

YOLO LOCAL AGENCY FORMATION COMMISSION

Regular Meeting AGENDA

May 23, 2024 - 9:00 a.m.

BOARD OF SUPERVISORS CHAMBERS
625 COURT STREET, ROOM 206
WOODLAND, CA 95695

COMMISSIONERS

OLIN WOODS, CHAIR (PUBLIC MEMBER)
BILL BIASI, VICE CHAIR (CITY MEMBER)
LUCAS FRERICHS (COUNTY MEMBER)
GLORIA PARTIDA (CITY MEMBER)
OSCAR VILLEGAS (COUNTY MEMBER)

ALTERNATE COMMISSIONERS

RICHARD DELIBERTY (PUBLIC MEMBER)
TANIA GARCIA-CADENA (CITY MEMBER)
JIM PROVENZA (COUNTY MEMBER)

CHRISTINE CRAWFORD
EXECUTIVE OFFICER

ERIC MAY
COMMISSION COUNSEL

Meetings of the Yolo Local Agency Formation Commission (LAFCo) are held in person in the Board of Supervisors chambers, located at 625 Court Street, Suite 206, Woodland, CA. LAFCo will, to the best of its ability, provide hybrid and remote options for LAFCo meeting participants and to the public; however, LAFCo cannot guarantee these options will be available due to technical limitations outside our control. For assurance of public comment, LAFCo encourages in-person and written public comments to be submitted. The Zoom link / phone number and instructions for participating in the meeting through Zoom are set forth in the "Public Participation Instructions" on the final page of this agenda.

NOTICE:

This agenda has been posted at least five (5) calendar days prior to the meeting in a location freely accessible to members of the public, in accordance with the Brown Act and the Cortese-Knox-Hertzberg Act. The public may subscribe to receive emailed agendas, notices and other updates by contacting staff at lafoo@yolocounty.org.

All persons are invited to testify and submit written comments to the Commission. If you challenge a LAFCo action in court, you may be limited to issues raised at the public hearing or submitted as written comments prior to the close of the public hearing. If you wish to submit written material at the hearing, please supply 8 copies.

FPPC - Notice to All Parties and Participants in LAFCo Proceedings

All parties and participants on a matter to be heard by the Commission that have made campaign contributions totaling more than \$250 to any Commissioner in the past 12 months must disclose this fact, either orally or in writing, for the official record as required by Government Code Section 84308.

Contributions and expenditures for political purposes related to any proposal or proceedings before LAFCo are subject to the reporting requirements of the Political Reform Act and the regulations of the Fair Political Practices Commission, and must be disclosed to the Commission prior to the hearing on the matter.

AGENDA

PLEASE NOTE - The numerical order of items on this agenda is for convenience of reference. Items may be taken out of order upon request of the Chair or Commission members.

CALL TO ORDER

1. Pledge of Allegiance
2. Roll Call
3. Public Comment: This is an opportunity for members of the public to address the Commission on subjects relating to LAFCo purview but not relative to items on this Agenda. The Commission reserves the right to impose a reasonable time limit on any topic or on any individual speaker.

CONSENT AGENDA

4. Approve the LAFCo Meeting minutes of April 25, 2024
5. Authorize the Chair to sign Agreement 2024-08 with Richardson & Company LLP, not to exceed \$15,900, to conduct an independent audit of the Yolo LAFCo financial statements for the fiscal years ending in 2024, 2023, and 2022
6. Correspondence

PUBLIC HEARING

7. Consider and adopt the Final LAFCo Budget for Fiscal Year 2024/25

EXECUTIVE OFFICER'S REPORT

8. A report by the Executive Officer on recent events relevant to the Commission and an update of staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.
 - a. 05.23.2024 Long Range Planning Calendar
 - b. EO Activity Report - April 22 through May 17, 2024
 - c. CALAFCO Legislative Summary
 - d. Public Member Recruitment Update

COMMISSIONER REPORTS

9. Action items and reports from members of the Commission, including announcements, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Commission or the public.

ADJOURNMENT

10. Adjourn to the next Regular LAFCo Meeting

I declare under penalty of perjury that the foregoing agenda was posted by 5:00 p.m. Friday, May 17, 2024, at the following places:

- On the bulletin board outside the east entrance of the Erwin W. Meier County Administration Building, 625 Court Street, Woodland, CA;
- On the bulletin board outside the Board of Supervisors Chambers, 625 Court Street, Room 206, Woodland, CA: and,
- On the LAFCo website at: www.yololafco.org.

ATTEST:

Terri Tuck, Clerk
Yolo LAFCO

A.D.A. NOTICE

If requested, this agenda can be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Commission Clerk for further information. In addition, persons with a disability who require a modification or accommodation, including auxiliary aids or services, in order to participate in a public meeting should contact the Commission Clerk as soon as possible and at least 24 hours prior to the meeting. The Commission Clerk may be reached at 530-666-8048 or at the following address: Yolo LAFCo, 625 Court Street, Suite 107, Woodland, CA 95695.

PUBLIC PARTICIPATION INSTRUCTIONS:

Meetings of the Yolo Local Agency Formation Commission (LAFCo) are held in person in the Board of Supervisors chambers, located at 625 Court Street, Room 206, Woodland, CA. If you cannot attend the LAFCo meeting in person but desire to follow the meeting remotely, make a public comment, or comment on a specific item on the agenda, you may do so by:

- Joining through Zoom on your computer at <https://yolocounty.zoom.us/j/81457255487>, or participate by phone by calling 1-408-638-0968, Webinar ID: 814 5725 5487. Please note there is no participant code, you will just hit # again after the recording prompts you.
- If you are joining the meeting via Zoom and wish to make a comment on an item, press the "raise a hand" button. If you are joining the meeting by phone, press *9 to indicate a desire to make comment. The moderator will call you by name or phone number when it is your turn to comment. Press *6 to unmute. The Commission reserves the right to impose a reasonable limit on time afforded to any topic or to any individual speaker.
- If you wish to submit a written comment on a specific agenda item or on an item not on the agenda, please email the Commission Clerk at lafco@yolocounty.org or send to 625 Court Street, Suite 107, Woodland, CA 95695. Please include meeting date and item number. Please submit your comment by 2:00pm the day prior to the meeting, if possible, to provide the Commission a reasonable opportunity to review your comment in advance of the meeting. All written comments are distributed to the Commission, filed into the record, but will not be read aloud.

Please note that LAFCo cannot guarantee that hybrid and remote options will be available due to technical limitations outside our control. For assurance of public comment, LAFCo encourages in-person or written public comments to be submitted.

Consent 4.

LAFCO

Meeting Date: 05/23/2024

Information

SUBJECT

Approve the LAFCo Meeting minutes of April 25, 2024

RECOMMENDED ACTION

Approve the LAFCo Meeting minutes of April 25, 2024.

Attachments

ATT-Minutes 04.25.24

Form Review

Form Started By: Terri Tuck
Final Approval Date: 05/14/2024

Started On: 05/14/2024 08:37 AM

YOLO LOCAL AGENCY FORMATION COMMISSION

MEETING MINUTES

April 25, 2024

The Yolo Local Agency Formation Commission met on the 25th day of April 2024, at 9:00 a.m. in the Yolo County Board of Supervisors Chambers, 625 Court Street, Room 206, Woodland CA. Voting members present were Chair and Public Member Olin Woods, City Members Bill Biasi, Vice Chair, and Gloria Partida, and County Member Alternate Jim Provenza. Voting members absent were County Members Lucas Frerichs and Oscar Villegas. Other participants present were Executive Officer Christine Crawford, Clerk Terri Tuck, and Counsel Eric May.

CALL TO ORDER

Chair Woods called the Meeting to order at 9:05 a.m.

Item № 1 Pledge

Jim Provenza led the Pledge of Allegiance.

Item № 2 Roll Call

PRESENT: Biasi, Partida, Provenza (A), Woods ABSENT: Frerichs, Villegas

Item № 3 Public Comments

There were no public comments.

CONSENT

Item № 4 Approve the LAFCo Meeting Minutes of March 28, 2024

Item № 5 Review and file the Fiscal Year 2023/24 Third Quarter Financial Update

Minute Order 2024-18: The recommended actions were approved.

MOTION: Partida SECOND: Biasi
AYES: Biasi, Partida, Provenza (A), Woods
NOES: None

REGULAR

Item № 6 Consider directing staff to prepare an update to Yolo LAFCo’s Agricultural Conservation Policies adjusting the required mitigation ratio for conservation easements

Minute Order 2024-19: The recommended action was approved, directing staff to study the issue further and bring an item to the Commissioner at a future meeting.

MOTION: Woods SECOND: Provenza (A)

AYES: Biasi, Partida, Provenza (A), Woods
NOES: None

Item № 7 **Consider and adopt the LAFCo Annual Work Plan for Fiscal Year 2024/25**

Minute Order 2024-20: The recommended action was approved. Staff was directed to add another action item to the Strategic Work Plan under *Priority 2: Create Greater Engagement with Local Agencies, SACOG, and the Public*; to take opportunities to respond to op eds or write articles for local publication.

MOTION: Partida SECOND: Biasi
AYES: Biasi, Partida, Provenza (A), Woods
NOES: None

PUBLIC HEARING

Item № 8 **Consider and adopt the proposed LAFCo Budget for Fiscal Year 2024/25 and set May 23, 2024, as the public hearing date to approve the final budget**

After an overview report by staff, the Chair opened the Public Hearing. There were no comments, and the Public Hearing was closed.

Minute Order 2024-21: The recommended action was approved and May 23, 2024, was set as the public hearing to approve the final budget.

MOTION: Biasi SECOND: Partida
AYES: Biasi, Partida, Provenza (A), Woods
NOES: None

Item № 9 **Executive Officer’s Report**

The Commission was given written reports of the Executive Officer’s activities for the period of March 25 through April 19, 2024, and was verbally updated on recent events relevant to the Commission, including the Long Range Planning Calendar and Legislative Summary.

Staff noted that one application has been received for the public member recruitment ahead of the May 6, 2024, deadline.

Staff mentioned that the deadline for responses to the request for proposals for independent professional auditing services is May 6, 2024.

Staff commented that the CALAFCO Staff Workshop was currently in progress, and staff presented on a session panel regarding developing agency trust that was well-received. After the meeting, staff was headed back to Pleasanton to continue participating in the Workshop until Friday.

Item № 10 **Commissioner Reports**

There were no reports.

Item № 11 Adjournment

Minute Order 2024-22: By order of the Chair, the meeting was adjourned at 10:31 a.m. to the next regular meeting.

Olin Woods, Chair
Local Agency Formation Commission
County of Yolo, State of California

ATTEST:

Terri Tuck
Clerk to the Commission

LAFCO

Meeting Date: 05/23/2024

Information

SUBJECT

Authorize the Chair to sign Agreement 2024-08 with Richardson & Company LLP, not to exceed \$15,900, to conduct an independent audit of the Yolo LAFCo financial statements for the fiscal years ending in 2024, 2023, and 2022

RECOMMENDED ACTION

Authorize the Chair to sign the Agreement with Richardson & Company LLP.

FISCAL IMPACT

For fiscal year 2024/25, the proposed Final LAFCo budget appropriates \$15,000 under Professional Services for Auditing and Accounting Services. Although the fixed fee contract is not to exceed a maximum of \$15,900, staff plans to prepare our own financial statements to be reviewed by the auditor, which reduces the cost to \$15,000. Therefore, sufficient funds are budgeted for this contract and no fiscal impacts are anticipated.

REASONS FOR RECOMMENDED ACTION

A Request for Proposals was issued for auditing services in April 2024, and while there was interest expressed by several firms, we ultimately received only one proposal. Staff believes this is because we used Richardson & Company LLP last time, and they come in at a very competitive rate that is hard to beat. For the previous audit in 2021, LAFCo received four proposals and Richardson & Company LLP was selected as the top ranked firm based on their proposal, experience and price. The firm also has experience with the County's financial and pension system, working both with LAFCo and other agencies countywide. In 2018, Yolo LAFCo contracted with another auditing firm and did not experience an efficient process. Richardson & Company LLP has also performed two audits for Yolo LAFCo in the past, both prior to 2015.

The Government Code requires rotation of a local agency lead auditor every six consecutive years, but the same firm can be used if the lead person changes (Government Code section 12410.6.(b)). Yolo LAFCo has contracted with Richardson & Company LLP for the last three years, and this contract would amount to six consecutive years when completed.

Per Yolo LAFCo Administrative Policies and Procedures Section 5.18, LAFCo shall have financial audits performed on a three-year cycle (i.e. the auditor reviews the prior three fiscal years at one time). In addition, the LAFCo Commission must authorize and execute contracts greater than \$5,000 in accordance with LAFCo's Administrative Policies and Procedures Section 5.11.

Attachments

ATT-AGR 2024-08 wRichardson & Co-Audit Services

Form Review

Inbox

Christine Crawford (Originator)
Form Started By: Christine Crawford
Final Approval Date: 05/13/2024

Reviewed By

Christine Crawford

Date

05/13/2024 03:58 PM
Started On: 05/13/2024 01:36 PM

THIS AGREEMENT is made this 23rd day of May, 2024, by and between the Yolo Local Agency Formation Commission ("LAFCo"), and Richardson & Company LLP ("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 \$15,900, 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:



Brian Nash, Partner
 Richardson & Company LLP
 550 Howe Avenue, Suite 210
 Sacramento, CA 95825
 (916) 564-8727
bnash@richardsoncpas.com

LAFCo:

Olin Woods, Chair

ATTEST:



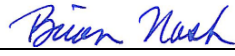
Christine Crawford, LAFCo Executive Officer
 625 Court Street, Suite 107
 Woodland, CA 95695
 (530) 666-8048
christine.crawford@yolocounty.org

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 A

SERVICE CONTRACT INSURANCE REQUIREMENTS

A. During the term of this Agreement, Contractor shall at all times maintain, at its expense, the following coverages and requirements. The comprehensive general liability insurance shall include broad form property damage insurance.

1. Minimum Coverages (as applicable) - Insurance coverage shall be with limits not less than the following:
 - a. **Comprehensive General Liability** – \$1,000,000/occurrence and \$2,000,000/aggregate
 - b. **Automobile Liability** – \$1,000,000/occurrence (general) and \$500,000/occurrence (property) [include coverage for Hired and Non- owned vehicles.]
 - c. **Professional Liability/Malpractice/Errors and Omissions** – \$1,000,000/occurrence and \$2,000,000/aggregate (If any engineer, architect, attorney, accountant, medical professional, psychologist, or other licensed professional performs work under a contract, the contractor must provide this insurance. If not, then this requirement automatically does not apply.)
 - d. **Workers' Compensation** – Statutory Limits/**Employers' Liability** – \$1,000,000/accident for bodily injury or disease (If no employees, this requirement automatically does not apply.)

2. LAFCo, its officers, agents, employees and volunteers shall be named as additional insured on all but the workers' compensation and professional liability coverages. [NOTE: Evidence of additional insured may be needed as a separate endorsement due to wording on the certificate negating any additional writing in the description box.] 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 Agreement; or (2) the broader coverage and maximum limits of coverage of any Insurance policy or proceeds available to the named Insured; whichever is greater.
 - a. The Additional Insured coverage under 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.
 - b. The limits of Insurance required in this agreement 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 non-contributory 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.

3. Said policies shall remain in force through the life of this Agreement and, with the exception of professional liability coverage, shall be payable on a "per occurrence" basis unless LAFCo's 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 Agreement 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.
4. The Contractor shall declare all aggregate limits on the coverage before commencing performance of this Agreement, and LAFCo's Risk Manager reserves the right to require higher aggregate limits to ensure that the coverage limits required for this Agreement as set forth above are available throughout the performance of this Agreement.
5. 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 Yolo LAFCo.
6. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the Director (ten (10) days for delinquent insurance premium payments).
7. 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.
8. The policies shall cover all activities of Contractor, its officers, employees, agents and volunteers arising out of or in connection with this Agreement.
9. For any claims relating to this Agreement, 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.
10. The insurer shall waive all rights of subrogation against LAFCo, its officers, employees, agents and volunteers.

- B.** Prior to commencing services pursuant to this Agreement, Contractor shall furnish LAFCo with original endorsements reflecting coverage required by this Agreement. 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 Agreement, 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 Agreement. 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. Yolo 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 agreement 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 agreement prior to commencement of any work and General Contractor/**and or Contractor** will provide proof of compliance to LAFCo.
- 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 agreement, LAFCo at its sole discretion may purchase the coverage required and the cost will be paid by Contractor.

