as outlined. The statement should demonstrate the experience and qualifications to perform the required duties, including information regarding government audit experience.
2. Specific substantiated statement of the firm or individual's qualifications to perform the work, ability to stay within budget, and meet deadlines.
3. Identification and designation of the individual(s) who would perform the work, including resumes documenting their experience and competence to perform that work. Note that any subsequent changes in staff performing the work will require prior approval by LAFCo.
4. General timeline and scope of work required to complete the documents in the most efficient and timely manner. The timeline should identify numerous check-in meetings with LAFCo staff as appropriate.
5. General proposal costs and identification of basic work tasks including a list of the

firm's hours/rate structure for completing the scope of work. The costs should specify deliverables and number of meetings/presentations included in the fee. LAFCo would like the option to provide a draft financial statement, if feasible. The fee shall provide a breakdown for drafting the financial statement and audit separately. The audit report should be combined to cover all 3 years and attendance at only one Commission meeting is anticipated.

6. A list of not less than three (3) client references for which services similar to those outlined in this request for proposals have recently been, or are currently being, provided. For each reference listed provide the name of the organization, dates, and type of service(s) provided, and the name, address, e-mail address and telephone number of the appropriate contact.

Proposal deadline is Monday, May 6, 2024, at 3:00 pm.

Evaluation Process

During the evaluation process, LAFCo reserves the right to request additional information or clarifications from responders or to allow corrections of errors or omissions. At the discretion of the LAFCo, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

LAFCo reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether the proposal was selected.

The successful bidder will be required to enter into a contract with Yolo LAFCo.

Yolo LAFCo staff will review each proposal and evaluate the ability of each individual or firm to meet the expectations defined herein. References will be contacted. The proposals will be ranked and the top firms may be invited to an interview with LAFCo staff, LAFCo Commission representative(s) and potentially a representative from the Yolo County Department of Financial Services. A consultant will then be selected and the contract approval process will begin. LAFCo may modify this evaluation process as appropriate.

There is no expressed or implied obligation for LAFCo to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Consultant Selection

The following attributes will be considered in determining the award of the contract:

1. Qualifications and experience of the audit team
2. Prior experience in auditing other public agencies
3. References
4. Results of the most recent Peer Review together with the California Society of CPAs acceptance of the peer review
5. Thoroughness of approach to conducting the audit and demonstration of the understanding of the objectives and scope of the audit
6. Ability to work well with the staff from LAFCo and the Yolo County DFS.
7. Ability to complete the audit in a timely manner

8. Provide clear and reasonable outline of cost estimates and past performance with staying within budget

Additional Information

Timeline:

The fieldwork and audit for Fiscal Years ending June 30, 2020 and 2019 may begin after execution of a contract. The field work and audit for Fiscal Year 2020/21 will begin after the books for that year are closed, approximately October 2021. An audit plan and project schedule will be determined and agreed to by LAFCo and the selected audit firm.

Insurance:

The form of contract includes standard form insurance requirements and standard form insurance certificates, which are utilized by the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a self-insurance joint powers agency, of which Yolo LAFCo is a member. A copy of YCPARMIA's "Insurance Requirement Guidelines" is attached (Exhibit A), as is a draft contract (Exhibit B).

Yolo County Financial System:

The County implemented a new financial system, the Infor CloudSuite, in July 2023.

Contract Provisions:

Yolo LAFCo reserves the right to reject any and all proposals, waive any irregularity in the proposals and/or to conduct negotiations with any firms, whether or not they have submitted a proposal. The Commission's initial draft of the contract form to be used for agreements is attached to this RFP. Although the attached draft is subject to revision before execution by the parties, by submission of a proposal or statement of qualification the potential contractor indicates that except as specifically and expressly noted in its submission, it has no objection to the attached draft contract or any of its provisions, and if selected will enter into a final agreement based substantially upon the attached draft contract.

Signature Authority:

Certify that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with LAFCo.

Consultants:

During the preparation phases, Yolo LAFCo reserves the right to hire consultants as necessary, in its discretion, to represent Yolo LAFCo in this project.

Submittal

Any questions regarding this proposal shall be submitted in writing to lafco@yolocounty.org.

Proposals shall be submitted electronically to lafco@yolocounty.org (preferred), or on paper to:

Yolo Local Agency Formation Commission
625 Court Street, Suite 107
Woodland CA 95695

Proposal deadline:

Monday, May 6, 2024, 3:00 pm

Respectfully requested,
Christine M. Crawford AICP, Executive Officer

Exhibits

A. Insurance Requirement Guidelines
B. Draft Contract
C. Fiscal Years Ending June 30, 2021, 2020, and 2019 Audited Financial Statements

EXHIBIT A

Insurance Requirements

1. INSURANCE

a. During the term of this Contract, Contractor shall at all times maintain, at its expense, the following coverages and requirements:

   i. Minimum Scope of Insurance – Coverage shall be at least as broad as the latest version of the following:

      1. Commercial General Liability: Insurance Services Office form CG 000. The policy shall not contain any exclusions contrary to the Contract, including but not limited to endorsements or provisions limiting coverage for 1) Contractual liability such as ISO CG 24 26 or 21 29; or 2) cross liability or suits by one insured against another.
      2. Automobile Liability: Insurance Services Office form CA 00 01, code 1- Any Auto or including Hired and Non-Owned vehicles.
      3. Workers' Compensation and Employers' Liability: Workers' Compensation insurance as required by the State of California and Employers' Liability.
      4. Professional Liability (Errors and Omissions) (If applicable, see below)

   ii. Minimum Limits (as applicable) - Insurance coverage shall be with limits not less than the following:

      1. Commercial General Liability – $2,000,000/occurrence and $4,000,000 annual aggregate or an aggregate of $2,000,000 that applies separately to this project (ISO CG 25 03 or 25 04).
      2. Automobile Liability – $1,000,000 per accident for bodily injury and property damage
      3. Professional Liability/Malpractice/Errors and Omissions - $2,000,000 per occurrence and annual aggregate.

         (If any engineer, architect, attorney, accountant, medical professional, psychologist, or other licensed professional performs work under a contract, or other professional contractors, such as computer and software designers the contractor must provide this insurance. If not, then this requirement automatically does not apply)
      4. Workers' Compensation – Statutory Limits/Employers' Liability - $1,000,000/accident for bodily injury or disease.

         (If no employees, this requirement automatically does not apply)

   It shall be a requirement under this agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the Additional Insured. Furthermore, the requirements for coverage and limits shall be (1) the minimum coverage and limits specified in this Contract; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured; whichever is greater.

   iii. Other Insurance Provisions

      1. **Additional Insured Status** - LAFCo, its officers, agents, employees, and volunteers shall be named as additional insured on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including, materials, parts, or equipment furnished in connection with such work or operations. Coverage can be provided in the form or an endorsement to the Contractor's insurance (at least as broad as CG 20 10 11 85 or if not available, through the addition of both CG 20 37 and one of the following: CG 20 10, CG 20 26, or CG 20 33). [NOTE: Evidence of additional

insured is needed as a separate endorsement or comparable policy language due to wording on the certificate negating any additional coverage listed writing in the description box.]

