LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER

BASIC FINANCIAL STATEMENTS

Year ended June 30, 2022

(With Independent Auditor's Report Thereon)

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LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER

Basic Financial Statements

Year ended June 30, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Commission Members
Placer County Local Agency Formation Commission
Auburn, California

Opinion

We have audited the financial statements of the governmental activities and each major fund, as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise Placer County Local Agency Formation Commission (LAFCO)'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of LAFCO, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LAFCO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described further in note 7 to the financial statements, during the year ended June 30, 2022, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Lease Accounting. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about

LAFCO's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAFCO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LAFCO's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2023 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 LAFCO's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
April 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the Local Agency Formation Commission for Placer County (LAFCO or Commission) provide an overview of the Commission's financial activities for the fiscal year ended June 30, 2022. Please read it with the financial statements outlined in the table of contents.

Using the Accompanying Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Commission as a whole and present a longer view of the Commission's finances. Also included in the accompanying report are fund financial statements. For governmental activities, the fund financial statements tell how the services were financed in the short term as well as what remains for future spending.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of two parts - management's discussion and analysis (this section), and the basic financial statements. The basic financial statements provide long-term and short-term information about the Commission's financial status. The financial statements also include notes explaining some of the financial statements information and providing more detailed data. The basic financial statements also include additional budgetary information.

Reporting the Commission as a Whole–Net Position

The accompanying Government-wide financial statements include two statements that present financial data for the Commission as a whole. An important question about the Commission's finances is, "Is the Commission better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the time of related cash flows.

The statements report the Commission's net position and change in them. You can think of the Commission's net position – the difference between assets and liabilities - as one way to measure the Commission's financial health or financial position. Over time, increases and decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other factors, such as changes in the Commission's revenues, to assess the overall health of the Commission.

The following table provides the Statement of Net Position for the fiscal year ended June 30, 2022:

TABLE 1
NET POSITION – GOVERNMENTAL ACTIVITIES

	Governmental Activities
Assets:	
Cash and investments (note 2)	$ 356,744
Interest receivable	166
Capital assets, net (note 3)	27,171
Net OPEB asset (note 6)	79,289
Total assets	463,370
Deferred outflow of resources:	
Deferred outflows - pension related (note 5)	101,925
Deferred outflows - OPEB related (note 6)	23,117
Total deferred outflow of resources	125,042
Liabilities:	
Accounts payable	150
Accrued liabilities	25,181
Deferred revenue	21,500
Long-term liabilities:	
Due within one year:	
Compensated absences (note 4)	2,167
Lease liability (note 7)	18,289
Due beyond one year:	
Compensated absences (note 4)	19,504
Lease liability (note 7)	9,350
Net pension liability (note 5)	482,355
Total liabilities	578,496
Deferred inflow of resources:	
Deferred inflow of resources - pension actuarial (note 5)	138,845
Deferred inflow of resources - OPEB actuarial (note 6)	94,188
Total deferred inflow of resources	233,033
Net position:	
Net investment in capital assets	-
Unrestricted	(223,117)
Total net position	$ (223,117)

The following table provides the Statement of Activities for the fiscal year ended June 30, 2022.

TABLE 2
STATEMENT OF ACTIVITIES

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	$ 441,168	-	-	-	(441,168)
Total governmental activities	$ 441,168	-	-	-	(441,168)
General revenues:					
Apportionment					392,823
Investment income					1,362
Total general revenue					394,185
Change in net position					(46,983)
Net position, beginning of year					(176,134)
Net position, end of year					$ (223,117)

Explanation of Change in Net Position

The table above shows a positive increase in the Commission's net position at the end of the fiscal year. While the Commission's expenses were higher than revenues from the apportionment (billings to cities, districts, and Placer County) and investment income, the Commission was able to realize revenues from project fee applications, and use of fund balance.

Reporting the Commission's Fund Activity

The fund financial statements provide detailed information about the Commission's governmental fund, which operates under a single-program government fund. All of the Commission's basic services are reported in its General Fund. The fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. We describe the relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) in the reconciliation following the fund financial statements.

Long-Term Liabilities

The following table provides a summary of the Long-Term Liabilities for the fiscal year ended June 30, 2022:

TABLE 3
LONG-TERM LIABILITIES

	2021-22
Compensated Absences	($21,671)
Lease Liability	($27,639)
Net Pension Liability	($482,355)
Net OPEB asset	79,289

- During the fiscal year, the Commission implemented Governmental Accounting Standards Board Statement No. 87 on lease accounting. The Commission leases office space from the Placer County Air Pollution Control District. The term of the lease is through November 2023.