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.

LAFCo AGREEMENT N^o 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:

LAFCo:

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

 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

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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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 249,121 | \$ 277,713 | \$ 188,015 |
| Due from other governments | | | 4,000 |
| TOTAL ASSETS | <u>249,121</u> | <u>277,713</u> | <u>192,015</u> |
| 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 | <u>112,592</u> | <u>89,060</u> | <u>104,021</u> |
| 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 | <u>666,800</u> | <u>678,249</u> | <u>755,258</u> |
| 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 | <u>95,860</u> | <u>132,440</u> | <u>61,074</u> |
| NET POSITION | | | |
| Unrestricted (deficit) | <u>(400,947)</u> | <u>(443,916)</u> | <u>(520,296)</u> |
| TOTAL NET POSITION (DEFICIT) | <u>\$ (400,947)</u> | <u>\$ (443,916)</u> | <u>\$ (520,296)</u> |

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-------------------------------------|---------------------|---------------------|---------------------|
| 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 | <u>371,561</u> | <u>404,601</u> | <u>491,836</u> |
| 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 | <u>408,479</u> | <u>467,948</u> | <u>453,957</u> |
| 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 | <u>6,051</u> | <u>13,033</u> | <u>12,592</u> |
| CHANGE IN NET POSITION | 42,969 | 76,380 | (25,287) |
| Net position at beginning of year | <u>(443,916)</u> | <u>(520,296)</u> | <u>(495,009)</u> |
| NET POSITION AT END OF YEAR | <u>\$ (400,947)</u> | <u>\$ (443,916)</u> | <u>\$ (520,296)</u> |

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

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

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|---------------------|
| 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. | <u>(95,860)</u> | <u>(132,440)</u> | <u>(61,074)</u> |
| Net position - governmental activities for the year ended June 30: | <u>\$ (400,947)</u> | <u>\$ (443,916)</u> | <u>\$ (520,296)</u> |

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-------------------------------------|-------------------|-------------------|-------------------|
| 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 | <u>414,530</u> | <u>480,981</u> | <u>466,549</u> |
| 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 administrative | 7,169 | 5,469 | 5,899 |
| Training, transportation and travel | | 4,473 | 7,336 |
| Miscellaneous | 9,117 | 7,509 | 4,455 |
| TOTAL EXPENDITURES | <u>444,501</u> | <u>399,956</u> | <u>401,257</u> |
| NET CHANGE IN FUND BALANCE | (29,971) | 81,025 | 65,292 |
| Fund balance at beginning of year | <u>266,693</u> | <u>185,668</u> | <u>120,376</u> |
| FUND BALANCE AT END OF YEAR | <u>\$ 236,722</u> | <u>\$ 266,693</u> | <u>\$ 185,668</u> |

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

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

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|--------------------|
| 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 | <u>17,582</u> | <u>4,507</u> | <u>8,569</u> |
| Change in net position - governmental activities for the year ended June 30: | <u>\$ 42,969</u> | <u>\$ 76,380</u> | <u>\$ (25,287)</u> |

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2021, 2020 and 2019

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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).

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

NOTE C – COMPENSATED ABSENCES

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

| | <u>July 1, 2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2021</u> | <u>Due Within One Year</u> |
|----------------------|---------------------|------------------|--------------------|----------------------|--------------------------------|
| Compensated absences | <u>\$ 13,251</u> | <u>\$ 15,750</u> | <u>\$ (12,724)</u> | <u>\$ 16,277</u> | <u>\$ 8,140</u> |
| | <u>July 1, 2019</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2020</u> | <u>Due Within One Year</u> |
| Compensated absences | <u>\$ 7,651</u> | <u>\$ 14,882</u> | <u>\$ (9,282)</u> | <u>\$ 13,251</u> | <u>\$ 6,626</u> |
| | <u>July 1, 2018</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2019</u> | <u>Due Within One Year</u> |
| Compensated absences | <u>\$ 5,210</u> | <u>\$ 14,031</u> | <u>\$ (11,590)</u> | <u>\$ 7,651</u> | <u>\$ 3,825</u> |

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
- PEPRM 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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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:

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

NOTE D – PENSION PLAN (Continued)

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------|-------------|-------------|-------------|
| 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:

| | <u>2021</u> | | <u>2020</u> | | <u>2019</u> | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | 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 | <u>\$ 90,567</u> | <u>\$ (61,498)</u> | <u>\$ 73,517</u> | <u>\$ (97,094)</u> | <u>\$ 88,195</u> | <u>\$ (47,789)</u> |

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: | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|-------------------------------------|--------------------|--------------------|--------------------|
| 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 | <u>4,355</u> | | |
| Total | <u>\$ (38,607)</u> | <u>\$ (79,887)</u> | <u>\$ (10,928)</u> |

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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 are 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 lesser of contract 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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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:

| Asset Class | 2021 | | | 2020 | | | 2019 | | |
|---------------------|--------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|--------------------------|
| | 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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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 | <u>\$ 22,025</u> | <u>\$ (34,362)</u> |
| | 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 | <u>\$ 15,543</u> | <u>\$ (35,346)</u> |
| | 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 | <u>\$ 15,826</u> | <u>\$ (13,285)</u> |

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:

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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) | |
| | <u>\$ (29,979)</u> | <u>\$ (35,346)</u> | <u>\$ (13,285)</u> |

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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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 Liability 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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2021, 2020 and 2019

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 Amounts | Variance With Final Budget Positive (Negative) |
|-------------------------------------|--------------------|--------------------|-------------------|--|
| | Original | Final | | |
| 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 administrative | 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 | | | <u>266,693</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 236,722</u> | |

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 Amounts | Variance With Final Budget Positive (Negative) |
|-------------------------------------|--------------------|--------------------|--------------------------|--|
| | Original | Final | | |
| 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 administrative | 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 | | | <u>185,668</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 266,693</u> | |

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 | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|-------------------------------------|--------------------|--------------------|--------------------------|--|
| | Original | Final | | |
| 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 administrative | 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 | | | <u>120,376</u> | |
| FUND BALANCE AT END OF YEAR | | | <u>\$ 185,668</u> | |

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.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

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

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

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.

Other Matters

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.

To the Board of Directors
Yolo County Transportation Commission
Page 3

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

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.

To the Chair, Members and Management of the
Yolo County Local Agency Formation Commission
Page 2

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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

PROPOSAL TO PROVIDE PROFESSIONAL AUDITING SERVICES TO



FOR THE FISCAL YEARS ENDED JUNE 30, 2022, 2023 AND 2024

CONTACTS:

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Brian Nash, Partner

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May 6, 2024

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May 6, 2024

Ms. Christine Crawford, Executive Officer
Yolo Local Agency Formation Commission
625 Court Street, Suite 107
Woodland, California 95695

Thank you for your interest in our firm and the opportunity to present our proposal to continue to serve the **Yolo Local Agency Formation Commission (LAFCo)**. We are genuinely enthusiastic about the prospect of serving you again because serving governments with their unique reporting requirements has developed into one of our firm's major areas of expertise. If given the opportunity, you can be sure that we would continue to serve LAFCo with great care and pride.

We have gained valuable experience auditing LAFCo in the past that would result in an efficient June 30, 2022 through 2024 audit, especially the experience gained related to the LAFCo's participation in the County of Yolo's pension and postretirement health care plans. Any new auditor would need to go through the same process to become familiar with these plans as we went through in previous audits due to the details of the LAFCo's participation in the County of Yolo plans.

Because we have performed previous audits of the LAFCo, we have developed a level of understanding of the LAFCo's operations and have gathered a permanent file of documentation that would take a significant amount of LAFCo's limited staff time to locate and provide to another firm. There would be significant savings of staff time if the LAFCo would approve Richardson & Company, LLP as its auditor. Our experience with the LAFCo ensures we have the qualifications to perform the audit, ability to stay within the budget and meet deadlines.

Our Profile and Commitment to Quality

Richardson & Company, LLP is a regional certified public accounting firm established in 1991 and located in Sacramento. We have a total staff of thirty-two, including eleven CPAs. Our governmental audit staff totals twenty-eight, all of which are located in Sacramento. We are among the top 15 largest accounting firms operating in the Sacramento area. We are a certified Disadvantaged Business Enterprise with the California Department of General Services and a certified Woman-owned Business Enterprise with Caltrans. We provide audit, accounting, tax and business advisory services to numerous entities, including governmental entities, nonprofits, financial institutions, real estate partnerships, a magazine circulation audit, the largest water district in the world located in Los Angeles and other clients primarily located in northern California. During the past five years, we have performed over 400 public agency audits.

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the AICPA National Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published quality control standards and submit to peer reviews and PCAOB inspections of their practice every three years. We have passed all ten peer reviews and three PCAOB inspections of our practice.

Another example of our commitment to quality service and skill as auditors, is the fact we have audited the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California for more than forty years, including twelve years while key personnel in our firm were with Ernst & Young. Metropolitan is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than international “Big Four” firms.

Our Extensive Experience Auditing Agencies that use the County of Yolo for Accounting Services

In addition to auditing the LAFCo, we have audited numerous entities that use the County of Yolo Auditor-Controller’s Office as their fiscal agent, deposit their funds with the County of Yolo Treasurer’s Office and use the County’s accounting system, including Yolo-Solano Air Quality Management District, the Sacramento Area Council of Government’s Yolo County Local Transportation Fund and Yolo County Transportation District. We also audit the County of Yolo’s Transportation Development Act Transit and Non-Transit Funds. Auditing these agencies and County funds has made us very familiar with the reports and capabilities of the County’s accounting system. We also become acquainted with County of Yolo Auditor-Controller’s Office personnel as a result of these audits and have worked with them for a number of years.

Our Proven Expertise Serving Local Governmental Entities

In any service organization, it is the people who make the difference. Our team members know and understand the challenges and opportunities confronting governmental entities and our team consists of professionals who have conducted many financial and compliance audits of governmental entities in conformity with *Government Audit Standards* and generally accepted auditing standards. In addition to performing the LAFCo’s audit, we have performed these audits for the El Dorado LAFCo and Yolo County LAFCo, most of the cities in the greater Sacramento area, numerous independent special districts located in Yolo and Sacramento Counties and elsewhere, joint powers authorities, large fire and water districts, such as the Sacramento Metropolitan Fire District and Sacramento Suburban Water District, and several transportation planning agencies including the Sacramento Area Council of Governments (SACOG) the El Dorado County Transportation Commission, Butte County Association of Governments, Calaveras County Council of Governments, Amador Transportation Commission and the San Joaquin Council of Governments as well as the city and county funding recipients of these planning agencies.

Our services to governments have also included performing several investigative, forensic audits of governmental special districts that received extensive statewide news media attention and resulted in one general manager and his assistant serving federal prison sentences after our



testimony in federal court. We have assisted several governmental entities with the preparation of their State Controller's Office reports, letters to underwriters and receiving the Government Finance Officer's Certificate of Achievement for Excellence in Financial Reporting, including two on their first attempt.

Professional Fees

Our professional fees are described in detail in the following pages of our proposal. **Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.**

* * * * *

Once again, we would like to thank you for the opportunity to discuss our services, present our qualifications, and submit our proposal to serve as independent auditors and business advisors for LAFCo. For the preceding reasons and many others as outlined in this proposal, we genuinely believe that your selection of our firm as LAFCo's independent accountants is the best decision that LAFCo could make. We have the people, experience and available resources to perform the work within the required time period.

Our firm certifies that the person signing this proposal is authorized to represent Richardson & Company, LLP, empowered to submit this bid and authorized to sign a contract with LAFCo.

If you have questions or need additional information, please contact Ms. Ingrid Shepline or me at (916) 564-8727, fax (916) 564-8728, correspondence at 550 Howe Avenue, Suite 210, Sacramento, California 95825 or email sent to bnash@richardsoncpas.com or ishepline@richardsoncpas.com.

Very truly yours,

RICHARDSON & COMPANY, LLP



Brian Nash, CPA
Partner



OUR QUALIFICATIONS AND EXPERIENCE

Richardson & Company, LLP is a regional CPA firm founded in 1991 and located in Sacramento. We have a total staff of thirty-two, including eleven CPAs. Our governmental audit staff totals twenty-eight, all of which are located in Sacramento. We are among the top 15 largest accounting firms operating in the Sacramento area. We are a certified Disadvantaged Business Enterprise with the California Department of General Services and a certified Woman-owned Business Enterprise with Caltrans. We provide audit, accounting, tax and business advisory services to numerous governmental, commercial and nonprofit entities, including the largest water district in the world located in Los Angeles and other organizations primarily located in the Sacramento and San Francisco-Oakland bay areas and as far north as Eureka, California and as far south as Whittier, California. All of the firm's staff meet the continuing education requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions (*Government Audit Standards*) published by the U.S. General Accounting Office because of our extensive experience auditing governmental entities.

In any service organization, it is the people who make the difference. Our team members have conducted many financial and compliance audits of governmental entities in conformity with *Government Audit Standards* and generally accepted auditing standards. In addition to performing the LAFCo's audit, we have performed these audits for the El Dorado LAFCo, numerous special districts, most of the cities located within the greater Sacramento region, large fire and water districts, such as the Sacramento Metropolitan Fire District and Sacramento Suburban Water District, and several transportation planning agencies including the Sacramento Area Council of Governments (SACOG) the El Dorado County Transportation Commission, Butte County Association of Governments, Calaveras County Council of Governments, Placer County Transportation Planning Agency, Amador Transportation Commission and the San Joaquin Council of Governments and the city and county funding recipients of these planning agencies. We have extensive experience with Single Audit Act procedures and reports under 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), preparation of State Controller's Reports, letters to underwriters and preparation and review of Comprehensive Annual Financial Reports for compliance with the GFOA's preparer checklist in order to receive the Certificate of Achievement for Excellence in Financial Reporting.

In addition to governmental entities, we provide or have provided audit services to banks and bank holding companies, nonprofit organizations, real estate partnerships, Securities and Exchange Commission (SEC) registrants, a magazine circulation audit and many others. We perform Single Audit Act and compliance audits for both governmental and nonprofit entities. We provide tax services to our audit clients requiring those services.

Our services to governments have also included performing several investigative, forensic audits of governmental special districts that received extensive statewide news media attention and, in one case, resulted in a general manager and his assistant serving federal prison sentences after our testimony in federal court. These special audits included situations where it was alleged that expense reimbursements had been paid in excess of amounts authorized by policy or law. Our investigations proved the allegations were true and discovered several other problems. Our audit results were made public by the districts involved and the FBI, IRS and the Sacramento District Attorney subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work. This special audit work proves that our firm has the resources and expertise to successfully complete difficult, unusual governmental auditing projects in a timely manner.



We have audited the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California for the past forty years, including twelve years while key personnel in our firm were with Ernst & Young. Metropolitan is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. It is the largest water district in the world. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than “Big Four” firms.