2. **Primary Coverage** - The Contractor's policy shall be "primary and non-contributory" and will not seek contribution from LAFCo's insurance or self-insurance and shall be at least as broad as CG 20 01 04 13.
3. **Notice of Cancellation** – Each insurance policy required above shall provide that coverage shall not be cancelled, except with notice to LAFCo.
4. **Waiver of Subrogation** – Contractor hereby grants to LAFCo a waiver of any right to subrogation which any insurer of said Contractors may acquire against LAFCo by virtue of the payment or any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not LAFCo has received a waiver of subrogation endorsement from the insurer.

iv. The limits of Insurance required in this Contract may be satisfied by a combination of primary and umbrella or excess Insurance. Any umbrella or excess Insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and noncontributory basis for the benefit of LAFCo (if agreed to in a written contract or agreement) before LAFCo's own Insurance or self-insurance shall be called upon to protect it as a named insured.

v. Said policies shall remain in force through the life of this Contract and, with the exception of professional liability coverage, shall be payable on a "per occurrence" basis unless the LAFCo Risk Manager specifically consents in writing to a "claims made" basis. For all "claims made" coverage, in the event that the Contractor changes insurance carriers Contractor shall purchase "tail" coverage covering the term of this Contract and not less than three years thereafter. Proof of such "tail" coverage shall be required at any time that the Contractor changes to a new carrier prior to receipt of any payments due.

vi. The Contractor shall declare all aggregate limits on the coverage before commencing performance of this Contract, and LAFCo's Risk Manager reserves the right to require higher aggregate limits to ensure that the coverage limits required for this Contract as set forth above are available throughout the performance of this Contract.

vii. Any deductibles or self-insured retentions must be declared to and are subject to the approval of LAFCo's Risk Manager. All self-insured retentions (SIR) must be disclosed to Risk Management for approval and shall not reduce the limits of liability. Policies containing any SIR provision shall provide or be endorsed to provide that the SIR may be satisfied either by the named Insured or LAFCo.

viii. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise approved by LAFCo's Risk Manager.

ix. The policies shall cover all activities of Contractor, its officers, employees, agents and volunteers arising out of or in connection with this Contract.

x. For any claims relating to this Contract, the Contractor's insurance coverage shall be primary, including as respects LAFCo, its officers, agents, employees, and volunteers. Any insurance maintained by LAFCo shall apply in excess of, and not contribute with, insurance provided by Contractor's liability insurance policy.

b. Prior to commencing services pursuant to this Contract, Contractor shall furnish LAFCo with original policies or endorsements reflecting coverage required by this Contract. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. All endorsements are to be received by, and are subject to the approval of, LAFCo's Risk Manager before work commences. Upon LAFCo's request, Contractor shall provide complete, certified copies of all required insurance policies, including endorsements reflecting the coverage required by these specifications.
c. During the term of this Contract, Contractor shall furnish LAFCo with original endorsements reflecting renewals, changes in insurance companies and any other documents reflecting the maintenance of the required coverage throughout the entire term of this Contract. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. Upon LAFCo's request, Contractor shall provide complete, certified copies of all required insurance policies, including endorsements reflecting the coverage required by these specifications. LAFCo reserves the right to obtain a full certified copy of any Insurance policy and endorsements. Failure to exercise this right shall not constitute a waiver of right to exercise later.
d. Contractor agrees to include with all Subcontractors in their subcontract the same requirements and provisions of this Contract including the indemnity and Insurance requirements to the extent they apply to the scope of the Subcontractor's work. Subcontractors hired by Contractor agree to be bound to Contractor and LAFCo in the same manner and to the same extent as Contractor is bound to LAFCo under the Contract Documents. Subcontractor further agrees to include these same provisions with any Sub-subcontractor. A copy of the Owner Contract Document Indemnity and Insurance provisions will be furnished to the Subcontractor upon request. The General Contractor/and or Contractor shall require all Subcontractors to provide a valid certificate of insurance and the required endorsements included in the Contract prior to commencement of any work and General Contractor/and or Contractor will provide proof of compliance to LAFCo. (Coverage can be provided in the form or an endorsement to the Contractor's insurance (at least as broad as CG 20 38 for operations and CG 20 40 for completed operations).
e. Contractor shall maintain insurance as required by this contract to the fullest amount allowed by law and shall maintain insurance for a minimum of five years following the completion of this project. In the event Contractor fails to obtain or maintain completed operations coverage as required by this Contract, LAFCo at its sole discretion may purchase the coverage required and the cost will be paid by Contractor.

DRAFT EX.B

LAFCo AGREEMENT № 2024-XX
(Short-Form Agreement)

THIS AGREEMENT is made this 27th day of June, 2024, by and between the Yolo Local Agency Formation Commission (”LAFCo”), and Audit Consultant (“CONTRACTOR”), who agree as follows:

TERMS

1. CONTRACTOR shall perform the following professional services: Independent Professional Auditing Services, related to the preparation of the LAFCo financial statements for fiscal years ending 2024, 2023, and 2022, as set forth in greater detail in Exhibits B and C.

2. CONTRACTOR shall perform said services between July 1, 2024 and completion of the scope of work, no later than January 23, 2025.

3. The complete contract shall include the following Exhibits attached hereto and incorporated herein: Exhibit A: Insurance Requirements, Exhibit B: LAFCo’s Request for Proposals dated March 25, 2024, Exhibit C: Contractor’s proposal dated May 6, 2024, and Exhibit D: Engagement Letter.

4. Subject to CONTRACTOR’S satisfactory and complete performance of all the terms and conditions of this Agreement, and upon CONTRACTOR’s submission of an appropriate claim, LAFCo shall pay CONTRACTOR no more than a total amount of $XX,XXX, as identified in Exhibit C.

5. CONTRACTOR, at his sole cost and expense, shall obtain and maintain throughout the entire term of this Agreement, the insurance set forth in Exhibit A attached hereto.

6. To the fullest extent allowed by law, CONTRACTOR shall defend, indemnify, and hold harmless the LAFCo, its officers, officials, employees, and agents from any and all claims, demands, liability, damages, cost, or expenses (including but not limited to attorney fees) in law or equity that may at any time arise or be asserted based in whole or in part upon any negligent or other wrongful act or omission of the CONTRACTOR, it’s officers, agents, or employees. CONTRACTOR responsibility for such defense and indemnity obligations shall survive the termination or completion of this Agreement for the full period of time allowed by law**.** The defense and indemnification obligations of this Agreement are undertaken in addition to, and shall not in any way be limited by, the insurance obligations contained in this Agreement.

7. Any SUBCONTRACTOR must agree to be bound to CONTRACTOR and LAFCo in the same manner and to the same extent as CONTRACTOR is bound to LAFCo under this Agreement. SUBCONTRACTORS must further agree to include the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, with any SUB-SUBCONTRACTOR to the extent they apply to the scope of the SUB-SUBCONTRACTOR’s work.

8. CONTRACTOR shall comply with all applicable laws and regulations, including but not limited to any which are promulgated to protect the public health, welfare, and safety, or prevent conflicts of interest. CONTRACTOR shall defend LAFCo and reimburse it for any fines, damages, or costs (including attorney fees) that might be incurred or assessed based upon a claim or determination that CONTRACTOR has violated any applicable law or regulation.

