



Local Agency Formation Commission
for the County of Los Angeles

Voting Members

Jerry Gladbach
Chair

Donald Dear
1st Vice-Chair

Gerard McCallum
2nd Vice-Chair

Kathryn Barger
Richard Close
Margaret Finlay
John Mirisch
Holly Mitchell
Vacant
(City of Los Angeles)

Alternate Members

Lori Brogin-Falley
Michael Davitt
Janice Hahn
David Lesser
Mel Matthews
Vacant
(City of Los Angeles)

Staff

Paul Novak
Executive Officer

Adriana Romo
Deputy Executive Officer

Amber De La Torre
Doug Dorado
Adriana Flores
Alisha O'Brien

80 South Lake Avenue
Suite 870
Pasadena, CA 91101
Phone: 626/204-6500
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www.lalafco.org

LIVE VIRTUAL COMMISSION MEETING

LOCAL AGENCY FORMATION COMMISSION

Wednesday, November 10, 2021
9:00 a.m.

This meeting will be conducted as a virtual meeting with telephone 1-415-655-0001 (Access Code: 145-521-7111) and web access (<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e1f07795feee834b57c84ad60993a6328>), pursuant to the provisions of the Governor's Executive Orders N-25-20, N-29-20 and N-08-21, under the modified laws of the Ralph M. Brown Act for the COVID-19 emergency, as well as the County of Los Angeles "Safer at Home Order for Control of COVID-19".

FOR MEMBERS OF THE PUBLIC

TO LISTEN BY TELEPHONE AND PROVIDE PUBLIC COMMENT DIAL:

1-415-655-0001
Access Code: 145-521-7111 (English)

OR TO LISTEN VIA WEB AND PROVIDE COMMENT:

<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e1f07795feee834b57c84ad60993a6328>

TO PROVIDE WRITTEN PUBLIC COMMENT: Any interested person may submit written opposition or comments by email at info@lalafco.org prior to the conclusion of the Commission Meeting or by mail to the LAFCO Office at 80 S. Lake Avenue, Suite 870, Pasadena, CA 91101, no later than 5:00 p.m. on the business day preceding the date set for hearing/proceedings in order to be deemed timely and to be considered by the Commission. Any written opposition and/or comments will be read during the meeting for a maximum of three (3) minutes per comment, per item.

The entire agenda package and any meeting related writings or documents provided to a majority of the Commissioners after distribution of the agenda package, unless exempt from disclosure pursuant to California Law, are available at www.lalafco.org

1. **CALL MEETING TO ORDER**
2. **PLEDGE OF ALLEGIANCE WILL BE LED BY CHAIR GLADBACH**
3. **DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)**
4. **SWEARING-IN OF SPEAKER(S)**
5. **CONSENT ITEM(S)**

All matters are approved by one motion unless held by a Commissioner or member(s) of the public for discussion or separate action.

- a. Approve Minutes of September 8, 2021.
- b. Approve Operating Account Check Register for the month of September 2021.
- c. Receive and file Update on Pending Proposals.
- d. Information Item(s) – Government Code §§ 56751 & 56857
(None)

6. **PUBLIC HEARING(S)**
(None)

7. **PROTEST HEARING(S)**
(None)

8. **OTHER ITEMS**

- a. Sativa Water System Annual Report
- b. Selection of Photocopy Services Vendor
- c. Independent Auditor's Report for Fiscal Year 2020-2021
- d. Proposed Commission Meeting Schedule for 2022

9. **LEGISLATION**

- a. Legislative Update

10. **MISCELLANEOUS CORRESPONDENCE**

- a. Letter of October 5, 2021, from Paul Novak to Bill Kruse, concerning independent special district appointments to the Commission.

11. **COMMISSIONERS' REPORT**

Commissioners' questions for staff, announcements of upcoming events and opportunity for Commissioners to briefly report on their LAFCO-related activities since last meeting.

12. **EXECUTIVE OFFICER'S REPORT**

Executive Officer's announcement of upcoming events and brief report on activities of the Executive Officer since the last meeting.

- a. Written Update
- b. Verbal Update

13. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on items not on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Speakers are reminded of the three-minute time limitation.

14. **FUTURE MEETINGS**

January 12, 2022
February 9, 2022

15. **ADJOURNMENT**



Local Agency Formation Commission
for the [County of Los Angeles](#)

DRAFT

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MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
LIVE VIRTUAL MEETING

October 13, 2021

Present:

Jerry Gladbach, Chair

Kathryn Barger
Richard Close
Donald Dear
Margaret Finlay
Gerard McCallum
John Mirisch
Holly Mitchell

Lori Brogin-Falley, Alternate
Michael Davitt, Alternate
David Lesser, Alternate
Mel Matthews, Alternate

Paul Novak, Executive Officer
Carole Suzuki, Legal Counsel

Absent:

Janice Hahn, Alternate

Vacant:

City of Los Angeles, Member
City of Los Angeles, Alternate Member

1 CALL MEETING TO ORDER

The meeting was called to order at 9:05 a.m. as a live virtual Commission meeting, with public comment accepted via e-mail, computer, or phone through the conclusion of public testimony.

2 PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Chair Gladbach.

ANNOUNCEMENT

The Commission presented Doug Dorado and Amber De La Torre a Certificate of Recognition for 20 (twenty) years of service at LAFCO. The Commission congratulated and thanked Mr. Dorado and Ms. De La Torre for their dedicated service.

3 DISCLOSURE OF CAMPAIGN CONTRIBUTION(S)

The Executive Officer (EO) read an announcement, asking if any Commissioners had received a campaign contribution that would require disclosure or any other issue requiring recusal from any item on today's agenda (None).

ANNOUNCEMENT

The EO noted that today's meeting was conducted pursuant to the provisions of Government Code §54953 relative to virtual meetings, as well as the County of Los Angeles "Best Practices to Prevent COVID-19". LAFCO's legal counsel reviewed the provisions and has confirmed that the conduct of the meeting is consistent with State law as modified by the Governor and County orders.

The EO noted that all public hearing notices, and the agenda, clearly stated that interested persons were afforded the opportunity to submit written opposition or comments by e-mail, or via United States mail. For any communications received after the agenda was posted, staff has forwarded copies via e-mail to the Commission (None). LAFCO staff continued to monitor e-mail and comments received during the meeting and prior to the conclusion of each hearing item were read to the Commission (None).

4 SWEARING-IN OF SPEAKER(S)

None.

5 INFORMATION ITEM(S) – GOVERNMENT CODE §§ 56751 & 56857 NOTICE

- a. Annexation No. 2021-08 to the Los Angeles County Waterworks District No. 40, Antelope Valley.

The EO summarized the staff report concerning this item.

The Commission took the following action:

- Received and filed.

MOTION: Finlay SECOND: Dear APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

6 CONSENT ITEM(S)

The Commission took the following actions under Consent Items:

- a. Approved Minutes of September 8, 2021.
- b. Approved Operating Account Check Register for the month of September 2021.
- c. Received and filed update on Pending Proposals.

MOTION: Finlay SECOND: McCallum APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

7 PUBLIC HEARING(S)

The following item was called up for consideration:

- a. Annexation No. 2018-06 to the San Gabriel Valley Mosquito and Vector Control District and Amendment to the San Gabriel Valley Mosquito and Vector Control District Sphere of Influence.

This item was continued from the September 8, 2021 Commission meeting.

The EO summarized the staff report on this item.

The public hearing was opened to receive all testimony on the annexation and SOI amendment. There being no testimony and no written opposition, nor e-mails, submitted prior to the close of the public hearing, the public hearing was closed.

The Commission took the following action:

- Adopted the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 2018-06 to the San Gabriel Valley Mosquito and Vector Control District and Amendment to the San Gabriel Valley Mosquito and Vector Control District; Resolution No. 2021-19RMD.

MOTION: Dear SECOND: Finlay APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

8 PROTEST HEARING(S)

None.

9 OTHER ITEMS

The following item was called for consideration:

- a. Resolution Authorizing Remote Teleconference Meetings of the Commission pursuant to Government Code Section 54953(e) and Making Required Findings.

The EO summarized the staff report concerning this item.

The Commission took the following actions:

- Adopted “Resolution of the Local Agency Formation Commission for the County of Los Angeles Authorizing Remote Teleconference Meetings of the Legislative Body of the Local Agency Formation Commission for the County of Los Angeles for the Period of October 13, 2021 to November 10, 2021, Pursuant to the Ralph M. Brown Act;” and
- Directed staff to agendize and notice the November 10, 2021 Meeting in a virtual format, as provided in the Resolution.

MOTION: Mitchell SECOND: Barger APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

9 OTHER ITEMS

The following item was called for consideration:

- b. Potential Cancellation of the December 8, 2021 Commission Meeting.

The EO summarized the staff report concerning this item.

The Commission took the following actions:

- Canceled the December 8, 2021 Commission Meeting; and
- Directed the Executive Officer to send notice via the LAFCO e-mail alert notification system and post the associated notice on the LAFCO website.

MOTION: Finlay SECOND: Dear APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

10 LEGISLATION

The following item was called up for consideration:

- a. Legislative Update.

The EO summarized the staff report on this item.

The EO noted that, after the posting of the Agenda, the Governor signed SB 268 (Archuleta) and AB 850 (Gallagher) into law.

The Commission took the following action:

- Received and filed the Legislative Update.

MOTION: Finlay SECOND: Barger APPROVED: 8-0-0
AYES: Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach
NOES: None.
ABSTAIN: None.
ABSENT: None.

11 MISCELLANEOUS CORRESPONDENCE

None.

12 COMMISSIONERS' REPORT

Chair Gladbach indicated that he attended the CALAFCO Membership Committee meeting on October 7, 2021. At that meeting, Mike Kelley (Imperial LAFCO) and Jo MacKenzie (San Diego LAFCO) were both re-elected to the CALAFCO Board. Several Commissioners congratulated Chair Gladbach for being presented with CALAFCO's Lifetime Achievement Award.

13 EXECUTIVE OFFICER'S REPORT

- a. Written Update
- b. Verbal Update

The EO indicated that a written report was provided in the Agenda package.

The EO noted that, at next month's meeting, staff will ask the Commission for direction concerning whether the January 12, 2022 meeting will be an in-person or virtual format.

The Commission took the following action:

- Received and filed the Written Update and Verbal Update from the Executive Officer.

MOTION:	Dear	SECOND: Finlay	APPROVED: 8-0-0
AYES:	Barger, Close, Dear, Finlay, McCallum, Mirisch, Mitchell, Gladbach		
NOES:	None.		
ABSTAIN:	None.		
ABSENT:	None.		

14 PUBLIC COMMENT

None.

15 FUTURE MEETINGS

November 10, 2021
December 8, 2021 (Canceled)
January 12, 2022

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16 ADJOURNMENT MOTION

Chair Gladbach adjourned the live virtual meeting at 9:32 a.m.