Contacting the Commission's Financial Management:

This financial report is designed to provide our citizens, taxpayers, governments, and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Officer at 110 Maple Street, Auburn, CA 95603, or 530-889-4097.

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BASIC FINANCIAL STATEMENTS

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Statement of Net Position
Year ended June 30, 2022

	Governmental Activities
Assets:	
Cash and investments (note 2)	$ 356,744
Interest receivable	166
Capital assets, net (note 3)	27,171
Net OPEB asset (note 6)	79,289
Total assets	463,370
Deferred outflow of resources:	
Deferred outflows - pension related (note 5)	101,925
Deferred outflows - OPEB related (note 6)	23,117
Total deferred outflow of resources	125,042
Liabilities:	
Accounts payable	150
Accrued liabilities	25,181
Deferred revenue	21,500
Long-term liabilities:	
Due within one year:	
Compensated absences (note 4)	2,167
Lease liability (note 7)	18,289
Due beyond one year:	
Compensated absences (note 4)	19,504
Lease liability (note 7)	9,350
Net pension liability (note 5)	482,355
Total liabilities	578,496
Deferred inflow of resources:	
Deferred inflow of resources - pension actuarial (note 5)	138,845
Deferred inflow of resources - OPEB actuarial (note 6)	94,188
Total deferred inflow of resources	233,033
Net position:	
Net investment in capital assets	-
Unrestricted	(223,117)
Total net position	$ (223,117)

See accompanying notes to the basic financial statements

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Statement of Activities
Year ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	$ 441,168	-	-	-	(441,168)
Total governmental activities	$ 441,168	-	-	-	(441,168)
General revenues:					
Apportionment					392,823
Investment income					1,362
Total general revenue					394,185
Change in net position					(46,983)
Net position, beginning of year					(176,134)
Net position, end of year					$ (223,117)

See accompanying notes to the basic financial statements

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Governmental Fund - General Fund
Balance Sheet
June 30, 2022

Assets:		
Cash and investments	$	356,744
Interest receivable		166
Total assets	$	356,910
Liabilities:		
Accounts payable	$	150
Accrued liabilities		25,181
Deferred revenue		21,500
Total liabilities		46,831
Fund balance:		
Unassigned		310,079
Total fund balance		310,079
Total liabilities and fund balance	$	356,910

See accompanying notes to the basic financial statements

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Reconciliation of the Balance Sheet of the
Governmental Fund to the Statement of Net Position
June 30, 2022

Fund balances of governmental funds	$ 310,079
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Related Items	
When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the LAFCO as a whole.	
Capital assets	45,287
Accumulated depreciation	(18,116)
Long-Term Liability Transactions	
Long-term liabilities applicable to the Commission's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.	
Compensated absences	(21,671)
Lease liability	(27,639)
Net pension liability	(482,355)
Net OPEB asset	79,289
Deferred Outflows and Inflows of Resources	
Certain deferred outflows and inflows of resources are not due and payable in the current period and are not current assets or financial resources, therefore these items are not reported in the governmental funds.	
Deferred outflows - pensions	101,925
Deferred outflows - OPEB	23,117
Deferred inflows - pensions	(138,845)
Deferred inflows - OPEB	(94,188)
Net position of governmental activities	$ (223,117)

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Governmental Fund - General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year ended June 30, 2022

Revenues:	
Apportionment	392,823
Investment income	1,362
Total revenues	394,185
Expenditures:	
Current:	
General government:	
Salaries and benefits	323,864
Services and supplies	99,978
Debt service:	
Principal	17,648
Interest	1,162
Total expenditures	442,652
Excess (deficiency) of revenues over/(under) expenditures	(48,467)
Net change in fund balances	(48,467)
Fund (deficit) balances at beginning of year	358,546
Fund (deficit) balances at end of year	$ 310,079

See accompanying notes to the basic financial statements

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Fund to the Statement of Activities
Year ended June 30, 2022

Net changes in fund balances - total governmental funds	$	(48,467)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation expense		18,116

Long-Term Liability Transactions

Some expenses reported in the Statement of Activities do not require the use of current financial resources. Therefore, these expenses are not reported as expenditures in governmental funds. Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Commission as a whole, however, the principal payments reduce the liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.