We have built a practice oriented toward providing services equal in caliber to those provided by firms operating on a national level. Governmental organizations we serve or have previously served include the following:

Special Districts

- Yolo Local Agency Formation Commission
- El Dorado Local Agency Formation Commission
- Yolo-Solano Air Quality Management District
- Yolo Emergency Communications Authority
- Yolo County Transportation District
- Yolo County Flood Control and Water Conservation District
- Yolo Subbasin Groundwater Authority
- Reclamation District 2035
- Reclamation District 1000
- Sacramento Regional Fire/EMS Communication System
- Sacramento Metropolitan Fire District
- American Canyon Fire Protection District
- Nevada County Consolidated Fire District
- El Dorado County Emergency Services Authority
- Cal Tahoe Emergency Services Operations Authority
- Wilton Fire Protection District
- Pacific-Fruitridge Fire Protection District
- Courtland Fire Protection District
- Herald Fire Protection District
- California Fire Rescue Training Authority
- Stanislaus Consolidated Fire Protection District
- Dixon Fire Protection District
- El Dorado Hills Fire Department
- Nevada County Consolidated Fire District
- Rescue Fire Protection District
- Cosumnes Community Services District
- Cortina Community Services District
- Diablo Community Services District
- Rancho House Community Services District
- Volcano Community Services District
- Orleans Community Services District
- Sacramento Public Library Authority
- Mountain House Community Services District
- Rancho Murieta Community Services District
- Auburn Area Recreation and Park District
- Dixon Public Library District
- Vacaville Unified School District Library District



- Glenn-Colusa Irrigation District
- El Dorado Irrigation District
- El Dorado County Transportation Commission
- El Dorado County Transit Authority
- Florin Resource Conservation District
- Citrus Heights Water District
- Fair Oaks Water District
- Del Paso Manor Water District
- Westlands Water District
- Amador Water Agency
- Carmichael Water District
- Oakdale Irrigation District
- Merced Irrigation District
- Yuba County Water Agency
- Calaveras County Water District
- Nevada Irrigation District
- Byron Bethany Irrigation District
- Bethany Sanitary District
- Central California Irrigation District
- San Luis & Delta-Mendota Water Authority
- San Joaquin Valley Drainage Authority
- Mission Springs Water District
- Sacramento Metropolitan Cable Television Commission
- Sacramento Transportation Authority
- South San Joaquin Irrigation District
- South Feather Water and Power Agency
- Tuolumne Utilities District
- Sacramento Suburban Water District
- Tri-Dam Project and the Tri-Dam Power Authority
- Rio Linda/Elverta Community Water District
- Paratransit, Inc.
- Transport System of the University of California at Davis
- Yuba-Sutter Transit Authority
- American River Flood Control District
- Amador County Transportation Commission
- Amador Transit
- Calaveras Council of Governments
- Calaveras Transit Agency
- Sacramento Area Council of Governments Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba and Sacramento State Transit Assistance Fund
- Marin County Transit District
- Butte County Association of Governments
- Association of California Healthcare Districts - The Alpha Fund (workers compensation risk pool for rural hospitals)
- Regional Water Authority
- Sacramento Groundwater Authority
- State Water Project Contractors Authority
- South Yuba Water District
- San Juan Water District
- Solano County Water Agency



- South Sutter Water District
- Funds and accounts of the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California, including special analyses and projects related to its contract with the State
- San Joaquin Council of Governments
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds
- San Joaquin County Local Transportation Fund and State Transit Assistance Fund
- San Joaquin Regional Transit District
- Cities of Manteca, Lathrop, Tracy, Lodi and Ripon Transit Systems
- Funds and accounts of the U.S. Bureau of Reclamation (USBR) on behalf of the Central Valley Project Water Association and various water districts including Santa Clara Valley Water District, East Bay Municipal Utility District, Contra Costa Water District, Sacramento Municipal Utility District and Placer County Water Agency

Cities

- City of West Sacramento
- City of Sonoma
- City of Elk Grove
- City of Chico
- City of Lincoln
- City of American Canyon
- City of Citrus Heights
- City of Ione
- City of Dixon
- Town of Paradise
- City of Isleton
- City of Folsom
- City of Rocklin
- City of Colfax
- City of Marysville
- City of Biggs
- City of Colusa
- City of Rancho Cordova
- Town of Loomis
- City of Sutter Creek
- Town of Fort Jones
- Cities of Folsom, Rancho Cordova, Galt, Isleton, Sacramento, Davis, Live Oak, Yuba City, Marysville, Wheatland, West Sacramento, Winters and Woodland Transportation Development Act Funds
- County of Butte and Cities of Oroville, Chico, Gridley, Biggs, and Paradise Transportation Development Act Funds
- El Dorado County and City of Placerville, County of Placer and Cities of Auburn, Lincoln, Loomis, Roseville and Rocklin Transportation Development Act Funds
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds
- Cities of Manteca, Lathrop, Tracy, Lodi and Ripon Transit Systems
- Funds and accounts of the California Department of Water Resources on behalf of a large water agency, including special analyses and projects related to its contract with the State

The services we provide to these and other clients prove that we have the ability to provide the services that you require. Examples of these services include the following:

- We conduct the audits of the basic financial statements of numerous special districts. Our experience performing these audits of basic and special purpose governmental financial statements has made us thoroughly familiar with the application of generally accepted governmental accounting principles.
- The past several years we have provided the Cities of Citrus Heights, West Sacramento, Elk Grove and Folsom and the Oakdale Irrigation District, Cosumnes Community Services District, San Juan Water District, Fair Oaks Water District and San Joaquin



Council of Governments with extensive assistance in the preparation of their ACFR, including the first ACFR the Oakdale Irrigation District, Cosumnes Community Services District and San Joaquin Council of Governments had ever prepared. The ACFRs for all of these agencies have received the Government Finance Officers Association's Certificate of Achievement for the years we have assisted them.

- In the past several years we have provided federal compliance auditing services to numerous entities, including the Cities of West Sacramento, Citrus Heights, Chico, Lincoln, Elk Grove, Marysville, Colusa, Yolo County Transportation District, El Dorado County Transit Authority, Marin County Transit District, Calaveras Council of Governments, Yuba County Water Agency, Cosumnes Community Services District, Calaveras County Water District, Courtland Fire Protection District, Yuba-Sutter Transit Authority, the Transport System of the University of Davis and Paratransit and to several nonprofit organizations receiving federal grants that must also comply with *Government Auditing Standards* and the Single Audit Act.

Our Commitment to Quality

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the California Society of CPA's Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. Membership in the Center for Audit Quality is voluntary and all firms that join agree to adhere to published quality control standards and submit to peer reviews and inspections of their practice every three years. We have passed all ten of our peer reviews with a "clean opinion" and all three PCAOB inspections. The ten peer reviews cover the entire thirty-three year period our firm has been in existence. Our latest peer review is attached to this proposal. All of our peer reviews have included government engagements.

The quality control policies for our auditing practice are described in detail in our firm's Quality Control Document. All employees and members of our firm are provided with a copy of our Quality Control Document and are responsible for understanding, implementing and adhering to these policies and procedures. Our policies and procedures cover each of the following six elements of quality control: 1) Leadership, 2) Relevant Ethical Requirements, 3) Acceptance and Continuance of Clients and Engagements, 4) Human Resources, 5) Engagement Performance and 6) Monitoring. The adequacy of our quality control system and our compliance with that system are independently evaluated every three years through a peer review.

We also demonstrate our commitment to providing quality service in many other ways, including:

- Organizing, staffing, and managing engagements to provide for appropriate levels of technical competence, experience, supervision and review.
- Undertaking quality control reviews of selected engagements to assure compliance with professional standards.
- Recognizing our obligation to the public as well as to our clients.
- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.
- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.



In addition to obtaining excellent peer review results, Richardson & Company, LLP is committed to providing quality service and demonstrates this commitment in many ways, including:

- Assisting numerous governmental entities with receiving the Certificate of Excellence in Financial Reporting awarded by the Government Finance Officers Association, including several that received the award on the first attempt.
- Engaging a nationally recognized accounting consultant who has authored several accounting and reporting manuals, including those dealing with SEC matters, as technical support for our firm in addition to the support customarily available through the American Institute and California Society of CPAs.
- Engaging a partner and Director of Audit and Banking Practices for a large firm located in a large midwestern city to serve as the concurring reviewer for our SEC registrant banks as well as providing consultation with respect to audit and accounting issues for other clients. He has extensive experience auditing banks and public companies as result of more than twenty years with Ernst & Young, KPMG and his current firm.
- Preparing audited financial statements and other information for inclusion in several public offering documents reviewed by the SEC and other CPA firms, including “Big Four” firms, with minimal insignificant changes.
- Preparing audited financial statements reviewed by the State Board of Accountancy without change.

Governmental Continuing Professional Education

Our firm regularly attends courses on government accounting and auditing issues and grant compliance auditing and is represented at the California Society of CPA’s Sacramento Chapter of the Government Committee to stay abreast of current issues affecting the government industry. Consistent with *Government Auditing Standards*, each of our auditors that are responsible for planning, directing, conducting or reporting on any of our government-related audits completes 80 hours of continuing education and training every two years, including subjects directly related to the government environment and to grant compliance auditing. All personnel that will be assigned to your engagement team have attended the governmental training programs listed below. Our governmental training program consists of governmental courses offered by professional societies as well as subscription to a video training service that includes significant issues relating to governmental accounting standards and grant compliance presented by top government experts from throughout the country. We also provide internally developed classes addressing current accounting and auditing issues pertinent to our clients. Topics of these courses attended by each of the staff above over the past three years have included the following:

| | |
|--|---|
| Annual Governmental Accounting and Auditing Conference | Yellow Book and Single Audit Update |
| Government Auditing Standards | Communicating Internal Control in Government Audits |
| Audit Risk Assessment Standards | GASB, New Standards |
| New Guidance: From Derivatives to OPEB | Government Fraud: Profiling & Prevention |
| Fraud: Exposures and Solutions | GASB's Lease Standard |
| Fraud Update | The Accounting Controls Guidebook |
| The Reporting Model - Revisiting GASB 34 | Government Pension Accounting Standards |
| Audit Issues/Compliance Update | GASB's Defined Benefit Pension A&A Standards |
| Governmental Legal Update | |



Internal control and Fraud Detection
State and Local Government update on
Legislation
Overview of GASB Proposals for Financial
Statement Users
Where's GASB Headed with the Financial
Reporting Model Project?
Employee Fraud
Single Audit: Where's It Going
Municipal Bonds & Municipal Finance:
What's Going On?
2018 Yellow Book: What You Need to Know
Government Auditing Standards and Single
Audit Issues
Annual GASB Update
New Financial Reporting Model
Occupational Fraud and Abuse
AICPA Standards Update
Single Audit Update - Understanding Changes
Impacting 2024
Lessons Learned on Leases and SBITA
GASB Update
Bamboozled: Frauds & Schemes Against
California Local Governments
State Auditor's Update

Auditing Standards Update
Government Audits: From Improper Payment
to Change Agent
How the New "Risk-Based" Audits Will
Affect You
Pension Obligations: Improving Accounting &
Financial Reporting
Scouting the Landscape of California
Government Finance Today
GASB: Continued Progress, Continued Issues
OPEB and New Accounting Standards GASB 75
Auditing, Assurance & Ethics Update for
Governments
Leasing Standards (GASB 87) and Fiduciary
Activities (GASB 84)
2021 Yellow Book and Single Audit Update
What the State Auditor Does
Annual Required Government Audit Quality Center
Deep-Dive on SAS 145 (Risk Assessment)
Cybersecurity – Protecting organizations from
Cybercrime
Single Audit Introduction/Refresher
An Exploration of New Frontiers in Intelligent
Technologies
Hot Topics Roundtable



QUALIFICATIONS AND EXPERIENCE OF OUR KEY PERSONNEL

We have the personnel with the necessary professional qualifications and technical ability to provide you with the quality service you are looking for. As you can see from the resumes of our key personnel, we have developed the proficiency in the accounting principles and standards and governmental and grant compliance auditing to ensure you will receive quality work. Our firm philosophy centers around our commitment to the highest level of quality service - delivered by quality people. We have a history of providing technical excellence through teamwork responsive to clients' needs and expectations. Our commitment to quality results in satisfying the needs of our clients by providing value-added services and attracting and retaining clients of the highest caliber. Our key audit executives will participate heavily in the audit of LAFCo. This assures LAFCo will receive a quality audit managed and executed on-site by seasoned professionals, knowledgeable of the government industry. Technical assistance to LAFCo will be provided by one of the key team members. We believe the quality of our services exceeds that of national and other large firms because our audit team uses more experienced professionals to actually perform the work. National and other firms typically rely heavily on senior and staff accountants to perform audit fieldwork with minimal on-site direction from partners or managers.

The following resumes outline the qualifications and experience of our key team members.

Brian Nash, CPA (Engagement Partner)

Brian is a Partner with our firm and would have overall responsibility for planning, directing and coordinating our services for you. Brian was responsible for our previous audits of LAFCo and has gained valuable experience in those audits. Since significant and timely principal involvement is a cornerstone of our quality control procedures, he will be involved in all phases of our audit work from initial planning through report preparation. He is a Certified Public Accountant (#71127) with over thirty years of professional accounting and auditing experience and has provided services to a variety of clients, including Yolo LAFCo, El Dorado LAFCo, Yolo County Transportation District, County of Yolo Transit Fund, Yolo Emergency Communications Agency and most of the government entities, nonprofits, banks, water agencies and other entities described in the preceding sections of this proposal. He has served the various entities that utilize the County of Yolo for their treasury function, so he is knowledgeable of the County's systems and records. Brian received a Bachelor of Science degree in accounting with honors from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. He serves on the Board of a homeowner's association.

Ingrid M. Shepline, CPA (Managing Partner)

Ingrid serves as our Managing Partner and would assist Brian with the resolution of any issues and with planning, directing and coordinating our services for you, if needed. Formerly an audit manager with Ernst & Young LLP, she is a Certified Public Accountant (#48987) with over thirty-five years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including governmental entities, nonprofit organizations, utilities, banks, insurance agencies, manufacturers and distributors, including those using the County of Yolo's accounting system. While with Ernst & Young LLP, she specialized in governmental entities and grant compliance auditing, and has attended or taught numerous governmental education seminars. She is currently serving or has served almost all of the previously mentioned governmental entities.



Ingrid has a Bachelor of Science degree in accounting with honors from California State University, Sacramento. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, having served on the Board of Directors of the Society's Sacramento Chapter and as a member of the Government and Nonprofit Committee. She also serves as the Chair of the Finance Committee and is on the Board of a religious organization.

Heidi McLucas, CPA (Senior Audit Manager)

Heidi McLucas is a manager with our firm and will work closely with Brian in planning, conducting fieldwork and workpaper review. She has conducted fieldwork and assisted with supervising the staff in the performance of government audits for the past eighteen years. She would work on-site for the entire duration of the fieldwork. Heidi has eighteen years of experience with our firm and a total of twenty-nine years of accounting experience, including five years as the manager in charge of an H&R block office. She has provided services to a variety of clients, including a number of governmental entities, water agencies, nonprofits, banks and other entities described in the preceding sections of this proposal. She has previously served on the audits of El Dorado County Transportation Commission, El Dorado County Transit Authority, Butte County Association of Governments, Wilton Fire Protection District, Herald Fire Protection District, Rancho Murieta Community Services District, California Fire and Rescue Training Authority, Yolo-Solano Air Quality Management District, Sacramento Suburban Water District, Citrus Heights Water District, Carmichael Water District, Del Paso Manor Water District, Amador Water Agency, Nevada Irrigation District, Rio Linda/Elverta Community Water District, South Feather Water and Power Agency and South Yuba Water District, among other governmental agencies. Heidi received a Bachelor of Arts degree from Simpson College.

Other Staff:

We would assign senior and staff accountants to the engagement with experience working on governmental audits since everyone in our firm is required to work on a portion of our previously mentioned audits. All but six of our professional staff are CPAs.

Our Commitment to Staffing Continuity

If selected as your auditors, Brian Nash would have overall responsibility for our services for you. Brian would spend a substantial amount of time directly supervising the audit team and would be readily available to LAFCo's management. Ingrid Sheipline would work closely with Brian to ensure he has all the resources necessary to provide the LAFCo with excellent service. Ingrid would also assist with the resolution of any issues. Ingrid and Brian have worked together for over thirty years. Heidi McLucas, the Senior Manager, has been with our firm for eighteen years. Heidi has a significant understanding of governmental agency operations and would directly supervise any staff assigned to the engagement.

We have consistently demonstrated our firm's ability to recruit, train and maintain a quality staff as evidenced by our excellent peer review and inspection results and our ability to consistently attract and serve quality clients. Our turnover rate is low, especially at the manager level and above. It will not be necessary for our firm to use any association or affiliate member firm personnel on your audit.



DESCRIPTION OF THE AUDIT

Our extensive experience in auditing ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management.

Scope of Services

We understand that LAFCo requires an audit of its basic financial statements for the fiscal years ended June 30, 2022 through 2024 conducted in accordance with generally accepted auditing standards accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. If LAFCo were to receive Federal funds in excess of \$750,000, the audit would also be conducted in accordance with 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The financial statements will be prepared in conformity with GASB Statement No. 34.

We 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.

Adjustments to County's Accounting System

Based on our experience in working with the County's accounting system for the past thirty years, we have noticed that the County does not always have enough information to ensure the proper cut-off of revenues and expenses at the end of each fiscal year for special districts using the County's accounting system as they would for their own funds. As a result, audit adjustments may be needed to ensure the financial statements are presented on the accrual basis of accounting. Areas where adjustments may be needed are as follows:

- Accounts receivable: Revenues earned as of June 30 but not yet received.
- Accounts payable: Expenditures incurred but not invoiced or paid until after June 30.
- Deferred inflows: Revenues received that have not yet been earned.
- Accrued payroll: June payroll and benefits not paid until July.
- Accrued compensated absences: The value of unused vacation and sick leave benefits.
- Accrued other post-employment benefits: actuarially determined value of future post-employment benefits.
- Pension plan benefits: actuarially determined value of future pension benefits.