9. This Agreement is subject to LAFCo receiving sufficient funds for the activities required of the Contractor pursuant to this Agreement. If LAFCos adopted budget does not contain sufficient funds for this Agreement, LAFCo may terminate this Agreement by giving ten (10) days advance written notice thereof to Contractor, in which event LAFCo shall have no obligation to pay Contractor any further funds or provide other consideration and the Contractor shall have no obligation to provide any further services under this Agreement.

10. Either party may terminate this Agreement, for any reason or no reason, upon 30 days’ written notice to the other party.

11. If CONTRACTOR fails to perform any part of this Agreement, LAFCo may notify the CONTRACTOR of the default and CONTRACTOR shall remedy the default. If CONTRACTOR fails to do so, then, in addition to any other remedy that LAFCo may have, LAFCo may terminate this Agreement and withhold any or all payments otherwise owed to CONTRACTOR pursuant to this Agreement.

12. Attached are licenses &/or certificates required by CONTRACTOR's profession (Indicating type; No.; State; & Expiration date), and CONTRACTOR certifies that he/she/it shall maintain them throughout this Agreement, and that CONTRACTOR's performance will meet the standards of licensure/certification.

13. CONTRACTOR understands that any person associated with CONTRACTOR is not an employee of LAFCo and is not eligible for any employee benefits, including but not limited to unemployment, health/dental insurance, worker's compensation, vacation, or sick leave.

14. CONTRACTOR will hold in confidence all information disclosed to or obtained by CONTRACTOR which relates to activities under this Agreement and/or to LAFCo's plans or activities. All documents and information developed under this Agreement and all work products, reports, and related data and materials shall become the property of LAFCo. CONTRACTOR shall deliver all of the foregoing to LAFCo upon completion of the services hereunder, or upon earlier termination of this Agreement. In addition, CONTRACTOR shall retain all of its own records regarding this Agreement and the services provided hereunder for a period of not less than four (4) years and shall make them available to LAFCo for audit and discovery purposes.

15. This Agreement constitutes the entire agreement of the parties, and no other agreements or representations, oral or written, have been made or relied upon by either party. This Agreement may only be amended in writing signed by both parties, and any other purported amendment shall be of no force or effect. This Agreement, including all attachments, shall be subject to disclosure pursuant to the California Public Records Act.

16. This Agreement shall be deemed to be executed within the State of California and construed in accordance with and governed by laws of the State of California. Any action or proceeding arising out of this Agreement shall be filed and resolved in a California State court located in Woodland, California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above by affixing their signatures hereafter.

CONTRACTOR:

____

Contractor, Title
Business Name
Street Address/POB
City/State/Zip
Phone
Email Address

LAFCo:

____

Olin Woods, Chair

ATTEST:

____

Christine Crawford, LAFCo Executive Officer
625 Court Street, Suite 107
Woodland, CA 95695
(530) 666-8048
christine.crawford@yolocounty.org

Approve to form:

____

Eric May, Commission Counsel

CERTIFICATION: I hereby certify under the penalty of perjury that all statements made in or incorporated into this Agreement are true and complete to the best of my knowledge. I understand and agree that LAFCo may, in its sole discretion, terminate this Agreement if any such statements are false, incomplete, or incorrect.

____

Contractor Signature

EXHIBIT C

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

Audited Financial Statements and
Compliance Report

June 30, 2021, 2020 and 2019

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YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

Audited Financial Statements and
Compliance Report

June 30, 2021, 2020 and 2019

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of the
Yolo County Local Agency Formation Commission
Woodland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Yolo County Local Agency Formation Commission (the LAFCO), as of and for the years ended June 30, 2021, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the LAFCO's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Chair and Members of the
Yolo County Local Agency Formation Commission

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Yolo County Local Agency Formation Commission as of June 30, 2021, 2020 and 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The LAFCO has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2022 on our consideration of the LAFCO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LAFCO's internal control over financial reporting and compliance.

Richardson & Company, LLP

January 19, 2022

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

STATEMENTS OF NET POSITION

June 30, 2021, 2020 and 2019

	2021	2020	2019
ASSETS			
Cash and investments	$ 249,121	$ 277,713	$ 188,015
Due from other governments			4,000
TOTAL ASSETS	249,121	277,713	192,015
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	90,567	73,517	88,195
OPEB plan	22,025	15,543	15,826
TOTAL DEFERRED OUTFLOWS OF RESOURCES	112,592	89,060	104,021
LIABILITIES			
Accounts payable	70	155	311
Salaries and benefits payable	12,329	10,865	6,036
Compensated absences - current	8,140	6,626	3,825
Noncurrent liabilities:			
Compensated absences - noncurrent	8,137	6,625	3,826
Net pension liability	528,211	533,949	594,380
Net OPEB liability	109,913	120,029	146,880
TOTAL LIABILITIES	666,800	678,249	755,258
DEFERRED INFLOWS OF RESOURCES			
Pension plan	61,498	97,094	47,789
OPEB plan	34,362	35,346	13,285
TOTAL DEFERRED INFLOWS OF RESOURCES	95,860	132,440	61,074
NET POSITION			
Unrestricted (deficit)	(400,947)	(443,916)	(520,296)
TOTAL NET POSITION (DEFICIT)	$ (400,947)	$ (443,916)	$ (520,296)

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021, 2020 and 2019

	2021	2020	2019
PROGRAM EXPENSES			
Salaries and benefits	$ 318,171	$ 354,583	$ 431,264
Professional services	14,121	16,636	28,085
Office	12,457	6,859	7,553
Information technology	10,526	9,072	7,244
General and administration	7,169	5,469	5,899
Training, transportation and travel		4,473	7,336
Miscellaneous	9,117	7,509	4,455
TOTAL PROGRAM EXPENSES	371,561	404,601	491,836
PROGRAM REVENUES			
Intergovernmental revenues:			
County of Yolo	195,121	207,700	216,713
City of West Sacramento	66,974	67,863	69,885
City of Davis	66,612	70,423	75,991
City of Woodland	55,514	62,627	63,758
City of Winters	6,021	6,787	7,078
Federal - COVID relief	5,221		
Charges for services	13,016	52,548	20,532
TOTAL PROGRAM REVENUES	408,479	467,948	453,957
NET PROGRAM REVENUES (EXPENSES)	36,918	63,347	(37,879)
GENERAL REVENUES			
Other income	4,149	4,000	4,000
Interest income	1,902	9,033	8,592
TOTAL GENERAL REVENUES	6,051	13,033	12,592
CHANGE IN NET POSITION	42,969	76,380	(25,287)
Net position at beginning of year	(443,916)	(520,296)	(495,009)
NET POSITION AT END OF YEAR	$ (400,947)	$ (443,916)	$ (520,296)

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

BALANCE SHEETS - GENERAL FUND

June 30, 2021, 2020 and 2019

	2021	2020	2019
ASSETS			
Cash and investments	$ 249,121	$ 277,713	$ 188,015
Due from other governments			4,000
TOTAL ASSETS	$ 249,121	$ 277,713	$ 192,015
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 70	$ 155	$ 311
Salaries and benefits payable	12,329	10,865	6,036
TOTAL LIABILITIES	12,399	11,020	6,347
FUND BALANCE			
Assigned	10,000	7,805	2,800
Unassigned	226,722	258,888	182,868
TOTAL FUND BALANCE	236,722	266,693	185,668
TOTAL LIABILITIES AND FUND BALANCE	$ 249,121	$ 277,713	$ 192,015

