

Voting Members

Donald Dear
Chair

Gerald McCallum
1st Vice-Chair

Margaret Finlay
2nd Vice-Chair

Kathryn Barger
John Lee
John Mirisch
Holly Mitchell
Francine Oschin
Vacant
(Independent
Special District)

Alternate Members

Anthony Bell
Michael Davitt
David Lesser
Mel Matthews
Hilda Solis
Vacant
(City of Los Angeles)

Staff

Paul Novak
Executive Officer

Adriana Romo
Deputy Executive Officer

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

80 South Lake Avenue
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www.lalafco.org

LIVE VIRTUAL COMMISSION MEETING

LOCAL AGENCY FORMATION COMMISSION

Wednesday, November 9th, 2022
8:30 a.m.

This meeting will be conducted as a virtual meeting with telephone 1-415-655-0001 (Access Code: 2594 186 2400) and web access (<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e8fe9d5c478690ef1c36bed771dfb414a>) 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".

FOR MEMBERS OF THE PUBLIC

TO LISTEN BY TELEPHONE AND PROVIDE PUBLIC COMMENT DIAL:
1-415-655-0001

Access Code: 2594 186 2400 (English)

OR TO LISTEN VIA WEB AND PROVIDE COMMENT:

<https://lacountyboardofsupervisors.webex.com/lacountyboardofsupervisors/onstage/g.php?MTID=e8fe9d5c478690ef1c36bed771dfb414a>

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. **PUBLIC COMMENT**

This is the opportunity for members of the public to address the Commission on any items, including those items that are on the posted agenda, provided that the subject matter is within the jurisdiction of the Commission. Public comments are limited to three minutes.

6. **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 October 12, 2022.
- b. Approve Operating Account Check Register for the month of October 2022.
- c. Receive and file Update on Pending Proposals.
- d. Information Item(s) – Government Code §§ 56751 & 56857.
 - i. Annexation 2022-06 to Los Angeles County Waterworks District No. 40, Antelope Valley
- e. Miscellaneous Communications – Memorandum of September 26, 2022 from Los Angeles County Department of Public Works Director Mark Pestrella concerning the Sativa Water System.
- f. Annexation No. 2021-08 to the Los Angeles County Waterworks District No. 40, Antelope Valley, and Mitigated Negative Declaration.
- g. Miscellaneous Communications – Letter of October 18, 2022 from Special District Risk Management Authority (SDRMA) Board President and President’s Special Acknowledgement Award to recognize no paid claims during the prior five consecutive years.

7. **PUBLIC HEARING(S)**

- a. None.

8. **PROTEST HEARING(S)**

- a. Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle), Annexation of Parcel 1 to the Greater Los Angeles County Vector Control District, Annexation of Parcel 1 & 2 to the City of Santa Clarita, and Negative Declaration.

9. **OTHER ITEMS**

- a. Draft Records Retention and Destruction Policy
- b. Independent Auditor's Report for Fiscal Year 2021-22

10. **LEGISLATION**

- a. Legislative Update (NONE – Legislature is in recess).

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 11, 2023
February 8, 2023
March 8, 2023

15. **ADJOURNMENT**

LAFCO

Local Agency Formation Commission
for the County of Los Angeles

Voting Members

Donald Dear
Chair

Gerald McCallum
1st Vice-Chair

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DRAFT

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

October 12, 2022

Present:

Donald Dear, Chair

Kathryn Barger
Margaret Finlay
John Lee
Gerard McCallum
John Mirisch
Holly Mitchell
Francine Oschin

Anthony Bell, Alternate
Michael Davitt, Alternate
David Lesser, Alternate
Mel Matthews, Alternate

Paul Novak, Executive Officer
Carole Suzuki, Legal Counsel

Absent:

Hilda Solis, Alternate

Vacant:

City of Los Angeles, Alternate Member
Independent Special District, Voting Member

1 CALL MEETING TO ORDER

The meeting was called to order at 9:01 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 Executive Officer Paul Novak.

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 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. LAFCO staff continued to monitor e-mail and comments received during the meeting and prior to the conclusion of each hearing item were summarized verbally for the Commission (None).

4 SWEARING-IN OF SPEAKER(S)

The EO swore in members of the audience who planned to testify (None).

5 PUBLIC COMMENT

(None).

6 CONSENT ITEM(S)

The Commission took the following actions under Consent Items:

- a. Approved Minutes of September 14, 2022.
- b. Approved Operating Account Check Register for the month of September 2022.

c. Received and filed update on Pending Proposals.

d. Information Item(s) – Government Code §§ 56751 & 56857 (None).

MOTION: Barger SECOND: McCallum APPROVED: 7-0-0
AYES: Barger, Bell (Alt. for Oschin), Davitt (Alt. for Finlay), Matthews (Alt. for VACANT), McCallum, Mirisch, Dear
NOES: None.
ABSTAIN: None.
ABSENT: Finlay, Mitchell, Oschin

7 PUBLIC HEARING(S)

(None).

8 PROTEST HEARING(S)

(None).

9 OTHER ITEMS

The following item was called for consideration:

- a. Adoption of 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 on this item.

The Commission took the following action:

- Adopted the 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 meeting of November 9, 2022; Resolution No. 2022-21RMD.

MOTION: Barger SECOND: Matthews (Alt. for VACANT) APPROVED: 6-1-0
AYES: Barger, Bell (Alt. for Oschin), Davitt (Alt. for Finlay), Matthews (Alt. for VACANT), Mirisch, Dear
NOES: McCallum
ABSTAIN: None.
ABSENT: Finlay, Mitchell, Oschin

[Commissioner Mitchell arrived at 9:07 a.m.]

9 OTHER ITEMS

The following item was called for consideration:

- b. Potential Cancellation of the December 14, 2022 Meeting.

The EO summarized the staff report on this item.

The Commission took the following actions:

- Canceled the December 14, 2022 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: Barger SECOND: Mitchell APPROVED: 8-0-0
AYES: Barger, Bell (Alt. for Oschin), Davitt (Alt. for Finlay),
Matthews (Alt. for VACANT), McCallum, Mirisch, Mitchell, Dear
NOES: None.
ABSTAIN: None
ABSENT: Finlay, Oschin

9 OTHER ITEMS

The following item was called for consideration:

- c. Proposed Commission Meeting Schedule for 2023.

The EO summarized the staff report on this item.

The Commission took the following actions:

- Adopted a Commission Meeting Schedule for Calendar Year 2023; and
- Directed staff to post the adopted Commission Meeting Schedule for Calendar Year 2023 to the LAFCO website.

MOTION: Mitchell SECOND: Mirisch APPROVED: 8-0-0
AYES: Barger, Bell (Alt. for Oschin), Davitt (Alt. for Finlay), Matthews (Alt. for VACANT), McCallum, Mirisch, Mitchell, Dear
NOES: None.
ABSTAIN: None
ABSENT: Finlay, Oschin

10 LEGISLATION

The following item was called up for consideration:

- a. Legislative Update.

The EO summarized the staff report on this item.

The Commission took the following action:

- Received and filed the Legislative Update.

MOTION: Mitchell SECOND: Barger APPROVED: 8-0-0
AYES: Barger, Bell (Alt. for Oschin), Davitt (Alt. for Finlay), Matthews (Alt. for
VACANT), McCallum, Mirisch, Mitchell, Dear
NOES: None.
ABSTAIN: None
ABSENT: Finlay, Oschin

11 MISCELLANEOUS CORRESPONDENCE

(None).

12 COMMISSIONERS' REPORT

(None).

[Commissioner Oschin arrived at 9:10 a.m.]

13 EXECUTIVE OFFICER'S REPORT

- a. Written Update.
- b. Verbal Update.

The EO indicated that next month's meeting (November 9th) will be held at 8:30 a.m. instead of at the regular time of 9:00 a.m.

The Commission took the following action:

- Received and filed the Executive Officer's Written Update.

MOTION: Barger SECOND: Mitchell APPROVED: 8-0-0
AYES: Barger, Davitt (Alt. for Finlay), Matthews (Alt. for VACANT), McCallum,
Mirisch, Mitchell, Oschin, Dear
NOES: None.
ABSTAIN: None.
ABSENT: Finlay

[Commissioner Finlay arrived at 9:12 a.m.]

14 PUBLIC COMMENT

(None).

15 FUTURE MEETINGS

November 9, 2022 (Virtual meeting at 8:30 a.m. instead of at 9:00 a.m.)

January 11, 2023

15 ADJOURNMENT MOTION

Chair Dear adjourned the live virtual meeting at 9:16 a.m.