We understand the LAFCo's bookkeeper will post these entries. We will use our experience with LAFCo's operations to assist the bookkeeper in determining these balances as part of the engagement, as necessary.

Audit Approach

Our extensive experience with LAFCo and auditing other similar entities ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management.



We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management and the Commission.

Our audit approach to this engagement is divided into three stages as follows:

Initial Planning: We believe that a smoothly-run audit is based upon the early identification and resolution of reporting and auditing issues. Due to the extensive knowledge gained through auditing LAFCo and other governmental organizations, we will identify such issues in a timely manner and will enhance our understanding of your organization and the external and internal environments in which LAFCo operates. We will examine significant contracts and agreements to determine the effect on the nature and extent of the auditing procedures. We will meet with your personnel to obtain an understanding of your internal control policies and procedures and to document the flow of information through the accounting system, including procedures performed by the County, and will update our walkthrough memo with the assistance of your staff.

Program Development: Our risk assessment and evaluation of internal controls will provide the basis for determining the nature, timing and extent of audit procedures for specific transactions and accounts. Our approach to gaining an understanding of internal control will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111. Accordingly, we will focus on obtaining an understanding of the control environment, risk assessment, information and communication, and monitoring components. We will update our documentation of LAFCo's control environment and will perform a walkthrough of significant areas to assess control risk for the purpose of planning our substantive tests. We will perform additional testing of internal controls as needed based on our risk assessment. An overall audit program is the end product of our initial planning. The primary purpose of this phase of our audit approach is to assess the likelihood of material error in the accounts and transactions and to determine the most cost effective and cost-efficient mix of audit procedures. In developing the audit program, our aim will be to:

- Provide a complete audit program for all important financial statement amounts.
- Eliminate redundant audit procedures.
- Use audit procedures which accomplish more than one purpose.

Our audit approach is based on an analysis and understanding of the external and internal risk currently facing the organization we are auditing. Risk analysis enables us to design the most effective and efficient audit program, which evaluates and includes audit tests in relation to the size and probability of these risks. This approach provides us with a uniform method for developing and documenting the basis for our audit program. We will provide LAFCo staff with a list of documents, account analyses and other items we will need during the audit.

Program Execution: During this stage of our audit, we will perform the tests of transactions processed through the accounting system, direct tests of account balances and tests of compliance with laws, regulations and contracts. We plan to use either random or systematic sample selection methods to perform such tests. We will utilize analytical procedures in all areas of the audit, especially for receivables, revenues and expenses. We will perform all requested tasks as one integrated engagement and will schedule the timing of our fieldwork so that there will be minimal disruption of the day-to-day operations. We will utilize computer software



during the engagement for all workpaper preparation and for developing the trial balance used to prepare the financial statements. We will use LAFCo’s budget to determine the need for restrictions, commitments or assignments of fund balance as well as to perform analytical procedures for comparison to actual revenues and expenses.

Work Plan Timetable: The following work plan was developed with your deadlines in mind. The timing identified in the work plan is approximate and based on the timing of previous audits and will be revised as needed. **Upon selection as your independent accountants, we will meet with you, and together we will determine a specific timetable which ensures minimal disruption of your employees and that LAFCo’s desired deadline for the delivery of our final reports is met.** As can be seen from the following work plan, the service team is composed in such a way that each member has adequate supervision and technical support. It will not be necessary for our firm to use any association or affiliate member firm personnel on your audit.

Work Plan

| Task | Timing | Estimated Hours | | | Total |
|---|--------------|-----------------|----------------|-------|-------|
| | | Director | Senior Manager | Staff | |
| Audit Planning: | June or July | 5 | 10 | 5 | 20 |
| Kickoff meeting | | | | | |
| Begin audit planning process | | | | | |
| Internal control/systems documentation and evaluation | | | | | |
| Risk Assessment | | | | | |
| Develop audit programs | | | | | |
| Prepare audit assistance package and confirmation letters | | | | | |
| Substantive Testing: | November | 5 | 35 | 115 | 155 |
| Cash and investments | | | | | |
| Revenue and receivables | | | | | |
| Payroll and related liabilities | | | | | |
| Expenses for goods and services and related liabilities | | | | | |
| Equity and other credits | | | | | |
| Reporting and Wrap-up: | | | | | |
| Review of preparation of the basic financial statements and other reports | December | 5 | 15 | 5 | 25 |
| Draft reports available for review | December | | | | |
| Delivery of final reports | As directed | | | | |
| Total Audit Hours for the June 30, 2022 through 2024 Audits | | 15 | 60 | 125 | 200 |

The table above assumes that the audit of the fiscal years ending June 30, 2022 through 2024 will be performed as one engagement, where planning and risk assessment procedures will be performed and financial statements prepared for all three years combined. The total hours above were determined with a specific knowledge of the issues that resulted in time spent during the previous audit that we know will not occur again and an understanding of the efficiencies gained in the second and third year in performing your previous multi-year audit. Obtaining and summarizing three years of pension and OPEB balances from the County takes a significant



amount of time. Since we have accomplished this in the past our fee estimate is based on the number of hours we expect to incur based on the audit of the prior three-year period.

Our audit will be planned so that delivery of all required reports will be accomplished in a timely manner. We believe that the staffing of the audit is sufficient to ensure the timely completion of the audit and to ensure that the work is properly supervised. We would work closely with management to ensure that we provide timely services consistent with your requirements. We will prepare the financial statements consistent with professional standards and will review the drafts of all our reports and letters with LAFCo prior to finalization to ensure the reports meet your requirements. Upon completion of the audit, we will provide LAFCo with copies of our reports, as needed, for distribution to management, the Commission, and other interested parties.

Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. Our tradition of providing technical excellence through teamwork responsive to clients' needs and expectations--and doing so to the very best of our ability--requires that our single focus be on quality. Our commitment to quality results in:

- Satisfying LAFCo's needs by providing value-added services.
- Attracting and retaining clients of the highest caliber.
- Providing personal satisfaction and opportunity for professional growth for every member of our organization.

Some of the specific benefits LAFCo will realize from our audit approach include:

Continuity--Our familiarity with the LAFCo's operations will ensure that:

- We understand the auditing procedures and accounting treatment currently in place.
- Disruption to your normal operations and time lost due to "educating" the new firm will be minimal.
- A thorough review and evaluation of your systems of internal control and compliance.
- A review and evaluation of your significant data processing systems and controls.

Ongoing Communications with Management--We will work closely with you to resolve issues and serve as LAFCo's advisor on a timely basis. We do not take dogmatic, unyielding positions, and will keep the lines of communications open. We understand the concepts of materiality and will work with LAFCo personnel on all issues with materiality in mind. Members of our engagement team will be readily available to answer LAFCo's questions and to respond to LAFCo's needs.

Relevant and insightful suggestions--Our plan and approach requires us to obtain a complete knowledge of LAFCo's operating environment and accounting systems. This will position us well as an "advisor" to LAFCo management.

Less disruption to LAFCo--Our experience with LAFCo will result in the most effective and efficient combination of internal control and account balance testing. This will eliminate duplicate procedures and unnecessary tasks, minimizing the necessary number of auditors and, consequently, result in less disruption of LAFCo personnel. We have a permanent file of important contracts, policies and other documentation that will not need to be provided again by management, saving valuable staff time.



MINIMUM INSURANCE REQUIREMENTS

We certify that we carry insurance that meets the insurance requirements specified in Section Exhibit A of the Request for Proposal and will provide the necessary certificates once we are selected as LAFCo's auditors.



PROFESSIONAL FEES AND HOURLY RATES

Our goal is to provide quality service using the highest professional standards at a reasonable cost. We plan each assignment carefully and set a time budget for each phase of the engagement. All of our staff are well indoctrinated in the need to use their time to the fullest efficiency.

The fees below are based upon our current understanding of the situation for the audit services described in the request for proposal for the years ended June 30, 2022 through 2024. The fees below include \$900 to prepare the financial statements and include presentation of the audit results to management and the Commission.

These fees include out-of-pocket expenses for items including clerical support, computer charges, supplies, telephone charges, printing and travel. There will be no additional charges to LAFCo related to these items. The break-down of our fee by classification is as follows for the audits of the years ended June 30, 2022 through 2024:

| Classification | Hours | Hourly Rates | Fee |
|--|-------|-----------------|-----------|
| Partner | 15 | \$ 225 | \$ 3,375 |
| Senior Manager | 60 | 200 | 12,000 |
| Staff | 125 | 110 | 13,750 |
| | 200 | | 29,125 |
| Discount | | | (13,225) |
| Total fee, June 30, 2022 through 2024 - including preparation of the financial statements | | | \$ 15,900 |

The hours above assume the audits for fiscal years ended June 30, 2022 through 2024 will be performed as one integrated engagement, which results in time saving by only having to document planning and risk assessment procedures once and not having to prepare financial statements separately for each fiscal year. The fees above include any necessary meetings with management and attending a meeting of the board of directors. The fees above will be reduced by \$900 if LAFCo prepares its own financial statements.

The fee estimate is also based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit that significantly increase the time needed to complete the audit. The estimated fee assumes that LAFCo will complete the Management Discussion and Analysis portion of the financial statements and that the bookkeeper will post entries needed to report LAFCo's activity on the modified accrual basis. We also assume that LAFCo will calculate the accrual for compensated absences and will record pension and OPEB entries prior to the start of the audit. However, if needed, we have extensive experience assisting the special districts we have audited prepare the entries needed for the audit. To the extent possible, we will utilize your existing schedules and workpapers in our audit process. If significant additional time is necessary for the preparation or reconciliation of schedules because the LAFCo's books were not closed and additional time is necessary, we will discuss it with you and arrive at a new fee estimate with you.



Rates for Additional Professional Services

If it should become necessary for LAFCo to request that we render any additional services to either supplement the services requested in the RFP or to perform additional work, then such additional work shall be performed only if set forth in an addendum to the contract between LAFCo and the firm. Any such additional work agreed to between LAFCo and the firm shall be performed at our regular rates per hour as follows:

| | <u>Hourly Rates</u> |
|----------------------------|---------------------|
| Partner | \$225 |
| Tax Director | 260 |
| Senior Manager | 200 |
| Managers | 180 |
| Supervisors | 160 |
| Seniors | 130 |
| Staff | 110 |
| Administrative or Clerical | 75 |

Since Richardson & Company, LLP consists primarily of experienced auditors, you can be sure that you will receive the experience level and quality of service you expect. Our firm will bring to the audits strong technical backgrounds, government accounting expertise and outstanding engagement management skills.

Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.



REFERENCES

We have emphasized throughout our proposal that Richardson & Company, LLP provides quality service to governmental entities. Please feel free to contact any of these clients to confirm our ability to provide the type of services you are seeking.

Name of referenced entity: El Dorado Hills Fire Department
Audit Director: Brian Nash
Name and title of contact: Jessica Braddock, Director of Finance/Board Secretary
Address and phone number: 1050 Wilson Boulevard
El Dorado Hills, California 95762
(916) 933-6623 ext. 1020
E-mail address: jbraddock@edhfire.com
Services performed: Audit of the financial statements in accordance with generally accepted auditing standards and *Government Auditing Standards*. Preparation of the financial statements.
Completion dates: June 30, 2018 through 2023

* * * * *

Name of referenced entity: Calaveras County Water District
Audit Director: Brian Nash
Name and title of contact: Jeffrey Meyer, Director of Administrative Services
Address and phone number: 120 Toma Court
P.O. Box 846
San Andreas, CA 95249
(209) 754-3102
E-mail address: jeffreym@ccwd.org
Services performed: Audit of the financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Single Audit Act, when applicable.
Completion dates: June 30, 2016 through 2020

* * * * *

Name of referenced entity: Westlands Water District
Audit Director: Brian Nash
Name and title of contact: Bobbie Ormonde, Deputy General Manager – Finance & Administration
Address and phone number: 3130 N. Fresno Street
Fresno, CA 93703
(559) 241-6203
E-mail address: bormonde@wwd.ca.gov
Services performed: Financial and compliance audits of the financial statements of the agency generally accepted auditing standards and *Government Auditing Standards*
Completion dates: February 28, 2022 and February 28, 2023.



PEER REVIEW REPORT



Jones, Nale & Mattingly PLC

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners
Richardson & Company, LLP
and the Peer Review Committee of the California Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Richardson & Company, LLP (the firm) in effect for the year ended March 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Richardson & Company, LLP in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Richardson & Company, LLP has received a peer review rating of pass.

A handwritten signature in cursive script that reads "Jones, Nale & Mattingly, P.C."

Louisville, Kentucky
August 13, 2021

Certified Public Accountants and Advisors
401 West Main Street, Suite 1100 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 www.jnmpca.com





1710 Gilbreth Road
Burlingame, CA 94010
(650) 522-3094
Fax: (650) 522-3080
peerreview@calcpa.org

December 19, 2018

Ingrid Sheipline
Richardson & Company, LLP
550 Howe Ave Ste 210
Sacramento, CA 95825-8339

Dear Ingrid Sheipline:

It is my pleasure to notify you that on December 18, 2018, the California Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is September 30, 2021. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Program
The Peer Review Program Team
peerreview@calcpa.org 650-522-3094
California Society of CPAs

cc: William McDonald

Firm Number: 900010116241

Review Number: 557863



EXHIBIT D – ENGAGEMENT LETTER

May 23, 2024

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

We are pleased to confirm our understanding of the services we are to provide for the Yolo County Local Agency Formation Commission (LAFCo), for the years ended June 30, 2024, 2023 and 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities and the major fund, including the disclosures, which collectively comprise the basic financial statements of LAFCo as of and for the years ended June 30, 2024, 2023 and 2022. Accounting standard generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management’s discussion and analysis (MD&A), to accompany the LAFCo’s 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. As part of our engagement, we will apply certain limited procedures to the LAFCo’s RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist 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 will 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 following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management’s Discussion and Analysis.
- Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
- Schedule of the Proportionate Share of the Net Pension Liability
- Schedule of Contributions to the Pension Plan
- Schedule of Changes in the Net OPEB Liability and Related Ratios
- Schedule of Contributions to the OPEB Plan

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of LAFCo and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material misstatement, which are general risks audit standards expect us to consider as part of our audit planning:

- Cut-off of revenues and expenses
- Management override of controls

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of LAFCo's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our

audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for the 12 months after the financial statements date or shortly thereafter (for example, within an additional three months if currently known). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that

the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will also, if requested, assist in preparing the financial statements and related notes of LAFCo in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you

agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to LAFCo; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Richardson & Company, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Richardson & Company, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the LAFCo at the rates listed in the Professional Fees section of this letter. The workpapers for this or any engagement for you will be retained for a minimum of seven years after the date the auditor's report is issued, or longer if required by generally accepted auditing standards. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such access.

Brian Nash is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Reporting

We will issue a written report upon completion of our audit of LAFCo's financial statements. Our report will be addressed to the Board of Directors of LAFCo. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit.

Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that LAFCo is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Consent 6.

LAFCO

Meeting Date: 05/23/2024

Information

SUBJECT

Correspondence

RECOMMENDED ACTION

Review and file the following correspondence:

A. CHW Nesletter - Spring 2024

Attachments

ATT A-CHW Newsletter-Spring 2024

Form Review

Form Started By: Terri Tuck
Final Approval Date: 05/14/2024

Started On: 05/14/2024 08:43 AM

COLANTUONO
HIGHSMITH
WHATLEY, PC

Newsletter | Spring 2024

Update on Public Law

SCOTUS Guidance About Social Media

By Michael G. Colantuono, Esq. & Mihir A. Karode, Law Clerk

In *Lindke v. Freed*, the U.S. Supreme Court recently held a public official's social media page is a "public forum" (from which others cannot be excluded) only if the official has authority to speak for government and appears to do so. This means officials should distinguish between "official" social media accounts and personal or private ones. To be able to block offensive commenters, it is best to label personal social media with a disclaimer denying that the account speaks for government. And officials may wish to be careful about what they post — they can speak about public events and agency news, but should not be the first to announce agency business via a social media account they wish to treat as private. Of course, officials who are comfortable allowing all-comers to comment on a social media page need not worry about these restrictions.