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS
TO THE GOVERNMENT-WIDE STATEMENTS OF NET POSITION

June 30, 2021, 2020 and 2019

	2021	2020	2019
Fund balance - governmental funds for the year ended June 30:	$ 236,722	$ 266,693	$ 185,668
Amounts reported for governmental activities in the statement of net position are different because:			
Certain pension and OPEB transactions will reduce the pension or OPEB liability in the future and are reported as deferred outflows of resources on the statement of net position.	112,592	89,060	104,021
Certain liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:			
Compensated absences	(16,277)	(13,251)	(7,651)
Net pension liability	(528,211)	(533,949)	(594,380)
OPEB liability	(109,913)	(120,029)	(146,880)
Certain pension and OPEB differences to be recognized in the future as pension or OPEB expense are reported as deferred inflows of resources on the statement of net position.	(95,860)	(132,440)	(61,074)
Net position - governmental activities for the year ended June 30:	$ (400,947)	$ (443,916)	$ (520,296)

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
GENERAL FUND

For the Years Ended June 30, 2021, 2020 and 2019

	2021	2020	2019
REVENUES			
Intergovernmental revenues:			
County of Yolo	$ 195,121	$ 207,700	$ 216,713
City of West Sacramento	66,974	67,863	69,885
City of Davis	66,612	70,423	75,991
City of Woodland	55,514	62,627	63,758
City of Winters	6,021	6,787	7,078
Federal - COVID relief	5,221		
Charges for services	17,165	56,548	24,532
Use of money	1,902	9,033	8,592
TOTAL REVENUES	414,530	480,981	466,549
EXPENDITURES			
Salaries and benefits	391,111	349,938	340,685
Professional services	14,121	16,636	28,085
Office	12,457	6,859	7,553
Information technology	10,526	9,072	7,244
General and adminstrative	7,169	5,469	5,899
Training, transportation and travel		4,473	7,336
Miscellaneous	9,117	7,509	4,455
TOTAL EXPENDITURES	444,501	399,956	401,257
NET CHANGE IN FUND BALANCE	(29,971)	81,025	65,292
Fund balance at beginning of year	266,693	185,668	120,376
FUND BALANCE AT END OF YEAR	$ 236,722	$ 266,693	$ 185,668

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

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021, 2020 and 2019

	2021	2020	2019
Net change in fund balance - governmental funds for the year ended June 30:	$ (29,971)	$ 81,025	$ 65,292
Amounts reported for governmental activities in the statement of activities are different because:			
Changes in certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Change in compensated absences	(3,026)	(5,600)	(2,441)
Pension expense	58,384	(3,552)	(96,707)
OPEB expense	17,582	4,507	8,569
Change in net position - governmental activities for the year ended June 30:	$ 42,969	$ 76,380	$ (25,287)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Yolo County Local Agency Formation Commission (the LAFCO) 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 LAFCO are described below.

Background: The LAFCO is an independent agency responsible for the implementation of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 in the County of Yolo (the County). The LAFCO became an independent agency separate from the County in 2001. The LAFCO's membership includes two county supervisors appointed by the County's Board of Supervisors, two City Council members appointed by the City Selection Committee, and one public member appointed by the LAFCO. The LAFCO is empowered to review, approve or deny boundary changes, city annexations, consolidations, special LAFCO formations, incorporations for cities and special districts, and to establish local "Spheres of Influence". The Sphere of Influence for each governmental agency is a plan for its future boundary and service area. The LAFCO's function is outlined in Government Code, Section 56000 et seq. known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Basis of Presentation – Government-wide Financial Statements: The statement of net position and statement of activities display information about the primary government as a whole. These statements include the financial activities of the LAFCO.

The statement of activities presents a comparison between direct expenses and program revenues for the LAFCO's governmental activities. Direct expenses are those that are specifically associated with the LAFCO. Program revenues include contributions that are restricted to meeting the operational requirements of the LAFCO. Revenues that are not classified as program revenues, including interest income, are presented as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions in which the LAFCO gives (or receives) value without directly receiving (or giving) equal value in exchange are recognized when all eligibility requirements have been met, include the contributions from member jurisdictions.

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

Basis of Presentation – Fund Financial Statements: The accounts of the LAFCO are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

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 LAFCO considers all revenues to be available if they are collected within 90 days of the end of the

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting.

The LAFCO reports the following major governmental fund:

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

Capital Assets: Are defined as furniture, fixtures and equipment with a useful life of three or more years and an initial cost of over $5,000. Capital assets are depreciated using the straight-line method over the estimated useful lives of 3-10 years. The LAFCO had no assets meeting the capitalization threshold.

Compensated Absences: Vacation is earned up to a maximum of 184 hours per year for employees hired prior to June 30, 2013 and 160 hours per year for employees hired on or after June 30, 2013. After completion of 13 consecutive pay periods, unused vacation is paid at the time of termination from the LAFCO's employment. Sick leave is earned up to a maximum of 96 hours per year. Upon retirement, unused sick leave may only be reported to CalPERS to earn additional retirement service credit (2,000 hours of sick leave earns a full year of service credit) and is not paid at termination of employment. The LAFCO accrues accumulated unpaid compensated absences when earned by the employee. The cost of vacation and sick leave is recorded in the period earned in the government-wide statements. A liability is reported in the General Fund only if the liability has matured, for example, as a result of employee resignations or retirements.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the LAFCO's pension plan under GASB 68 as described in Note D and the LAFCO's other postemployment benefits (OPEB) plan described in Note E. Unavailable revenue in governmental funds arises when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. The LAFCO had no unavailable revenue at June 30, 2021, 2020 and 2019.

Fund Balance: 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 include pre-paid expenses and long-term receivables. The LAFCO had no nonspendable funds at June 30, 2021, 2020 and 2019.

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. The LAFCO had no restricted funds at June 30, 2021, 2020 and 2019.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (a resolution) of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors modifies or removes the fund commitment with a resolution. The LAFCO had no committed funds at June 30, 2021, 2020 and 2019.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the Board of Directors intent to be used for specific purposes, but are neither restricted nor committed. The LAFCO had $10,000 and $5,000 of fund balance assigned for audits at June 30, 2021 and 2020, respectively, and $2,805 and $2,800 of fund balance assigned for computer replacement at June 30, 2020 and 2019 through Commission Resolution as part of the budget process.

Unassigned Funds – Unassigned fund balance is the residual classification of the LAFCO's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes. The Board has a policy of maintaining a reserve for contingencies of 15% of the overall budget and a 5% emergency contingency. However, the criteria for the use of the reserved for contingencies is not defined sufficiently to consider the amount to be a commitment of fund balance under GASB Statement No. 54.

The LAFCO's policy is to consider committed, assigned and unassigned amounts to be spent, in that order, when an expenditure is incurred for which any of these classifications can be used.

Net Position: The government-wide financial statements present 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. Accumulated depreciation reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, 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 LAFCO that is not restricted for any project or other purpose.

The LAFCO has only unrestricted net position.