Respectfully submitted,

Paul Novak, AICP
Executive Officer

11:46 AM

10/31/22

Cash Basis

LA LAFCO

Register Report

October 2022

Type	Date	Num	Name	Paid Amount	Balance
Oct 22					
Check	10/03/2022	WIRE	TRPF 80 South Lak...	-9,884.25	-9,884.25
Bill Pmt -Check	10/03/2022	11403	CTS Clouds LLC	-945.00	-10,829.25
Bill Pmt -Check	10/03/2022	11404	LACERA	-19,479.08	-30,308.33
Bill Pmt -Check	10/03/2022	11405	ODP Business Solut...	-625.41	-30,933.74
Bill Pmt -Check	10/03/2022	11406	Quadient Finance U...	-200.00	-31,133.74
Bill Pmt -Check	10/03/2022	11407	Transamerica Life In...	-180.00	-31,313.74
Bill Pmt -Check	10/05/2022	11408	SP Plus Corporation	-630.00	-31,943.74
Bill Pmt -Check	10/13/2022	11409	County Counsel	-35,744.18	-67,687.92
Bill Pmt -Check	10/13/2022	11410	LACERA-OPEB	-1,693.01	-69,380.93
Bill Pmt -Check	10/13/2022	11411	Certified Records M...	-1,059.14	-70,440.07
Bill Pmt -Check	10/13/2022	11412	Charter Communica...	-447.90	-70,887.97
Bill Pmt -Check	10/13/2022	11413	Daily Journal	-263.50	-71,151.47
Bill Pmt -Check	10/13/2022	11414	FedEx	-40.84	-71,192.31
Bill Pmt -Check	10/13/2022	11415	Quadient Leasing U...	-501.22	-71,693.53
Bill Pmt -Check	10/13/2022	11416	Wells Fargo-Elite C...	-987.67	-72,681.20
Bill Pmt -Check	10/13/2022	11417	Western Graphix	-24.26	-72,705.46
Bill Pmt -Check	10/13/2022	11418	Yvonne Green CPA	-325.00	-73,030.46
Bill Pmt -Check	10/13/2022	11419	FedEx	-41.97	-73,072.43
Check	10/14/2022	DD	Federal Tax Deposit	-6,685.95	-79,758.38
Check	10/14/2022	DD	State Income Tax	-1,976.49	-81,734.87
Check	10/14/2022	DD	Ambar De La Torre	-2,565.11	-84,299.98
Check	10/14/2022	DD	Douglass S Dorado	-3,555.65	-87,855.63
Check	10/14/2022	DD	Adriana L Flores	-1,369.89	-89,225.52
Check	10/14/2022	DD	Taylor J Morris	-2,433.42	-91,658.94
Check	10/14/2022	DD	Paul A Novak	-6,080.45	-97,739.39
Check	10/14/2022	DD	Alisha O'Brien	-2,665.53	-100,404.92
Check	10/14/2022	DD	Adriana Romo	-3,926.60	-104,331.52
Bill Pmt -Check	10/17/2022	11420	RSG, Inc.	-8,128.75	-112,460.27
Check	10/28/2022	90269...	Kathryn Barger	-132.99	-112,593.26
Check	10/28/2022	90269...	Margaret E Finlay	-138.53	-112,731.79
Check	10/28/2022	DD	Anthony E Bell	-138.53	-112,870.32
Check	10/28/2022	DD	Michael T Davitt	-138.53	-113,008.85
Check	10/28/2022	DD	Donald Dear	-138.52	-113,147.37
Check	10/28/2022	DD	John S Lee	-138.52	-113,285.89
Check	10/28/2022	DD	David J Lesser	-138.52	-113,424.41
Check	10/28/2022	DD	Melvin L Matthews	-138.52	-113,562.93
Check	10/28/2022	DD	Gerard McCallum II	-138.52	-113,701.45
Check	10/28/2022	DD	John A Mirisch	-138.52	-113,839.97
Check	10/28/2022	DD	Holly J Mitchell	-134.21	-113,974.18
Check	10/28/2022	DD	Francine Oschin	-138.52	-114,112.70
Check	10/28/2022	DD	Federal Tax Deposit	-238.27	-114,350.97
Check	10/28/2022	DD	Federal Tax Deposit	-6,789.51	-121,140.48
Check	10/28/2022	DD	State Income Tax	-1,988.70	-123,129.18
Check	10/28/2022	DD	Ambar De La Torre	-2,565.10	-125,694.28
Check	10/28/2022	DD	Douglass S Dorado	-3,555.64	-129,249.92
Check	10/28/2022	DD	Adriana L Flores	-1,617.61	-130,867.53
Check	10/28/2022	DD	Taylor J Morris	-2,487.41	-133,354.94
Check	10/28/2022	DD	Paul A Novak	-6,031.71	-139,386.65
Check	10/28/2022	DD	Alisha O'Brien	-2,763.61	-142,150.26
Check	10/28/2022	DD	Adriana Romo	-3,979.54	-146,129.80
Bill Pmt -Check	10/31/2022	11421	ATT	-280.68	-146,410.48
Bill Pmt -Check	10/31/2022	11422	FedEx	-68.23	-146,478.71
Bill Pmt -Check	10/31/2022	11423	Canon Financial Ser...	-222.93	-146,701.64
Bill Pmt -Check	10/31/2022	11424	CSDA	-1,634.00	-148,335.64
Bill Pmt -Check	10/31/2022	11425	Davis Farr LLP	-4,000.00	-152,335.64
Bill Pmt -Check	10/31/2022	11426	Eide Bailly	-6,609.35	-158,944.99
Bill Pmt -Check	10/31/2022	11427	FedEx	-20.46	-158,965.45
Bill Pmt -Check	10/31/2022	11428	LACERA	-19,528.05	-178,493.50
Bill Pmt -Check	10/31/2022	11429	ODP Business Solut...	-199.43	-178,692.93
Bill Pmt -Check	10/31/2022	11430	The Lincoln National	-319.76	-179,012.69
Oct 22				-179,012.69	-179,012.69

AGENDA ITEM NO. 6.c. November 9, 2022						
PENDING PROPOSALS As of October 25, 2022						
		LAFCO Designation Number	Applicant	Description	Status	Est. Date of Completion
1	DD	Annexation 2006-12 to Los Angeles County Waterworks District No. 40, Antelope Valley	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 application. Email stopped working on TTR, no water commitment. Emailed applicant 2-6-22	5/16/2006 Unknown
2	DD	Annexation No. 2006-46 to Los Angeles County Waterworks District No. 40, Antelope Valley	Los Angeles County Waterworks District No. 40, Antelope Valley	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 home.	Incomplete application. Email dated 1-30-13 waterworks stopped working on TTR, no water commitment. Emailed applicant 2-6-23	10/5/2006 Unknown
3	DD	Annexation No. 2011-17 (2006-50) to Los Angeles County Waterworks District No. 40, Antelope Valley	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 application. Email dated 1-30-13 waterworks stopped working on TTR, no water commitment. Emailed applicant 2-6-24	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.	Application complete, missing 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 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
8	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
9	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
10	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

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
11	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
12	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 Chandeleur 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
13	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
14	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.	November 9, 2022 Agenda	1/27/2020	Nov-2022
15	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
16	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.	November 9, 2022 Agenda	8/30/2021	Dec-2022
17	DD	Formation No. 2019-04 of the Acton/Agua Dulce Garbage Disposal District	County of Los Angeles	150,982 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 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
18	DD	Formation No. 2019-05 East Antelope Valley Garbage Disposal District	County of Los Angeles	459,925 acres of inhabited territory. The affected territory is located in the unincorporated county area of the Antelope Valley, east of state route 14.	Notice of Filing sent 9-29-21 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
19	DD	Formation No. 2019-06 of the West Antelope Valley Garbage Disposal District	County of Los Angeles	293,394 acres of inhabited territory. The affected territory is located in the unincorporated county area of the Antelope Valley, west of state route 14.	Notice of Filing sent 9-29-21 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
20	DD	Formation No. 2021-07 of the Quartz Hill Garbage Disposal District	County of Los Angeles	6,575 acres of inhabited territory. The affected territory is located in the unincorporated county area of Quartz Hill	Notice of Filing sent 9-29-21 financial info, CEQA, and approved map and geographic description.	9/14/2021	Unknown
21	AD	Annexation 433 to District no. 14	Los Angeles County Sanitation Districts	81 Acres of uninhabited territory. The affected territory is located on 40th street East approximately 800 feet south of Avenue L, all within the City of Palmdale.	Notice of Filing Sent 11-4-21 Incomplete filing: property tax transfer resolution.	11/4/2021	Unknown

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
22	AOB	Reorganization No. 2021-03 for the Artesia Cemetery District, the Downey Cemetery District, and the Little Lake Cemetery District	Artesia Cemetery District, and behalf of Downey Cemetery District and Little Lake Cemetery District	Reorganization of territory located within Cities of Bell Gardens, Bellflower, Cerritos, Downey, La Mirada, Lakewood, Paramount, Santa Fe Springs, South Gate, and Los Angeles County unincorporated territory (South Whittier).	Notice of Filing Sent 12-22-21 Incomplete filing: property tax transfer resolution.	12/20/2021	Unknown
23	DD	Annexation No. 2021-10 to the City of Bradbury	City of Bradbury	66± acres of uninhabited territory. The affected territory is located along Royal Oaks Drive North between Braewood Drive and Woodlyn Lane, adjacent to the City of Bradbury.	Notice of Filing sent 12-06-21 Incomplete Filing: property tax transfer resolution, limiting addresses map and list, and BOE fees	11/29/2021	Unknown
24	DD	Annexation No. 2021-09 to the City of Whittier	City of Whittier	58± acres of inhabited territory. The affected territory is located along Whittier Blvd. between interstate 605 and Sorensen Ave, adjacent to the City of Whittier.	Notice of Filing sent 12-22-21 Incomplete Filing: property tax transfer resolution, limiting addresses map and list, approved map and geographic description, and BOE fees	12/13/2021	Unknown
25	DD	Reorganization No. 2019-04 to the City of La Verne	Saint George Properties, LLC	19.44± acres of uninhabited territory. The affected territory is located north of Baseline Road and Japonica Avenue, adjacent to the City of La Verne.	Notice of Filing sent 12-22-21 Incomplete Filing: property tax transfer resolution, BOE fees and 2nd application submittal	12/21/2021	Unknown
26	DD	Reorganization No. 2021-11 to the City of Los Angeles	Television City Studios, LLC	64± acres of uninhabited territory. The affected territory is located south of the intersection of Beverly Blvd and Genesee Ave, surrounded by the City of Los Angeles.	Notice of Filing sent 3-9-22: property tax transfer resolution, limiting address map & list, pre-zoning ordinance, and BOE fees	12/29/2021	Unknown
27	AOB	Annexation No. 2022-01 to the Los Angeles County Waterworks District No. 40, Antelope Valley	Royal Investors, LLC	30± acres of uninhabited territory. The affected territory is generally located at northwest corner of 40th Street East and Lancaster Boulevard, within the City of Lancaster.	Notice of Filing Sent 02-01-22 Incomplete filing: property tax transfer resolution, approved map and geographic description	1/20/2022	Unknown
28	AD	Annexation 434 to District no. 14	Los Angeles County Sanitation Districts	40.26 acres of uninhabited territory. The affected territory is located on the southwest corner of 20th Street West and Avenue D, all within Unincorporated Los Angeles County.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/16/2022	Unknown
29	AD	Annexation 102 to District no. 20	Los Angeles County Sanitation Districts	2.56 acres of uninhabited territory. The affected territory is located on the south side of Avenue L, approximately 400 feet east of 60th Street East, all within the City of Palmdale.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/17/2022	Unknown
30	AD	Annexation 763 to District no. 21	Los Angeles County Sanitation Districts	0.44 acres of uninhabited territory. The affected territory is located on the east side of Mountain Avenue approximately 100 feet south of Sage Street, all within unincorporated Los Angeles County.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/18/2022	Unknown
31	AD	Annexation 766 to District no. 21	Los Angeles County Sanitation Districts	2.75 acres of uninhabited territory. The affected territory is located on the southwest corner of San Jose Hills Road and Atterbury Drive, all within the City of Walnut.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/19/2022	Unknown
32	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1109	Los Angeles County Sanitation Districts	1.6 acres of uninhabited territory. The affected territory is located on Sloan Canyon Road approximately 350 feet north of Meadow Grass Drive, all within Unincorporated Los Angeles County.	Notice of Filing Sent 05-17-22 Incomplete filing: property tax transfer resolution.	5/20/2022	Unknown
33	AD	Annexation 58 to District no. 2	Los Angeles County Sanitation Districts	7.37 acres of uninhabited territory. The affected territory is located on the northwest corner of Marianna Avenue and Worth Street, all within the City of Los Angeles.	Notice of Filing Sent 09-29-22 Incomplete filing: property tax transfer resolution.	9/27/2022	Unknown