James Freed, City Manager of Port Huron, Michigan, created a Facebook account before his appointment. Until he became City Manager, his page was primarily for personal use. Afterwards, he made his page "public" and updated his biography to reflect his new role. Although he continued to post about his job and public issues, his page still remained mostly personal, including family pictures. However, because his profile was public, Freed received comments from acquaintances and strangers alike.

Freed posted regarding his city's response to the pandemic, attracting negative comments from Kevin Lindke. Freed initially deleted these comments but eventually blocked Lindke, who sued, arguing Freed's Facebook page was a public forum in which government officials cannot regulate content.

The federal trial court ruled against Lindke, explaining that the prevailing personal quality of Freed's posts, the absence of government involvement with his account, and the lack of posts conducting official business showed Freed managed the page in his personal capacity. The Sixth Circuit affirmed, holding that an official's activity is state action subject to the First Amendment rights of others only if the official is required by state law to maintain the account, uses

(continued on page 3)

Welcome,
Sarah Pfeffer!

CHW is pleased to welcome Sarah Pfeffer as a 5th year litigator in Pasadena. She brings diverse experience ranging from consumer products liability to commercial contract and franchise disputes and arbitration of trust disputes.

Her BA in Arabic Language and Literature is from the University of Texas at Austin and her law degree is from UC Irvine, where she won a substantial scholarship and externed for Los Angeles Court of Appeal Justice Dennis Perluss. Current assignments include a dispute over CEQA mitigation measures.

Welcome, Sarah!

Court Allows PRA Request for Calendar Entries

By Meghan A. Wharton, Esq.

The Energy and Policy Institute made a Public Records Act request for calendar entries of Alice Reynolds, the Governor's Senior Advisor for Energy and future President of the Public Utilities Commission, evidencing Reynolds's meetings with 10 identified energy industry organizations in the year before her PUC appointment. The Governor's Office rejected the request, declaring the entries exempt from disclosure under the deliberative process privilege and *Times Mirror Co. v. Superior Court*, a 1991 California Supreme Court decision.

The Governor's Office cited the Public Records Act's "catchall" or "general balancing" exception, arguing the interest in withholding the entries clearly outweighs the public's interest in disclosing them. *Times Mirror* held Governor Deukmejian's interest in nondisclosure clearly outweighed the public's interest in disclosure of all calendars showing his daily activities for five years. The Supreme Court cited the deliberative process privilege and noted that disclosing whom the Governor met with would turn private conversations into politically fraught fishbowl events, might discourage meetings with controversial people, and might disclose the Governor's policy plans before he was ready to do so.

In the new case, the Los Angeles Court of Appeal held the Governor's Office must disclose records of meetings with the requested entities, including invitees, attendees, date, time, and location. The Office is not required to disclose substantive information regarding the meetings, such as agendas.

The Court of Appeal held *Times Mirror* does not absolutely protect public officials' calendars. The deliberative process privilege allows officials to withhold documents only if the interest in nondisclosure clearly outweighs the public's interest in disclosure.

The Court reasoned the interest in nondisclosure is low in this case because the request sought benign information regarding meetings with only 10

organizations with whom the Governor's energy advisor would be expected to meet. The Institute did not seek substantive information such as meeting agendas or notes. Therefore, the entries responsive to the targeted requests will reveal little about Reynolds' or the Governor's mental processes, deliberations, or policy positions. The Court also noted the Governor presented no evidence that disclosing the meetings would discourage future meetings with energy-industry stakeholders.

Weighing in favor of disclosure, the Court of Appeal recognized the public has an interest "in the extent to which the current CPUC president met with the CPUC and its regulated entities when she served as the Governor's senior energy advisor." Because the deliberative process exemption is rooted in the PRA's catchall exemption, the Governor must show the interest in nondisclosure *clearly* outweighs the public interest in disclosure.

Public officials should recognize that records of those with whom they meet or speak by phone or communicate in other ways are not entirely protected. If officials wish to maintain such conversations in confidence, they should avoid making records that are not needed, avoid retaining records longer than required by their agencies' records-retention policies, and make a record as to why particular meetings and meeting participants would be impaired if the fact of the meetings were known.

The Governor's Office still has time to seek Supreme Court review in this case, so this may not be the last word. The law under the Public Records Act develops regularly with new cases and statutes. We will keep you posted!

For more information, please contact Meghan at mwharton@chwlaw.us or (530) 200-2030.

SCOTUS Considers Development Impact Fees

By Michael G. Colantuono, Esq.

In its latest regulatory takings case, the U.S. Supreme Court has ruled that legislation imposing a fee on development to mitigate its impacts is subject to the same analysis as a similar, one-off permit condition. This is the familiar analysis of the *Nollan* and *Dolan* cases, which require a permitting condition or mitigation measure to have a logical connection, or “nexus” with the impact to be mitigated (i.e., traffic fees mitigate traffic impacts) and to be at least “roughly proportionate” in extent to a development’s impacts. California’s AB 1600 (named after the 1987 statute which adopted it) already requires a nexus study to support new fees and annual and five-year reports to show the fees are properly collected and spent. Therefore, this new case may be of little significance in California. Still, the property-rights bar is calling it a big win.

George Sheetz proposed a modular home in unincorporated El Dorado County. The County conditioned the building permit on a \$23,420 traffic mitigation fee — a development impact fee required by its general plan. Sheetz sued, backed by the property-rights bar. He argued the fee violated *Nollan* and *Dolan* because there was no showing that his modest project would trigger a need for countywide traffic improvements or that the amount of the fee was commensurate to the traffic demand his home would generate.

He lost in the California trial and appellate courts, which followed precedents holding that *Nollan* and *Dolan* apply only to one-off permit conditions, and not to legislative programs like AB 1600 fees. The California Supreme Court denied review, but the U.S. Supreme Court granted certiorari to resolve conflict among state high courts. The briefing in *Sheetz* raised the possibility the case might threaten impact fees and mitigation measures broadly, but oral argument made clear the Court was not headed there. El Dorado County conceded at argument the only point the Supreme Court would decide — that legislative fees and conditions on classes of developments are subject to *Nollan* and *Dolan* review.

The Court refrained from deciding “the validity of the traffic impact fee, including whether a permit condition imposed on a class of parties must be tailored with the same degree of specificity as a permit condition that targets a particular development.” And Justices Kavanaugh, Kagan, and Jackson wrote separately to emphasize that the “decision does not address or prohibit the common government practice of imposing permit conditions, such as impact fees, on new developments through reasonable formulas or schedules that assess the impact of classes of development rather than the impact of specific parcels.”

The case returns to state court to decide these issues and we’ll keep an eye on it for you. But, for now, *Sheetz* is not a significant change for California local governments and the people they serve.

For more information, please contact Michael at mcolantuono@chwlaw.us or (530) 432-7357.

SCOTUS Guidance About Social Media

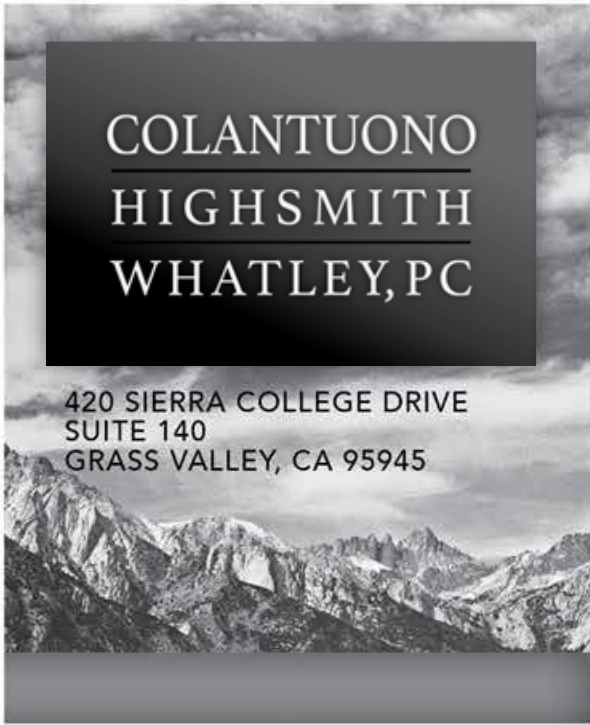
(cont. from page 1)

state resources to do so, or the account belongs to the office rather than an official. The U.S. Supreme Court rejected these analyses.

O’Connor-Ratcliff v. Garnier is a companion case involving California school board members who established social media pages while campaigning, and maintained them when sworn in, posting on school affairs. The Ninth Circuit ruled for a plaintiff commenter blocked from their pages, finding a “close nexus between the Trustees’ use of their social media pages and their official positions.” The Supreme Court remanded the case for further proceeding under *Lindke’s* new rule.

This area of the law is developing rapidly. Stay tuned!

For more information, please contact Michael at mcolantuono@chwlaw.us or (530) 432-7357.



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LAFCo

Meeting Date: 05/23/2024

Information

SUBJECT

Consider and adopt the Final LAFCo Budget for Fiscal Year 2024/25

RECOMMENDED ACTION

1. Receive staff presentation on the Final Budget and open the Public Hearing for any public comments on the item.
2. Close the Public Hearing, consider, and adopt the Final LAFCo Budget for FY 2024/25.

FISCAL IMPACT

The attached Draft LAFCo budget (Attachment A) proposes an increase from roughly \$550,000 to \$675,000, a 23% increase overall, in order to address succession planning, budget alignment with new strategic plan priorities, and increasing LAFCo staff/benefits from 2.0 FTE (full time equivalent) to 2.25 FTE accordingly. The LAFCo budget absorbs nearly half of this increase, allocating a 14% increase on average to the cities and the County.

REASONS FOR RECOMMENDED ACTION

The draft budget was discussed and unanimously approved at the April 25, 2024, meeting. The Commission expressed support for the need to align LAFCo resources with the additional priorities in the Strategic Work Plan and acknowledged more resources would be required.

Following the April meeting, staff emailed the city/county managers again for input regarding LAFCo's budget, specifically highlighting proposed increases. As you may recall, staff had received feedback initially from the city managers of Winters and Woodland, and the Budget Manager from Yolo County. The only new response received was an email from the City Manager of Davis, who didn't have an issue with the budget and only asked how the allocation was calculated.

There have been no changes to the draft budget amounts as presented at the April 25, 2024, meeting. The more detailed staff report for the hearing on the draft budget is attached for reference.

Attachments

ATT A-FINAL LAFCo 2024-25 Budget

ATT B-Staff Report-Item 8 Proposed FY24-25 LAFCo Budget 04.25.2024

Form Review

Inbox

Christine Crawford (Originator)
Form Started By: Christine Crawford
Final Approval Date: 05/14/2024

Reviewed By

Christine Crawford

Date

05/14/2024 09:10 AM
Started On: 05/13/2024 02:46 PM

YOLO LAFCO FINAL BUDGET:
FINANCING SOURCES - SCHEDULE A

Item 7-ATT A
FISCAL YEAR 2024/25
FUND: 7225 BUDGET UNIT: 2981 COST CENTER: 202000

| Account # | Account Name | FY 23/24 Revenue Budgeted | FY 24/25 Revenue Budgeted | Net Change | Comments/Notes |
|--------------------------------|---|---------------------------------|---------------------------------|-------------------|--|
| REVENUES | | | | | |
| AGENCIES SHARE: | | | | | |
| | | | | | LAFCo Budget Apportionment |
| 430020 | OTHER GOVT AGENCY-COUNTY | \$ 242,749 | \$ 276,117 | \$ 33,368 | 50.00% |
| 430023 | OTHER GOVT AGENCY-WEST SACRAMENTO | 83,755 | 96,415 | 12,660 | 17.46% |
| 430025 | OTHER GOVT AGENCY-WOODLAND | 72,666 | 85,695 | 13,029 | 15.52% |
| 430027 | OTHER GOVT AGENCY-WINTERS | 7,869 | 8,987 | 1,118 | 1.63% |
| 430029 | OTHER GOVT AGENCY-DAVIS | 78,462 | 85,021 | 6,559 | 15.40% |
| | TOTAL AGENCIES SHARE | 485,501 | 552,235 | 66,734 | |
| OTHER REVENUE: | | | | | |
| 403100 | INVESTMENT EARNINGS-POOL | 3,000 | 3,000 | - | |
| 440520 | OTHER CHARGES FOR SERVICES-LAFCO FEES | - | - | - | |
| | TOTAL OTHER REVENUE | 3,000 | 3,000 | - | |
| | TOTAL REVENUE | 488,501 | 555,235 | 66,734 | |
| USE OF FUND BALANCE | | | | | |
| 470999 | FUND BALANCE AVAILABLE-BUDGET ONLY (UNASS | 61,185 | 110,727 | 49,542 | "Surplus" FB used to balance budget/offset costs |
| | ASSIGNED-AUDIT RESERVE | | 10,000 | 10,000 | Audit this FY (3yr cycle - next in FY 27/28) |
| | ASSIGNED-CONTINGENCY | | - | - | |
| | TOTAL USE OF FUND BALANCE | 61,185 | 120,727 | 59,542 | |
| TOTAL FINANCING SOURCES | | \$ 549,686 | \$ 675,962 | \$ 126,276 | |

FINAL LAFCO BUDGET - FINANCING USES - SCHEDULE B

FISCAL YEAR 2024/25

| Account # | Account Name | FY 23/24 Expenditures Budget | FY 24/25 Expenditures Budget | Net Change | Comments/Notes |
|-------------------------------|--|------------------------------|------------------------------|--------------------|--|
| EXPENDITURES | | | | | |
| SALARIES AND BENEFITS: | | | | | |
| 500100 | REGULAR EMPLOYEES | \$ 249,502 | 325,388 | 75,886 | BOS approved 3% COLA increase/FTE incr. 2.25 |
| 500120 | EXTRA HELP | - | 20,840 | 20,840 | |
| 500310 | RETIREMENT (CALPERS) | 86,252 | 116,072 | 29,820 | |
| 500320 | SOCIAL SECURITY TAX | 16,260 | 21,099 | 4,839 | |
| 500330 | MEDICARE TAX | 4,267 | 5,492 | 1,225 | |
| 501130 | HEALTH INSURANCE (Life Ins/EAP) | 150 | 150 | - | |
| 500360 | OPEB - RETIREE HEALTH INSURANCE | 19,202 | 22,451 | 3,249 | |
| 501170 | UNEMPLOYMENT INSURANCE | 793 | 185 | (608) | |
| 501180 | WORKERS' COMP INSURANCE | 500 | 500 | - | |
| 500400 | OTHER EMPLOYEE BENEFITS | 44,792 | 53,364 | 8,572 | |
| | TOTAL SALARY & BENEFITS | \$ 421,718 | \$ 565,541 | \$ 143,823 | |
| SERVICES AND SUPPLIES: | | | | | |
| 510025 | COMMUNICATIONS INTERNAL CHARGE | 2,358 | 1,934 | (424) | |
| 510030 | FOOD | - | - | - | |
| 510051 | INSURANCE-PUBLIC LIABILITY | 500 | 500 | - | |
| 510070 | MAINTENANCE-EQUIPMENT | 700 | 500 | (200) | |
| 510071 | MAINTENANCE-BUILDING IMPROVEMENT | 250 | 250 | - | |
| 510090 | MEMBERSHIPS | 6,750 | 6,900 | 150 | \$4,756 CALAFCO; \$813 AICP; \$1,310 CSDA |
| 510110 | OFFICE EXPENSE | 1,000 | 750 | (250) | |
| 510111 | OFFICE EXP-POSTAGE | 200 | 500 | 300 | |
| 510120 | IT SERVICES-DEPARTMENT SYSTEM MAINTENAN | 6,000 | 2,500 | (3,500) | County estimate - billed hourly at yearend |
| 510121 | IT SERVICES-ERP (Enterprise/Resource/Planning) | 1,379 | 4,980 | 3,601 | County charge: network charges |
| 510122 | IT SERVICES-CONNECTIVITY | 4,719 | 3,897 | (822) | County charge: network charges |
| 510160 | PUBLICATIONS AND LEGAL NOTICES | 1,000 | 1,000 | - | |
| 510170 | RENTS AND LEASES - EQUIPMENT | 100 | 100 | - | |
| 510173 | RENTS & LEASES-RECORDS STORAGE (Archives) | 1,648 | 1,714 | 66 | County charge |
| 510180 | TRAINING | 4,000 | 4,000 | - | Conference registration fees |
| 510190 | MINOR EQUIPMENT (Computers) | - | - | - | No computers need replacement this FY |
| 510200 | TRANSPORTATION AND TRAVEL | 5,000 | 6,000 | 1,000 | Yosemite & Temecula conferences |
| 510251 | PROF & SPEC SVC-AUDITING & ACCOUNTING | - | 15,000 | 15,000 | Audit this FY (3yr cycle - next in FY 27/28) |
| 510252 | PROF & SPEC SVC-INFO TECH SERVICES | 9,500 | 10,000 | 500 | Website, OnBase, Harvest, GIS, Woodland TV, Domain |
| 510256 | PROF & SPEC SVC-LEGAL SERVICES | 10,000 | 12,000 | 2,000 | |
| 510275 | PROF & SPEC SVC-OTHER | 40,000 | 10,000 | (30,000) | |
| 540500-3005 | UTILITIES INTERNAL CHARGES (water, sewer, HVAC d | 2,864 | 2,896 | 32 | |
| | TOTAL SERVICES & SUPPLIES | \$ 97,968 | \$ 85,421 | \$ (12,547) | |