Budget: The LAFCO adopts an annual budget for the General Fund that is consistent with generally accepted accounting principles at the LAFCO's May meeting. The budget includes expenditures and the means of financing them and is used for planning purposes. Budgetary control is exercised at the major object level. All budgetary changes during the year require approval of the Commissioners. Encumbrances are used as an extension of normal budgetary accounting in the General Fund. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance since they do not constitute expenditures or liabilities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the LAFCO's participation in the County of Yolo's California Public Employees' Retirement System (CalPERS) 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 the plan. 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 as fair value.

OPEB Plan: For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense, information about the fiduciary net position of the LAFCO's participation in the County of Yolo's OPEB 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 the plan. 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 as fair value.

NOTE B – CASH AND INVESTMENTS

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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Investment in the County of Yolo Investment Pool: The LAFCO's cash is held in the County treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to the LAFCO and are stated at fair value.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value on an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. As of June 30, 2021, 2020 and 2019, the weighted average maturity of the investments contained in the County's investment pool was approximately 408, 416 and 449 days, respectively.

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 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 risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County's investment pool).

NOTE C – COMPENSATED ABSENCES

The following is a summary of compensated absences activity for the years ended June 30:

	July 1, 2020	Additions	Retirements	June 30, 2021	Due Within One Year
Compensated absences	$ 13,251	$ 15,750	$ (12,724)	$ 16,277	$ 8,140

	July 1, 2019	Additions	Retirements	June 30, 2020	Due Within One Year
Compensated absences	$ 7,651	$ 14,882	$ (9,282)	$ 13,251	$ 6,626

	July 1, 2018	Additions	Retirements	June 30, 2019	Due Within One Year
Compensated absences	$ 5,210	$ 14,031	$ (11,590)	$ 7,651	$ 3,825

NOTE D – PENSION PLAN

General Information about the Pension Plan

Plan Description: The LAFCO is a cost-sharing participant in the County's Miscellaneous pension plan, which is a defined benefit agent multiple-employer pension plan administered by California Public Employees' Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate in the Plan. The LAFCO accounts for and reports its participation in the County's Plan as a cost-sharing multiple-employer pension plan under the provisions of GASB Statement No. 68.

The LAFCO participates in the County's Miscellaneous Plan and the following rate plans.

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan

Benefit provisions under the Plan are established by State statute and County Board of Supervisor resolution and the LAFCO's participation in the Plan is under the County's Personnel Rules and Regulations adopted by the LAFCO. CalPERS issues publicly available reports that include a full description of the pension plan 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. All full and part-time permanent employees and extra help employees who have worked over 1,000 hours are required to participate in the Plan. Per diem and extra help employees working less than 1,000 hours in a fiscal year are excluded from the Plan. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service and who have reached the plan-specific age are eligible to retire. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death Benefit, Optional Settlement 2W Death Benefit or the Special Death Benefit. The cost-of-living adjustments are the Standard Benefit or 2% per year beginning in the second calendar year after the year of retirement.

NOTE D – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect are summarized as follows at June 30:

	2021		2020		2019	
	Miscellaneous Plan	PEPRA Miscellaneous Plan	Miscellaneous Plan	PEPRA Miscellaneous Plan	Miscellaneous Plan	PEPRA Miscellaneous Plan
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55	52 - 67	50-55	52 - 67	50-55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%	9.277%	6.25%	8.00%	6.25%
Required employer contribution rates	30.364%	6.814%	28.439%	6.63%	25.254%	6.25%

The Miscellaneous Rate Plan closed to all new participants that are not CalPERS participants.

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 July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate provides the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance the unfunded actuarial accrued liability. The LAFCO is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the years ended June 30, 2021, 2020 and 2019 the contributions made to the Plan were $67,676, $56,310 and $51,344, respectively.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources: As of June 30, the LAFCO reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2021	2020	2019
Total Net Pension Liability	$ 528,211	$ 533,949	$ 594,380

The LAFCO's net pension liability for each risk pool is measured as the proportionate share of the net pension liability. The net pension liability for the Plan was measured as of June 30, 2020, 2019 and 2018 using an annual actuarial valuation as of June 30, 2019, 2018 and 2017 rolled forward to June 30, 2020, 2019, and 2018, respectively using standard update procedures as required by GASB Statement No. 68. The LAFCO's proportion of the net pension liability was based on a projection of the LAFCO's long-term share of contributions to the risk pools relative to the projected contributions of all participating employers, actuarially determined. The LAFCO's proportionate share of the net pension liability for each risk pool as of June 30 was as follows:

NOTE D – PENSION PLAN (Continued)

	2021	2020	2019
Proportion - June 30, 2020	0.2156%		
Proportion - June 30, 2021	0.2002%		
Change - Increase (Decrease)	-0.0154%		
Proportion - June 30, 2019		0.2565%	
Proportion - June 30, 2020		0.2156%	
Change - Increase (Decrease)		-0.0409%	
Proportion - June 30, 2018			0.2769%
Proportion - June 30, 2019			0.2565%
Change - Increase (Decrease)			-0.0204%

For the years ended June 30, 2021, 2020, and 2019 the LAFCO recognized pension expense of $9,292, $59,862 and $148,041 for the Plan respectively. At June 30, the LAFCO reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2021		2020		2019	
	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	$ 67,676		$ 56,310		$ 51,334	
Differences between actual and expected experience	15,043		17,207		5,622	$ (1,559)
Changes in assumptions				$ (4,021)	28,670	(9,569)
Differences between the employer's contributions and the employer's proportionate share of contributions						
Change in employer's proportion		$ (61,498)		(86,549)		(36,661)
Net differences between projected and actual earnings on plan investments	7,848			(6,524)	2,569	
Total	$ 90,567	$ (61,498)	$ 73,517	$ (97,094)	$ 88,195	$ (47,789)

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

Measurement Years Ended June 30:	2021	2020	2019
2020			$ 21,910
2021		$ (42,853)	(16,938)
2022	$ (40,791)	(36,147)	(12,424)
2023	(6,556)	(1,905)	(3,476)
2024	4,385	1,018	
thereafter	4,355		
Total	$ (38,607)	$ (79,887)	$ (10,928)

NOTE D – PENSION PLAN (Continued)

The net differences between projected and actual earnings on plan investments are amortized on a straight-line basis over 5 years and all other amounts are amortized over the average expected remaining service lives of all members in the plan, including retired members, which was 3.0 to 3.1 years.

Actuarial Assumptions: The total pension liability at June 30 was determined using the following actuarial assumptions.

	2021	2020	2019
Valuation Date	June 30, 2019	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
Actuarial Cost Method		Entry-Age Normal Cost Method	
Actuarial Assumptions:			
Discount Rate	7.15%	7.15%	7.15%
Inflation	2.625%	2.50%	2.50%
Projected Salary Increase	0.4% to 8.5% (1)	3.2% to 12.2% (1)	3.30% to 14.20% (1)
Payroll Growth	2.875%	3.00%	3.00%
Mortality Rate	(2)	(2)	(2)
Post Retirement Increase	(3)	2.00%	2.00%

(1) Varies by entry age, service, and type of employment.