		LAFCO Designation Number	Applicant	Description	Status	Date Filed	Est. Date of Completion
34	DD	Annexation No. 2022-06 to the Los Angeles County Waterworks District No. 40, Antelope Valley	New Anaverde, LLC	1,553 acres of uninhabited territory. The affected territory is generally located southeast of the intersection of Elizabeth Lake Road and Ranch Center Drive.	Notice of Filing sent ??? Incomplete filing: property tax transfer resolution, NOD, LLC documentation, approved map and geographic description.	9/29/2022	Unknown
35	AD	Annexation 767 to District no. 21	Los Angeles County Sanitation Districts	0.32 acres of uninhabited territory. The affected territory is located on the east side of Garey Avenue approximately 100 feet south of White Oak Drive, all within unincorporated Los Angeles County.	Notice of Filing Sent 10-19-22 Incomplete filing: property tax transfer resolution.	10/13/2022	Unknown
36	AD	Annexation 440 to District no. 22	Los Angeles County Sanitation Districts	1.1 acres of uninhabited territory. The affected territory is located on the south side of Holt Avenue approximately 350 feet east of Grand Avenue, all within the City of West Covina.	Notice of Filing Sent 10-19-22 Incomplete filing: property tax transfer resolution.	10/13/2022	Unknown
37	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1107	Los Angeles County Sanitation Districts	9.68 acres of uninhabited territory. The affected territory is located on the west side of Sierra Highway at Soledad Canyon Road, all within the City of Santa Clarita.	Notice of Filing Sent 10-19-22 Incomplete filing: property tax transfer resolution.	10/13/2022	Unknown
38	AD	Santa Clarita Valley Sanitation District of Los Angeles County Annexation 1108	Los Angeles County Sanitation Districts	4.41 acres of uninhabited territory. The affected territory is located on the east side of Alderbrook Drive approximately 100 feet north of Oak Orchard Road, all within the city of Santa Clarita.	Notice of Filing Sent 10-19-22 Incomplete filing: property tax transfer resolution.	10/13/2022	Unknown
39	AD	Annexation 769 to District no. 21	Los Angeles County Sanitation Districts	2.36 acres of uninhabited territory. The affected territory is located on the east side of Fruit Street approximately 600 feet north of Foothill Boulevard, all within the City of La Verne.	Notice of Filing Sent 10-25-22 Incomplete filing: property tax transfer resolution.	10/13/2022	Unknown
40	AD	Annexation 439 to District no. 22	Los Angeles County Sanitation Districts	4.29 acres of uninhabited territory. The affected territory is located on Winston Avenue approximately 200 feet south of Lemon Avenue, all within the City of Bradbury.	Notice of Filing Sent 10-25-22 Incomplete filing: property tax transfer resolution.	10/13/2022	Unknown

Staff Report

November 9, 2022

Agenda Item No. 6.d.i.

GOVERNMENT CODE § 56857 NOTICE (For Informational Purposes Only, Receive and File)

Upon receipt of any proposed change of organization or reorganization that includes the annexation of territory to any district, if the proposal is not filed by the district to which annexation of territory is proposed, Government Code Section 56857(a) requires the Executive Officer to place the proposal on its agenda for informational purposes only, and to transmit a copy of the proposal to any district to which annexation is requested. Pursuant to Government Code Section 56857(b), no more than 60 days after the meeting agenda date, the district to which annexation is being proposed may adopt and submit to the Local Agency Formation Commission ("LAFCO") a resolution requesting termination of the proceedings. The law requires that any such resolution requesting termination must be based upon written findings supported by substantial evidence in the record that the request is justified by a financial or service related concern or the territory is already receiving electrical services under a service area agreement approved by the Public Utilities Commission. Prior to LAFCO's termination of proceedings the resolution is subject to judicial review as provided in Government Code Sections 56857(b) and (c).

LAFCO may not hear and consider the proposal until after the 60-day termination period has expired unless the district to which an annexation of territory is requested adopts and submits to LAFCO a resolution supporting the proposal.

The following is a summary of the proposal filed with LAFCO:

Annexation 2022-06 to Los Angeles County Waterworks District No. 40, Antelope Valley

Description: New Anaverde, LLC (landowner) filed an application to annex 1,553± acres of vacant land to Los Angeles County Waterworks District No. 40. The project includes future construction of 3,945 residential units, 41,000 square feet of commercial, and a fire station.

Location: The project site is generally located south of the intersection of Highland Ave. and Elizabeth Lake Rd., in the City of Palmdale.

The Executive Officer will transmit a copy of the proposal to the Los Angeles County Waterworks District No. 40, Antelope Valley, as required by Government Code Section 56857(a).

RECOMMENDED ACTION:

1. The Commission receive and file the information item.



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
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

September 26, 2022

IN REPLY PLEASE

REFER TO FILE: WW-0

TO: Paul Novak, Executive Director
Local Agency Formation Commission

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

SATIVA WATER SYSTEM ANNUAL REPORT ENDING SEPTEMBER 2022

In accordance with Resolution No. 2022-00RMD of the Local Agency Formation Commission for the County of Los Angeles, attached is the annual report on the County of Los Angeles' temporary management of the Sativa Water System. It is expected that this is the final annual report, as the final accounting and escrow to transfer Sativa's assets associated with its sale to Suburban Water Systems is expected to be completed in fall 2022. I will send you a memo upon confirmation of the sale's completion.

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

SK:sb

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Attach.

REC'D LAFCD
OCT 11 2022 AM 9:46

**Sativa Water System
LAFCO Annual Report
September 24, 2021, to September 22, 2022**

On March 19, 2019, the Local Agency Formation Commission for the County of Los Angeles (LAFCO) adopted a resolution dissolving the Sativa Los Angeles County Water District (Sativa) and putting the County of Los Angeles in place as the successor agency. This report summarizes notable actions taken by the County during the past year of its temporary management of the Sativa Water System.

PROVISIONS OF RETAIL WATER SERVICE

The County continues to provide water service to Sativa's 7,000 customers and oversee day-to-day management of the water system.

Water Quality Testing

State-mandated water quality testing of Sativa's water continued during this reporting period. Certified tests continued to show that Sativa's water meets all Primary Drinking Water Standards and is safe to drink.

Financial Audit

The Annual Comprehensive Financial Report of the County of Los Angeles for Fiscal Year 2020-21, which included financial information on Sativa, was prepared and published by the County's Auditor-Controller in December 2021. The report for Fiscal Year 2021-22 is expected to be published in December 2022.

Staffing

As of the end of this reporting period, the County is contracting with Suburban Water Systems (Suburban) to operate Sativa. None of the original six Sativa employees remain employed by the County.

Lawsuits

Prior to the County becoming the Sativa Interim Administrator, a few Sativa customers filed a class action lawsuit against Sativa in the County's Superior Court of California, *Martha Barajas, et al. v. Sativa LA County Water District, et al.*, seeking damages based on alleged water quality issues. On April 29, 2019, after the County became the successor agency, the County was named a defendant in the class action lawsuit. The Special District Risk Management Authority, a risk pool joint powers agency, accepted the County's tender for a defense and indemnification under a reservation of rights. The Special District Risk Management Authority is also defending and indemnifying Sativa in this lawsuit. The Court has defined the plaintiff class as Sativa

customers from March 2017 to March 2018. In 2021, the plaintiff class dismissed the action against the County for a waiver of costs. Ultimately, the Court also dismissed the action against Sativa on the grounds that Sativa has been dissolved. The Court also denied a motion to bring the County back into the action on the grounds that the County is protected from immunity by Health and Safety Code section 116687. The same immunity under section 116687 would apply to any receiving agency and, therefore, we do not anticipate the class will take steps to bring their action against 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. The LAFCO Board has extended the interim operation period to March 19, 2023, 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. While Sativa's water system resiliency has improved under the County's operation, the interconnection with Liberty will continue to be necessary as a long-term source in case of an emergency or if Sativa's wells cannot meet water demand during peak times. Due to this long-term need for the Liberty interconnection, Liberty requested a revision to the Interim Service Agreement's emergency, at-cost price of the water to a formal long-term price, which includes their standard tariffs and the cost of Liberty's groundwater rights pumped for Sativa in lieu of using Sativa's groundwater rights. After negotiations, the price of \$1,800 per acre-foot was mutually agreed to and an interconnection agreement amendment was executed between the County and Liberty on December 21, 2020. In May 2022, Liberty once again requested a rate increase to the County to match their standard 8-inch service commercial rate of \$3,500 per acre-foot. After negotiations, Liberty lowered their asking rate to \$3,000 per acre-foot. Public Works is planning to seek Board of Supervisors approval for the new rate at the October 4, 2022, Board meeting. Additionally, Suburban is pursuing an agreement with the City of Compton to supply Sativa with water at a lower cost of approximately \$1,400 per acre-foot.