FINAL DRAFT LAFCO BUDGET - FINANCING USES - SCHEDULE B (continued)

| Account # | Account Name | FY 23/24 Expenditures Budgeted | FY 24/25 Expenditures Budgeted | Net Change | Comments/Notes |
|---------------------------------------|---|--------------------------------|--------------------------------|-------------------|--|
| EXPENDITURES | | | | | |
| OTHER CHARGES: | | | | | |
| 502120 | CONTRIB TO NON-CO AGENCIES | - | - | - | |
| 502201 | PAYMENTS TO OTHER GOV INSTITUTIONS | - | - | - | |
| | TOTAL OTHER CHARGES | \$ - | \$ - | \$ - | |
| APPROPRIATION FOR CONTINGENCY: | | | | | |
| 590100 | APPROP FOR CONTINGENCY | 25,000 | 25,000 | - | 15% total = 3.75% appropriated (+11.25% in FB) |
| | TOTAL APPROPRIATION FOR CONTINGENCY | \$ 25,000 | \$ 25,000 | \$ - | |
| | TOTAL APPROPRIATIONS | \$ 544,686 | \$ 675,962 | \$ 131,276 | |
| PROVISIONS FOR RESERVES | | | | | |
| 304000 | FUND BAL-ASSIGNED (Audit) | 5,000 | - | - | audit funded this FY |
| 304003 | FUND BAL-ASSIGNED-GENERAL RESERVE (Contingency) | | | - | |
| | TOTAL PROVISIONS FOR RESERVES | \$ 5,000 | \$ - | \$ - | Transfer into Fund Balance reserves |
| | TOTAL USES | \$ 549,686 | 675,962 | \$ 126,276 | |

| BUDGETED ENDING FUND BALANCES AS OF | 6/30/23 | 6/30/24 | Net Change | |
|---|------------------|------------------|-------------------|--|
| ASSIGNED - AUDIT RESERVE | \$ 5,000 | \$ - | (5,000) | Drawing reseve to fund audit (every 3 yrs) |
| ASSIGNED - CONTINGENCY RESERVE | 75,000 | 75,000 | - | |
| UNASSIGNED | - | - | - | |
| TOTAL BUDGETED ENDING FUND BAL 6/30/23 | \$ 80,000 | \$ 75,000 | \$ (5,000) | |

YOLO LAFCO FUND BALANCE WORKSHEET

| | FY 22/23 Budgeted | FY 23/24 Projected | FY 24/25 Budgeted |
|--|------------------------------|-------------------------------|------------------------------|
| Unassigned Fund Balance | | | |
| Beginning Balance | \$ 143,400 | \$ 75,406 | \$ 110,727 |
| Estimated revenue | 488,501 | 521,538 | 555,235 |
| Appropriations/Actual | \$ (544,686) | (481,217) | (675,962) |
| Transfers (to)fr audit reserve | (5,000) | (5,000) | 10,000 |
| Transfers (to)fr contingency reserve | - | - | - |
| Ending Balance | <u>\$ 82,215</u> | <u>110,727</u> | <u>-</u> |
| Assigned Fund Balance-Audit Reserve | | | |
| Beginning balance | \$ 5,000 | 5,000 | 10,000 |
| Transfers in(out), net | 5,000 | 5,000 | (10,000) |
| Ending Balance | <u>\$ 10,000</u> | <u>10,000</u> | <u>\$ -</u> |
| Assigned Fund Balance-Contingency Reserve | | | |
| Beginning Balance | \$ 75,000 | 75,000 | 75,000 |
| Transfers in(out), net | - | - | - |
| Ending Balance | <u>\$ 75,000</u> | <u>75,000</u> | <u>\$ 75,000</u> |
| TOTAL FUND BALANCE | | | |
| Beginning Balance | \$ 150,874 | 155,406 | 195,727 |
| Estimated revenue | 454,356 | 521,538 | 555,235 |
| Appropriations | (544,686) | (481,217) | (675,962) |
| Transfers in(out), net | (5,000) | - | - |
| Estimated Ending Balance | <u>\$ 55,544</u> | <u>195,727</u> | <u>\$ 75,000</u> |

LAFCO

Meeting Date: 04/25/2024

Information

SUBJECT

Consider and adopt the proposed LAFCo Budget for fiscal year (FY) 2024/25 and set May 23, 2024, as the public hearing date to approve the final budget

RECOMMENDED ACTION

1. Receive staff presentation and open a public hearing to accept public comments on the Draft LAFCo Budget for FY 2024/25;
2. Close the public hearing, provide staff direction as desired, and set May 23, 2024, as the public hearing to consider approval of the Final Budget.

FISCAL IMPACT

The attached Draft LAFCo budget (Attachment A) proposes an increase from roughly \$550,000 to \$675,000, a 23% increase overall, in order to address succession planning and increasing LAFCo staff/benefits from 2.0 FTE (full time equivalent) to 2.25 FTE.

REASONS FOR RECOMMENDED ACTION

In accordance with the Cortese-Knox-Hertzberg Act, a proposed budget must be adopted by May 1 and final budget by June 15 of each year. Following approval of the final budget and no later than July 1, the County Auditor requests payment from each agency. In order to meet these timelines, the final budget is scheduled to be adopted at the May 23, 2024, LAFCo Commission meeting.

The cities and County split the cost of LAFCo funding 50/50. A formula for the split of the cities' share is outlined in Government Code Section 56381(b)(1), in proportion to a city's tax revenue, or an alternative method approved by a majority of the cities. Beginning in FY 2007/08, the cities developed an alternative formula to apportion their half of LAFCo funding by averaging a city's general tax revenue and population.

BACKGROUND

At the February retreat, succession planning was identified as a Commission priority along with other additional priorities identified in the Summary Report. There was a discussion about the need to align LAFCo resources with these additional priorities in the Strategic Work Plan. The Commission acknowledged that for LAFCo to fully achieve the additional priorities, more resources would be required.

The succession plan as LAFCo's Commission Clerk retires is to replace the position with a higher level analyst and add a 1/4-time clerk (increasing LAFCo's staffing levels from 2.0 to 2.25 full-time equivalent (FTE) overall). Staff presented some rough conservative cost estimates at the March meeting to frame the decision-making process. The Commission then appointed an ad hoc subcommittee comprised of Commissioners Biasi and Villegas to work with staff on the draft budget recommendation. The subcommittee met twice in early April, worked on the numbers, and came to agreement on the draft budget recommendation. The budget recommendation includes sufficient salary and benefits funding to hire up to the highest level analyst position in the County's classifications. Staff plans to recruit an analyst at either of the two higher levels (requiring 2 or 4 years experience) and make a decision on the best candidate for LAFCo.

While the net increase to the LAFCo budget remains in line with the rough estimate from the March meeting, roughly half of this increased cost can be absorbed by LAFCo's existing budget and only half of these costs would be passed on to our funding agencies. Last year's agency increases were 7% on average and this year they would be 14%. This draft budget recommendation will give staff flexibility to hire the best candidate and offer either position level and salary range as appropriate. If LAFCo hires an analyst at the lower of the two levels, any unused salary and benefits would become carryover fund balance applied to offset agency costs the following fiscal year.

Draft Budget Increase Details

The draft budget shows an overall appropriation increase of 23% compared to last year, with a total appropriation amount of \$675,962 (including \$25,000 of our contingency). Salaries and Benefits costs are proposed to go up by 34% to hire up to a principal management analyst starting October 1, three months of overlap for cross-training before the current Commission Clerk retires (extra because she plans to use vacation time for the last 4 weeks of her tenure), and the addition of a 0.25 time Clerk thereafter (with no benefits). In addition, there is a 3% cost of living adjustment factored in that has already been approved by Yolo County. To partially offset the increases, the Services and Supplies appropriation was decreased 13% by reducing the professional services account, because with the new analyst, fewer services will need to be contracted out. The budget also must include \$15,000 for an audit of FYs 2022-2024.

Due to a higher-than-expected carryover fund balance at the end of this FY, reducing the contingency from 20% to 15%, and reducing our professional services line item, LAFCo is able to absorb roughly half of the cost increases and pass along only the remaining half of the increase to the funding agencies. Costs to funding agencies would increase by 14% on average (ranging from 8% - 18%, as a city's apportionment percentage goes up when it has higher tax revenue and/or population increases relative to other cities). This is double the average agency cost increase from last year at 7%, but it is much less than the worst case scenario shared at the March meeting.

The following itemizes the proposed draft budget cost for each agency (and net increase as compared to the previous fiscal year):

- City of Davis = \$85,021, an increase of \$6,559 or 8% (the previous FY increase was \$4,419 or 6%)
- City of West Sacramento = \$96,415, an increase of \$12,660 or 15% (the previous FY increase was \$4,772 or 6%).
- City of Winters = \$8,987, an increase of \$1,118 or 14% (the previous FY increase was \$586 or 8%).
- City of Woodland = \$85,695, an increase of \$13,029 or 18% (the previous FY increase was \$7,297 or 11%)
- County of Yolo = \$276,117, an increase of \$33,368 or 14% (the previous FY increase was \$17,071 or 8%)

Agency Outreach/Collaboration

At the request of the subcommittee, staff contacted the city managers from Davis, West Sacramento, and Woodland, while Commissioner Biasi would talk to the Winters City Manager directly. Staff did not hear back from Davis or West Sacramento, but did have a conversation with Ken Hiatt from Woodland explaining that LAFCo was considering more than usual increases due to succession planning. He noted concern that many agencies the City must fund were requesting double-digit increases this year, and he would think it over. Commissioner Biasi reported that his city manager indicated the proposed increases were manageable. Staff also emailed the Yolo County Chief Financial Officer and Budget Official regarding the initial worst-case cost of nearly \$58,000, and staff responded back that the County "is in a very difficult budget situation for next year. We are struggling to fund our base expenses and are actively planning to make reductions to all departmental budgets. So, yes, it does raise flags for me." Following Commission direction, staff will reach out with more definitive cost amounts and hopefully the proposed cost reduction to \$33,368 will help mitigate the impact to the County.

Next Steps

Following Commission direction on the draft budget, staff will make any changes as directed by the Commission and send the proposed budget to the city/county managers for review and comment. Staff will report on all feedback received and any changes during the final budget hearing on May 23, 2024.

Attachments

- ATT A-DRAFT LAFCo 2024-25 Budget
- ATT B-Agency Cost Comparison Per Analyst Level
- ATT C-Comparable LAFCos FTE
- ATT D-Agency Apportionment Calculation FY 24-25

Form Review

| Inbox | Reviewed By | Date |
|-------------------------------------|--------------------|---------------------------------|
| Eric May | Eric May | 04/18/2024 01:20 PM |
| Christine Crawford (Originator) | Christine Crawford | 04/18/2024 02:14 PM |
| Form Started By: Christine Crawford | | Started On: 04/15/2024 03:38 PM |
| Final Approval Date: 04/18/2024 | | |

YOLO LAFCO DRAFT BUDGET:
FINANCING SOURCES - SCHEDULE A

FUND: 7225 BUDGET UNIT: 2981

COST CENTER: 202000

| Account # | Account Name | FY 23/24 Revenue Budgeted | FY 24/25 Revenue Budgeted | Net Change | Agency Cost Apportionment Variance from FY 23/24 Explanation |
|--------------------------------|---|---------------------------|---------------------------|-------------------|---|
| REVENUES | | | | | |
| AGENCIES SHARE: | | | | | |
| 430020 | OTHER GOVT AGENCY-COUNTY | \$ 242,749 | \$ 276,117 | \$ 33,368 | 50.00% |
| 430023 | OTHER GOVT AGENCY-WEST SACRAMENTO | 83,755 | 96,415 | 12,660 | 17.46% |
| 430025 | OTHER GOVT AGENCY-WOODLAND | 72,666 | 85,695 | 13,029 | 15.52% |
| 430027 | OTHER GOVT AGENCY-WINTERS | 7,869 | 8,987 | 1,118 | 1.63% |
| 430029 | OTHER GOVT AGENCY-DAVIS | 78,462 | 85,021 | 6,559 | 15.40% |
| | TOTAL AGENCIES SHARE | 485,501 | 552,235 | 66,734 | |
| OTHER REVENUE: | | | | | |
| 403100 | INVESTMENT EARNINGS-POOL | 3,000 | 3,000 | - | |
| 440520 | OTHER CHARGES FOR SERVICES-LAFCO FEES | - | - | - | |
| | TOTAL OTHER REVENUE | 3,000 | 3,000 | - | |
| | TOTAL REVENUE | 488,501 | 555,235 | 66,734 | |
| USE OF FUND BALANCE | | | | | |
| 470999 | FUND BALANCE AVAILABLE-BUDGET ONLY (UNASS | 61,185 | 110,727 | 49,542 | "Surplus" FB used to balance budget/offset costs |
| | ASSIGNED-AUDIT RESERVE | | 10,000 | 10,000 | Next audit in FY 24/25 (3yr cycle) |
| | ASSIGNED-CONTINGENCY | | - | - | |
| | TOTAL USE OF FUND BALANCE | 61,185 | 120,727 | 59,542 | |
| TOTAL FINANCING SOURCES | | \$ 549,686 | \$ 675,962 | \$ 126,276 | |