Net change in net pension liability		(36,658)
Net change in net OPEB obligation		(19,945)
Net change in lease liability		17,648
Net change in compensated absences		22,323
Change in net position of governmental activities	$	(46,983)

1) Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Local Agency Formation Commission for the County of Placer (the "Commission") was established by state law, "The Knox-Nisbet Act of 1963", to discourage urban sprawl and encourage the orderly formation and development of local government agencies. The Commission is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporation of cities, formation of special districts as well as consolidations, mergers, and dissolutions of districts, among others.

The Commission is governed by Commissioners composed of two public members: three members from the County Board of Supervisors, three city representatives, and three special district representatives. Since implementation of the Cortese-Knox-Hertzberg Local Government Reorganization Act in 2001, the Commission has operated as a legally separate and independent entity from the County government. This means it can incur debt, set and modify its own budget and fees, enter into contracts, and sue and be sued in its own name.

The accompanying financial statements reflect the financial activities of the Commission. The Commission has no component units.

b. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Commission are composed of the following:

(a) Government-wide financial statements
(b) Fund financial statements
(c) Notes to the basic financial statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the Commission.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Assessments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

1) <u>Summary of Significant Accounting Policies (Continued)</u>

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resource's measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

The net position reported on the Statement of Net Position in the government-wide financial statements consist of the following categories:

> Net Investment in Capital Assets – This component of net position is not available for spending as it represents net assets already invested in capital assets less than related debt and accumulated depreciation.
>
> Restricted Net Position – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by laws through constitutional provisions or enabling legislation. There is no Restricted Net Position at June 30, 2022.
>
> Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

<u>Net Position Flow Assumption</u> – Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

1) <u>Summary of Significant Accounting Policies (Continued)</u>

<u>Fund Financial Statements</u>

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Commission uses an availability period of 60 days for all revenues.

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

<u>Governmental Fund Balances</u>

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance

<u>Nonspendable Fund Balance</u> – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

1) Summary of Significant Accounting Policies (Continued)

Spendable Fund Balance

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The Commission considers a resolution, to constitute a formal action of the Board of Commissioners for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the Commission but does not require a formal action like a resolution or ordinance. The Commission may delegate the ability of an employee or committee to assign uses of specific funds for specific purposes. Such delegation of authority has not yet been granted.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

Fund Balance Flow Assumption – Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned, fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as a separate column in the fund financial statements.

The Commission reports the following major governmental fund:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

1) Summary of Significant Accounting Policies (Continued)

c. Cash and Investments

The Commission considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

d. Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Commission's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the Commission's own data.

e. Capital Assets

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements.

1) Summary of Significant Accounting Policies (Continued)

Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. Estimated useful lives of the assets are as follows:

Right to use assets	Term of lease

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Commission reports deferred outflows related to the pension and OPEB liabilities resulting from actuarial calculations and pension and OPEB contributions made subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission reports deferred inflows related to the pension and OPEB liabilities resulting from actuarial calculations.

g. Compensated Absences

Permanent Commission employees earn from approximately 10 to 25 vacation days a year and approximately 12 sick days a year, depending on their length of employment. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave and 50% of unused sick leave, up to the maximum hours specified in individual employment contracts.

h. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission'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 CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS's website under Forms and Publications.

1) <u>Summary of Significant Accounting Policies (Continued)</u>

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

i. <u>Other Post-Employment Benefits (OPEB)</u>

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Commission's plan (Plan) additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

j. <u>Use of Estimates</u>

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

k. <u>Leases</u>

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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. For additional information, refer to the disclosures in Note 7 Leases.

At the commencement of the lease, LAFCO initially measures the lease payable at the present value of payments expected to be made during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments made. The deferred outflow of resources are initially measured as the initial amount of the lease payable, adjusted for lease payments made at or before the lease commencement date.

2) Summary of Significant Accounting Policies (Continued)

k. Leases

Subsequently, the deferred outflows of resources are recognized as revenue over the life of the lease term.

Key estimates and judgments include how LAFCO determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

LAFCO used the estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payable included in the measurement of the lease payable is composed of fixed payments from the lessee.

LAFCO monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease payable and deferred outflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

2) Cash and Investments

Cash and investments as of June 30, 2022, consist of the following:

Cash held by the County of Placer	$ 356,744
Total	$ 356,744

Investments Authorized by California Government Code and the Commission's Investment Policy

The Placer Local Agency Formation Commission (Commission) has the authority to invest surplus funds required for the immediate needs of the Commission. The Commission has delegated its Executive Officer the authority to invest such funds in the following Investment Funds:

Placer County Treasury Pooled Investment Funds, which is administered by the County Treasurer as delegated by the County Board of Supervisors.