Sativa's interconnection with Liberty has now been active for more than 36 months and it continues to be the main supply source for the Sativa Water System.

The County has successfully completed rehabilitation of Sativa's main groundwater well (Well No. 5) and is currently operating the well on an as-needed basis while designing a Manganese Treatment System required for the well to be operated full-time. The Manganese Treatment System is scheduled for completion in late 2023. Once the well is in service full-time, the Liberty and Compton interconnections will only be used in case of an emergency.

Current System Water Quality

County staff continue to observe safe and clean water throughout the system and brown water complaints have significantly reduced. Sativa customers continue to report clear, clean water flowing from their taps.

Periodic flushing of Sativa's pipe system is necessary to maintain water quality improvements achieved by the County and to continue to remove layers of sediment buildup that occurred prior to the County's management of the system.

Current and Upcoming Repairs and Upgrades

Sativa has numerous critical infrastructure issues, including narrow diameter pipes that limit the volume of water that can be delivered to customers, chokepoints that restrict water circulation, and aged wells that must be temporarily taken offline so that maintenance and repairs can be completed. The County continues to carry out grant-funded projects to improve the state of Sativa's infrastructure.

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

- Construction of a manganese treatment system for Well No. 5: \$4 million.

GRANTS

The County secured 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 \$2 million in grant funds to address these issues. On September 15, 2021, the State Water Board executed the funding agreement. The County is currently installing a backup power generator and connection switches at Sativa's wells. Once this work is completed, the County will submit reimbursement claims for \$2 million of completed projects.

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. In September 2020, DWR granted the requested \$2.25 million to the County for the Sativa management treatment system. The final design package for this project is currently being reviewed and the project is expected to go out for bids in Fall 2022.

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, from March 16, 2020, to September 30, 2021. The Sativa office is currently open to the public and customers are making payments in person again.

During this reporting period, no in-person community outreach engagements were conducted. County staff has continued to supervise operations of the Sativa office and the water system while complying with all State and local Health and Safety Guidelines. Sativa customers continue to express support for the County and satisfaction with their drinking water service.

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 County selected Suburban as Sativa's permanent service provider in December 2019.

Update on Sale of Sativa

The California Public Utilities Commission approved Suburban's application to purchase Sativa on April 7, 2022, in record time and with no objections received during public review. Final accounting and escrow to transfer Sativa's assets to Suburban is currently being planned by the County's and Suburban's legal teams with expected completion in Fall 2022. The final State action, which must occur to allow the sale of Sativa's assets to Suburban, is for the State Water Board's Division of Drinking Water (DDW) to grant an

operating permit to Suburban for the operation of the former Sativa system. Suburban submitted its permit application to DDW on July 8, 2022. DDW is expected to grant the application in Fall 2022.

Due to delays in the grant-funded Manganese Treatment System Project at Well No. 5, the County, as the grantee and project owner, will retain ownership of Well No. 5 site until completion of the project, which is expected in late 2023, exceeding the sale of the rest of the Sativa Water System. Upon completion of the project, a second accounting and escrow process will take place to transfer Well No. 5 site to Suburban.

BOARD OF SUPERVISORS ACTIONS

There were no actions taken by the Board of Supervisors during the current reporting period. Board of Supervisors approval of an agreement amendment with Liberty is currently being planned for October 4, 2022.

Staff Report

November 9, 2022

Agenda Item No. 6.f.

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

PROPOSAL SUMMARY:

Size of Affected Territory:	9.76 ± acres
Inhabited/Uninhabited:	Uninhabited
Applicant:	KB Home Greater Los Angeles, Inc.
Petition:	August 30, 2021
Application Filed with LAFCO:	August 30, 2021
Certificate of Filing	October 6, 2022
Location:	The affected territory is located at the northeast corner of 65 th Street West and Newgrove Street, all within the City of Lancaster.
City/County:	City of Lancaster
Affected Territory:	The affected territory includes two vacant parcels (APN: 3203-008-045 and 3203-008-046), which includes the proposed development of 34 single-family homes. APN: 3203-008-045 consists of 6.49 acres with 22 proposed single-family homes. APN: 3203-008-046 consists of 3.27 acres with 12 proposed single-family homes. There are no natural boundaries within the affected territory. The topography is flat. There are currently no flood control facilities within or adjacent to the affected territory.
Surrounding Territory:	Surrounding territory is residential and vacant/undeveloped rural.
Landowner:	KB Home Greater Los Angeles, Inc.
Registered Voters:	Zero (0) registered voters as of January 26, 2022.

Purpose/Background:	For the District to provide water service.
Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation to the Los Angeles County Waterworks District No. 40, Antelope Valley.
Within SOI:	The affected territory is within the Los Angeles County Waterworks District No. 40, Antelope Valley.
Waiver of Public Hearing	Pursuant to Government Code § 56662(a), the Commission may waive notice and the public hearing for the annexation because the proposal meets all of the following criteria: the affected territory is uninhabited; no affected local agency has submitted a written demand for a hearing within ten (10) days following the mailed hearing notice; and all owners of land within the affected territory have given their written consent to the proposal. Staff has therefore agendaized the Proposal on the Commission "Consent Item(s)" portion of the Agenda as Agenda Item 6.f.
California Environmental Quality Act (CEQA) Clearance:	The California Environmental Quality Act (CEQA) clearance is a Mitigated Negative Declaration (MND) adopted by the City of Lancaster, as lead agency, on May 18, 2020.
Additional Information:	None.

CERTIFICATE OF FILING

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the executive officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on October 6, 2022. In conjunction with the issuance of the COF, the Executive Officer set the date of consideration as Wednesday, November 9, 2022.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE § 56668:

a. Affected population, territory and adjacent areas:

The population density issue does not apply because the affected territory is unpopulated.

The estimated future population is 88 residents.

The affected territory is 9.76+/- acres. The affected territory is vacant. The territory is currently being developed to include 34 single-family homes.

The assessed valuation is \$117,969 as of July 25, 2022.

The per capita assessed valuation issue does not apply because the affected territory is unpopulated.

On October 4, 2022, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography of the affected territory is flat.

There are no natural boundaries within or adjacent to the affected territory.

There are no drainage basins on or near the affected territory.

The nearest populated area is approximately 1,400 feet south of the affected territory. The affected territory is likely to experience significant growth in the next ten years. The adjacent areas are likely to experience modest growth in the next ten years.

b. Governmental Services and Controls:

The affected territory includes vacant land that will be developed to include 34 proposed single-family homes which requires organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of government services and controls in the area are acceptable. The probable effect of the proposed action and of alternative courses of action on the cost and adequacy of services and controls in the affected territory and adjacent areas is minimal.

c. *Proposed Action and Alternative Actions:*

Due to the development of 34 single-family homes on previously vacant land, the proposed action will have a modest effect on adjacent areas. The proposed action will have no effect on mutual social and economic interests. The proposal has no impact on the governmental structure of the County.

The effect of alternate actions on mutual social and economic interests and on the local governmental structure of the County is minimal.

d. *Conformity with Commission Policies on Urban Development and Open Space, and Conformity with Open Space Land Conversion Policies in Government Code § 56377:*

The proposal does not conflict with any Commission-adopted policies on urban development and open space conversion.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code § 56377.

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined by Government Code § 56016. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotation program, or land enrolled in an agricultural subsidy or set-aside program. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka "Williamson Act") contract nor in a Farmland Security Zone (California Land Conservation Act 2016-2017 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The Los Angeles County Waterworks District No. 40, Antelope Valley, is a county waterworks district. The proposed annexation to the Los Angeles County Waterworks District No. 40, Antelope Valley, is therefore subject to the provisions of its principal act, which is the County Waterworks District Law (Water Code § 55000 *et seq.*). Pursuant to Water Code § 55800, "[a]ny portion or portions of a county containing unincorporated territory, or containing the whole or any portion of one or more incorporated cities, and not

included in a district, may be added to any district.” Water Code § 55801 imposes additional requirements for annexation of territory:

“Territory within the same county but not contiguous with the district may be annexed to the district if the board determines that the district resulting from the annexation may be more efficiently and economically operated than if a separate district were formed. No parcel of noncontiguous territory which contains less than 10 acres may be annexed to any district.”

The affected territory in this proposed change of organization is contiguous to the existing boundaries of the District, and the proposal therefore complies with the contiguity provisions in Water Code § 55800.

As a special district annexation, the proposal has no impact on existing city-county boundaries, nor does it create islands or corridors of unincorporated territory.

g. *Regional Transportation Plan:*

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080. The closest highway to the annexation is part of the RTP and SCS’s State Highway improved program. The closest highway in the RTP/SCS is Antelope Valley Freeway (SR-14), which is approximately two (2) miles from the affected territory.

h. *Consistency with Plans:*

The proposal is consistent with the existing City of Lancaster General Plan designation of UR – Urban Residential with 2.1 to 6.5 dwelling units per acre.

The affected territory is not within the boundaries of any Specific Plan.

Pre-zoning is not a requirement for a special district proposal.

i. *Sphere of Influence:*

The affected territory is within the Sphere of Influence of the Los Angeles County Waterworks District No. 40, Antelope Valley.

j. *Comments from Public Agencies:*

Staff did not receive any significant comments from public agencies or any resolutions raising objections from any affected agency.

k. *Ability to Provide Services:*

The District supports the annexation, and it will determine the precise water needs and requirements for water service once the landowner initiates and provides it development plans.

l. Timely Availability of Water Supplies:

There are no known issues regarding water supply or delivery.

m. Regional Housing Needs:

This proposal will assist the City of Lancaster's ability to achieve its fair share of the regional housing needs since annexation area is being developed with 34 single-family homes.

n. Comments from Landowners, Voters, or Residents:

Staff did not receive any significant comments from landowners, voters, or residents.

o. Land Use Designations

The proposal is consistent with the existing City of Lancaster General Plan designation of UR – Urban Residential with 2.1 to 6.5 dwelling units per acre.