DRAFT LAFCO BUDGET - FINANCING USES - SCHEDULE B

FISCAL YEAR 2024/25

| Account # | Account Name | FY 23/24 Expenditures Budget | FY 24/25 Expenditures Budget | Net Change | Comments/Variance Explanation from previous FY |
|-------------------------------|--|------------------------------|------------------------------|--------------------|--|
| EXPENDITURES | | | | | |
| SALARIES AND BENEFITS: | | | | | |
| 500100 | REGULAR EMPLOYEES | \$ 249,502 | 325,388 | 75,886 | BOS approved 3% COLA increase |
| 500120 | EXTRA HELP | - | 20,840 | 20,840 | |
| 500310 | RETIREMENT (CALPERS) | 86,252 | 116,072 | 29,820 | |
| 500320 | SOCIAL SECURITY TAX | 16,260 | 21,099 | 4,839 | |
| 500330 | MEDICARE TAX | 4,267 | 5,492 | 1,225 | |
| 501130 | HEALTH INSURANCE (Life Ins/EAP) | 150 | 150 | - | |
| 500360 | OPEB - RETIREE HEALTH INSURANCE | 19,202 | 22,451 | 3,249 | |
| 501170 | UNEMPLOYMENT INSURANCE | 793 | 185 | (608) | |
| 501180 | WORKERS' COMP INSURANCE | 500 | 500 | - | |
| 500400 | OTHER EMPLOYEE BENEFITS | 44,792 | 53,364 | 8,572 | |
| | TOTAL SALARY & BENEFITS | \$ 421,718 | \$ 565,541 | \$ 143,823 | |
| SERVICES AND SUPPLIES: | | | | | |
| 510025 | COMMUNICATIONS INTERNAL CHARGE | 2,358 | 1,934 | (424) | |
| 510030 | FOOD | - | - | - | |
| 510051 | INSURANCE-PUBLIC LIABILITY | 500 | 500 | - | |
| 510070 | MAINTENANCE-EQUIPMENT | 700 | 500 | (200) | |
| 510071 | MAINTENANCE-BUILDING IMPROVEMENT | 250 | 250 | - | |
| 510090 | MEMBERSHIPS | 6,750 | 6,900 | 150 | \$4,756 CALAFCO; \$813 AICP; \$1,310 CSDA |
| 510110 | OFFICE EXPENSE | 1,000 | 750 | (250) | |
| 510111 | OFFICE EXP-POSTAGE | 200 | 500 | 300 | |
| 510120 | IT SERVICES-DEPARTMENT SYSTEM MAINTENAN | 6,000 | 2,500 | (3,500) | County estimate - billed hourly at yearend |
| 510121 | IT SERVICES-ERP (Enterprise/Resource/Planning) | 1,379 | 4,980 | 3,601 | County charge: network charges |
| 510122 | IT SERVICES-CONNECTIVITY | 4,719 | 3,897 | (822) | County charge: network charges |
| 510160 | PUBLICATIONS AND LEGAL NOTICES | 1,000 | 1,000 | - | |
| 510170 | RENTS AND LEASES - EQUIPMENT | 100 | 100 | - | |
| 510173 | RENTS & LEASES-RECORDS STORAGE (Archives) | 1,648 | 1,714 | 66 | County charge |
| 510180 | TRAINING | 4,000 | 4,000 | - | Conference registration fees |
| 510190 | MINOR EQUIPMENT (Computers) | - | - | - | No computers need replacement this FY |
| 510200 | TRANSPORTATION AND TRAVEL | 5,000 | 6,000 | 1,000 | Yosemite & Temecula conferences |
| 510251 | PROF & SPEC SVC-AUDITING & ACCOUNTING | - | 15,000 | 15,000 | Audit on 3yr cycle, next is FY 24/25 |
| 510252 | PROF & SPEC SVC-INFO TECH SERVICES | 9,500 | 10,000 | 500 | Website, OnBase, Harvest, GIS, Woodland TV, Domain |
| 510256 | PROF & SPEC SVC-LEGAL SERVICES | 10,000 | 12,000 | 2,000 | |
| 510275 | PROF & SPEC SVC-OTHER | 40,000 | 10,000 | (30,000) | |
| 540500-3005 | UTILITIES INTERNAL CHARGES (water, sewer, HVAC d | 2,864 | 2,896 | 32 | |
| | TOTAL SERVICES & SUPPLIES | \$ 97,968 | \$ 85,421 | \$ (12,547) | |

DRAFT LAFCO BUDGET - FINANCING USES - SCHEDULE B (continued)

| Account # | Account Name | FY 23/24 Expenditures Budgeted | FY 24/25 Expenditures Budgeted | Net Change | Comments / Variance Explanation from FY 23/24 |
|---------------------------------------|---|--------------------------------|--------------------------------|-------------------|--|
| EXPENDITURES | | | | | |
| OTHER CHARGES: | | | | | |
| 502120 | CONTRIB TO NON-CO AGENCIES | - | - | - | |
| 502201 | PAYMENTS TO OTHER GOV INSTITUTIONS | - | - | - | |
| | TOTAL OTHER CHARGES | \$ - | \$ - | \$ - | |
| APPROPRIATION FOR CONTINGENCY: | | | | | |
| 590100 | APPROP FOR CONTINGENCY | 25,000 | 25,000 | - | 15% total = 3.75% appropriated (+11.25% in FB) |
| | TOTAL APPROPRIATION FOR CONTINGENCY | \$ 25,000 | \$ 25,000 | \$ - | |
| | TOTAL APPROPRIATIONS | \$ 544,686 | \$ 675,962 | \$ 131,276 | |
| PROVISIONS FOR RESERVES | | | | | |
| 304000 | FUND BAL-ASSIGNED (Audit) | 5,000 | - | - | audit funded this FY |
| 304003 | FUND BAL-ASSIGNED-GENERAL RESERVE (Contingency) | | | - | |
| | TOTAL PROVISIONS FOR RESERVES | \$ 5,000 | \$ - | \$ - | Transfer into Fund Balance reserves |
| | TOTAL USES | \$ 549,686 | 675,962 | \$ 126,276 | |

| BUDGETED ENDING FUND BALANCES AS OF | 6/30/23 | 6/30/24 | Net Change | |
|---|------------------|------------------|-------------------|--|
| ASSIGNED - AUDIT RESERVE | \$ 5,000 | \$ - | (5,000) | Drawing reseve to fund audit (every 3 yrs) |
| ASSIGNED - CONTINGENCY RESERVE | 75,000 | 75,000 | - | |
| UNASSIGNED | - | - | - | |
| TOTAL BUDGETED ENDING FUND BAL 6/30/23 | \$ 80,000 | \$ 75,000 | \$ (5,000) | |

YOLO LAFCO FUND BALANCE WORKSHEET

| | FY 22/23 Budgeted | FY 23/24 Projected | FY 24/25 Budgeted |
|--|------------------------------|-------------------------------|------------------------------|
| Unassigned Fund Balance | | | |
| Beginning Balance | \$ 143,400 | \$ 75,406 | \$ 110,727 |
| Estimated revenue | 488,501 | 521,538 | 555,235 |
| Appropriations/Actual | \$ (544,686) | (481,217) | (675,962) |
| Transfers (to)fr audit reserve | (5,000) | (5,000) | 10,000 |
| Transfers (to)fr contingency reserve | - | - | - |
| Ending Balance | \$ 82,215 | 110,727 | - |
| Assigned Fund Balance-Audit Reserve | | | |
| Beginning balance | \$ 5,000 | 5,000 | 10,000 |
| Transfers in(out), net | 5,000 | 5,000 | (10,000) |
| Ending Balance | \$ 10,000 | 10,000 | \$ - |
| Assigned Fund Balance-Contingency Reserve | | | |
| Beginning Balance | \$ 75,000 | 75,000 | 75,000 |
| Transfers in(out), net | - | - | - |
| Ending Balance | \$ 75,000 | 75,000 | \$ 75,000 |
| TOTAL FUND BALANCE | | | |
| Beginning Balance | \$ 150,874 | 155,406 | 195,727 |
| Estimated revenue | 454,356 | 521,538 | 555,235 |
| Appropriations | (544,686) | (481,217) | (675,962) |
| Transfers in(out), net | (5,000) | - | - |
| Estimated Ending Balance | \$ 55,544 | 195,727 | \$ 75,000 |

Agency Cost Comparison per Analyst Level Hired

| | FY 23/24 Revenue Budgeted | Staff Report Worst Case Increase | Principal (4 yrs) Net Change | Senior (2 yrs) Net Change | Mgmt (1 yr) Net Change | Assoc (0 years) Net Change |
|-----------------|--|---|---|--|---------------------------------------|---|
| County | \$ 242,749 | \$ 57,541 | \$ 33,368 | \$ 27,634 | \$ 13,858 | \$ 5,979 |
| West Sac | 83,755 | 20,093 | 12,660 | 10,657 | 5,847 | 3,096 |
| Woodland | 72,666 | 17,961 | 13,029 | 11,249 | 6,973 | 4,528 |
| Winters | 7,869 | 1,876 | 1,118 | 931 | 483 | 227 |
| Davis | 78,462 | 17,723 | 6,559 | 4,794 | 551 | (1,874) |
| Total | 485,501 | 115,082 | 66,734 | 55,265 | 27,712 | 11,956 |

Removed from consideration because required experience does not support succession planning

LAFCo budget increases 23%, however agency costs only go up 14% on average

1. Higher carryover fund balance than expected (incl. \$30k application fees)
2. Contingency reduced from 20% of budget to 15%
3. Reduces outside professional services line item from \$40k to \$10k (higher FTE will allow more work in-house)

Item 8-ATT C

| LAFCo Comps | EO | Asst EO | Analyst (higher level) | Analyst (lower level) | Clerk | FTE Total | No. of cities | No. of special districts | No. of applications submitted in 2023 | MSRs completed in house, contracted out or both? |
|----------------|----|---------|---------------------------|--------------------------|-------|-----------|------------------|--------------------------------|--|---|
| Butte | 1 | 1 | | 1 | 1 | 4 | 5 | 124* | 15 | mostly contract |
| El Dorado | 1 | | 1 | | 0.5 | 2.5 | 2 | 47 | 2 | contract |
| Napa | 1 | 1 | | | 1 | 3 | 5 | 18 | 7 | both |
| Placer | 1 | 1 | | | 1 | 3 | 6 | 37 | | contract |
| Sacramento | 1 | | 1 | 1 | 0.25 | 3.25 | 7 | 69 | 4 | mostly contract |
| San Joaquin | 1 | | | 1 | 0.4 | 2.4 | 7 | 101 | 37 | contract |
| Solano | 1 | 1 | 1 | 1 | 1 | 5 | 7 | 42 | 20 | both |
| Sutter | | | | | | | | | | |
| Yolo | 1 | | | | 1 | 2 | 4 | 49 | 4 | in-house |
| Average | | | | | | 3.1 | 5.4 | 51.9 | 12.7 | |

* Butte's 124 districts includes 65 CSAs

Item 9-ATT D

| Agency | Tax Revenue (SCO 2022 Data) | % of Total Tax Revenue | City Population (DOF May 2023) | % of Total City Pop | Avg % of Revenue and Population | LAFCo Apportionment | Agency Share |
|-----------------|--------------------------------|---------------------------|-----------------------------------|------------------------|------------------------------------|------------------------|-------------------|
| Davis | \$ 60,969,632 | 27% | 64,097 | 35% | 30.79% | 15.40% | \$ 85,021.00 |
| West Sacramento | \$ 91,580,009 | 41% | 54,187 | 29% | 34.92% | 17.46% | 96,415.00 |
| Winters | \$ 5,524,351 | 2% | 7,534 | 4% | 3.25% | 1.63% | 8,987.00 |
| Woodland | \$ 67,182,333 | 30% | 59,881 | 32% | 31.04% | 15.52% | 85,695.00 |
| Yolo County | | | | | | 50.00% | 276,117.00 |
| Total | \$ 225,256,325 | 100% | 185,699 | 100% | 100% | 100.00% | 552,235.00 |

| | From Budget |
|----------------------|-------------------|
| Total Appropriations | 675,962.00 |
| Less: Other revenue | (3,000.00) |
| Less: Use of FB | (120,727.00) |
| Agency Share | <u>552,235.00</u> |

LAFCO

Meeting Date: 05/23/2024

Information

SUBJECT

A report by the Executive Officer on recent events relevant to the Commission and an update of staff activity for the month. The Commission or any individual Commissioner may request that action be taken on any item listed.

- a. 05.23.2024 Long Range Planning Calendar
 - b. EO Activity Report - April 22 through May 17, 2024
 - c. CALAFCO Legislative Summary
 - d. Public Member Recruitment Update
-

Attachments

ATT a-05.23.2024 Long Range Planning Calendar
ATT b-EO Activity Report Apr22-May17
ATT c-CALAFCO Legislative Summary May 23, 2024

Form Review

Form Started By: Terri Tuck
Final Approval Date: 05/14/2024

Started On: 05/14/2024 10:52 AM



Long Range Meeting Calendar – Tentative Items

May 23, 2024

| Meeting Date | Tentative Agenda Items |
|--------------|---|
| Jun 27, 2024 | <ul style="list-style-type: none"> • Adopt Flood Protection & Drainage Agencies MSR/SOI (LAFCo 23-03) • Appointment of Regular and Alternate Public Member • CALAFCO Achievement Awards • EO performance evaluation |
| Jul 25, 2024 | <ul style="list-style-type: none"> • Elect new Chair • Re-invigorating YED Talks • CALAFCO Board Recruitment |
| Sep 26, 2024 | <ul style="list-style-type: none"> • FY 23/24 Q4 Financial Update |
| Oct 24, 2024 | <ul style="list-style-type: none"> • FY 24/25 Q1 Financial Update |
| Dec 5, 2024 | <ul style="list-style-type: none"> • Adopt LAFCo 2025 Meeting Calendar |

New Applications Received Since Last Meeting

| Date Received | Application Name |
|---------------|------------------|
| | None |

LAFCo EO Activity Report April 22 through May 17, 2024

Item 8-ATT b

| Date | Meeting/Milestone | Comments |
|---------------|---|---|
| 04/24-4/26/24 | CALAFCo Staff Workshop – Pleasanton CA | Attended and participated |
| 05/03/2024 | Meeting w/Elisa Sabatini (Yolo County Manager of Natural Resources) | County CSD Consolidation Study Scope of Work |
| 05/09/2024 | Meeting w/Commissioners Lucas Frerichs & Gloria Partida | Subcommittee to review public member applications |
| 05/10/2024 | Meeting w/Chair Woods | LAFCo agenda review |



CALAFCO Legislative Summary

May 23, 2024, LAFCo Meeting

The CALAFCO Legislative Committee is currently tracking 9 pieces of proposed legislation. Two of these items are bills sponsored by CALAFCO, our omnibus bill (AB 3277) and another important one (SB 1209) which explicitly allows LAFCos to require indemnification agreements for proposal applications.

Additional bills of potential Yolo LAFCo interest include:

- AB 805 (Arambula D) This bill may be potentially valuable for Yolo LAFCo if small community systems fail to maintain adequate service. This bill would authorize the state board to require a sewer service provider to contract with an administrator designated or approved by the state board for the provision of adequate sewer service. Also, the state board could order a designated sewer system to accept those services. CALAFCO has requested including language requiring the state board to consult with the local LAFCo and has taken a “support if amended” position.
- AB 2302 (Addis D) This bill would enact changes to Brown Act provisions that allow members of legislative bodies to teleconference for meetings. Currently, the law limits teleconferencing to no more than 3 consecutive months, 20% of the regular meetings in a calendar year, or 2 meetings for bodies that meet less than 10 times in a calendar year. This bill redefines those limits as 2 meetings per year for bodies meeting monthly or less; 5 meetings per year for those meeting twice per month; or 7 meetings per year if the body meetings three times or more per month. CALAFCO has taken a “watch” position.

Please see the attached CALAFCO List of Current Bills dated 5/15/2024.

CALAFCO List of Current Bills 5/15/2024

AB 805 **(Arambula D) Sewer service: disadvantaged communities.**

Current Text: Amended: 1/22/2024 [html](#) [pdf](#)

Introduced: 2/13/2023

Last Amend: 1/22/2024

Status: 5/1/2024-Referred to Com. on E.Q.

Location: 5/1/2024-S. E.Q.

| | | | | | | | | | | | |
|-----------|--------|--------|-------|-----------|---------------|--------|-------|-------|----------|--------|-----------|
| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. | Enrolled | Vetoed | Chaptered |
| 1st House | | | | 2nd House | | | | Conc. | | | |

Calendar: 6/5/2024 9 a.m. - 1021 O Street, Room 1200 SENATE ENVIRONMENTAL QUALITY, ALLEN, BENJAMIN, Chair

Summary: Under current law, the State Water Resources Control Board and the 9 California regional water quality control boards regulate water quality in accordance with the Porter-Cologne Water Quality Control Act and the federal Clean Water Act. Current law authorizes a regional board to order the provision of sewer service by a receiving sewer system, as defined, to a disadvantaged community served by an inadequate onsite sewage treatment system, as defined. This bill would authorize the state board to require a sewer service provider to contract with an administrator designated or approved by the state board for administrative, technical, operational, legal, or managerial services to assist a designated sewer system with the provision of adequate sewer service, as defined. The bill would also authorize the state board to order a designated sewer system to accept those services, including full management and control of all aspects of the designated sewer system, from an administrator. The bill would define “designated sewer system” for these purposes as a sewer system that serves a disadvantaged community and that the state board finds to be either an inadequate sewage treatment system or a sewer system that has demonstrated difficulty in maintaining technical, managerial, and financial capacity to prevent fraud and mismanagement, or a sewer system that voluntarily accepts financial assistance for the provision of adequate sewer service.

Position

Support if Amended

Subject

Disadvantaged Communities, Waste Water

CALAFCO Comments: 5/1/2024: Assigned to Senate Environmental Quality committee. No hearing date yet scheduled.

1/26/2024: Support, if amended, approved. Amendment requested is the inclusion of language requiring the state board to consult with the local LAFCO.

1/22/2024: Gutted and amended. No longer addresses consolidation of waste water systems but, rather, would set up a program in which the state would provide technical, managerial, administrative, and financial assistance, where applicable, to disadvantaged communities. Position changed to support if amended to include a provision requiring the state board to consult with the local LAFCO regarding the system.