Respectfully submitted,

Paul Novak, AICP
Executive Officer

4:16 PM

11/01/21

Cash Basis

LA LAFCO

Register Report

October 2021

	Type	Date	Num	Name	Paid Amount	Balance
Oct 21						
	Check	10/01/2021	ADP	ADP	-38.63	-38.63
	Check	10/12/2021	WIRE	TRPF 80 South Lak...	-9,630.32	-9,668.95
	Check	10/12/2021	ADP	ADP	-180.03	-9,848.98
	Bill Pmt -Check	10/14/2021	11070	Certified Records M...	-889.21	-10,738.19
	Bill Pmt -Check	10/14/2021	11071	Charter Communica...	-417.88	-11,156.07
	Bill Pmt -Check	10/14/2021	11072	CoreLogic	-28.80	-11,184.87
	Bill Pmt -Check	10/14/2021	11073	CTS Clouds LLC	-637.50	-11,822.37
	Bill Pmt -Check	10/14/2021	11074	FedEx	-100.16	-11,922.53
	Bill Pmt -Check	10/14/2021	11075	LACERA-OPEB	-1,696.07	-13,618.60
	Bill Pmt -Check	10/14/2021	11076	Office Depot*	-167.88	-13,786.48
	Bill Pmt -Check	10/14/2021	11077	Quadient Leasing U...	-382.28	-14,168.76
	Bill Pmt -Check	10/14/2021	11078	Transamerica Life In...	-180.00	-14,348.76
	Bill Pmt -Check	10/14/2021	11079	Wells Fargo	-455.84	-14,804.60
	Bill Pmt -Check	10/14/2021	11080	Yvonne Green CPA	-337.50	-15,142.10
	Check	10/15/2021	DD	Ambar De La Torre	-2,221.98	-17,364.08
	Check	10/15/2021	DD	Douglass S Dorado	-3,391.87	-20,755.95
	Check	10/15/2021	DD	Adriana L Flores	-1,206.49	-21,962.44
	Check	10/15/2021	DD	Paul A Novak	-6,336.17	-28,298.61
	Check	10/15/2021	DD	Alisha O'Brien	-2,444.62	-30,743.23
	Check	10/15/2021	DD	Adriana Romo	-3,442.77	-34,186.00
	Check	10/15/2021	DD	Federal Tax Deposit	-5,062.78	-39,248.78
	Check	10/15/2021	DD	State Income Tax	-1,521.38	-40,770.16
	Bill Pmt -Check	10/28/2021	11081	ATT	-277.76	-41,047.92
	Bill Pmt -Check	10/28/2021	11082	Bank of America*	-105.18	-41,153.10
	Bill Pmt -Check	10/28/2021	11083	Davis Farr LLP	-5,000.00	-46,153.10
	Bill Pmt -Check	10/28/2021	11084	FedEx	-66.01	-46,219.11
	Bill Pmt -Check	10/28/2021	11085	LACERA	-17,302.58	-63,521.69
	Bill Pmt -Check	10/28/2021	11086	Motor Parks	-630.00	-64,151.69
	Bill Pmt -Check	10/28/2021	11087	Quadient Finance U...	-150.00	-64,301.69
	Bill Pmt -Check	10/28/2021	11088	Staples	-492.03	-64,793.72
	Bill Pmt -Check	10/28/2021	11089	The Lincoln National	-260.34	-65,054.06
	Bill Pmt -Check	10/28/2021	11090	Tropical Interior Plants	-125.00	-65,179.06
	Bill Pmt -Check	10/28/2021	11091	Promac Image Syst...	-81.87	-65,260.93
	Check	10/29/2021	DD	Ambar De La Torre	-2,221.98	-67,482.91
	Check	10/29/2021	DD	Douglass S Dorado	-5,552.50	-73,035.41
	Check	10/29/2021	DD	Adriana L Flores	-1,206.49	-74,241.90
	Check	10/29/2021	DD	Paul A Novak	-6,375.85	-80,617.75
	Check	10/29/2021	DD	Alisha O'Brien	-2,444.61	-83,062.36
	Check	10/29/2021	DD	Adriana Romo	-3,442.77	-86,505.13
	Check	10/29/2021	DD	Federal Tax Deposit	-6,063.69	-92,568.82
	Check	10/29/2021	DD	State Income Tax	-1,875.46	-94,444.28
	Check	10/29/2021	62455...	Kathryn Barger	-133.00	-94,577.28
	Check	10/29/2021	62455...	Brogin-Falley Lori	-138.53	-94,715.81
	Check	10/29/2021	DD	Richard Close	-138.52	-94,854.33
	Check	10/29/2021	DD	Michael T Davitt	-138.52	-94,992.85
	Check	10/29/2021	DD	Donald Dear	-138.52	-95,131.37
	Check	10/29/2021	62455...	Margaret E Finlay	-138.53	-95,269.90
	Check	10/29/2021	62455...	Edward G Gladbach	-138.53	-95,408.43
	Check	10/29/2021	DD	David J Lesser	-138.53	-95,546.96
	Check	10/29/2021	DD	Melvin L Matthews	-138.52	-95,685.48
	Check	10/29/2021	DD	Gerard McCallum II	-138.52	-95,824.00
	Check	10/29/2021	DD	John A Mirisch	-138.53	-95,962.53
	Check	10/29/2021	DD	Holly J Mitchell	-124.87	-96,087.40
	Check	10/29/2021	DD	Federal Tax Deposit	-256.86	-96,344.26
	Check	10/29/2021	ADP	ADP	-38.63	-96,382.89
Oct 21					-96,382.89	-96,382.89

AGENDA ITEM NO. 5.c. November 10, 2021							
PENDING PROPOSALS As of November 2, 2021							
		AGENDA ITEM NO. 6.c. October 13, 2021	Applicant	Description	Status	Date Filed	Est. Date of Completion
1	DD	Annexation 2006-12 to Los Angeles County Waterworks District No. 40	Land Resource Investors	Annex 20 acres of vacant land located at the northeast corner of Avenue J and 37th Street East, City of Lancaster. Will be developed into 80 single family homes.	Incomplete filing: property tax transfer resolution, registered voter and landowner labels.	5/16/2006	Unknown
2	DD	Annexation No. 2006-46 to Los Angeles County Waterworks District No. 40	New Anaverde, LLC	Annex 1,567 acres of vacant land located near Lake Elizabeth Road and Avenue S in the city of Palmdale. Will be developed into 313 single family homes.	Incomplete filing: CEQA, registered voter labels, landowner labels, and approved map and legal.	10/5/2006	Unknown
3	DD	Annexation No. 2011-17 (2006-50) to Los Angeles County Waterworks District No. 40	Behrooz Haverim/Kamyar Lashgari	Annex 20.62 acres of vacant land located south of Avenue H between 42nd Street West and 45th Street West in the City of Lancaster. To be developed into single family homes	Incomplete filing: property tax transfer resolution, registered voter and landowner labels.	12/1/2006	Unknown
4	DD	Annexation 2008-13 to Los Angeles County Waterworks District No. 40	Lancaster School Dist.	Annex 20.47 acres of vacant land located 2 miles west of the Antelope Valley frw. And the nearest paved major streets are ave. H. And Ave. I, in the City of Lancaster. For future construction of a school.	Need BOE fees to place on agenda for approval. Emailed district for fees on 4-18-17.	9/22/2008	Unknown
5	DD	Reorganization 2010-04 Los Angeles County Waterworks District No. 29	Malitex Partners, LLC	Detach 88 acres of vacant land from the Las Virgenes Municipal Water District and annex same said territory to Los Angeles County Waterworks District No 29 and West Basin Municipal Water District. The project includes future construction of three homes and dedicates open space. The project site is located north of Pacific Coast Highway at the end of Murphy Way, in the unincorporated area adjacent to Malibu.	Notice of Filing sent 07-15-10. Incomplete filing: CEQA. EIR on hold 4-14-15. Applicant requested to keep this file open, pending details how to proceed with the project 04/29/15.	6/9/2010	Unknown
6	DD	City of Palmdale Annexation 2010-05	City of Palmdale	49.6 acres located adjacent to residential properties to the southwest, southeast, and separated by the Amargosa Creek to the north.	Notice of Filing sent 1-3-11 Incomplete filing: property tax transfer resolution, insufficient CEQA, unclear pre-zoning ordinance, approved map and legal. Need to include DUC.	10/25/2010	Unknown
7	DD	Reorganization 2011-16 (Tesoro del Valle)	Montalvo Properties LLC	Annexation to NCWD and CLWA SOI Amendments for both districts. 801.53 acres regional access is provided via Interstate 5 (1-5) for north/south travelers from the east, and State Route 126 (SR-126) for travelers from the west. The existing local thoroughfare that provides access to the proposed area is Copper Hill Drive, which can be accessed directly from Tesoro del Valle Drive or Avenida Rancho Tesoro.	Notice of Filing sent 05-31-11. Incomplete filing: property tax transfer resolution. Project has changed ownership. Need new application	5/5/2011	Unknown
8	DD	City of Los Angeles Annexation 2011-27	Forestar Group	685 acres of uninhabited territory located east of Browns Canyon Road and northwest of Mason Ave. in the unincorporated area just north of the City of Los Angeles.	Notice of Filing sent 2-15-12 Incomplete filing: property tax transfer resolution, CEQA, pre-zoning ordinance, map of limiting addresses, list of limiting addresses, and approved map and legal.	12/8/2011	Unknown

		AGENDA ITEM NO. 6.c. October 13, 2021	Applicant	Description	Status	Date Filed	Est. Date of Completion
9	DD	City of Palmdale Annexation 2011-19	City of Palmdale	405 acres of uninhabited territory located between Palmdale Blvd and Ave S and 80th and 85th Street East.	Notice of Filing sent 3-22-12 Incomplete filing: property tax transfer resolution, inadequate CEQA, maps of limiting addresses, list of limiting addresses, and approved map and legal. DUC adjacent	3/8/2012	Unknown
10	DD	Reorganization No. 2014-03 to the City of Calabasas	City of Calabasas	176± acres immediately north of and adjacent to the 101 freeway between the City of Calabasas and Hidden Hills.	Notice of Filing sent 1-8-15. Incomplete filing: property tax transfer resolution and approved map and legal.	12/10/2014	Unknown
11	DD	Annexation No. 2015-11 to the City of Palmdale (Desert View Highlands)	City of Palmdale	284 acres inhabited territory. Generally located north and south of Elizabeth Lake Road between Amarigosa Creek and 10th street west, in Los Angeles County unincorporated territory surrounded by the City of Palmdale	Notice of Filing sent 9-22-15 Incomplete filing: property tax resolution, attachment 'A' plan for municipal services, CEQA (NOD), party disclosure, pre-zoning, map of limiting addresses, registered voter info	9/15/2015	Unknown
12	DD	Annexation No. 2015-10 to the City of Agoura Hills	City of Agoura Hills	117 acres uninhabited territory. Located northeast and southwest of Chesebro Road directly north of the Highway 101	Notice of Filing sent 11-3-15 Incomplete filing: property tax transfer resolution.	11/2/2015	Unknown
13	DD	Reorganization No. 2016-01 to the Las Virgenes Municipal Water District	Las Virgenes Municipal Water District	Detachment from West Basin Municipal Water District, and annexation to the Las Virgenes Municipal Water District. Both districts require SOI amendments. The territory consists of 26 single-family homes, generally located south of Cairnloch Street, west of Summit Mountain Way, all within the City of Calabasas.	Notice of Filing sent 04-19-16 Incomplete filing: property tax transfer resolution, and map and legal not approved.	2/22/2016	Unknown
14	AD	Annexation No. 2017-02 to the Newhall County Water District	Newhall County Water District	uninhabited territory, located west of the 5 freeway and north of the intersection of The Old Road and Calgrove Blvd.	Notice of Filing sent 06-21-17 Incomplete filing: property tax transfer resolution, CEQA, approved map and legal.	6/15/2017	Unknown
15	DD	Annexation No. 2017-09 to the Wilmington Cemetery District	Wilmington Cemetery District	inhabited territory around Wilmington	Notice of Filing sent 6-10-17 Incomplete filing: property tax transfer resolution	7/10/2017	Unknown
16	DD	Annexation No. 2018-06 to the San Gabriel Valley Mosquito and Vector Control District	San Gabriel Valley Mosquito and Vector Control District	77.55± acres of inhabited territory. The affected territory is located north of the intersection of Mountain Laurel Way and Highway Court in the City of Azusa.	agenda, Sept 8, 2021	10/22/2018	Oct-2021
17	DD	Annexation No. 2018-12 to the City of Agoura Hills	City of Agoura Hills	82.58± acres of inhabited territory to the City of Agoura Hills. Area A of the affected territory is generally located east of the intersection of Liberty Canyon Road and Agoura Road and Area C is generally located west of the intersection of Liberty Canyon Road and Revere Way, in Los Angeles County unincorporated territory adjacent to the City of Agoura Hills	Notice of Filing sent 11-20-18 Incomplete filing: property tax transfer resolution, CEQA, map of limiting addresses, pre-zoning, register voter labels, approved map and geographic description.	11/19/2018	Unknown