Investments that are not consistent with this Investment Policy are prohibited. The Commission shall not engage in leveraged investing, including but not limited to margin accounts, hedging, or any form of borrowing for the purpose of investing.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2022, the Commission's funds are held as short-term deposits in the Placer County Treasury Pool.

2. Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Placer County Treasury Pool is not rated.

Disclosures Relating to Custodial Credit Risk

Custodial credit risk is the risk that the Commission will not be able to (a) recover deposits if the depository financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

Fair Value Measurement

The Placer County Treasury Pool is a pooled investment fund program governed by the Placer County Board of Supervisors and is administered by the County Treasurer. Investments in the pool are highly liquid as deposits and withdrawals can be made at any time without penalty. The Commission's fair value of its share in the pool is the same value of the pool shares, which amounted to $356,744 as of June 30, 2022. This investment is not required to be categorized within the fair value hierarchy.

3) Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Capital assets:				
Right to Use - Lease	$ 45,287	-	-	45,287
Total capital assets	45,287	-	-	45,287
Less accumulated depreciation for:				
Right to Use - Lease	-	(18,116)	-	(18,116)
Total accumulated depreciation	-	(18,116)	-	(18,116)
Total capital assets, net	$ 45,287	(18,116)	-	27,171

4) Compensated Absences Payable

Compensated absences payable activity for the year ended June 30, 2022, was as follows:

Compensated absences payable at beginning of year	$ 43,994
Compensated absences payable earned	4,065
Compensated absences payable used	(26,388)
Compensated absences payable at end of year	$ 21,671

Compensated absences expected to be paid within one year is $2,167 at June 30, 2022.

5) Pension Plan

a. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the County of Placer's Miscellaneous Employee Pension Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. The Plan acts as a cost-sharing plan for the Commission since their portion is an allocation of the County's Plan. Benefit provisions under the Plans are established by State statute and the County's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

5) Pension Plan (Continued)

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous		
	Hired on or before	Hired on or after	Hired on after
Hire date	March 12, 2011	March 13, 2011	January 1, 2013
Benefit vesting	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Earliest Allowed Retirement	50	50	52
Monthly benefits, as a % of eligible compensation	2.00% - 2.50%	1.43% - 2.42%	1.00%- 2.58%
Required employee contribution rates (1)	7.00% - 8.00%	7.00% - 8.00%	7.00% - 8.00%
Required employer contribution rates	9.91%	9.91%	7.00%

(1) Based on age at entry into the Plan

a. *Contributions*

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

The Commission's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Commission's proportionate share of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

5) Pension Plan (Continued)

The following table shows the Commission's proportionate share of the net pension liability over the measurement period:

	Increase (Decrease)		
	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(c) = (a) - (b) Net Pension Liability
Balance at: 06/30/2021	$ 1,882,152	1,218,007	664,145
Balance at: 06/30/2022	1,955,469	1,473,114	482,355
Net change during 2022	$ 73,317	255,107	(181,790)

The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2021 was as follows:

	Miscellaneous
Proportion - June 30, 2020	0.129%
Proportion - June 30, 2021	0.128%
Change - Increase (Decrease)	(0.001%)

For the year ended June 30, 2022, the Commission recognized pension expense of $44,464. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to Measurement date	$ 82,503	-
Differences between actual and expected experience	19,422	-
Net differences between projected and actual earnings on plan investments	-	(138,845)
Total	$ 101,925	(138,845)

5) Pension Plan (Continued)

The deferred outflows of resources related to contributions subsequent to the measurement date of $82,503 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	$ (22,200)
2024	(27,065)
2025	(32,050)
2026	(38,108)
2027	-
Thereafter	-

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.00%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increases	Varies by entry age and service
Mortality (1)	Derived using CalPERS' membership data

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Preretirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate to measure the total pension liability is 7.15 percent.

5) Pension Plan (Continued)

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

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10(2)	Real Return Years 11+(3)
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-	(0.92%)
Total	100%		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

5) Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission'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:

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
Net Pension Liability	$ 727,121	$ 482,355	$ 278,363

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

6) Other Post-Employment Benefits Plan

a. Plan Description

Employees of the Commission, through the County of Placer, participate in an agent multiple-employer defined benefit post-employment healthcare plan (OPEB Plan). Benefit provisions are established and amended through the County and the various bargaining units. The County provides retiree medical benefits for eligible retirees enrolled in County sponsored plans in the form of monthly County contributions toward the retiree’s medical premium.