As introduced, this bill would have authorized the state board, if sufficient funds are available, to order consolidation of sewer service along with an order of consolidation of drinking water systems when both of the receiving and subsumed water systems provide sewer service and after the state board engages in certain activities. It failed to meet 2023 deadlines and became a 2 year bill that cannot be acted upon until January, 2024.

AB 817 **(Pacheco D) Open meetings: teleconferencing: subsidiary body.**

Current Text: Amended: 1/17/2024 [html](#) [pdf](#)

Introduced: 2/13/2023

Last Amend: 1/17/2024

Status: 5/1/2024-Referred to Coms. on L. GOV. and JUD.

Location: 5/1/2024-S. L. GOV.

| | | | | | | | | | | | |
|-----------|--------|--------|-------|-----------|---------------|--------|-------|-------|----------|--------|-----------|
| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. | Enrolled | Vetoed | Chaptered |
| 1st House | | | | 2nd House | | | | Conc. | | | |

Summary: The Ralph M. Brown Act requires, with specified exceptions, each legislative body of a local agency to provide notice of the time and place for its regular meetings and an agenda containing a brief general description of each item of business to be transacted. The act also requires that all meetings of a legislative body be open and public, and that all persons be permitted to attend unless a closed session is authorized. The act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Existing law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. Current law authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency (emergency provisions) and, until January 1, 2026, in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency’s jurisdiction and other requirements are met (nonemergency provisions). This bill, until January 1, 2026, would authorize a subsidiary body, as defined, to use similar alternative teleconferencing provisions and would impose requirements for notice, agenda, and public participation, as prescribed. In order to use teleconferencing pursuant to this act, the bill would require the legislative body that established the subsidiary body by charter, ordinance, resolution, or other formal action to make specified findings by majority vote, before the subsidiary body uses teleconferencing for the first time and every 12 months thereafter.

Position

Watch

Subject

Brown Act

CALAFCO Comments: 5/3/2024: Current location is the Senate Local Government Committee, waiting on hearing date.

1/25/2024: Moved out of the Assembly and was assigned to Senate Local Government Committee and the Senate Judiciary Committee.

1/17/2024: Amended to add a Sunset date of January 1, 2026.

3/16/2023: The bill was amended to speak specifically to teleconferenced meetings of subsidiary bodies, defined as a body that serves exclusively in an advisory capacity, and is not authorized to take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements. For qualifying bodies, this bill would remove the requirement to post an agenda at the location of the subsidiary body member who was participating from off site- providing that the legislative body that formed the subsidiary body has previously made findings noting that teleconferenced meetings of the subsidiary body would enhance public access, and would promote the attractions, retention and diversity of the subsidiary body. The superior legislative body would need to revisit the matter and repeat those finding every 12 months thereafter. This bill also reaffirms that other provisions of the Brown Act are applicable to subsidiary bodies.

Failed to meet deadlines and now a 2 year bill that cannot be acted upon until January, 2024.

AB 828

(Connolly D) Sustainable groundwater management: managed wetlands.

Current Text: Amended: 1/11/2024 [html](#) [pdf](#)

Introduced: 2/13/2023

Last Amend: 1/11/2024

Status: 5/1/2024-Referred to Com. on N.R. & W.

Location: 5/1/2024-S. N.R. & W.

| | | | | | | | | | | | |
|-----------|--------|--------|-------|-----------|---------------|--------|-------|-------|----------|--------|-----------|
| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. | Enrolled | Vetoed | Chaptered |
| 1st House | | | | 2nd House | | | | Conc. | | | |

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans, except as specified. Current law defines various terms for purposes of the act. This bill would add various defined terms for purposes of the act, including the terms “managed wetland” and “small community water system.”

Position

None at this time

Subject

Water

CALAFCO Comments: 5/1/24: Referred to Senate Committee on Natural Resources and Water; waiting on hearing date.

1/29/24: Passed Assembly Floor and moved to Senate to be scheduled for policy hearing.
 1/18/24: Passed out of Assembly Appropriations Committee.
 1/11/24: Amended to strike provisions regarding small community water systems serving disadvantaged communities and pivots to groundwater sustainability agencies. New provisions were added to the bill that would have the effect of carving out of the existing law, until January 1, 2028, small community water systems serving disadvantaged communities from permitted public water supply wells. After January 1, 2028, that provision sunsets and the law would revert back to its current state without the carve out.
 1/9/24: Passed Assembly Water, Parks and Recreation Committee.
 4/17/2023: Amended to define agencies and entities required or excluded from existing 10726.4 (a) (4). Amends Water Code section 10730.2 to add language regarding fees, and amends Water Code section 10733 to address groundwater sustainability plans.
 Failed to make April policy committee deadline and now cannot be acted upon until January 2024.

As introduced, would add definitions for Managed Wetlands, and Small community water system to Water Code Section 10721.

AB 2302 (Addis D) Open meetings: local agencies: teleconferences.

Current Text: Introduced: 2/12/2024 [html](#) [pdf](#)

Introduced: 2/12/2024

Status: 5/9/2024-Read third time. Passed. Ordered to the Senate. (Ayes 63. Noes 0.) In Senate. Read first time. To Com. on RLS. for assignment.

Location: 5/9/2024-S. RLS.

| | | | | | | | | | | | |
|-----------|--------|--------|-------|-----------|--------|--------|-------|-------|----------|--------|-----------|
| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. | Enrolled | Vetoed | Chaptered |
| 1st House | | | | 2nd House | | | | Conc. | | | |

Summary: The Ralph M. Brown Act generally requires for teleconferencing that the legislative body of a local agency that elects to use teleconferencing post agendas at all teleconference locations, identify each teleconference location in the notice and agenda of the meeting or proceeding, and have each teleconference location be accessible to the public. Current law also requires that, during the teleconference, at least a quorum of the members of the legislative body participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The act provides an exemption to the jurisdictional requirement for health authorities, as defined. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in specified circumstances if, during the teleconference meeting, at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the boundaries of the territory over which the local agency exercises jurisdiction, and the legislative body complies with prescribed requirements. Current law imposes prescribed restrictions on remote participation by a member under these alternative teleconferencing provisions, including establishing limits on the number of meetings a member may participate in solely by teleconference from a remote location, prohibiting such participation for a period of more than 3 consecutive months or 20% of the regular meetings for the local agency within a calendar year, or more than 2 meetings if the legislative body regularly meets fewer than 10 times per calendar year. This bill would revise those limits, instead prohibiting such participation for more than a specified number of meetings per year, based on how frequently the legislative body regularly meets.

Position

Watch

Subject

Brown Act

CALAFCO Comments: 5/6/2024: Scheduled for Assembly Third Reading.

4/10/24 passed Assembly Local Government Committee and sent to Assembly Floor.
 Introduced on 2/12/2024, this bill would enact changes to Brown Act provisions that allow members of legislative bodies to teleconference for meetings. Currently, the law limits teleconferencing to no more than 3 consecutive months, 20% of the regular meetings in a calendar year, or 2 meetings for bodies that meet less than 10 times in a calendar year. This bill redefines those limits as 2 meetings per year for bodies meeting monthly or less; 5 meetings per year for those meeting twice per month; or 7 meetings per year if the body meetings three times or more per month.

AB 2715 (Boerner D) Ralph M. Brown Act: closed sessions.

Current Text: Amended: 4/24/2024 [html](#) [pdf](#)

Introduced: 2/14/2024

Last Amend: 4/24/2024

Status: 5/2/2024-Read second time. Ordered to third reading.

Location: 5/2/2024-A. THIRD READING

| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. Conc. | Enrolled | Vetoed | Chaptered |
|-----------|--------|--------|-------|-----------|--------|--------|-------|-------------|----------|--------|-----------|
| 1st House | | | | 2nd House | | | | | | | |

Calendar: 5/16/2024 #48 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary: The Ralph M. Brown Act requires that all meetings of a legislative body of a local agency be open and public and that all persons be permitted to attend and participate. Current law authorizes a legislative body to hold a closed session with specified individuals on, among other things, matters posing a threat to the security of essential public services, as specified. This bill would additionally authorize a legislative body to hold a closed session with other law enforcement or security personnel and to hold a closed session on a threat to critical infrastructure controls or critical infrastructure information, as defined, relating to cybersecurity.

Position

None at this time

Subject

Brown Act

CALAFCO Comments: 5/1/2024: Passed Assembly Local Government Committee; awaiting Assembly Floor date.

4/24/2024: Amended to include cybersecurity threats among the things that can be discussed in closed session. Provides a definition of "critical infrastructure controls" to include I.T. networks.

As introduced on 2/14/2024, would make minor changes in the Brown Act. Monitoring.

AB 2986 (Carrillo, Wendy D) Local Agency Formation Commission for the County of Los Angeles: East Los Angeles Task Force.

Current Text: Amended: 4/29/2024 [html](#) [pdf](#)

Introduced: 2/16/2024

Last Amend: 4/29/2024

Status: 4/30/2024-Re-referred to Com. on APPR.

Location: 4/25/2024-A. APPR.

| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. Conc. | Enrolled | Vetoed | Chaptered |
|-----------|--------|--------|-------|-----------|--------|--------|-------|-------------|----------|--------|-----------|
| 1st House | | | | 2nd House | | | | | | | |

Calendar: 5/15/2024 9:30 a.m. - 1021 O Street, Room 1100
ASSEMBLY APPROPRIATIONS, WICKS, BUFFY, Chair

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 provides the exclusive authority and procedure for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts, except as specified. The act continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and that oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, including incorporation of a city or formation of a district, as specified. This bill would require the Local Agency Formation Commission for the County of Los Angeles (LALAFCO) to establish the East Los Angeles Task Force for the purposes of identifying and evaluating the potential impacts of incorporation of, or the establishment of special districts within, East Los Angeles, as defined. The bill would require the task force to be composed of 11 members appointed by LALAFCO in consultation with the County of Los Angeles. The bill would require the task force to meet quarterly, incorporating robust community engagement, to discuss the potential impacts of incorporation or the establishment of special districts in East Los Angeles, as specified. The bill would require the task force to complete and submit a report to the Legislature on the potential impacts of city and special district incorporation in East Los Angeles, including an analysis of advantages, disadvantages, and recommendations for future actions, as specified.

Position

None at this time

Subject

Special District Consolidations

CALAFCO Comments: 4/29/2024, Amended version in print. Makes the bill contingent on appropriation of funds to reimburse LA LAFCO for the costs of the Task Force.

4/24/2024, Passed Assembly Local Government Committee hearing with amendments and re-referred to Appropriations.

3/21/2024, the bill was gutted and amended and now requires the LA LAFCO to develop an East Los Angeles Formation Task Force. Not a statewide issue.

AB 3277 (Committee on Local Government) Local agency formation commission: districts: property tax.

Current Text: Introduced: 2/27/2024 [html](#) [pdf](#)

Introduced: 2/27/2024

Status: 5/8/2024-Referred to Com. on L. GOV.

Location: 5/8/2024-S. L. GOV.

| | | | | | | | | | | | | |
|-----------|--------|--------|-------|-----------|--------|--------|-------|-------|----------|--------|-----------|--|
| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. | Enrolled | Vetoed | Chaptered | |
| 1st House | | | | 2nd House | | | | Conc. | | | | |

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 establishes the sole and exclusive authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization for cities and districts. Current law requires proceedings for the formation of a district to be conducted as authorized by the principal act of the proposed district, and authorizes the local agency formation commission in each county to serve as the conducting authority, as specified. Current law requires a commission to determine the amount of property tax revenue to be exchanged by an affected local agency, as specified, if the proposal includes the formation of a district, as defined. This bill would, instead, require a commission to determine the amount of property tax revenue to be exchanged by an affected local agency if the proposal includes the formation of a district and the applicant is seeking a share of the 1% ad valorem property taxes.

Position

Sponsor

Subject

Incorporation
Proceedings

CALAFCO Comments: CALAFCO's 2024 Omnibus bill.

4/29/2024, Removed from Appropriations and sent to Assembly floor where it passed. Now sits in Senate Rules waiting for committee assignment.

4/10/2024, Passed Assembly Local Government Committee and was referred to Appropriations.

[SB 537](#) (Becker D) Open meetings: multijurisdictional, cross-county agencies: teleconferences.

Current Text: Amended: 9/5/2023 [html](#) [pdf](#)

Introduced: 2/14/2023

Last Amend: 9/5/2023

Status: 9/14/2023-Ordered to inactive file on request of Assembly Member Bryan.

Location: 9/14/2023-A. INACTIVE FILE

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| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. | Enrolled | Vetoed | Chaptered | |
| 1st House | | | | 2nd House | | | | Conc. | | | | |

Summary: Current law, until January 1, 2024, authorizes the legislative body of a local agency to use alternate teleconferencing provisions during a proclaimed state of emergency or in other situations related to public health that exempt a legislative body from the general requirements (emergency provisions) and impose different requirements for notice, agenda, and public participation, as prescribed. The emergency provisions specify that they do not require a legislative body to provide a physical location from which the public may attend or comment. Current law, until January 1, 2026, authorizes the legislative body of a local agency to use alternative teleconferencing in certain circumstances related to the particular member if at least a quorum of its members participate from a singular physical location that is open to the public and situated within the agency's jurisdiction and other requirements are met, including restrictions on remote participation by a member of the legislative body. These circumstances include if a member shows "just cause," including for a childcare or caregiving need of a relative that requires the member to participate remotely. This bill would expand the circumstances of "just cause" to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance of the members of the legislative body, the number of community members in attendance in the teleconference meeting, and the number of public comments on its internet website within 10 days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from one or more physical locations that are open to the public and within the boundaries of the territory over which the local agency exercises jurisdiction.

Position

Watch

Subject

Brown Act

CALAFCO Comments: This is a spotholder bill that states an intent to expand local government's access to hold public meetings through teleconferencing and remote access.

3/22/2023: was amended and fleshed out to add teleconferencing provisions to allow legislative bodies of multijurisdictional agencies to meet remotely. Multijurisdictional agencies are defined as boards, commissions, or advisory bodies of a multijurisdictional, cross county agency, which is composed of appointed representatives from more than one county, city, city and county, special district, or a joint powers entity.

The bill is sponsored by Peninsula Clean Energy, a community choice aggregator with a board comprised of local elected officials from the County of San Mateo and its 20 cities, as well as the City of Los Banos.

4/24/2023: The bill was amended to further clarify definitions and the requirements needed for members of an eligible legislative body to meet remotely.

The bill passed Senate Judiciary on 5/2/23, and had its third reading in the Senate on 5/30/2023. 7/12/23: The bill passed the Assembly Local Government Committee.

Amended on August 14, 2023, to require eligible legislative bodies that receive compensation to participate from a physical location that is open to the public.

9/14/2023, the bill was moved into the inactive file.

[SB 1209](#) (Cortese D) Local agency formation commission: indemnification.

Current Text: Introduced: 2/15/2024 [html](#) [pdf](#)

Introduced: 2/15/2024

Status: 3/21/2024-Read second time. Ordered to third reading.

Location: 2/29/2024-S. THIRD READING

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| Desk | Policy | Fiscal | Floor | Desk | Policy | Fiscal | Floor | Conf. Conc. | Enrolled | Vetoed | Chaptered |
| 1st House | | | | 2nd House | | | | | | | |

Calendar: 5/16/2024 #11 SENATE SENATE BILLS -THIRD READING FILE

Summary: The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 continues in existence in each county a local agency formation commission (LAFCO) that consists of members appointed, as specified, and oversees those changes of organization and reorganization. The act authorizes a LAFCO to, among other things, review and approve with or without amendment, wholly, partially, or conditionally, or disapprove proposals for changes of organization or reorganization, as specified. This bill would authorize a LAFCO to require, as a condition for, among other things, processing a change of organization or reorganization, that the applicant agrees to defend, indemnify, and hold harmless the LAFCO, its agents, officers, and employees from and against any claim, action, or proceeding, as specified, arising from or relating to the action or determination by the LAFCO.

Position
Sponsor

Subject
LAFCo
Administration

CALAFCO Comments: 03/20/2024, Passed Senate Local Government Committee hearing. Now proceeds to Senate floor vote, then will move to Assembly.

CALAFCO sponsored bill in response to a 2022 appellate decision out of San Luis Obispo that held that LAFCOs could not use indemnification provisions in applications because indemnifications are a form of agreement that LAFCOs are currently not authorized to enter into. As introduced, the bill would allow LAFCOs to use provisions similar to counties and cities.

Total Measures: 9

Total Tracking Forms: 9

5/15/2024 9:35:45 AM