(2) The mortality table used was developed based on CalPERS's specific data. The probabilities of mortality ar based on the most recent CalPERS Experience Study. The table includes 15 years of mortality improvement using 90% of Scale MP-2016 (2021) or 20 years of mortality improvements using Society of Actuaries Scale BB published by the Society of Actuaries (2020 and 2019). For more details on this table, please refer to the experience study report available on CalPERS website at www.calpers.ca.gov.

(3) The lessor of contracr COLS or 2.5% until purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

Changes in Assumptions: The demographic assumptions were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions in December 2017.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% for each year. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

NOTE D – PENSION PLAN (Continued)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The tables below reflect the long-term expected real rate of return by asset class as of the measurement date, net of administrative expenses:

	2021			2020			2019		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%	0.0%	77.00%	1.81%
Private Equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%	1.00%	0.00%	-0.92%	1.00%	0.00%	-0.92%
Total	100.0%			100.0%			100.0%		

(a) An expected inflation of 2.0% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the LAFCO's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the LAFCO'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:

	2021	2020	2019
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$ 738,709	$ 753,282	$ 843,073
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 528,211	$ 533,949	$ 594,380
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 354,080	$ 352,587	$ 388,743

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

Deferred Compensation Plan: Employees are eligible to voluntarily participate in the County's pre-tax deferred compensation program under Section 457 of the Internal Revenue Code. Employees are eligible for matching contributions depending on their bargaining unit.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The LAFCO is a cost-sharing participant in the County of Yolo Retiree Healthcare Plan (the Plan), a single-employer defined benefit other postemployment benefits (OPEB) plan, which provides medical and dental to eligible retired employees and their beneficiaries. Medical insurance benefits are administered by the California Public Employee's Retirement System (CalPERS), an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California, in accordance with the Public Employees Medical and Hospital Care Act (PEMHCA). To be eligible, an employee must retire under the CalPERS program within 120 days of separation from employment from Yolo County. Medical and dental insurance benefits for retirees are continued for County employees based on current labor agreements. The LAFCO staff have been provided these benefits as a matter of practice. Information about the Plan may be found in the County of Yolo Annual Comprehensive Financial Report (ACFR) at yolocounty.org under Government – Financial Services - Publications. In order to fund the retiree health benefits, the County established an irrevocable trust with Public Agency Retirement Services (PARS). PARS issues a separate annual financial report that may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100 Newport Beach, CA 92660 or by calling 800-540-6369.

Benefits Provided: The contribution requirements of participating employers and plan members are established and may be amended by the County of Yolo Board of Supervisors subject to Memoranda of Understanding with each of the bargaining units. Currently the County and the LAFCO are required to contribute a monthly contribution towards a retiree's health insurance premiums of between $266 and $833 per month, depending on the bargaining unit.

Contributions: In May 2011 and December 2014, respectively, the County adopted resolutions establishing a Section 115 Irrevocable Trust and a plan to pre-fund the OPEB liability in the Trust. The contribution requirements are established by Memoranda of Understanding with the employee bargaining units and may be amended by agreements between the County and the bargaining units. The LAFCO's contributions were 7.95% of annual covered payroll during the years ended June 30, 2021, 2020 and 2019. The LAFCO's Contributions to the OPEB plan were $17,642, $15,543, and $15,826 during the years ended June 30, 2021, 2020 and 2019, respectively. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2021, 2020 and 2019, the LAFCO reported a net OPEB liability of $109,913, $120,029 and $146,880, respectively for its proportionate share of the net OPEB liability of the County OPEB plan. The net OPEB liability at June 30, 2021, 2020 and 2019 was measured as of December 31, 2020, 2019 and 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 for the year ended June 30, 2021 and as of June 30, 2018 for the years ended June 30, 2020 and 2019. The LAFCO's proportion of the net OPEB liability was based on a projection of the LAFCO's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating agencies, actuarially determined. At December 31, 2021, 2020 and 2019 the LAFCO's proportion of the County plan was .1672%, .1821%, and .2144%, respectively.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

For the years ended June 30, 2021, 2020 and 2019, the LAFCO recognized OPEB expense of $60, $11,036, and $7,257 At June 30, the LAFCO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 17,642	
Changes of assumptions		$ (2,886)
Differences between actual and expected experience	3,465	(3,835)
Changes in proportion		(27,641)
Net differences between projected and actual earnings on plan investments	918	
Total	$ 22,025	$ (34,362)

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 15,543	
Changes of assumptions		$ (2,671)
Differences between actual and expected experience		(5,105)
Changes in proportion		(27,192)
Net differences between projected and actual earnings on plan investments		(378)
Total	$ 15,543	$ (35,346)

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 15,826	
Changes of assumptions		$ (4,288)
Differences between actual and expected experience		(8,197)
Net differences between projected and actual earnings on plan investments		(800)
Total	$ 15,826	$ (13,285)

The amounts reported as deferred outflows of resources above described as contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB 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:

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Year ended June 30:	2021	2020	2019
2020			$ (2,869)
2021		$ (5,862)	(2,766)
2022	$ (6,492)	(5,860)	(2,932)
2023	(6,654)	(5,773)	(3,175)
2024	(7,115)	(5,950)	(1,543)
2025	(6,360)	(6,191)	
2026	(3,358)	(5,710)	
	$ (29,979)	$ (35,346)	$ (13,285)

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

	2021	2020	2019
Valuation Date	June 30, 2020	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method		
Actuarial Assumptions:			
Discount Rate	6.75%	6.75%	6.75%
Inflation	2.75%	2.75%	2.75%
Investment Rate of Return	6.75%	6.75%	6.50%
Mortality Rate	CalPERS 1997-2015 Experience Study		
Mortality Improvement	Mortality projected fully generational with Scale MP-2019	Mortality projected fully generational with Scale MP-2017	Mortality projected fully generational with Scale MP-2017
Salary increases	Aggregate- 3.0% Merit- CalPERS 1997-2015 Experience Study		
Medical Trend			
Non-Medicare			
Initial	7.0% in 2022	7.5% in 2020	7.5% in 2020
Decreasing to an ultimate rate of	4.0% in 2076	4.0% in 2076	4.0% in 2076
Medicare (Non-Kaiser)			
Initial	6.1% in 2022	6.5% in 2020	6.5% in 2020
Decreasing to an ultimate rate of	4.0% in 2076	4.0% in 2076	4.0% in 2076
Medicare (Kaiser)			
Initial	5.0% in 2022		
Decreasing to an ultimate rate of	4.0% in 2076		

Mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2015 CalPERS Experience Study which assumed future mortality improvements using Society of Actuaries (SOA) Scale MP-19 for 2021 and Scale MP-17 for 2020 and 2019. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

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 are summarized in the following table:

2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	73%	4.82%
Fixed income	20%	1.47%
REITS	2%	3.76%
Cash	5%	0.06%
Total	100%	

2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	73%	4.82%
Fixed income	20%	1.47%
REITS	2%	3.76%
Cash	5%	0.06%
Total	100%	

2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	73%	4.82%
Fixed income	20%	1.47%
REITS	2%	3.76%
Cash	5%	0.06%
Total	100%	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.75% at June 30, 2021, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the LAFCO's proportionate share of the net OPEB liability, as well as what the LAFCO's proportionate share of the 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:

	2021		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset)	$ 124,838	$ 109,913	$ 97,159

	2020		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset)	$ 136,182	$ 120,029	$ 106,252

	2019		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability (asset)	$ 165,314	$ 146,880	$ 131,171

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

	2021		
	1% Decrease	Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability (asset)	$ 103,819	$ 109,913	$ 116,636

	2020		
	1% Decrease	Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability (asset)	$ 112,960	$ 120,029	$ 127,923

	2019		
	1% Decrease	Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability (asset)	$ 139,512	$ 146,880	$ 155,057

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued County financial report.