The proposal is consistent with the existing City of Lancaster zoning designation of R-7000 (Single-family residential on 7,000 square foot lots).

p. Environmental Justice:

The proposal makes no representations on exclusions of peoples of any race, culture, income and/or national origins with respect to the location of public facilities and public services, to ensure a healthy environment for all people such that the effects of the pollution are not disproportionately borne by any particular populations or communities.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory according to data obtained and extracted from the Census Bureau of the United States Department of Commerce 2014-2018 American Community Survey (ACS).

q. Hazard Mitigation Plan:

The City of Lancaster 2019 Hazard Mitigation Plan (approved July 15, 2019) establishes the City's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the City of Lancaster (approved February 28, 2022) addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is not within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is not within the maps that identify State Responsibility Area. Both the City of Lancaster 2019 Hazard Mitigation Plan and the City of Lancaster 2022 Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

**ADDITIONAL FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT
CODE § 56668.3:**

a) District Annexation or City Detachment:

The proposed action involves a district annexation.

(1) Interest in landowners/inhabitants, district annexations:

The proposed action will be for the interest of the landowners and/or present and/or future inhabitants within the district and within the affected territory.

(2) Interest in landowners/inhabitants, city detachments:

The proposed action does not involve a city detachment.

***(3) Any factors which may be considered by the commission provided in Government
Code § 56668:***

The Commission has addressed the factors in *Government Code* § 56668, subsections (a) through (q), above.

(4) Any resolution raising objections to the action that may be filed by an affected agency:

No affected agency has filed a resolution raising objections to the proposed action.

(5) Any other matters which the commission deems material:

There are no additional matters which the commission deems material to the proposed action.

**REGIONAL GROWTH CONSIDERED PURSUANT TO GOVERNMENT
CODE § 56668.5:**

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080.

The proposed action does not impact regional growth goal and policies of the RTP or SCS.

**ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE
PROPOSAL):**

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Mitigated Negative Declaration (MND) adopted by the City of Lancaster (City), as lead agency, on May 18, 2020, which determined the project will not have a significant effect on the environment, and mitigation measures were made a condition of the

approval. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines § 15096. Staff recommends the Commission consider the MND adopted by the City and make its own environmental findings as described in the Resolution Making Determinations. The MND and adopted Mitigation and Monitoring Program for the project is available on the Commission's website (www.lalafco.org) and through the offices of the Los Angeles LAFCO.

DETERMINATIONS WITHOUT NOTICE AND HEARING, AND WAIVER OF PROTEST PROCEEDINGS:

Pursuant to Government Code § 56662(a), the Commission may make determinations upon the proposed annexation without notice and hearing and may waive protest hearings for the reasons set forth herein. The territory is uninhabited. To date, no affected local agency has submitted a written demand for notice and hearing during the 10-day period referenced in Government Code § 56662(c). Furthermore, the proposal was accompanied by satisfactory proof that all the landowners within the affected territory have given their written consent to the proposed annexation. Based thereon, the Commission may make determinations on the proposed annexation without notice and hearing, and the Commission may waive protest proceedings.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the Los Angeles County Waterworks District No. 40, Antelope Valley, which will be for the interest of landowners and/or present and/or future inhabitants within the District and within the annexation territory.

RECOMMENDED ACTION:

1. Adopt the Resolution Making Determinations, including the California Environmental Quality Act determinations, Approving and Ordering Annexation No. 2021-08 to the Los Angeles County Waterworks District No. 40, Antelope Valley.

**RESOLUTION NO. 2022-00RMD
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS APPROVING AND ORDERING
"ANNEXATION NO. 2021-08 TO THE LOS ANGELES COUNTY WATERWORKS DISTRICT
NO. 40, ANTELOPE VALLEY"**

WHEREAS, KB Home Greater Los Angeles, Inc., submitted a petition for proceedings, to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to, Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of territory herein described to the Los Angeles County Waterworks District No. 40, Antelope Valley (District), all within the City of Lancaster; and

WHEREAS, the proposed annexation consists of approximately 9.76± acres of uninhabited territory and is assigned the following distinctive short-form designation: "Annexation No. 2021-08 to the Los Angeles County Waterworks District No. 40, Antelope Valley"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed annexation is for the District to provide water service to 34 proposed single-family homes; and

WHEREAS, the Executive Officer has reviewed the proposal and submitted to the Commission a written report, including his recommendations therein; and

WHEREAS, the Commission has determined that the proposed annexation ("Proposal") meets all of the criteria for the Commission to make a determination without notice and

hearing and waive protest proceedings entirely, pursuant to Government Code § 56662; and

WHEREAS, the Executive Officer set the item for consideration for November 9, 2022 at 8:30 a.m., at the Commission's virtual meeting held by teleconference and web access pursuant to the provisions of Government Code Section § 54953 relative to virtual meetings, as well as the County of Los Angeles "Best Practices to Prevent COVID-19"; and

WHEREAS, on November 9, 2022, this Commission considered the Proposal and the report of the Executive Officer.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Acting in its role as a responsible agency with respect to Annexation No. 2021-08 to the District, pursuant to State CEQA Guidelines § 15096, the Commission considered the Mitigated Negative Declaration prepared and adopted by the City of Lancaster, as lead agency, on May 18, 2020, together with any comments received during the public review process; certifies that the Commission has independently reviewed and considered and reached its own conclusions regarding the environmental effects of the project as shown in the Mitigated Negative Declaration; and adopts the Mitigation Monitoring and Reporting Program for the project, finding that the Mitigation Monitoring and Reporting Program is adequately designed to ensure compliance with the mitigation measures during project implementation as applicable to the responsible agency.
2. Pursuant to Government Code § 56662(a), the Commission hereby finds and determines that:
 - a. The territory encompassed by the annexation is uninhabited; and

b. Pursuant to Government Code §§ 56658(b)(1) and 56662(c), the Executive Officer has given the required mailed notice to each affected agency of the application to initiate proceedings for the proposed annexation, and no affected local agency has submitted a written demand for notice and hearing during the 10-day period following the notice; and

c. The annexation was accompanied by satisfactory proof that all owners of land within the affected territory have given their written consent to the proposal.

Based thereon, pursuant to Government Code § 56662 (a), the Commission may, and hereby does, make determinations on the proposal without notice and hearing, and the Commission may, and hereby does, waive protest proceedings entirely.

3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.

4. The affected territory consists of 9.76± acres, is uninhabited, and is assigned the following short form designation: "Annexation No. 2021-08 to the Los Angeles County Waterworks District No. 40, Antelope Valley".

5. Annexation No. 2021-08 to the Los Angeles County Waterworks District No, 40, Antelope Valley is hereby approved, subject to the following terms and conditions:

a. KB Homes Greater Los Angeles, Inc., agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal

or any action relating to or arising out of such approval.

- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk.
- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an extension of time for that completion.
- e. The territory so annexed shall be subject to the payment of such service charges, assessments, or taxes as may be legally imposed by the District.
- f. The regular County assessment roll shall be utilized by the District.
- g. The affected territory will be taxed for any existing general indebtedness, if any, of the District.

- h. Annexation of the affected territory described in Exhibits "A" and "B" to the District.
 - i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the applicant.
 - j. Except to the extent in conflict with "a" through "i", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this annexation.
- 6. The Commission hereby orders the uninhabited territory described in Exhibits "A" and "B" annexed to the Los Angeles County Waterworks District No. 40, Antelope Valley.
- 7. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code § 56882.
- 8. The Executive Officer is directed to transmit a copy of this resolution to the District, upon the District's payment of the applicable fees required by Government Code § 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code § 57200, *et seq.*

9. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 9th day of November 2022.

MOTION:

SECOND:

AYES:

NOES:

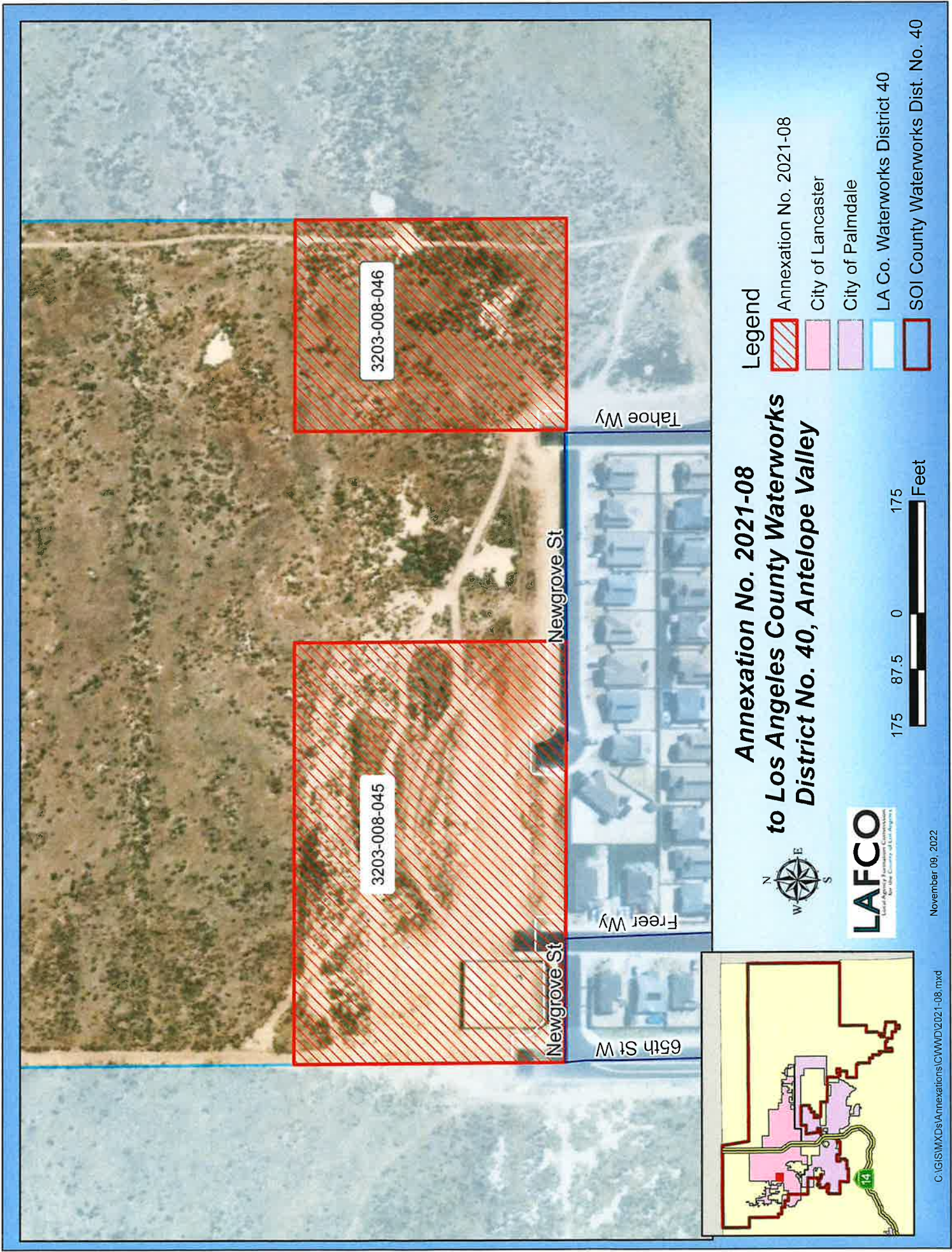
ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0