		AGENDA ITEM NO. 6.c. October 13, 2021	Applicant	Description	Status	Date Filed	Est. Date of Completion
18	AD	Annexation 429 to District No. 14	Sanitation Districts	640.07± acres of uninhabited territory. The affected territory is located on the southeast corner of Sierra Highway and Columbia Way, all within the City of Palmdale.	Notice of Filing Sent 11-29-18 Incomplete filing: property tax transfer resolution.	11/28/2018	Unknown
19	DD	Reorganization No. 2019-01 to the City of Rancho Palos Verdes	Rajendra Makan	1.17± acres of uninhabited territory located along Re Le Chardlene, east of the intersection of Chandeaur and Rue Le Charlene, in the City of Los Angeles.	Notice of Filing Sent 5-14-19 Incomplete filing: property tax transfer resolution and approved map and legal.	5/14/2019	Unknown
20	DD	Formation No. 2019-06 of the Lower Los Angeles River Recreation and Park District	City of South Gate	inhabited territory, along the Los Angeles River between Vernon and Long Beach	TTR/Auditors determination, plan for services, and approved map and geographic description.	10/2/2019	Unknown
21	DD	Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle)	City of Santa Clarita	1609± acres of inhabited territory. The affected territory is generally located north of the intersection of Copper Hill Drive and Avenida Rancho Tesoro, in the Unincorporated area of Los Angeles County adjacent to the City of Santa Clarita.	Notice of Filing sent 02-18-20 Incomplete filing: property tax transfer resolution, approved map and legal. Reorg area within DJC.	1/27/2020	Unknown
22	AD	Annexation 300 to District no. 15	Sanitation Districts	9.573± acres of uninhabited territory. The affected territory is located on Palm Hill Lane approximately 500 feet north of Deodar Lane, all within the City of Bradbury.	Notice of Filing Sent 10-05-20 Incomplete filing: property tax transfer resolution.	10/5/2020	Unknown
23	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1098	Sanitation Districts	0.49 acres of uninhabited territory. The affected territory is located on Sierra Highway approximately 300 feet south of Arline Street, all within Unincorporated Los Angeles County.	Notice of Filing Sent 6-14-21 Incomplete filing: property tax transfer resolution.	6/9/2021	Unknown
24	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1102	Sanitation Districts	3.83 acres of uninhabited territory. The affected territory is located on the northwest corner of Ruether Avenue and Santa Clara Street, all within the City of Santa Clarita.	Notice of Filing Sent 6-14-21 Incomplete filing: property tax transfer resolution.	6/9/2021	Unknown
25	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1103	Sanitation Districts	0.3 acres of uninhabited territory. The affected territory is located on the southwest corner of Wabaska Street and Wiley Canyon Road, all within the City of Santa Clarita.	Notice of Filing Sent 6-14-21 Incomplete filing: property tax transfer resolution.	6/9/2021	Unknown
26	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1104	Sanitation Districts	4.53 acres of uninhabited territory. The affected territory has 2 parcels. Parcel 1 is located on the west side of Sand Canyon at Sky Ranch Road; Parcel 2 is located on the west side of Sand Canyon Road at Warmuth Road, all within the City of Santa Clarita.	Notice of Filing Sent 6-14-21 Incomplete filing: property tax transfer resolution.	6/9/2021	Unknown
27	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1105	Sanitation Districts	16.81 acres of uninhabited territory. The affected territory is located on Lowridge Place west of Willowtree Court, all within Unincorporated Los Angeles County.	Notice of Filing Sent 6-14-21 Incomplete filing: property tax transfer resolution.	6/9/2021	Unknown
28	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1106	Sanitation Districts	1.38 acres of uninhabited territory. The affected territory is located on the south side of Placeritos Boulevard approximately 700 feet east of Aden Avenue, all within the City of Santa Clarita.	Notice of Filing Sent 6-14-21 Incomplete filing: property tax transfer resolution.	6/9/2021	Unknown
29	AD	Annexation 432 to District no. 14	Sanitation Districts	1.253 acres of uninhabited territory. The affected territory is located on the west side of 45th Street West approximately 200 feet south of Avenue K-12, all within the Unincorporated Los Angeles County.	Notice of Filing Sent 6-21-21 Incomplete filing: property tax transfer resolution.	6/21/2021	Unknown
30	DD	Annexation No. 2021-02 to the Los Angeles County Waterworks District No. 40, Antelope Valley	Andrew J Eliopoulos	annex 6.58± acres of vacant land to Los Angeles County Waterworks District No 40 for retail water services. The affected territory is located north of Eliopulos Ranch Drive between Yianni Court and Marina Court, in the City of Palmdale	Notice of Filing Sent 6-30-21 Incomplete Filing: TTR, CEQA, and approved map and geographic description	6/1/2021	Unknown
31	AD	Annexation 764 to District no. 21	Sanitation Districts	0.994 acres of uninhabited territory. The affected territory is located on the south side of Baseline Road approximately 120 feet southwest of Silver Tree Road, all within the City of Claremont.	Notice of Filing Sent 8-17-21 Incomplete filing: property tax transfer resolution.	8/5/2021	Unknown
32	AOB	Annexation No. 2021-08 to the Los Angeles County Waterworks District No. 40, Antelope Valley	KB Home Greater Los Angeles, Inc.	9.29 acres of uninhabited territory. The affected territory is located at the northeast corner of 65th Street West and Newgrove Street, all within the City of Lancaster.	Notice of Filing Sent 9-7-21 Incomplete filing: property tax transfer resolution.	8/30/2021	Unknown

		AGENDA ITEM NO. 6.c. October 13, 2021	Applicant	Description	Status	Date Filed	Est. Date of Completion
33	DD	Formation No. 2019-04 of the Acton/Agua Dulce Garbage Disposal District	County of Los Angeles	acres of inhabited territory. The affected territory is located in the unincorporated county area of Acton and Agua Dulce	Notice of Filing sent 9-29-21 TTR/Auditors determination, plan for services, and approved map and geographic description.	9/14/2021	Unknown

Staff Report

October 14, 2020

Agenda Item No. 8.a.

Sativa Water System – Quarterly Update

Terms and conditions of approved Dissolution No. 2019-## of the Sativa County Water District requires the successor agency to submit annual status reports to the Commission.

Staff of the Los Angeles County Department of Public Works provided LAFCO with its annual report on September 18, 2021 (see attached). A representative of the Los Angeles County Department of Public Works will be available to answer any questions from the Commission.

Staff Recommendation:

Staff recommends that the Commission:

1. Receive and file the Sativa County Water District Status Report.



MARK PESTRELLA, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
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ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE

REFER TO FILE:

WW-0

September 18, 2020

TO: Paul Novak, Executive Director
Local Agency Formation Commission

FROM: Mark Pestrella *Mark Pestrella*
Director of Public Works

SATIVA WATER SYSTEM QUARTERLY REPORT ENDING SEPTEMBER 2020

In accordance with Resolution No. 2019-00RMD of the Local Agency Formation Commission for the County of Los Angeles, attached is the sixth quarterly report on the County of Los Angeles' temporary management of the Sativa Water System.

Please address any questions regarding this report or other matters concerning the Sativa Water System to Deputy Director, Daniel J. Lafferty. Mr. Lafferty can be reached at (626) 458-4012 or dlaff@pw.lacounty.gov.

SK:lb

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Attach.

action against the County for a waiver of costs. The action will proceed against Sativa. Inasmuch as the County previously administered Sativa and is the successor agency following Sativa's dissolution, we are acting as the point of contact with defense counsel in regard to the action against Sativa. It is not clear under existing law whether the class may sue and obtain a verdict against Sativa, an entity that has been dissolved. It is possible that the Court will determine that SDRMA must pay for any judgment against Sativa to the extent the judgment reflects damages and an amount within the scope and limits of SDRMA's coverage for Sativa. The County, as the administrator and successor agency, would be immune from liability for the causes of action alleged in the class action pursuant to the immunity conferred by Health and Safety Code Section 116687. As such, it was not unexpected that the class agreed to dismiss the County. The same immunity under Section 116687 would apply to any receiving agency and, therefore, we do not anticipate that the class would amend their action to name a receiving agency as a defendant.

Extension of Interim Operation Period

LAFCO's dissolution of the former Sativa Los Angeles County Water District and appointment of the County of Los Angeles as successor agency responsible for interim operation of the Sativa Water System became effective on March 19, 2019. Per the California Health and Safety Code Section 116687(g)(1), the County's interim operation period expired on March 19, 2020. The County will be requesting that the LAFCO Board extend the interim operation period pursuant to California Health and Safety Code Section 116687(g)(1).

CAPITAL IMPROVEMENTS

Significant improvements to Sativa's water quality and system resilience have been achieved since the County took over operation of the Sativa Water System.

Interconnection with Liberty Utilities

Shortly after being appointed the Interim Administrator of Sativa, the County established a new interconnection with Liberty Utilities (Liberty). This interconnection provided Sativa with an external, continuous, and uninterrupted water supply, which allowed the County to take Sativa's wells offline for repairs. In recognition of the emergency situation at Sativa, Liberty agreed to provide water to Sativa "at cost;" there was no additional mark up for profit.

Sativa's interconnection with Liberty has now been active for more than 12 months. Earlier this year, Liberty submitted a written request to the County to update the cost of water Liberty provides through the interconnection. Liberty has indicated their request is a result of the California Public Utilities Commission (CPUC) requirements.

and filter pack inside the existing well casing to stabilize the well structure and equipped the well with a new pump and variable-speed motor. Additionally, a 400-foot section at the bottom of the well was blocked off to reduce extraction of water containing high levels of manganese. Water quality samples, after completion of the well rehabilitation, showed that the project was a success. The well's performance after rehabilitation has exceeded expectations.

The well is currently operating on a part-time basis while County staff is converting the well's disinfection system from gas chlorine to a safer and more secure liquid chlorine system. Full-time operation of the well is expected in October 2020 after the disinfection conversion is finished and approval from the State is obtained on the recently completed projects.

Additional grant-funded projects currently in the planning or design stages include:

- Electrical/Mechanical Replacements at Well Sites: \$250,000 – Replace electrical systems and mechanical equipment used to pump water from Sativa's two wells.
- Supervisory Control and Data Acquisition System: \$20,000 – Install technology at Sativa's wells to allow remote monitoring and control of operations.
- Destruction of Sativa's Well No. 2: \$80,000 – This is an old abandoned well that needs to be properly filled and capped per Water Industry Standards.
- Design and installation of a manganese treatment system for Well No. 5: \$2.25 million.