NOTE F – INSURANCE

The LAFCO participates in the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a public entity risk pool of governmental entities within the County of Yolo, for comprehensive general and auto liability, and workers' compensation insurance. Through the LAFCO's membership in the YCPARMIA, the District is provided with excess General and Auto Liability coverage through the California Joint Powers Risk Management Authority for the years ended June 30, 2021, 2020 and 2019 and the District is provided with excess Worker's Compensation coverage through the Public Risk Innovation, Solutions and Management for the year ended June 30, 2021 and through the California State Association of Counties-Excess Insurance for the years ended June 30, 2020 and 2019. Loss contingency reserves established by YCPARMIA are funded by contributions from member agencies.

The LAFCO pays an annual premium to YCPARMIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the YCPARMIA. The LAFCO's deductibles and maximum coverage for the years ended June 30 was as follows:

Coverage 2021	YCPARMIA	Excess	Deductible
General and Auto Liability	$ 500,000	$ 40,000,000	$ 5,000
Worker's Compensation	500,000	Statutory	1,000

Coverage 2020	YCPARMIA	Excess	Deductible
General and Auto Liability	$ 500,000	$ 40,000,000	$ 5,000
Worker's Compensation	500,000	Statutory	1,000

Coverage 2019	YCPARMIA	Excess	Deductible
General and Auto Liability	$ 500,000	$ 40,000,000	$ 5,000
Worker's Compensation	1,000,000	Statutory	1,000

The LAFCO has had no settlements which exceeded insurance coverage in the last three fiscal years and no significant changes or reductions in insurance coverage occurred during the year.

NOTE G – RELATED PARTY TRANSACTIONS

The County of Yolo provided legal services, information systems support, office space, surplus furniture, accounting and human resource services and miscellaneous services to the LAFCO as follows:

	2021	2020	2019
Legal services	$ 7,176	$ 7,933	$ 14,478
Information systems support	10,137	9,072	7,244
Miscellaneous services	6,266	1,658	8,023
Total	$ 23,579	$ 18,663	$ 29,745

Office space, surplus furniture and accounting and human resource services are provided by the County free of charge.

NOTE H – NEW PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases.* This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020.* This Statement addresses a number of practice issues identified during the implementation of certain GASB Statements, including 1) the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-03, *Leases*, for interim financial statements; 2) reporting of intra-entity transfers between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan; 3) the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; 4) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; 5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; 7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and 8) terminology used to refer to derivative instruments. This Statement is applicable for items 1) and 7) above upon its issuance and is effective for the other items above for reporting periods beginning after June 15, 2021.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* This Statement requires for the purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in

NOTE H – NEW PRONOUNCEMENTS (Continued)

paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively. This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

The LAFCO will fully analyze the impact of these Statements prior to the effective dates above.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental revenues:				
County of Yolo	$ 195,121	$ 195,121	$ 195,121	
City of West Sacramento	66,974	66,974	66,974	
City of Davis	66,612	66,612	66,612	
City of Woodland	55,514	55,514	55,514	
City of Winters	6,021	6,021	6,021	
Federal - COVID relief			5,221	$ 5,221
Charges for services	4,000	4,000	17,165	13,165
Use of money	3,000	3,000	1,902	(1,098)
TOTAL REVENUES	397,242	397,242	414,530	17,288
EXPENDITURES				
Salaries and benefits	394,073	394,073	391,111	2,962
Professional services	37,000	37,000	14,121	22,879
Office	14,421	14,421	12,457	1,964
Information technology	12,288	12,288	10,526	1,762
General and adminstrative	6,500	6,500	7,169	(669)
Training, transportation and travel	12,000	12,000		12,000
Miscellaneous	250	250	9,117	(8,867)
TOTAL EXPENDITURES	476,532	476,532	444,501	32,031
NET CHANGE IN FUND BALANCE	$ (79,290)	$ (79,290)	(29,971)	$ 49,319
Fund balance at beginning of year			266,693	
FUND BALANCE AT END OF YEAR			$ 236,722	

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental revenues:				
County of Yolo	$ 207,700	$ 207,700	$ 207,700	
City of West Sacramento	67,863	67,863	67,863	
City of Davis	70,423	70,423	70,423	
City of Woodland	62,627	62,627	62,627	
City of Winters	6,787	6,787	6,787	
Charges for services	4,000	4,000	56,548	$ 52,548
Use of money	3,000	3,000	9,033	6,033
TOTAL REVENUES	422,400	422,400	480,981	58,581
EXPENDITURES				
Salaries and benefits	356,610	356,610	349,938	6,672
Professional services	52,000	52,000	16,636	35,364
Office	10,390	10,390	6,859	3,531
Information technology	11,006	11,006	9,072	1,934
General and adminstrative	6,020	6,020	5,469	551
Training, transportation and travel	12,700	12,700	4,473	8,227
Miscellaneous	1,250	1,250	7,509	(6,259)
TOTAL EXPENDITURES	449,976	449,976	399,956	50,020
NET CHANGE IN FUND BALANCE	$ (27,576)	$ (27,576)	81,025	$ 108,601
Fund balance at beginning of year			185,668	
FUND BALANCE AT END OF YEAR			$ 266,693	

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

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

For the Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
County of Yolo	$ 216,713	$ 216,713	$ 216,713	
City of West Sacramento	69,885	69,885	69,885	
City of Davis	75,991	75,991	75,991	
City of Woodland	63,758	63,758	63,758	
City of Winters	7,078	7,078	7,078	
Charges for services	4,000	4,000	24,532	$ 20,532
Use of money	1,500	1,500	8,592	7,092
TOTAL REVENUES	438,925	438,925	466,549	27,624
EXPENDITURES				
Salaries and benefits	349,232	349,232	340,685	8,547
Professional services	62,000	62,000	28,085	33,915
Office	10,225	10,225	7,553	2,672
Information technology	9,808	9,808	7,244	2,564
General and adminstrative	5,600	5,600	5,899	(299)
Training, transportation and travel	12,700	12,700	7,336	5,364
Miscellaneous	1,250	1,250	4,455	(3,205)
TOTAL EXPENDITURES	450,815	450,815	401,257	49,558
NET CHANGE IN FUND BALANCE	$ (11,890)	$ (11,890)	65,292	$ 77,182
Fund balance at beginning of year			120,376	
FUND BALANCE AT END OF YEAR			$ 185,668	

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability at measurement date	0.2002%	0.2156%	0.2565%	0.2769%	0.2780%	0.2769%	0.2429%
Proportionate share of the net pension liability	$ 528,211	$ 533,949	$ 594,380	$ 648,101	$ 577,272	$ 299,432	$ 394,276
Covered payroll - plan measurement period	$ 195,530	$ 199,065	$ 231,331	$ 221,618	$ 129,685	$ 172,567	$ 170,268
Proportionate share of the net pension liability as percentage of covered payroll	270.14%	268.23%	256.94%	292.44%	445.13%	173.52%	231.56%
Plan fiduciary net position	$ 1,081,658	$ 1,123,596	$ 1,277,219	$ 1,298,858	$ 1,194,070	$ 772,213	$ 1,056,733
Plan fiduciary net position as a percentage of the total pension liability	67.19%	67.79%	68.24%	66.71%	67.41%	72.05%	72.83%

Notes to Schedule:

Changes in assumptions: The discount rate changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and 7.15% in 2018 valuations.