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

**Paul A. Novak, AICP
Executive Officer**



October 18, 2022

Mr. Edward G. Gladbach
Chairman
Local Agency Formation Commission for Los Angeles County
80 S. Lake Avenue, Suite 870
Pasadena, California 91101

Re: President's Special Acknowledgement Award - Workers' Compensation Program

Dear Mr. Gladbach,

This letter and enclosed certificate are to formally acknowledge the dedicated efforts of the Local Agency Formation Commission for Los Angeles County's Governing Body, management, and staff towards proactive loss prevention and workplace safety for earning the President's Special Acknowledgement Award! The Award is to recognize members with no "paid" claims during the prior **five consecutive program years** in the Workers' Compensation Program.

A "paid" claim for the purposes of this recognition represents the first payment on an open claim during the prior program year. Your agency's efforts have resulted in no "paid" workers' compensation claims for the prior five consecutive program years from 2017-22. This is an outstanding accomplishment that serves as an example for all SDRMA members!

In addition to this annual recognition, members with no "paid" claims during 2021-22 earned one credit incentive point (CIP) reducing their annual contribution amount, and members with no "paid" claims for the prior five consecutive program years earned three additional bonus CIPs. Also, members without claims receive a lower "experience modification factor" (EMOD), which also reduces their annual contribution amount.

On behalf of the SDRMA Board of Directors and staff, it is my privilege to congratulate your Governing Body, management, and staff for your commitment to proactive loss prevention and safety in the workplace.

Sincerely,
Special District Risk Management Authority



Mike Scheafer, President
Board of Directors

REC'D LAFCO
OCT 24 2022 AM 9:10



President's Special Acknowledgement Award

The President of the Special District Risk Management Authority

Hereby gives special recognition to

Local Agency Formation Commission for Los Angeles County

The President's Special Acknowledgement Award is to recognize members with no "paid" claims during the prior five consecutive program years in the Workers' Compensation Program. A "paid" claim for the purposes of this recognition represents the first payment on an open claim during that same period. Congratulations on your excellent claims record!


Mike Scheafer, SDRMA Board President

October 18, 2022
Date

Staff Report

November 9, 2022

Agenda Item No. 8.a.

Protest Hearing on Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle), Annexation of Parcel 1 to the Greater Los Angeles County Vector Control District and Annexation of Parcel 1 & 2 to the City of Santa Clarita

On September 14, 2022, your Commission approved a request for the annexation of approximately 1,786± acres of inhabited territory into the boundaries of the City of Santa Clarita and annexation of approximately 1,609± acres of inhabited territory into the boundaries of the Greater Los Angeles County Vector Control District. The Protest Hearing before you today will satisfy the requirements of Government Code § 57000, *et seq.*

The number of written protests received and not withdrawn is 0.

PROPOSAL SUMMARY:

Size of Affected Territory:	1,786± acres
Inhabited/Uninhabited:	Inhabited
Applicant:	City of Santa Clarita
Resolution:	November 12, 2019
Application Filed with LAFCO:	January 28, 2020
Certificate of Filing	August 15, 2022
Location:	The affected territory is located north of the intersection of Copper Hill Drive and Avenida Rancho Tesoro.
City/County:	Los Angeles County unincorporated territory adjacent to the City of Santa Clarita.
Affected Territory:	The affected territory consists of approximately 1,077 single-family homes, two parks, an elementary school, and vacant land. The affected territory is proposed to be developed to include approximately 820 additional single-family homes.
Surrounding Territory:	Surrounding the affected territory is residential, commercial, and vacant land.

Landowners/Real Party of Interest:	There are multiple owners of land on record.
Registered Voters:	2,279 registered voters as of December 5, 2019
Purpose/Background:	Several landowners within the affected territory approached the City of Santa Clarita for annexation. The property owners cite that the quality of services provided by the City and the desire for local government representation are the reasons for the annexation.
Jurisdictional Changes:	The jurisdictional changes that result from this proposal include annexation of Parcel 1 to the Greater Los Angeles County Vector Control District (District); annexation of Parcel 1 & 2 to the City of Santa Clarita (City); detachment of Parcel 1 & 2 from the County Road District No. 5; withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library; and exclusion of Parcel 1 & 2 from the County Lighting District LLA-1, Unincorporated Zone.
Within SOI:	Yes
Protest Proceedings	Pursuant to Government Code § 57000(b), if the proposal is approved by the Commission, the Commission shall conduct protest proceedings.
California Environmental Quality Act (CEQA) Clearance:	The California Environmental Quality Act (CEQA) clearance is a Negative Declaration adopted by the City of Santa Clarita, as lead agency, on November 12, 2019. On September 14, 2022, your Commission, acting as a responsible agency, considered and certified its review of the Negative Declaration for the project.
Additional Information:	None

CERTIFICATE OF FILING

Pursuant to Government Code § 56020.6, a Certificate of Filing (COF) is “the document issued by the Executive Officer that confirms an application for a change of organization or reorganization has met submission requirements and is accepted for filing.”

Upon reviewing the proposal for completeness, and pursuant to the requirements of Government Code § 56658, the Executive Officer issued the COF to the applicant on August 15, 2022. In conjunction with the issuance of the COF, the Executive Officer set the public hearing date as Wednesday, September 14, 2022.

FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT CODE § 56668:

a. Affected population, territory and adjacent areas:

The existing population is 3,231 residents as of January 2, 2019. The population density is 1.81 persons per acre.

The estimated future population is 5,700 residents.

The affected territory is 1,786+/- acres. The affected territory consists of approximately 1,077 single-family homes, two parks, an elementary school, and vacant land. The affected territory is proposed to be developed to include approximately 820 additional single-family homes.

The assessed valuation is \$725,808,431 as per tax roll 2019.

The per capita assessed valuation is \$224,639.

On August 9, 2022, the County adopted a negotiated tax exchange resolution; all other involved public agencies have adopted a corresponding property tax transfer resolution.

The topography of the affected territory is hilly.

The affected territory is bounded by San Francisquito Creek located on the eastern edge of the affected territory.

There are suburban drainage devices and basins located within the affected territory.

The nearest populated area is immediately adjacent to the affected territory. The affected territory is likely to experience modest growth in the next ten years. The adjacent areas are likely to experience modest growth in the next ten years.

b. Governmental Services and Controls:

The affected territory includes 1,077 single-family homes, two parks, an elementary school, and vacant land, all of which require organized governmental services. The affected territory will require governmental services indefinitely.

The present cost and adequacy of government services and controls in the area are acceptable. The probable effect of the proposed action and of alternative courses of action on the cost and adequacy of services and controls in the affected territory and adjacent areas is minimal.

Municipal Services	Current Service Provider	Proposed Service Provider
Animal Control	Los Angeles County Department of Animal Care and Control	Los Angeles County Department of Animal Care and Control (under contract to the City of Santa Clarita)
Fire and Emergency Medical	Consolidated Fire Protection District of Los Angeles County (CFPD)	Consolidated Fire Protection District of Los Angeles County (under contract to the City of Santa Clarita)
Flood Control	Los Angeles County Flood Control District	Same
Library	Los Angeles County Library District	City of Santa Clarita
Mosquito & Vector Control	Greater Los Angeles County Vector Control District (Parcel 2): and None (Parcel 1)	Greater Los Angeles County Vector Control District
Park and Recreation	Los Angeles County Department of Parks & Recreation	City of Santa Clarita
Planning	Los Angeles County Department of Regional Planning	City of Santa Clarita
Police Protection	Los Angeles Sheriff Department (LASD)	Los Angeles Sheriff Department (under contract to the City Santa Clarita)
Road Maintenance	Los Angeles County Department of Public Works	City of Santa Clarita
Solid Waste	Private Hauler under	Private Hauler under

	franchise to the County of Los Angeles	franchise to the City of Santa Clarita (Waster Management/Blue Barrel)
Street Lighting	Los Angeles County Department of Public Works	City of Santa Clarita
Water	Santa Clarita Valley Water Agency	Same
Wastewater	Santa Clarita Valley Sanitation District of Los Angeles County	Same

The County will continue to provide animal control, fire and emergency medical, flood control services, and police; the Santa Clarita Valley Water Agency will continue to provide water services; and the Santa Clarita Valley Sanitation District of Los Angeles County will continue to provide wastewater services; the Greater Los Angeles County Vector Control District will continue to provide mosquito and vector control services to Parcel 2.