GRANTS

The County pursued grant funding from the California State Water Resources Control Board (State Water Board) for Sativa's most critical infrastructure challenges. After a series of negotiations, the State Water Board provided the County \$1.77 million in grant funds to address these issues. After discovering the unforeseen structural issues with Well No. 5, the County requested an additional \$500,000, which is currently under consideration by the State Water Board with a very favorable outlook. On April 9, 2020, State staff indicated they were recommending a grant funding increase from \$1.77 to \$2.6 million due to unforeseen infrastructure problems with Sativa's Well No. 5. This figure will likely be adjusted back to \$2 million based on actual costs of the Savita – Lucien Waterline and Well No. 5 Rehabilitation Projects and estimates for remaining improvements. The State Water Board is currently finalizing the amended grant agreement for signature by the County. Per the terms of the current grant agreement, the County is to perform this work and then invoice the State Water Board for eligible expenditures. The grant agreement does not require grant funds to be repaid should the County transfer ownership of Sativa to a nonpublic entity.

The State Water Board grant is expected to cover all work outlined in the Current and Upcoming Repairs and Upgrades Section, excluding the manganese treatment system.

California Department of Water Resources – Manganese Removal Grant

In addition to grant funding from the State Water Board, the County has partnered with the Water Replenishment District of Southern California to pursue grant funds for a manganese treatment system for Sativa's Well No. 5. The County applied for \$2.25 million in Proposition 1 funding through the California Department of Water Resources' (DWR) Integrated Regional Water Management Program. The grant proposal was well received by DWR. On May 4, 2020, DWR released the Draft Recommended Funding List for four funding areas, including Los Angeles, for the Proposition 1 Round 1 Integrated Regional Water Management Implementation Grant Solicitation. The recommended funding list for the Los Angeles area includes a funding recommendation for more than 90 percent of the requested amount for Sativa's Well No. 5 manganese treatment system. These funding recommendations were subject to a public review and comment period ending on May 28, 2020. DWR is currently reviewing public comments and will release a final list of awards in the coming weeks.

In the event a permanent water service provider for Sativa is identified and ownership is transferred prior to the completion of grant work, the County will work with involved parties to ensure the grant work is completed and grant funds are not lost.

COMMUNITY ENGAGEMENT

Building trust with Sativa's customers is one of the County's highest priorities. In addition to improving customer service, the County has continued to work on building trust through sharing information with customers and improving transparency of decision-making processes. Due to the COVID-19 pandemic, the County's Board of Supervisors closed all County buildings to the public, including the Sativa office, on March 16, 2020. During this reporting period, no community outreach engagements were conducted in compliance with the County's Safer at Home order. However, County staff continued to run the Sativa office and operate the water system while complying with social distance and all other State and local Health and Safety Guidelines.

IDENTIFICATION OF A PERMANENT WATER SERVICE PROVIDER

In accordance with AB 1577 (Gipson), the County conducted a Request for Proposal (RFP) process to identify a permanent service provider for the Sativa Water System. The County, with consideration of suggestions made by Sativa customers, developed scoring criteria to evaluate proposals. Based on the feedback received from Sativa customers, the community's expectation from a permanent water service provider are low water rates, great customer service, and clean water. The RFP and scoring criteria were structured to address these top three priorities of the Sativa community. An RFP Evaluation Committee comprised of four drinking water system experts from the County and a representative from LAFCO used the scoring criteria to evaluate proposals and recommend a permanent service provider.

Update on the RFP Process

The RFP for the transfer or sale of the Sativa Water System was published on September 11, 2019. Two mandatory pre-bid meetings were held for interested parties. A total of six prospective bidders attended the meetings, including five privately owned water companies (investor-owned utilities) and one public agency. Members of the Sativa community attended the second mandatory pre-bid meeting and shared their priorities for Sativa's future service provider, the most important being to avoid an increase in water rates and prioritize customer service.

Proposals were due on November 12, 2019. Five proposals were received:

- California American Water
- Central Basin Municipal Water District
- Liberty
- Golden State Water
- Suburban Water Systems

The Evaluation Committee reviewed and scored these proposals. Interviews with each of the proposers were then conducted on December 2, 2019. Suburban Water Systems received the highest-combined score of both the written proposal and interview. Suburban Water Systems was scored highest based on several key areas, including plans to:

- Reduce Sativa customers' water rates immediately upon acquisition and keep these reduced rates for 3 years before adjusting them to current rates in their closest existing service areas.
- Maintain staffing presence in Sativa's local office.
- Conduct extensive outreach to customers, neighboring cities, and other public entities.
- Make a significant financial investment into Sativa's deteriorating water system assets.
- Provide an experienced transition team that understands the tasks, steps, and critical transition issues.
- Show a well-documented track record of ensuring water quality, complying with water reporting requirements, responding to emergencies, and providing excellent customer service.

On February 9, 2020, the County updated LAFCO's Board of Commissioners on the selected bidder and next steps in the selection process.

The estimated schedule for the remaining elements of the RFP process is as follows:

- Negotiations with Suburban Water Systems and drafting of Sale Agreement and Transition Plan: September 2020

- Board of Supervisors approval of Sale Agreement and Operation and Maintenance Agreement: November 2020
- Transition of Operation and Maintenance to Suburban Water Systems: Late 2020 to mid-2021.
- Final Sale of Sativa to Suburban Water Systems: Late 2021 to late 2022, depending on CPUC approval.

Upon successful negotiations of a Sale Agreement with Suburban Water Systems to become Sativa's permanent service provider, Suburban Water Systems will be required to submit an application to the CPUC requesting approval to take over the operation of Sativa. The CPUC approval process is difficult to estimate at this time due to current CPUC backlog caused by ongoing COVID-19 restrictions.

The County will continue grant funded infrastructure repairs and upgrades during the transfer of ownership process. The County will work with the selected water service provider to ensure grant work is completed and grant funds are not lost.

BOARD OF SUPERVISORS ACTIONS

No actions were agendized for the Board of Supervisors' consideration during the reporting period.

Staff Report

November 10, 2021

Agenda Item No. 8.b.

Selection of Photocopy Services Vendor

LAFCO has reached the end of its five-year lease with Promac Image Systems (“Promac”) for photocopying services. Prior to extending the existing contract or entering into a new contract with our current vendor, Promac, and in accordance with the Commission’s Procurement Policy, staff obtained quotes from four (4) different vendors for photocopying services. The quotes received include two variables—first, a fixed cost for a sixty-month photocopier lease and second the cost per copy. Based on LAFCO’s copy volume, within the last twelve months, the quotes resulted in an estimated monthly cost (excluding taxes), as follows:

<u>VENDOR</u>	<u>EQUIPMENT</u>	<u>MONTHLY COST</u>
Advanced Copy Systems	Sharp MX-6071	\$199.85
Canon Solutions America	Canon IR ADV. DX C5860i	\$267.23
Complete Copy Systems	Canon IR DX C5840i	\$317.85
Promac Image Systems	Konica Minolta C450i	\$386.36

Canon Solutions America (“Canon”) offers a high quality photocopy machine with the fastest print speed, maximum image quality, comparable memory speed, and similar scanning capabilities. Based on LAFCO’s photocopying volume, Canon, would be the most cost effective vendor, with the lowest monthly copy charge of approximately \$63. Our current average copy charge per month is \$86. Considering the specifications and features of the photocopier, the estimated monthly charges per copy, and the location of the vendor, staff is recommending that the Commission enter into a lease with Canon as providing the best value for photocopying services at a cost of approximately \$3,200 annually. Switching vendors would result in annual cost savings of approximately \$1,500.

For comparative purposes accompanying this report is a chart of the average estimated costs per vendor using current copy volumes, as well as pre-pandemic copy volumes. Please note, the photocopier is used as the office’s desktop network printer as well. Staff anticipates that average monthly copies will fall in between the current and pre-pandemic volumes as we enter a new post-pandemic normalcy.

Recommended Action:

Staff recommends that the Commission:

1. Select Canon Solutions America as the new photocopier as the new photocopier vendor subject to the successful negotiation of a lease agreement, and
2. Authorize the Executive Officer to execute the lease for the Canon imageRUNNER ADVANCED DX C5860i with the approval of LAFCO counsel.

	Advanced Copy Systems (Redlands) Sharp MX-6071	Canon Solutions America (Glendale) Canon IR ADV. DX C5860i	Complete Copy Systems (Los Angeles) Canon IR DX C5840i	Promac (Current) (Los Angeles) Konica Minolta bihub c654e	Promac Proposed Konica Minolta C450i
	60 PPM	70 PPM	40 PPM	60 PPM	45 PPM
Fixed Lease Amt.	\$113.40	\$203.98	\$316.35	\$385.89	\$300.00
Fixed Svs. Charge	0	0	0	0	0
Inclusive Copies	0	0	1,500/ea.	0	0
B/W overage cost	0.0059	0.0074	0.01	0.0078	0.0078
CLR Cost	0.052	0.0349	0.075	0.05	0.05
B/W per month	1520	1520	1520	1520	1520
CLR per month	1490	1490	1490	1490	1490
Avg. Copy Cost per month	86.45	63.25	1.5	86.36	86.36
Monthly Est. Cost	\$199.85	\$267.23	\$317.85	\$472.25	\$386.36
Pre Pandemic Average Monthly					
B/W per month	5050	5050	5050	5050	5050
CLR per month	2570	2570	2570	2570	2570
Avg. Copy Cost per month	\$163.44	\$127.06	\$115.75	\$167.89	\$167.89
Pre Pandemic Est. Monthly Cost	\$276.84	\$331.04	\$432.10	\$553.78	\$467.89
Install, Delivery	TBD	TBD	Included	TBD	TBD

Staff Report

November 10, 2021

Agenda Item No. 8.c.

Independent Auditor's Report for Fiscal Year 2020-21

In January of 2021, the Commission awarded Davis Farr LLP ("Davis Farr") a contract for auditing services for four (4) fiscal years, Fiscal Years (FY) 2020-21, 2021-22, 2022-23, and 2023-24, with options for up to two (2) additional years, FY 2024-25 and 2025-26.

Shannon Ayala, a partner with Davis Farr will present the findings of the FY 2020-21 Independent Auditor's Report. After her presentation, she and Ian Berg (LAFCO's accountant) will be available to answer questions from the Commission.

This year's audit was conducted in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the U.S. Comptroller General. The auditors have provided a favorable opinion of LAFCO's financial statements. The auditors did not identify any deficiencies in internal controls, nor did they find any instances of noncompliance or any material misstatements.

The Audited Financial Statements for FY 2020-21 are attached for your consideration and review. The documents include: the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplemental Information, and the 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*. Also attached is a letter from Davis Farr, dated October 29, 2021, concerning its responsibilities in performing the audit, consistent with governmental and professional standards.

Staff Recommendation

1. Receive and file the enclosed Independent Auditor's Report, audited financial statements, and associated documents for Fiscal Year 2020-21, ending June 30, 2021.