The covered payroll was revised to represent the covered payroll during the measurement period during 2021.

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

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	$ 67,676	$ 56,310	$ 51,334	$ 51,760	$ 51,962	$ 48,648	$ 39,538
Contributions in relation to the actuarially determined contributions	(67,676)	(56,310)	(51,334)	(51,760)	(51,962)	(48,648)	(39,538)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll - employer fiscal year	$ 221,582	$ 195,530	$ 199,065	$ 231,331	$ 221,618	$ 129,685	$ 172,567
Contributions as a percentage of covered payroll	30.54%	28.80%	25.79%	22.37%	23.45%	37.51%	22.91%
Notes to schedule:							
Date contributions rates were computed:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Benefit changes: There were no changes to benefit terms.

Methods and assumptions used to Determine contribution rates:

Actuarial method	Entry Age Normal Cost Method						
Amortization method	Level percentage of payroll, closed						
Remaining amortization period	Varies by rate plan, but not more than 30 years						
Asset valuation method	Market value						
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies depending on entry age and service.						
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement are based on 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.

SCHEDULE OF THE PROPORTIONATE SHARE OF THE OPEB PLAN (UNAUDITED)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Proportion of the net OPEB liability at measurement date	0.1672%	0.1821%	0.2144%	0.2293%
Proportionate share of the net OPEB liability	$ 109,913	$ 120,029	$ 146,880	$ 172,754
Covered payroll - plan measurement period	$ 195,530	$ 199,065	$ 231,331	$ 228,532
Proportionate share of the net OPEB liability as percentage of covered payroll	56.21%	60.30%	63.49%	75.59%
Plan fiduciary net position	$ 33,253	$ 29,077	$ 24,405	$ 15,260
Plan fiduciary net position as a percentage of the total OPEB liability	23.23%	19.50%	14.25%	8.12%

Notes to Schedule:
Changes in assumptions: The health trend rates described in the next table represent changes in assumptions.

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually determined contribution - employer fiscal year	$ 17,642	$ 15,543	$ 15,826	$ 17,628
Contributions in relation to the contractually determined contributions	(17,642)	(15,543)	(15,826)	(17,628)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll - employer fiscal year	$ 221,582	$ 195,530	$ 199,065	$ 223,020
Contributions as a percentage of covered-employee payroll	7.96%	7.95%	7.95%	7.90%

Notes to Schedule:				
Valuation date	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Measurement period - fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry Age Normal Cost Method			
Amortization method	Level percentage of payroll			
Remaining amortization period in years	13	14	15	16
Asset valuation method	Investment gains and losses spread over 5 years			
Inflation	2.75%	2.75%	3.00%	3.00%
Salary increases	3.00%	3.00%	3.00%	3.25%
Payroll growth	3.00%	3.00%	3.00%	3.00%
Healthcare cost-trend rate:				
Non-Medicare				
Initial rate	7.50%	7.50%	6.50%	6.50%
Decreasing to	4.00%	4.00%	5.00%	5.00%
Medicare (Non-Kaiser)				
Initial rate	6.50%	6.50%	6.70%	6.70%
Decreasing to	4.00%	4.00%	5.00%	5.00%
Medicare (Kaiser)				
Initial rate	5.00%			
Decreasing to	4.00%			
Retirement age	Based on most recent CalPERS Experience Study			
Mortality	Based on most recent CalPERS Experience Study			
Discount rate and investment rate of return	6.75%	6.75%	6.75%	6.50%

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

COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S 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 Chair and Members of the
Yolo County Local Agency Formation Commission
Woodland, California

We have audited, in accordance with 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 Yolo County Local Agency Formation Commission (the LAFCO), as of and for the year ended June 30, 2021, 2020, and 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LAFCO's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LAFCO's internal control. Accordingly, we do not express an opinion on the effectiveness of the LAFCO'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Chair and Members of
Yolo County Local Agency Formation Commission

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LAFCO's financial statements are free of 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 or other matters 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

January 19, 2022

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GOVERNANCE LETTER

To the Chair and Members of the
Yolo County Local Agency Formation Commission
Woodland, California

We have audited the financial statements of the governmental activities and the major fund of Yolo County Local Agency Formation Commission (the LAFCO) as of and for the years ended June 30, 2021, 2020 and 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated June 7, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the LAFCO are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during 2021, 2020 and 2019. We noted no transactions entered into by the LAFCO during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Accounting estimates are used in the following areas: the fair values of investments in the County of Yolo investment pool and the pension and other postemployment benefits (OPEB) liabilities and related deferred outflows and inflows of resources. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. The pension and OPEB liabilities determined by actuarial valuations and were allocated to the LAFCO based on the relative percentage of contributions to the County of Yolo's plans by user agencies. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were the defined benefit pension plan disclosed in Note D and the OPEB plan disclosed in Note E.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were seven adjustments and closing entries posted during each year under audit, including an entry to accrue the $4,000 CALAFCO stipend budgeted in 2019, various closing entries and reclassifications related to the pension and OPEB liabilities and related deferred inflows and outflows and reclassifications to true-up assigned fund balance.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 19, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the LAFCO's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to required supplementary information (RSI), as reported in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on it.

Restrictions on Use

This information is intended solely for the use of the Commissioners and management of the LAFCO and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

January 19, 2022

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MANAGEMENT LETTER

To the Chair, Members and Management of the
Yolo County Local Agency Formation Commission
Woodland, California

In planning and performing our audit of the financial statements of the governmental activities and major fund of the Yolo County Local Agency Formation Commission (the LAFCO) as of and for the years ended June 30, 2021, 2020 and 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the LAFCO's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 LAFCO's internal control. Accordingly, we do not express an opinion on the effectiveness of the LAFCO'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 could exist that have not been identified.

We noted the following items that are presented for your consideration:

Formalizing Policies

We recommend formally documenting in the LAFCO Administrative Policies and Procedures employee pension, OPEB, vacation, sick leave and deferred compensation benefits earned by LAFCO employees by reference to the appropriate County of Yolo (County) MOU applicable to each employee position. If not all of the benefits defined in the applicable MOU are available to LAFCO staff or if any of the benefits available to LAFCO staff are different than as defined in a County MOU, that fact should be documented.

We also recommend the LAFCO consider formalizing the cost of services and assets provided by the County under current practice in an administrative agreement. An administrative agreement could document current practices related to the payment or nonpayment by the LAFCO for office space, furniture and computer equipment as well as services provided, such as payroll and benefits administration, maintenance of the County computer system and other services benefitting the LAFCO for which the County normally charges internal users an overhead charge.

* * * * *

This communication is intended solely for the information and use of the Commissioners, management, and member agencies and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

January 19, 2022