Upon approval of the reorganization request, the City of Santa Clarita will provide library, park and recreation, planning, road maintenance, and street lighting, and solid waste services directly or through contracts and the Greater Los Angeles County Vector Control District will provide mosquito and vector control services to Parcel 1. The City of Santa Clarita and the Greater Los Angeles County Vector Control District will continue to provide adequate services and maintain current service levels. Enhanced service levels may be financed through general fund revenues, assessments, and/or developer fees.

The jurisdictional changes that result from this proposal include annexation of Parcel 1 to the Greater Los Angeles County Vector Control District and annexation of Parcel 1 & 2 to the City of Santa Clarita; detachment of Parcel 1 & 2 from County Road District No. 5; withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library; and exclusion of Parcel 1 & 2 from County Lighting District LLA-1, Unincorporated Zone.

For both Parcel 1 & 2, the following special district assessments would be applied to the affected territory:

Open Space Preservation District - \$37.00 per single-family residence per year,
 Stormwater Facility Maintenance - \$26.22 per single-family residence per year,
 Landscape Maintenance District - \$69.95 per single-family residence per year, and
 Streetlight Maintenance District - \$81.71 per single-family residence per year.

Because Parcel 2 is already located within the boundaries of the Greater Los Angeles County Vector Control District, it is already subject to this assessment.

c. *Proposed Action and Alternative Actions:*

The proposed annexations will have no effect on adjacent areas. The proposed annexations will have no effect on mutual social and economic interests. The proposal has no impact on the governmental structure of the County.

The effect of alternate actions on mutual social and economic interests and on the local governmental structure of the County is minimal.

d. *Conformity with Commission Policies on Urban Development and Open Space, and Conformity with Open Space Land Conversion Policies in Government Code § 56377:*

The proposal does not conflict with any Commission-adopted policies on urban development and open space conversion.

There is no prime agricultural land within or adjacent to the affected territory. The proposal conforms with the objectives in Government Code § 56377.

e. *Agricultural Lands:*

There are no effects on agricultural lands, as defined by Government Code § 56016. None of the land within the affected territory is currently used for the purpose of producing an agricultural commodity for commercial purposes, land left fallow under a crop rotation program, or land enrolled in an agricultural subsidy or set-aside program. According to the California Department of Conservation, Division of Land Resource Protection, none of the land within the affected territory is subject to a Land Conservation Act (aka “Williamson Act”) contract nor in a Farmland Security Zone (California Land Conservation Act 2016-2017 Status Report).

f. *Boundaries:*

The boundaries of the affected territory have been clearly defined by the applicant, conform to lines of assessment or ownership, and have been reviewed and approved by LAFCO's GIS/Mapping Technician.

The affected territory in this proposed reorganization is contiguous to the existing boundaries of the Greater Los Angeles County Vector Control District and the City of Santa Clarita.

The proposal does not create islands or corridors of unincorporated territory

g. *Regional Transportation Plan:*

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080. The closest highway to the reorganization is part of the RTP and SCS's State Highway improved program. The closest highway in the RTP/SCS is Interstate 5, which is approximately one mile west from the affected territory.

h. *Consistency with Plans:*

The proposal is consistent with the existing County General Plan designations of Open Space Parks and Recreation (OS-PR), Open Space Water (OS-W), Residential 2 (H2), Residential 5 (H5), Residential 18 (H18), Residential 30 (H30), Rural Residential 2 (RU2), Rural Residential 5 (RU5), and Rural Residential 10 (RU10).

The affected territory is not within the boundaries of any Specific Plan.

Pursuant to the requirements of Government Code § 56375(a)(7), Pre-Zoning Ordinance No. 19-9 was adopted by the City of Santa Clarita Council on November 26, 2019. The pre-zoning designation of Non-Urban Residential 3 (NU3), Open Space (OS), Open Space-Agriculture (OS-A), Public/Institutional (PI), Urban Residential 2 (UR2) 5 units per acre, Urban Residential 3 (UR3) 11 units per acre Urban Residential 4 (UR4) 18 units per acre, and Urban Residential 5 (UR5) 30 units per acre are consistent with the City of Santa Clarita General Plan.

i. Sphere of Influence:

The affected territory is within the Sphere of Influence of the City of Santa Clarita and the Greater Los Angeles County Vector Control District.

j. Comments from Public Agencies:

Staff received comments via letter on March 16, 2020, from the County of Los Angeles Fire Department, stating no changes of service nor impact would result from the reorganization and March 31, 2020, from the Los Angeles County Sheriff's Department, stating potential future impacts due to future development plans will be addressed by the Department's Contract Law Enforcement Bureau.

k. Ability to Provide Services:

The City of Santa Clarita currently provides municipal services to almost 67,000 parcels of land. The annexation would add approximately 1,200 more parcels and over 3,000 residents to the service area.

The City indicated that it has the ability to provide services to the affected territory once the reorganization is complete.

The District currently provides vector control services to over 851,000 acres or 1,330 square miles of land throughout Los Angeles County. The annexation would add 1,609.27 acres to the service area.

The District indicated that it has the ability to provide vector control services to the affected territory once the reorganization is complete.

l. Timely Availability of Water Supplies:

There are no known issues regarding water supply or delivery specific to the proposed annexations. Previously, Los Angeles County approved several discretionary actions, for

which there was a separate CEQA document which addressed the timely availability of water supplies.

m. Regional Housing Needs:

The County and City have agreed to a Regional Housing Needs Assessment (RHNA) allocation transfer of 820 above moderate-income units from the County to the City.

n. Comments from Landowners, Voters, or Residents:

Staff did not receive any significant comments from landowners, voters, or residents.

o. Land Use Designations

The proposal is consistent with the existing County General Plan designations of Open Space Parks and Recreation (OS-PR), Open Space Water (OS-W), Residential 2 (H2), Residential 5 (H5), Residential 18 (H18), Residential 30 (H30), Rural Residential 2 (RU2), Rural Residential 5 (RU5), and Rural Residential 10 (RU10).

The proposal is consistent with the existing County zoning designation of Heavy Agriculture (A-2-2), Open Space (OS), Single-Family Residential (R1), Limited Density Multiple Residence (R-3 and R-3-24U-DP), and Residential Planned Development (RD-12000-3.7U, RPD-200000-2.8, RPD-5000-27U, and RDP-5000-2U).

p. Environmental Justice:

The proposal makes no representations on exclusions of peoples of any race, culture, income and/or national origins with respect to the location of public facilities and public services, to ensure a healthy environment for all people such that the effects of the pollution are not disproportionately borne by any particular populations or communities.

There are no Disadvantaged Unincorporated Communities (DUCs) within or adjacent to the affected territory according to data obtained and extracted from the Census Bureau of the United States Department of Commerce 2014-2018 American Community Survey (ACS).

q. Hazard Mitigation Plan:

The County of Los Angeles All-Hazard Mitigation Plan (approved February 13, 2019) establishes the County's emergency policies and procedures in the event of a disaster and addresses allocation of resources and protection of the public in the event of an emergency.

The Safety Element of the General Plan for the County of Los Angeles (approved October 6, 2015) addresses reduction of the potential risk of death, injuries, and economic damages resulting from natural and man-made hazards.

The affected territory is within a Very High Fire Hazard Zone pursuant to maps published by the California Department of Forestry and Fire Protection (Cal Fire). The affected territory is within the maps that identify State Responsibility Area. Both the County of Los Angeles

All-Hazard Mitigation Plan and the Safety Element of the General Plan include information relating to mitigation and management of wildfire and fire hazard severity zones.

**ADDITIONAL FACTORS TO BE CONSIDERED PURSUANT TO GOVERNMENT
CODE § 56668.3:**

a) District Annexation or City Detachment:

The proposed action involves a district annexation.

(1) Interest in landowners/inhabitants, district annexations:

The proposed action will be for the interest of the landowners and/or present and/or future inhabitants within the district and within the affected territory.

(2) Interest in landowners/inhabitants, city detachments:

The proposed action does not involve a city detachment.

***(3) Any factors which may be considered by the commission provided in Government
Code § 56668:***

The Commission has addressed the factors in *Government Code* § 56668, subsections (a) through (q), above.

(4) Any resolution raising objections to the action that may be filed by an affected agency:

No affected agency has filed a resolution raising objections to the proposed action.

(5) Any other matters which the commission deems material:

There are no additional matters which the commission deems material to the proposed action.

**REGIONAL GROWTH CONSIDERED PURSUANT TO GOVERNMENT
CODE § 56668.5:**

The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) pursuant to Government Code § 65080.

Regional growth goal and policies were a consideration of the proposed action.

**ADDITIONAL INFORMATION/OTHER MATTERS (RELEVANT TO THE
PROPOSAL):**

None.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) CLEARANCE:

The CEQA clearance is a Negative Declaration (ND) adopted by the City of Santa Clarita, as lead agency, on November 12, 2019. The Commission is a responsible agency pursuant to CEQA and State CEQA Guidelines § 15096. The ND is available at www.lalafco.org and through the offices of the Los Angeles LAFCO. On September 14, 2022, your Commission, acting as a responsible agency, considered and certified its review of the Negative Declaration for the project. This action is within the scope of your Commission's CEQA findings.

PROTEST HEARING NOTICE:

Mailed Notice: The number of landowners and registered voters required to provide notice to exceeds 1,000. Pursuant to Government Code § 56157(h), if the total number of notices required to be mailed in accordance with Government Code § 56157 (d) and (f) exceed one thousand (1,000), then notice may instead be provided by publishing a display advertisement of at least one-eighth page in a newspaper, as specified in Government Code § 56153, at least 21 days prior to the hearing.

Newspaper Notice: LAFCO is required to provide notice of the protest hearing "in one or more newspapers of general circulation within each affected county, affected city, or affected district," pursuant to Government Code § 56153, and notice "shall be commenced at least 21 days prior to the date specified in the notice for the protest hearing," pursuant to Government Code § 56154. LAFCO published a one-eighth page hearing notice in the Daily Commerce on September 21, 2022.

All requirements for the protest hearing notice have been satisfied.