Davis Farr LLP
 18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
 Main: 949.474.2020 | Fax: 949.263.5520

To the Board of Commissioners
 Los Angeles Local Agency Formation Commission

We have audited the financial statements of the governmental activities, and each major fund of the Local Agency Formation Commission of the County of Los Angeles ("Commission") for the year ended June 30, 2021. 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 in our letter to you dated August 10, 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 Commission are described in Note 1 to the financial statements. The application of existing policies was not changed during fiscal year ended June 30, 2021. We noted no transactions entered into by the Commission 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. The most sensitive estimates affecting the Commission's financial statements was judgements involving the funded status of the OPEB and pension liabilities. We evaluated the key factors and assumptions used to develop these 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 disclosures affecting the financial statements are Footnote 5: Pension Plan and Footnote 6: OPEB Plan. 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 clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of our audit procedures.

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 October 29, 2021.

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 governmental unit'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 governmental unit'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 the *Management Discussion and Analysis*, *budgetary comparison information*, *the Schedule of the Plan's Proportionate Share of the Net Pension Liability*, *the Schedule of Plan Contributions for the Defined Benefit Pension Plan*, *the Schedule of the Proportionate Share of the Net OPEB Liability*, *the Schedule of Plan Contributions for the Defined Benefit OPEB Plan* and *the Schedule of Collective OPEB Expense for the Defined Benefit OPEB Plan* which are required supplementary information (RSI) 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 the RSI.

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

DavisFarrLLP

Irvine, California
October 29, 2021

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

BASIC FINANCIAL STATEMENTS

Year ended June 30, 2021

(With Independent Auditor's Report Thereon)

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**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

Basic Financial Statements

Year ended June 30, 2021

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Independent Auditor's Report

The Commission Members
Los Angeles Local Agency Formation Commission
Pasadena, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Local Agency Formation Commission for the County of Los Angeles (the Commission) as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission'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 audit. We conducted our audit 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 from 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 auditors consider internal control relevant to the Commission'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 Commission'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Commission, as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the Commission's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management Discussion and Analysis, budgetary comparison information, the Schedule of the Plan's Proportionate Share of the Net Pension Liability, the Schedule of Plan Contributions for the Defined Benefit Pension Plan, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of the Proportionate Share of the Net OPEB Liability, the Schedule of Plan Contributions for the Defined Benefit OPEB Plan and the Schedule of Collective OPEB Expense for the Defined Benefit OPEB Plan* be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB 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.

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LOCAL AGENCY FORMATION COMMISSION FOR THE COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021

The following management's discussion and analysis of the financial performance of the Los Angeles County Local Agency Formation Commission (the Commission) provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements identified in the accompanying 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-term view of the Commission's finances.

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 *government-wide financial statements* provide both *long-term* and *short-term* information about the Commission's overall financial status. The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed information.

Reporting the Commission as a Whole

The accompanying **government-wide financial statement** presents financial data for the Commission as a whole. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole 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 about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses have been considered regardless of when cash is received or paid.

These two statements report the Commission's net position and changes 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 nonfinancial factors, such as changes in the Commission's revenues, to assess the *overall health* of the Commission.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021 (CONTINUED)**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *Statement of Net Position* follows:

**Table 1
Statements of Net Position
June 30, 2021 and 2020**

	2021	2020	Change	%
ASSETS & DEFERRED OUTFLOWS:				
Current assets	\$ 2,057,482	\$ 2,031,609	\$ 25,873	1.27%
Capital assets, net	10,296	16,072	(5,776)	-35.94%
Total assets	<u>2,067,778</u>	<u>2,047,681</u>	<u>20,097</u>	<u>0.98%</u>
Deferred outflows of resources	<u>1,008,021</u>	<u>545,702</u>	<u>462,319</u>	<u>84.72%</u>
LIABILITIES, DEFERRED INFLOWS & NET POSITION:				
Current liabilities	103,814	112,837	(9,023)	-8.00%
Long-term liabilities	<u>1,915,771</u>	<u>1,502,213</u>	<u>413,558</u>	<u>27.53%</u>
Total liabilities	<u>2,019,585</u>	<u>1,615,050</u>	<u>404,535</u>	<u>25.05%</u>
Deferred inflows of resources	<u>552,566</u>	<u>620,898</u>	<u>(68,332)</u>	<u>-11.01%</u>
Investment in capital assets	<u>10,296</u>	<u>16,072</u>	<u>(5,776)</u>	<u>-35.94%</u>
Unrestricted	<u>493,352</u>	<u>341,363</u>	<u>151,989</u>	<u>44.52%</u>
Total net position	<u>\$ 503,648</u>	<u>\$ 357,435</u>	<u>\$ 146,213</u>	<u>40.91%</u>

Total assets have increased by \$20,097, or 0.98%, primarily due to an increase in the Commission's cash and investments. Current liabilities have decreased by 8.00% primarily due to a decrease in accounts payable. Long-term liabilities have increased by 27.53% due to an increase in the Commission's net pension liability. Net position increased 40.91% with the change in net position for the year ended June 30, 2021, of \$146,213.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021 (CONTINUED)**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *Statement of Activities* follows:

The increase or decrease in net position can provide an indication as to whether the overall financial position of the Commission improved or deteriorated during the year.

**Table 2
Statements of Activities
For the Years Ended June 30, 2021 and 2020**

	2021	2020	Change	%
REVENUES:				
Assessments	\$ 1,539,253	\$ 1,539,253	\$ -	0.00%
Charges for services	93,744	215,222	(121,478)	-56.44%
Investment income (loss)	(1,352)	51,046	(52,398)	-102.65%
Total Revenues	<u>1,631,645</u>	<u>1,805,521</u>	<u>(173,876)</u>	<u>-9.63%</u>
EXPENSES:				
General government	<u>1,485,432</u>	<u>1,703,602</u>	<u>(218,170)</u>	<u>-12.81%</u>
Total Expenses	<u>1,485,432</u>	<u>1,703,602</u>	<u>(218,170)</u>	<u>-12.81%</u>
Change in net position	146,213	101,919	44,294	43.46%
NET POSITION:				
Beginning of year	357,435	255,516	101,919	39.89%
End of year	<u>\$ 503,648</u>	<u>\$ 357,435</u>	<u>\$ 146,213</u>	<u>40.91%</u>

Assessments remained the same, and Charges for services decreased due to a decrease in filing fees and in apportionment dues. Expenses decreased by \$218,170 primarily due to a decrease in municipal service reviews, as well as pension obligations.

MAJOR FUNDS

Major Governmental Funds. The **General Fund** is the only fund of the Commission and is considered a governmental fund for financial reporting purposes.

The fund balance of the General Fund increased by \$40,493 during the fiscal year.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021 (CONTINUED)**

GENERAL FUND BUDGET

Major deviations between the budget of the General Fund and its operating results are as follows:

Revenues

Filing Fees revenues are budgeted based on prior year amounts, although they are generally unpredictable from year to year. Most filing fees submitted to this LAFCO office are for annexation to sanitation districts, followed by water districts for wastewater services and water services, respectively. Fee revenues for FY 20-21 were less than the budgeted amounts due to a decrease in activity.

Expenditures

Overall, total General Fund expenditures were approximately \$32,400 over budget, primarily due a contribution made to OPEB Trust during the fiscal year, which is included as a salaries and benefits expenditure in the governmental funds.

CAPITAL ASSETS

**Table 3
Capital Assets
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Leasehold improvements	\$ 19,454	\$ 19,454.00	\$ -
Office equipment	20,277	20,277	-
Capital assets	39,731	39,731	-
Accumulated depreciation	(29,435)	(23,659)	(5,776)
Capital assets, net	<u>\$ 10,296</u>	<u>\$ 16,072</u>	<u>\$ (5,776)</u>

At the end of fiscal year 2021, the Commission's investment in capital assets amounted to \$10,296 (net of accumulated depreciation). This investment in capital assets includes equipment, and tenant improvements. (See Note 3 for further information)

LONG-TERM LIABILITIES

**Table 4
Long-term liabilities
June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Compensated Absences	<u>\$ 151,053</u>	<u>\$ 122,044</u>	<u>\$ 29,009</u>

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021 (CONTINUED)**

Long-term liabilities, such as *Compensated Absences* are not due and payable in the current period. Additional information on long-term liabilities may be found in Note 4 of the Notes to Financial Statements.

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

At the end of first quarter of calendar year 2020, the United States and global economy suffered a major decline due to the impact of the COVID-19 virus. This economic decline may affect the Commission's operations and investment earnings for the remainder of the calendar year 2021 and beyond. However, the potential impact to the Commission is unknown at this time.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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, Paul Novak at 80 South Lake Avenue, Suite 870, Pasadena, CA 91101.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Statement of Net Position
June 30, 2021
(With comparative information for the prior year)**

	Governmental Activities	
	2021	2020
Assets:		
Cash and investments (note 2)	\$ 1,944,603	1,928,822
Accounts receivable	-	74
Interest receivable	1,441	3,246
Prepaid expenses	103,206	91,235
Security deposits	8,232	8,232
Capital assets, net (note 3)	10,296	16,072
Total assets	<u>2,067,778</u>	<u>2,047,681</u>
 Deferred outflow of resources:		
Deferred outflows - pension contributions (note 5)	132,752	120,583
Deferred outflows - pension actuarial (note 5)	572,000	318,000
Deferred outflows - OPEB contribution (note 6)	226,055	21,194
Deferred outflows - OPEB actuarial (note 6)	77,214	85,925
Total deferred outflow of resources	<u>1,008,021</u>	<u>545,702</u>
 Liabilities:		
Accounts payable	23,644	38,264
Long-term liabilities:		
Due within one year:		
Compensated absences (note 4)	73,261	59,191
Deferred rent obligation	6,909	15,382
Due beyond one year:		
Compensated absences (note 4)	77,792	62,853
Deferred rent obligation	-	6,911
Net OPEB liability (note 6)	623,979	575,449
Net pension liability (note 5)	1,214,000	857,000
Total liabilities	<u>2,019,585</u>	<u>1,615,050</u>
 Deferred inflow of resources:		
Deferred inflow of resources - pension actuarial (note 5)	172,000	186,000
Deferred inflow of resources - OPEB actuarial (note 6)	380,566	434,898
Total deferred inflow of resources	<u>552,566</u>	<u>620,898</u>
 Net position:		
Investment in capital assets	10,296	16,072
Unrestricted	493,352	341,363
Total net position	<u>\$ 503,648</u>	<u>357,435</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Statement of Activities
Year ended June 30, 2021
(With comparative information for the prior year)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>2021</u>	<u>2020</u>
Governmental activities:						
General government	<u>\$ 1,485,432</u>	<u>93,744</u>	<u>-</u>	<u>-</u>	<u>(1,391,688)</u>	<u>(1,488,380)</u>
Total governmental activities	<u>\$ 1,485,432</u>	<u>93,744</u>	<u>-</u>	<u>-</u>	<u>(1,391,688)</u>	<u>(1,488,380)</u>
General revenues:						
Apportionment					1,539,253	1,539,253
Investment income					<u>(1,352)</u>	<u>51,046</u>
Total general revenues					<u>1,537,901</u>	<u>1,590,299</u>
Change in net position					146,213	101,919
Net position, beginning of year					<u>357,435</u>	<u>255,516</u>
Net position, end of year					<u>\$ 503,648</u>	<u>357,435</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Balance Sheet
June 30, 2021
(With comparative information for the prior year)**

		General Fund	
		2021	2020
	<u>Assets</u>		
Cash and investments		\$ 1,944,603	1,928,822
Accounts receivable		-	74
Interest receivable		1,441	3,246
Prepaid expenses		103,206	91,235
Security deposits		<u>8,232</u>	<u>8,232</u>
Total assets		<u>\$ 2,057,482</u>	<u>2,031,609</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable		\$ <u>23,644</u>	<u>38,264</u>
Total liabilities		<u>23,644</u>	<u>38,264</u>
Fund balance:			
Nonspendable:			
Prepaid expenses and deposits		111,438	99,467
Unassigned		<u>1,922,400</u>	<u>1,893,878</u>
Total fund balance		<u>2,033,838</u>	<u>1,993,345</u>
Total liabilities and fund balance		<u>\$ 2,057,482</u>	<u>2,031,609</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2021**

Fund balances of governmental funds	\$ 2,033,838
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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 Commission as a whole.