6) Other Post-Employment Benefits Plan (Continued)

b. Employees Covered

The following employee statistics as of June 30, 2021, were used in the actuarial valuation:

Active employees	2
Inactive – receiving benefits	0
Inactive – not receiving benefits	0
Total participants	2

c. Contributions

Contribution requirements of the Commission are established by the County of Placer. The Commission's required contribution rate is an actuarially determined amount that is expected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed fifteen years. Contributions to the OPEB plan from the Commission were $7,287 for the fiscal year ended June 30, 2022. Currently, contributions are not required from plan members.

d. Actuarial Methods and Assumptions Used to Determine OPEB Liability

The June 30, 2022 OPEB liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.25%
Payroll Increase	2.75%
Mortality Table	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study.
Healthcare cost trend rate	6.7% for FY2022, gradually decreasing over several decades to anultimate rate of 3.7% in FY2075 and later years.

e. Discount Rate

Discount Rate	6.80%
Long-term expected rate of return, net of investment expenses	6.80%

6) Other Post-Employment Benefits Plan (Continued)

A discount rate of 6.80% was used in the valuation. GASB 75 requires that the liability discount rate be the single rate that reflects the following:

The long-term expected rate of return on OPEB plan investments used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return; and

A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in A. are not met.

f. Allocation of Net OPEB Liability and OPEB Expense to Individual Employers

The following table shows the Commission's proportionate share of the net OPEB liability over the measurement period:

	Increase (Decrease) Net OPEB Liability (Asset)
Balance at: 6/30/2020	$ 9,000
Balance at: 6/30/2021	(79,289)
Net Changes during 2020-2021	($ 88,289)

The Commission's net OPEB liability for the plan is measured as the proportionate share of the Plan's net OPEB liability. The net OPEB liability of the plan is measured as of June 30, 2021, and the net OPEB liability for the plan used to calculate the net pension liability was determined by an actuarial valuation of June 30, 2021. The Commission's proportion of the net OPEB liability was based on a projection of the Commission's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The Commission's proportionate share of the net OPEB liability for the plan as of June 30, 2020 and 2021 was as follows:

	OPEB Plan
Proportion – June 30, 2020	0.0807%
Proportion – June 30, 2021	0.0664%
Change – increase (decrease)	(0.0143%)

6) <u>Other Post-Employment Benefits Plan (Continued)</u>

g. <u>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</u>

The following presents the net OPEB liability of the Plan as of the Measurement Date, calculated using the discount rate of 6.80 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.80 percent) or 1 percentage-point higher (7.80 percent) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Net OPEB Liability (Asset)	$ (48,039)	$ (79,289)	$ (105,501)

The following presents the net OPEB liability of the Plan as of the Measurement Date, calculated using the changes in the healthcare cost trend rate as well as what the net OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability (Asset)	$ (109,023)	$ (79,289)	$ (43,131)

h. <u>Amortization of Deferred Outflows and Deferred Inflows of Resources</u>

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first amortized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future OPEB expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL)

6) Other Post-Employment Benefits Plan (Continued)

i. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Commission recognized an expense of $12,017 for the OPEB Plan. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 2,956	29,507
Differences between actual and expected experience	12,874	24,270
Net differences between projected and actual earnings on plan investments	-	40,411
Contributions subsequent to the measurement date (including implied subsidy)	7,287	-
Total	$ 23,117	94,188

The Commission reported $7,287 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2023	$ (20,449)
2024	(20,067)
2025	(16,165)
2026	(18,392)
2027	(3,285)
Thereafter	-

7) Leases

Building Lease Liability

The Commission entered into a 5-year lease as lessee for the use of office space located at 110 Maple Street, Auburn, California. As of June 30, 2022, the value of the lease liability is $27,639. The Commission is required to make quarterly fixed payments of $4,529. The lease has an interest rate of 3 percent. The building’s estimated useful life was 60 months as of the contract commencement.

7) Leases (Continued)

The annual debt service requirements for the lease outstanding at June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 18,289	624	18,913
2024	9,350	105	9,455
Total	$ 27,639	729	28,368

8) Insurance

The Commission is exposed to various risks including loss or damage to property, general liability, and injuries to employees. To address this risk the Commission participates in a Special Liability Insurance Program (SLIP) through Alliant Insurance Services, Inc. for automobile coverage, and for general liability coverage. Under SLIP for the year ended June 30, 2022, insurance coverage limits per occurrence were as follows; general liability $1,000,000, and for automobile liability combined single limit $1,000,000.

Liabilities are recorded when it is probable that a loss has been incurred, and the amount for claims can be reasonably estimated net of the respective insurance coverage. There have been no significant reductions in insurance coverage from the prior year.

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REQUIRED SUPPLEMENTARY INFORMATION

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LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues: General Fund				
Apportionment	$ 440,261	440,261	392,823	(47,438)
Investment income	8,000	8,000	1,362	(6,638)
Total revenues	448,261	448,261	394,185	(54,076)
Expenditures:				
Current:				
General government:				
Salaries and benefits	332,147	332,147	323,864	8,283
Services and supplies	215,738	215,738	99,978	115,760
Debt service:				
Principal	-	-	17,648	(17,648)
Interest	-	-	1,162	(1,162)
Total expenditures	547,885	547,885	442,652	105,233
Excess (deficiency) of revenues over (under) expenditures	(99,624)	(99,624)	(48,467)	51,157
Net change in fund balances	(99,624)	(99,624)	(48,467)	51,157
Fund balances at beginning of year	358,546	358,546	358,546	-
Fund balances at end of year	$ 258,922	258,922	310,079	51,157

See accompanying notes to the required supplementary information

Statement of Net Position
Year ended June 30, 2022
Schedule of Plan Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

Measurement Date:		June 30, 2021
Proportion of the Collective Net Pension Liability		0.1282%
Proportionate Share of the Collective Net Pension Liability	$	482,355
Covered Payroll	$	200,247
Proportionate Share of the Collective Net Pension Liability as percentage of covered payroll		240.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		75.33%

Notes to Schedule:

Benefit Changes – There were no changes in benefits.

Changes in Assumptions – For the measurement period ended June 30, 2020, the discount rate was changed from 7.38% to 7.13%.

* Fiscal year 2022 was the first year LAFCO received an audit, therefore only one year is shown.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Schedule of Plan Contributions - Defined Benefit Pension Plan
Last Ten Fiscal Years*

Measurement Date:	June 30, 2022
Actuarially Determined Contribution	$ 82,503
Contributions in Relation to the Actuarially Determined Contribution	(82,503)
Contribution Deficiency (Excess)	$ -
Covered Payroll	$ 200,247
Contributions as a Percentage of Covered Payroll	41.20%

Notes to Schedule:

Fiscal Year End	June 30, 2021
Valuation Date	June 30, 2019

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Remaining Amortization Period	20 years
Inflation	2.50%
Investment Rate of Return	7.00%, net of pension plan investment expense
Retirement Age	50 - 67 years
Mortality	Society of Actuaries Pub-2010 Mortality for Active and Retired Employees with MP-2019 Projection to 2025.

* Fiscal year 2022 was the first year LAFCO received an audit, therefore only one year is shown.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Schedule of Plan Proportionate Share of the Net OPEB Liability (Asset)
Last Ten Fiscal Years*

Measurement Date:	June 30, 2021
Proportion of the Collective Net OPEB Liability	0.0664%
Proportionate Share of the Collective Net OPEB Liability (Asset)	$ (79,289)
Covered-Employee Payroll	$ 200,247
Proportionate Share of the Collective Net OPEB Liability as percentage of covered-employee payroll	-39.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	129.44%

* Fiscal year 2022 was the first year LAFCO received an audit, therefore only one year is shown.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER
Schedule of Plan Contributions - Defined Benefit OPEB Plan
Last Ten Fiscal Years*

Measurement Date:	June 30, 2022
Actuarially Determined Contribution	$ 11,171
Contributions in Relation to the Actuarially Determined Contribution	(7,287)
Contribution Deficiency (Excess)	$ 3,884
Covered Payroll	$ 200,247
Contributions as a Percentage of Covered Payroll	5.58%

Notes to Schedule:

Fiscal Year End	June 30, 2021
Valuation Date	June 30, 2021

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Inflation	2.50%
Investment Rate of Return	6.75% long term rate
Discount Rate	6.75%
Mortality	Society of Actuaries Pub-2010 Mortality for Active and Retired Employees with MP-2019 Projection to 2025.

* Fiscal year 2022 was the first year LAFCO received an audit, therefore only one year is shown.

LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF PLACER

Notes to the Required Supplementary Information

Year ended June 30, 2022

1) Budgetary Reporting

The Commission adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the Commission to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the Commission's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Commission on a quarterly basis and, if necessary, recommend changes.