Capital assets	39,731
Accumulated depreciation	(29,435)

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	(151,053)
Deferred rent obligation	(6,909)
Net OPEB liability	(623,979)
Net pension liability	(1,214,000)

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 - contributions	358,807
Deferred outflows - actuarial	649,214
Deferred inflows - actuarial	<u>(552,566)</u>

Net position of governmental activities	<u>\$ 503,648</u>
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**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Year ended June 30, 2021**

Net changes in fund balances - total governmental funds	40,493
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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	(5,776)
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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	(76,831)
Net change in net OPEB obligation	201,952
Net change in deferred rent obligation	15,384
Net change in compensated absences	<u>(29,009)</u>
 Change in net position of governmental activities	 \$ <u>146,213</u>

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

Notes to the Basic Financial Statements

Year ended June 30, 2021

1) Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Local Agency Formation Commission for the County of Los Angeles (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 nine regular members: two members from the County Board of Supervisors, two city representatives, one City of Los Angeles representative, two special district representatives and two public members, one of which represents the San Fernando Valley Statistical area. 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.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

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, 2021.

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".

Net Position Flow Assumption – 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.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

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.

Governmental Fund Balances

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

Nonspendable Fund Balance

Nonspendable Fund Balance – 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).

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

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.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

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 are recorded at cost for purchases in excess of \$1,000. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

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:

Office equipment	3 - 5 years
Furniture and fixtures	3 - 5 years
Tenant improvements	10 years

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. Deferred Rent Obligation

The Commission's policy is to average any defined rental escalations or rent concessions over the term of the related lease in order to provide a level recognition of rent expense. The Commission's total deferred rent obligation was \$6,909 at June 30, 2021.

h. Compensated Absences

Permanent Commission employees earn from approximately 5 to 16 vacation days a year and approximately 5 to 10 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.

i. 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 Los Angeles County Employees Retirement Association

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

(LACERA) 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 LACERA. 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. LACERA audited financial statements are publicly available reports that can be obtained at LACERA's website under Forms and Publications.

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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

j. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of 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, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

k. Use of Estimates

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.

l. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Commission's prior year financial statements, from which this selected financial data was derived.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

2) Cash and Investments

Cash and investments as of June 30, 2021, consist of the following:

Demand deposits	\$ 108,423
Cash held by the County of Los Angeles	<u>1,836,180</u>
Total	<u>\$ 1,944,603</u>

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

The Los Angeles 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:

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

Local Agency Investment Fund of the State Treasury (LAIF). LAIF is a voluntary program created by statute in 1977 and is administered by the California State Treasurer.

CalTRUST is a Joint Power Authority (JPA) created in 2005 by the League of California Cities and the California State Association of Counties' Finance Corporation to pool local agency assets for investing purposes. The JPA is administered by a Board of Trustees consisting of local agency professionals.

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, 2021, the Commission's funds are held as short-term deposits in the Los Angeles County Treasury Pool.

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 Los Angeles County Treasury Pool is not rated.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

2) Cash and Investments (Continued)

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 Los Angeles County Treasury Pool is a pooled investment fund program governed by the Los Angeles 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 \$1,836,180 as of June 30, 2021. 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, 2021 was as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets:				
Office equipment	\$ 20,277	-	-	20,277
Tenant improvements	19,454	-	-	19,454
Total capital assets	39,731	-	-	39,731
Less accumulated depreciation for:				
Office equipment	(12,550)	(3,831)	-	(16,381)
Tenant improvements	(11,109)	(1,945)	-	(13,054)
Total accumulated depreciation	(23,659)	(5,776)	-	(29,435)
Total capital assets, net	\$ 16,072	(5,776)	-	10,296

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

4) Compensated Absences Payable

Compensated absences payable activity for the year ended June 30, 2021, was as follows:

Compensated absences payable at beginning of year	\$ 122,044
Compensated absences payable earned	55,027
Compensated absences payable used	<u>(26,018)</u>
Compensated absences payable at end of year	<u>\$ 151,053</u>

Compensated absences expected to be paid within one year is \$73,261 at June 30, 2021.

5) Pension Plan

a. General Information about the Pension Plan

Plan Description

The Los Angeles County Employees Retirement Association (LACERA) was established under the County Employees Retirement Law of 1937. LACERA operates as a cost-sharing, multi-employer defined benefit pension plan (the Plan) and provides benefits to employees of the County of Los Angeles as well as four other entities, including the Commission that are not part of the County's reporting entity. Benefits are authorized in accordance with the County Employees Retirement Law, the by-laws and procedures adopted by LACERA's Boards of Retirement and Investments and County Board of Supervisors' resolutions.

Benefits Provided

LACERA provides retirement, disability, death benefits, and cost of living adjustments to eligible employees. Eligibility to participate in the retirement plan is determined by having completed thirty days of credited service. The retirement benefits within the plan are tiered based on the date of LACERA membership.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

5) Pension Plan (Continued)

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	General		
	Prior to January 1, 2013	If elected, on or after January 4, 1982 and before November 28, 2012	On or After January 1, 2013
Hire date			
Plan name	Plan D	Plan E	Plan G
Benefit vesting schedule	5 years of service	10 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-70	55-70	52 – 67
Monthly benefits, as a % of eligible compensation	1.18% - 2.43%	0.75% - 2.0%	1.0%- 2.5%
Required employee contribution rates (1)	5.76% - 12.22%	0%	9.11%
Required employer contribution rates	20.94%	24.49%	20.84%

(1) Based on age at entry into the Plan

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

5) Pension Plan (Continued)

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, 2020, 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, 2019. 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. The following table shows the Commission's proportionate share of the net pension liability over the measurement period:

	<u>Net Pension Liability</u>
Balance at: 06/30/2019	\$ 857,000
Balance at: 06/30/2020	1,214,000
Net change during 2020	357,000

The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	<u>General</u>
Proportion – June 30, 2019	0.00713%
Proportion – June 30, 2020	0.00672%
Change – Increase (Decrease)	0.00041%

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

5) Pension Plan (Continued)

For the year ended June 30, 2021, the Commission recognized pension expense of \$209,583. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$132,752	-
Changes in assumptions	258,000	-
Differences between expected and actual experience	85,000	25,000
Changes in proportion	96,000	147,000
Net difference between projected and actual earnings on plan investments	<u>133,000</u>	<u>-</u>
Totals	<u>\$704,752</u>	<u>172,000</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$132,752 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2022	\$ 54,000
2023	77,000
2024	82,000
2025	93,000
2026	40,000
Thereafter	54,000

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

5) Pension Plan (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.13%
Investment Rate of Return	7.00%
Inflation	2.75%
Cost of Living Adjustments (1)	
Mortality (2)	

(1) As noted in the June 30, 2019, actuarial valuation, with one modification: STAR COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.

(2) Various rates based on RP-2010 mortality tables and using MP-2014 Ultimate Projection Scale. See June 30, 2019, actuarial valuation for details.

Discount Rate

The discount rate to measure the total pension liability is 7.13 percent. The rate reflects the long-term assumed rate of return on assets for funding purposes of 7.00 percent, net of all expenses, increased by .13 percent, gross administrative expenses.

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 rates equal to the difference between actuarially determined contribution rates and the member rates. 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 approach in which best-estimate ranges of expected future real rates of returns (expected return, net of investment expenses 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 inflation. The target allocation and best estimates of the geometric real rates of return for each major asset class are summarized in the following table. The asset class return assumptions

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

5) Pension Plan (Continued)

are presented on a real basis, after the effects of inflation, and all assumptions incorporate a base inflation rate assumption of 2.75 percent.

<u>Asset Class</u>	<u>Target Allocation</u>	2020 Weighted average Long- term Expected <u>Real Rate of Return</u>
Growth	47.00%	5.90%
Credit	12.00%	2.50%
Real Asset and Inflation Hedges	17.00%	3.70%
Risk Reduction and Mitigation	<u>24.00%</u>	0.60%
Total	<u>100.00%</u>	

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:

	Discount Rate – 1% (6.13%)	Current Discount Rate (7.13%)	Discount Rate + 1% (8.13%)
Commission's proportionate share of the Net Pension Liability	\$1,913,000	\$1,214,000	\$636,000

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued LACERA financial reports.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

6) Other Post-Employment Benefits Plan

a. Plan Description

The Commission provides a defined benefit healthcare plan to retirees. Spouses are also covered throughout their lives. The Commission pays 4% of the annual premiums for each year of service of the retiree. The retiree is responsible for payment of the remaining premiums. Retirees must have worked a minimum of 10 years with the Commission in order to be eligible for these benefits.

b. Employees Covered

The following employee statistics as of June 30, 2019, were used in the actuarial valuation:

Active employees	6
Inactive – receiving benefits	4
Inactive – not receiving benefits	<u>0</u>
Total participants	<u>10</u>

c. Contributions

During the fiscal year ending June 30, 2018, the Commission opened a trust account with California Employers' Retiree Benefits Trust (CERBT) dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The commission made an additional \$200,000 contribution to CERBT during the fiscal year ending June 30, 2021.

CERBT is administered by the California Public Employees' Retirement System (CalPERS). The CERBT consists of participating employers of the State of California, public agencies and schools. CalPERS is governed by the Board of Administration that is responsible for the management and control of CalPERS, including the exclusive control of the administration of and investment of CERBT.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

d. Actuarial Methods and Assumptions Used to Determine OPEB Liability

The June 30, 20 OPEB liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	3.25%
Payroll Increase	3.25%
Mortality Table	Society of Actuaries Pub-2010 Mortality for Active and Retired Employees with MP-2019 Projection to 2025

e. Discount Rate

Discount Rate	7.00%
Long-term expected rate of return, net of investment expenses	7.00%

A discount rate of 7.00% was used in the valuation. The interest rate used in the prior valuation was 7.00%. The actuary assumed that all contributions are from the employer. The actuary used historic 35-year real rates of return for each asset class along with assumed long-term inflation assumption to set the discount rate. The actuary offset the expected investment return by investment expenses of 20 basis points.

The following is the assumed asset allocation and assumed rate of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Assumed Real Rate of Return</u>
All Equities	40.00%	8.295%
All Fixed Income	43.00%	5.000%
Real Estate (REITs)	8.00%	8.000%
All Commodities	4.00%	8.295%
Currency Bonds		
TIPS	<u>5.00%</u>	3.750%
Total	<u>100.00%</u>	

The actuary looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average. The actuary used geometric means.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

f. Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net Position Liability (Asset)
Balance at June 30, 2019	\$ 790,194	214,745	575,449
Changes in the Year:			
Service cost	30,732	-	30,732
Interest on the total OPEB liability	55,473	15,028	40,445
Administrative expenses	-	(106)	106
Employer contributions as benefit payments	-	21,194	(21,194)
Actual benefit payments from employer	(21,194)	(21,194)	-
Expected minus actual benefit payments	(4,971)	-	(4,971)
Investment gains/(losses)	-	(3,412.00)	3,412
Changes in assumptions	-	-	-
Net Changes	60,040	11,510	48,530
Balance at June 30, 2020 (Measurement Date)	\$ 850,234	226,255	623,979

g. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.00 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 (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

	Discount Rate – 1% (6.00%)	Current Discount Rate (7.00%)	Discount Rate + 1% (8.00%)
Net OPEB Liability	\$762,311	623,979	511,102

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:

	Trend Rate 1% Decrease	Current Healthcare Cost Trend Rate	Trend Rate 1% Increase
Net OPEB Liability	\$479,517	623,979	811,394

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

h. Amortization of Deferred Outflows and Deferred Inflows of Resources

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

Amounts are first 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)

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

For the year ended June 30, 2021, the Commission recognized an expense of \$24,123 for the OPEB Plan. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to the measurement date	\$226,055	-
Changes in assumptions	-	373,841
Differences between expected and actual experience	74,485	4,412
Net difference between projected and actual earnings on OPEB plan investments	2,729	-
	<u>-</u>	<u>2,313</u>
Totals	<u>\$303,269</u>	<u>380,566</u>

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

The Commission reported \$226,055 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, 2022. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Fiscal Year Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (47,180)
2023	(47,180)
2024	(47,177)
2025	(46,893)
2026	(47,573)
Thereafter	(67,349)

7) Commitments

The Commission has entered into office space and equipment leases under long-term lease agreements through November 2021. Additionally, the Commission extended the term of their lease for an additional period of sixty-three (63) months, commencing on December 1, 2021, and continuing through and expiring on February 28, 2027. As the extension commences subsequent to June 30, 2021 the schedule below reflects only the future rental obligations that existed at June 30, 2021. Future minimum rental payments under non-cancelable leases are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ 41,158
Total	<u>\$ 41,158</u>

Total rent expense for the year ended June 30, 2021, amounted to \$94,409.

8) Excess Expenditures over Appropriations

Excess of expenditures over appropriations in the Commission's governmental fund is as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$1,558,753	1,591,152	32,399

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

**Notes to Financial Statements
Year ended June 30, 2021**

(Continued)

9) 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 risk pool with Special District Risk Management Authority (SDRMA) for workers compensation coverage and Joint Powers Risk and Insurance Management Authority (JPRIMA) for general liability coverage. Under SDRMA for the year ended June 30, 2021, insurance coverage limits per occurrence were as follows; workers compensation \$5,000,000. Under JPRIMA for the year ended June 30, 2021, insurance coverage limits per occurrence were as follows; general liability \$1,000,000, per occurrence and 10,000,000 aggregate, and Public Officials and Management Liability \$1,000,000, per occurrence and \$10,000,000 aggregate.

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 and there have been no settled claims in excess of insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Plan Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years ***

Measurement Date:	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Proportion of the Collective Net Pension Liability	0.00672%	0.00713%	0.00695%
Proportionate share of the Collective Net Pension Liability	\$ 1,214,000	857,000	748,000
Covered Payroll	\$ 621,077	633,905	597,839
Proportionate share of the Collective Net Pension Liability as a percentage of covered payroll	195.47%	135.19%	125.12%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	76.40%	82.91%	83.96%

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 2015 was the first year of implementation, therefore only seven years are shown.

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

Fiscal Year:	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Actuarially Determined Contribution	\$ 132,752	120,583	118,911
Contributions in Relation to the Actuarially Determined Contribution	<u>(132,752)</u>	<u>(120,583)</u>	<u>(118,911)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 622,232	621,077	633,905
Contributions as a Percentage of Covered Payroll	21.33%	19.42%	18.76%

Notes to Schedule:

Fiscal Year End June 30, 2021

Valuation Date June 30, 2018

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Remaining Amortization Period	30 years
Inflation	2.75%
Investment Rate of Return	7.00%, net of pension plan investment expenses
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 2015 was the first year of implementation, therefore only seven years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Plan Contributions – Defined Benefit Pension Plan
Last Ten Fiscal Years *
(Continued)**

Fiscal Year:	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Actuarially Determined Contribution	\$ 106,432	84,079	106,091	116,988
Contributions in Relation to the Actuarially Determined Contribution	<u>(106,8432)</u>	<u>(84,079)</u>	<u>(106,091)</u>	<u>(116,988)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 597,839	507,467	564,082	594,657
Contributions as a Percentage of Covered Payroll	17.80%	16.56%	18.81%	19.67%

Notes to Schedule:

Fiscal Year End June 30, 2021

Valuation Date June 30, 2018

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Remaining Amortization Period	30 years
Inflation	2.75%
Investment Rate of Return	7.00%, net of pension plan investment expenses
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 2015 was the first year of implementation, therefore only seven years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Measurement date	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total OPEB liability:		
Service cost	\$ 30,732.00	103,250
Interest on the total OPEB liability	55,473	50,774
Actual benefit payments from employer	(21,194)	(22,000)
Expected minus actual benefit payments	(4,971)	2,000
Experience (gains)/losses	-	76,365
Changes in assumptions	-	(372,195)
Net Change in Total OPEB Liability	60,040	(161,806)
Total OPEB liability - beginning of year	<u>790,194</u>	<u>952,000</u>
Total OPEB liability - End of Year (a)	<u>850,234.00</u>	<u>790,194</u>
Plan Fiduciary Net Position:		
Expected investment income	\$ 15,028.00	-
Administrative expenses	(106)	(43)
Employer contributions as benefit payments	21,194	22,000
Actual benefit payments from employer	(21,194)	(22,000)
Investment gains/(losses)	(3,412)	-
Net change in plan fiduciary net position	11,510	14,047
Plan fiduciary net position - beginning of year	<u>214,745</u>	<u>200,698</u>
Plan fiduciary net position - end of year (b)	<u>\$ 226,255.00</u>	<u>214,745</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 623,979.00</u>	<u>575,449</u>
Plan fiduciary net position as a percentage of the total OPEB liability	26.61%	27.18%
Covered - employee payroll	\$ 621,077.00	\$ 633,905.00
Net OPEB liability as a percentage of covered payroll	100.28%	90.78%

Notes to schedule:

Changes in assumptions:

None in 2020. In 2019 the interest assumption changed from 5.11% to 7.00%. The medical trend rate was updated from a schedule to 4.0% in all years. The participation rate was changed to 90% from a schedule based on years of service.

* - Fiscal year 2020 was the first year OPEB was reported as a multiple employer agent plan, therefore only two years are shown.

FOR THE COUNTY OF LOS ANGELES
Schedule of Proportionate Share of the Net OPEB Liability
Last Ten Fiscal Years *

Measurement Date:	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Proportion of the Collective Total OPEB Liability	0.00385%	0.00355%
Proportionate Share of the Collective Total OPEB Liability	\$ 952,000	940,000
Covered - Employee Payroll	\$ 594,840	504,171
Proportionate Share of the Collective Total OPEB Liability as Percentage of Covered – Employee Payroll	160.04%	186.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.60%	0.00%

* Fiscal year 2018 was the first year of implementation. Only two years of information are shown because the Commission now reports OPEB a multiple employer agent plan as of the measurement period ending June 30, 2019.

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

Fiscal Year:	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Actuarially Determined Contribution	\$ 26,055	21,194	22,000	23,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(226,055)</u>	<u>(21,194)</u>	<u>(22,000)</u>	<u>(223,000)</u>
Contribution Deficiency (Excess)	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Covered Payroll	\$ 622,232	621,077	633,905	594,840
Contributions as a Percentage of Covered Payroll	36.36%	3.41%	3.47%	37.49%

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 Normal
Inflation	3.25%
Investment Rate of Return	7.00% long term rate
Discount Rate	7.00%
Mortality	Society of Actuaries Pub-2010 Mortality for Active Employees with MP-2019 Projection to 2025

* - Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Schedule of Collective OPEB Expense – Defined Benefit OPEB Plan
Last Ten Fiscal Years ***

Measurement Period	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Total Proportionate Share of Collective OPEB Expense	\$ -	-	126,000	106,000

* - Fiscal year 2018 was the first year of implementation, therefore only four years are shown.

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
General Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Apportionment	\$ 1,539,253	1,539,253	1,539,253	-
Filing fees	100,000	100,000	90,450	(9,550)
Charges for services	4,500	4,500	3,294	(1,206)
Investment income	15,000	15,000	(1,352)	(16,352)
Total revenues	<u>1,658,753</u>	<u>1,658,753</u>	<u>1,631,645</u>	<u>(27,108)</u>
Expenditures:				
Current:				
General government:				
Salaries and benefits	1,056,809	1,056,809	1,196,576	(139,767)
Services and supplies	262,844	262,844	236,842	26,002
Professional service charges	239,100	239,100	157,734	81,366
Total expenditures	<u>1,558,753</u>	<u>1,558,753</u>	<u>1,591,152</u>	<u>(32,399)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,000</u>	<u>100,000</u>	<u>40,493</u>	<u>(59,507)</u>
Net change in fund balances	100,000	100,000	40,493	(59,507)
Fund balances at beginning of year	<u>1,993,345</u>	<u>1,993,345</u>	<u>1,993,345</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,093,345</u>	<u>2,093,345</u>	<u>2,033,838</u>	<u>(59,507)</u>

See accompanying notes to the required supplementary information

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES**

Notes to the Required Supplementary Information

Year ended June 30, 2021

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.

Excess of expenditures over appropriations in the Commission's governmental fund is as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$1,558,753	1,591,152	32,399

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Commission Members
Los Angeles Local Agency Formation Commission
Pasadena, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Local Agency Formation Commission for the County of Los Angeles (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DavisFarr LLP

Irvine, California
October 29, 2021

A Staff Report

November 10, 2022

Agenda Item No. 8.d.

Proposed Commission Meeting Schedule for 2022

Staff is proposing Commission Meeting schedule for Calendar Year 2022 (see attached). The proposed schedule is consistent with the Rules of the Commission, which dictate that the Commission hold its regular meetings on the second Wednesday of the month at 9:00 a.m.

Staff recommends that the Commission discuss and consider the proposed Commission Meeting Schedule for Calendar Year 2022, direct staff to make any changes, as appropriate, and post the adopted schedule to the LAFCO website.

Recommended Action:

Staff recommends that the Commission:

1. Adopt a Commission Meeting Schedule for Calendar Year 2022; and
2. Direct staff to post the adopted Commission Meeting Schedule for Calendar Year 2022 to the LAFCO website.

LOCAL AGENCY FORMATION COMMISSION

SCHEDULE OF MEETINGS

2022

The Commission will meet at 9:00 a.m., in the Board of Supervisors Hearing Room (Room 381, Kenneth Hahn Hall of Administration), 500 West Temple Street, Los Angeles, on the following Wednesdays:

2 nd Wednesday of the Month	
January 12	July 13
February 9	August 10
March 9	September 14
April 13	October 12
*May 11	November 9
June 8	December 14
January 11, 2023	

***The Board of Supervisors are scheduled to hold Budget Hearings in the month of May. Therefore, the May 11th LAFCO meeting may be relocated to room 374A.**

Staff Report
November 10, 2021

Agenda Item No. 9.a.
Legislative Update

Legislation:

The 2022 Legislative Session will convene on January 3, 2022 (see attached 2022 Tentative Legislative Calendar).

Proposed 2022 Omnibus Bill:

The CALAFCO Legislative Committee met on October 22, 2021, at which time it considered proposals for inclusion in the 2022 Omnibus Bill. The Legislative Committee approved the following proposals:

- **Pre-Zoning:** This proposal was suggested by Orange LAFCO Executive Officer Carolyn Emery and LA LAFCO Executive Officer Paul Novak. It involves two items:
 1. For a proposed detachment of city territory, to become unincorporated county territory, the involved county would be required to pre-zone the affected territory. This proposal would mirror the pre-zoning requirement for city annexations.
 2. For cities and counties which do not establish General Plan and zoning designations for public rights-of-way (highways, streets, and alleys), the requirement to pre-zone property would be waived.
- **Successor Agency:** This proposal was suggested by Orange LAFCO Executive Officer Carolyn Emery and LA LAFCO Executive Officer Paul Novak. A successor agency is the public agency which LAFCO designates for specified changes of organization and reorganizations (i.e., a consolidation or dissolution). Although the term “successor agency” is utilized throughout the Act, the term is not found in the “definitions” section of the Act. This proposal would add a definition of successor agency in the definitions section of the Act.
- **Proposal vs. Application:** This proposal was suggested by Ventura LAFCO Executive Officer Kai Luoma. The proposal would substitute the word “application” for “proposals” in various sections of the Act. the words “proposal” versus “application”

An additional proposal, suggested by Butte LAFCO Executive Officer Steve Lucas and LA LAFCO Executive Officer Paul Novak, was postponed to the November 5th Legislative Committee Meeting.

Recommended Action:

Staff recommends that the Commission:

1. Receive and file the Legislative Update.

2022 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE & THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 10-21-2021

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
						<u>1</u>
2	<u>3</u>	4	5	6	7	8
9	<u>10</u>	11	12	13	<u>14</u>	15
16	<u>17</u>	18	19	20	<u>21</u>	22
23	24	25	26	27	28	29
30	<u>31</u>					

FEBRUARY						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	<u>18</u>	19
20	<u>21</u>	22	23	24	25	26
27	28					

MARCH						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL						
S	M	T	W	TH	F	S
					<u>1</u>	2
3	4	5	6	<u>7</u>	8	9
10	11	12	13	14	15	16
17	<u>18</u>	19	20	21	22	23
24	25	26	27	28	<u>29</u>	30

MAY						
S	M	T	W	TH	F	S
1	2	3	4	5	<u>6</u>	7
8	9	10	11	12	<u>13</u>	14
15	16	17	18	19	<u>20</u>	21
22	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	28
29	<u>30</u>	<u>31</u>				

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3 Legislature **reconvenes** (J.R. 51(a)(4)).

Jan. 10 Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).

Jan. 14 Last day for **policy committees** to hear and report to fiscal Committees fiscal bills introduced in their house in 2021 (J.R. 61(b)(1)).

Jan. 17 Martin Luther King, Jr. Day.

Jan. 21 Last day for any committee to hear and report to the **Floor** bills introduced in their house in 2021 (J.R. 61(b)(2)).

Jan. 21 Last day to submit **bill requests** to the Office of Legislative Counsel.

Jan. 31 Last day for each house to pass **bills introduced in 2021** in their house (Art. IV, Sec. 10(c)), (J.R. 61(b)(3)).

Feb. 18 Last day for bills to be **introduced** (J.R. 61(b)(4)), (J.R. 54(a)).

Feb. 21 Presidents' Day.

Apr. 1 Cesar Chavez Day observed

Apr. 7 **Spring Recess** begins upon adjournment of this day's session (J.R. 51(b)(1)).

Apr. 18 Legislature reconvenes from **Spring Recess** (J.R. 51(b)(1)).

Apr. 29 Last day for **policy committees** to hear and report to fiscal Committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).

May 6 Last day for **policy committees** to hear and report to the floor **non-fiscal** bills introduced in their house (J.R. 61(b)(6)).

May 13 Last day for **policy committees** to meet prior to May 31 (J.R. 61(b)(7)).

May 20 Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61 (b)(8)). Last day for **fiscal committees** to meet prior to May 31 (J.R. 61 (b)(9)).

May 23-27 **Floor Session only.** No committee, other than conference or Rules, may meet for any purpose (J.R. 61(b)(10)).

May 27 Last day for bills to be **passed out of the house of origin** (J.R. 61(b)(11)).

May 30 Memorial Day.

May 31 Committee meetings may resume (J.R. 61(b)(12)).

*Holiday schedule subject to final approval by the Rules Committee

2022 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE & THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised 10-21-2021

JUNE						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	<u>15</u>	16	17	18
19	20	21	22	23	24	25
26	27	28	29	<u>30</u>		

JULY						
S	M	T	W	TH	F	S
					<u>1</u>	2
3	<u>4</u>	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

AUGUST						
S	M	T	W	TH	F	S
	<u>1</u>	2	3	4	5	6
7	8	9	10	11	<u>12</u>	13
14	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	20
21	<u>22</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	27
28	<u>29</u>	<u>30</u>	<u>31</u>			

June 15 Budget Bill must be passed by **midnight** (Art. IV, Sec. 12 (c)).

June 30 Last day for a legislative measure to qualify for the Nov. 8 General election ballot (Elec. Code Sec. 9040).

July 1 Last day for **policy committees** to meet and report bills (J.R. 61(b)(13)). **Summer Recess** begins at the end of this day's session if Budget Bill has been passed (J.R. 51(b)(2)).

July 4 Independence Day.

Aug. 1 Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).

Aug. 12 Last day for **fiscal committees** to meet and report bills to the Floor (J.R. 61(b)(14)).

Aug. 15 - 31 Floor Session only. No committees, other than conference and Rules, may meet for any purpose (J.R. 61(b)(15)).

Aug. 25 Last day to **amend** bills on the Floor (J.R. 61(b)(16)).

Aug. 31 Last day for **each house to pass bills** (Art. IV, Sec. 10(c)), (J.R. 61(b)(17)).

Final Recess begins at end of this day's session (J.R. 51(b)(3)).

IMPORTANT DATES OCCURRING DURING FINAL RECESS

2022

Sept. 30 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).

Nov. 8 General Election.

Nov. 30 Adjournment Sine Die at midnight (Art. IV, Sec. 3(a)).

Dec. 5 12 m. convening of the 2023-24 Regular Session (Art. IV, Sec. 3(a)).

2023

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).



Local Agency Formation Commission
for the County of Los Angeles

Voting Members

Jerry Gladbach
Chair

Donald Dear
1st Vice-Chair

Gerard McCallum
2nd Vice-Chair

Kathryn Barger
Richard Close
Margaret Finlay
John Mirisch
Holly Mitchell
Vacant
(City of Los Angeles)

Alternate Members

Lori Brogin-Falley
Michael Davitt
Janice Hahn
David Lesser
Mel Matthews
Vacant
(City of Los Angeles)

Staff

Paul Novak
Executive Officer

Adriana Romo
Deputy Executive Officer

Amber De La Torre
Doug Dorado
Adriana Flores
Alisha O'Brien

80 South Lake Avenue
Suite 870
Pasadena, CA 91101
Phone: 626/204-6500
Fax: 626/204-6507

www.lalafco.org

October 5, 2021

William F. Kruse, Esq.
Lagerlof, Senecal, Gosney & Kruse, LLP
155 No. Lake Avenue
11th Floor
Pasadena, CA 91101

Dear Bill:

I am writing to follow-up on our emails concerning the process to appoint the "voting member" and "alternate member" positions on the Commission. For the Voting Member (incumbent is Jerry Gladbach) and the Alternate Member (incumbent is Mel Matthews). The four-year terms for both incumbents expire on May 2, 2022.

Consistent with authority found in Government Code §56332(g), I hereby appoint you to conduct the election as my designee. You are authorized to solicit nominations from all independent special districts in Los Angeles County, mail ballots to each independent district, and arrange for the return of nominations and ballots to your office. Once that process concludes, and as we have done in the past, we can arrange a meeting to open ballots and tabulate the results.

Upon receipt from you, I will post the election schedule to LAFCO's website. When you are ready to initiate the process, please contact Adriana Flores of my office, who will provide you with LAFCO's current list of the independent special districts in Los Angeles County and their presiding officers. I would be grateful if you would copy me on all correspondence relative to the solicitation of nominations and conduct of the election.

As we agreed, your service in this capacity will be conducted at no cost to LAFCO.

Should you require additional information, please contact me or LAFCO Deputy Officer Adriana Romo.

Thank you.

Sincerely,

Paul A. Novak, AICP
Executive Officer

Copy to: Honorable LAFCO Commissioners
Adriana Romo
Adriana Flores
Carole Suzuki
Tiffani Shin

Executive Officer Report

November 10, 2021

Agenda Item No. 12.a.

The Executive Officer hereby reports the following:

- **Point Dume Community Services District (PDCSD):** As directed by the Commission, staff continues to support the PDCSD's efforts to define the services it intends to provide, and to file a request to activate latent powers, if necessary, by the Commission-imposed January 1, 2022 deadline. Staff continues to meet virtually with PDCSD representatives, and is providing additional direction via telephone and email.
- **California Association of Local Agency Formation Commissions (CALAFCO) Executive Director Recruitment:** Please see the attached memorandum from CALAFCO Board of Directors/Recruitment Committee concerning the status of the recruitment of a new Executive Director.

Staff Recommendation:

1. Receive and file the Executive Officer Report.

Attachment: CALAFCO Board of Directors/Recruitment Committee Memorandum of October 25, 2021



October 25, 2021

TO: CALAFCO Members

FROM: CALAFCO Board of Directors
CALAFCO Recruitment Committee

Dear CALAFCO Members:

The Board of Directors would like to update our membership on the search for a new Executive Director. As you all know, in June of this year, Pamela Miller announced her retirement as our Executive Director effective December 31, 2021. The Board Recruitment Committee diligently began the recruitment process for her replacement.

Following a review of multiple applicants, two final candidates were selected for final interviews with the full Board on November 12. Unfortunately, one candidate withdrew from the process which caused the Recruitment Committee to suspend the recruitment process, as it was unanimously felt the Board should have the option of several final candidates.

As a result of these unexpected developments, the Board met in an emergency closed session and unanimously supported a new recruitment with the assistance of a professional recruiting firm, which will begin immediately. Having received feedback from several recruiters on the position and its compensation, the Board unanimously agreed the Executive Director should be a full-time position and is working to adjust the overall compensation accordingly, in a manner that would, to the best of our ability, reasonably fit within our budget.

Gratefully, Pamela has agreed to continue as the Executive Director while the recruitment effort resumes to ensure a seamless transition to her successor with the goal of a complete transition occurring by the end of February. Beginning January 1, 2022, Pamela will transition from employee to independent contractor, with a reduction in the hours she dedicates to CALAFCO.

In light of these developments, the Board will discuss the re-prioritization of CALAFCO's strategic plan and short-term priorities during the November 12, 2021 Board meeting. We will continue to communicate with you on the progress of the recruitment. We want you, our members, to know that your Board and Executive Director remain committed to continuing to deliver the highest-level priority services to you during this uncertain time and to ensuring the Association's leadership remains strong now and well into CALAFCO's future.

All of your Board members and Executive Director are available to answer any questions you may have. Please do not hesitate to reach out to any of us.

Sincerely,

A handwritten signature in blue ink that reads "Anita Paque".

Anita Paque
CALAFCO Board Chair, on behalf of the Board and Recruitment Committee