CONCLUSION:

Staff recommends approval of the proposal as a logical and reasonable extension of the Greater Los Angeles County Vector Control District and the City of Santa Clarita which will be for the interest of landowners and/or present and/or future inhabitants within the District and City and within the affected territory.

RECOMMENDED ACTION:

1. Open the protest hearing and receive written protests;
2. Close the protest hearing;
3. Instruct the Executive Officer, pursuant to Government Code § 57075, to determine the value of written protests filed and not withdrawn and report back to the Commission with the results; and

4. Based upon the results of the protest hearing, adopt a resolution either terminating the reorganization proceedings if a majority protest exists pursuant to Government Code § 57078, ordering Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle) directly, or ordering the reorganization subject to confirmation by the registered voters of the affected territory.

**RESOLUTION NO. 2022-00PR
RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR THE COUNTY OF LOS ANGELES
MAKING DETERMINATIONS ORDERING
"REORGANIZATION NO. 2020-01 TO THE CITY OF SANTA CLARITA (TESORO DEL VALLE),
ANNEXATION OF PARCEL 1 TO THE GREATER LOS ANGELES COUNTY VECTOR CONTROL
DISTRICT AND ANNEXATION OF PARCEL 1 & 2 TO THE CITY OF SANTA CLARITA"**

WHEREAS, the City of Santa Clarita (City) adopted a resolution of application to initiate proceedings, which was submitted to the Local Agency Formation Commission for the County of Los Angeles (Commission), pursuant to Division 3, Title 5, of the California Government Code (commencing with § 56000, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000), for annexation of Parcel 1 to the Greater Los Angeles County Vector Control District (District); annexation of Parcel 1 & 2 to the City of Santa Clarita; detachment of Parcel 1 & 2 from and the County Road District No. 5; withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library; and exclusion of Parcel 1 & 2 from County Lighting District LLA-1, Unincorporated Zone, all within the County of Los Angeles (County); and

WHEREAS, the proposed annexation consists of approximately 1,786± acres of inhabited territory and is assigned the following distinctive short-form designation: "Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle)"; and

WHEREAS, a description of the boundaries and map of the proposal are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein; and

WHEREAS, the principal reason for the proposed reorganization is that landowners within the affected territory desire the services provided by the City and for local government

representation; and

WHEREAS, on September 14, 2022, the Commission approved Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle); and

WHEREAS, pursuant to Government Code § 57002, the Commission set the protest hearing for November 9, 2022 at 8:30 a.m., at the Commission's virtual meeting held by teleconference and web access pursuant to the provisions of Government Code Section § 54953 relative to virtual meetings, as well as the County of Los Angeles "Best Practices to Prevent COVID-19"; and

WHEREAS, the Executive Officer has given notice of the protest hearing pursuant to Government Code §§ 56150-56160, 56660-56661, 57025, and 57026, wherein the protest hearing notice was published in a newspaper of general circulation in the County of Los Angeles on September 21, 2022, which is at least 21 days prior to the protest hearing, and said hearing notice was also mailed to all required recipients by first-class mail on or before the date of newspaper publication; and

WHEREAS, at the time and place fixed in the notice, the hearing was held, and any and all oral or written protests, objections, and evidence were received and considered; and

WHEREAS, the Commission, acting as the conducting authority, has the ministerial duty of tabulating the value of protests filed and not withdrawn and either terminating these proceedings if a majority protest exists or ordering the reorganization directly or subject to confirmation by the registered voters.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Commission finds that this action is within the scope of its California Environmental Quality Act findings made at the Commission hearing on September 14, 2022.
2. The Commission finds that the number of property owners is 1,234, and the number of registered voters is 2,279, and the total assessed value of land within the affected territory is \$725,808,431.
 - a) The Commission finds that the number of property owners who filed written protests in opposition to Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle) and not withdrawn is ____, which, even if valid, represents less than 25 percent of the number of owners of land who own at least 25 percent of the assessed value of land within the affected territory; and
 - b) The Commission finds that the number of registered voters who filed written protests in opposition to Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle) and not withdrawn is ____, which, even if valid, represents less than 25 percent of the number of registered voters residing within boundaries of the affected territory.
3. A description of the boundaries and map of the proposal, as approved by this Commission, are set forth in Exhibits "A" and "B", attached hereto and by this reference incorporated herein.
4. The affected territory consists of 1,786± acres, is inhabited, and is assigned the following short form designation: "Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle)."

5. Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro del Valle), is hereby approved, subject to the following terms and conditions:

- a. The City agrees to defend, hold harmless and indemnify LAFCO and/or its agents, officers and employees from any claim, action or proceeding against LAFCO and/or its agents, officers and employees to attack, set aside, void or annul the approval of LAFCO concerning this proposal or any action relating to or arising out of such approval.
- b. The effective date of the annexation shall be the date of recordation of the Certificate of Completion with the Los Angeles County Registrar-Recorder/County Clerk.
- c. Recordation of the Certificate of Completion shall not occur prior to the conclusion of the 30-day reconsideration period provided under Government Code § 56895.
- d. All fees due to LAFCO, the County of Los Angeles (including, but not limited to, fees owed to the County Assessor and/or the Registrar-Recorder/County Clerk), and the State of California Board of Equalization; shall be paid by the Applicant, in full, prior to LAFCO's filing the Certificate of Completion. Failure to pay any and all fees due to LAFCO, the County of Los Angeles, and the State Board of Equalization, within one year of the Commission approval of this change of organization/reorganization, will result in the change of organization/reorganization being terminated pursuant to Government Code §57001 unless, prior to expiration of that year, the Commission authorizes an

extension of time for that completion.

- e. The territory so annexed shall be subject to the payment of such service charges, assessments or taxes as may be legally imposed by the City and/or District.
- f. The regular County assessment roll shall be utilized by the City and/or District.
- g. The affected territory will be taxed for any existing general indebtedness, if any, of the City and/or District.
- h. Annexation of the affected territory described in Exhibits "A" and "B" as annexation of Parcel 1 to the Greater Los Angeles County Vector Control District and annexation of Parcel 1 & 2 to the City of Santa Clarita.
- i. The map and geographic description of the affected territory shall comply with all requirements of LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and the State of California Board of Equalization. If LAFCO, the Los Angeles County Registrar-Recorder/County Clerk, and/or the State of California Board of Equalization require changes, the map and geographic description shall be revised and all associated costs shall be the responsibility of the Applicant.
- j. Detachment of Parcel 1 & 2 from the County Road District No. 5.
- k. Withdrawal of Parcel 1 & 2 from the County Lighting Maintenance District 1687 and Los Angeles County Library.
- l. Exclusion of Parcel 1 & 2 from the County Lighting District LLA-1, Unincorporated Zone.
- m. Upon the effective date of the reorganization, all right, title, and interest of the County, including but not limited to, the underlying fee title or easement where

owned by the County, in any and all sidewalks, trails, landscaped areas, street lights, property acquired and held for future road purposes, open space, signals, storm drains, storm drain catch basins, local sanitary sewer lines, sewer pump stations and force mains, water quality treatment basins and/or structures, and water quality treatment systems serving roadways and bridges shall vest in the City.

- n. Upon the effective date of the reorganization, the City shall be the owner of, and responsible for, the operation, maintenance, and repair of all of the following property owned by the County: public roads, adjacent slopes appurtenant to the roads, street lights, traffic signals, mitigation sites that have not been accepted by regulatory agencies but exist or are located in public right-of-way and were constructed or installed as part of a road construction project within the annexed area, storm drains and storm drain catch basins within street right-of-way and appurtenant slopes, medians and adjacent property.
- o. Upon the effective date of the reorganization, the City shall do the following: (1) assume ownership and maintenance responsibilities for all drainage devices, storm drains and culverts, storm drain catch basins, appurtenant facilities (except regional Los Angeles County Flood Control District (LACFCD) facilities for which LACFCD has a recorded fee or easement interest and which have been accepted into the LACFCD system), site drainage, and all master plan storm drain facilities that are within the annexation area and are currently owned, operated and maintained by the County ; (2) accept and adopt the County of Los Angeles

Master Plan of Drainage (MPD), if any, which is in effect for the annexation area. Los Angeles County Department of Public Works Department (LACDPW) should be contacted to provide any MPD which may be in effect for the annexation area. Deviations from the MPD shall be submitted to the Chief Engineer of LACFCD/Director of LACDPW for review to ensure that such deviations will not result in diversions between watersheds and/or will not result in adverse impacts to LACFCD's flood control facilities; (3) administer flood zoning and Federal Emergency Management Agency floodplain regulations within the annexation area; (4) coordinate development within the annexation area that is adjacent to any existing flood control facilities for which LACFCD has a recorded easement or fee interest, by submitting maps and proposals to the Chief Engineer of LACFCD/Director of LACDPW, for review and comment.

- p. The Applicant shall comply with that certain Parks Transfer Agreement, approved by the County on September 6, 2022, and the City on August 23, 2022.
- q. The Applicant shall comply with the Supplemental Joint Resolution of the Board of Supervisors of the County of Los Angeles and the City Council of the City of Santa Clarita, adopted by the County on September 6, 2022, and the City on August 23, 2022.
- r. Except to the extent in conflict with "a" through "q", above, the general terms and conditions contained in Chapter 2 of Part 5, Division 3, Title 5 of the California Government Code (commencing with Government Code § 57325) shall apply to this reorganization.

6. The Commission hereby orders the inhabited territory described in Exhibits "A" and "B" annexed to the Greater Los Angeles County Vector Control District and the City of Santa Clarita.
7. The Executive Officer is hereby authorized and directed to mail copies of this resolution as provided in Government Code § 56882.
8. The Executive Officer is directed to transmit a copy of this resolution to the City and District, upon the City's payment of the applicable fees required by Government Code § 54902.5 and prepare, execute and file a certificate of completion with the appropriate public agencies, pursuant to Government Code § 57200, *et seq*
9. Pursuant to Government Code § 56883, the Executive Officer may make non-substantive corrections to this resolution to address any technical defect, error, irregularity, or omission.

PASSED AND ADOPTED this 9th day of November 2022.

MOTION:

SECOND:

AYES:

NOES:

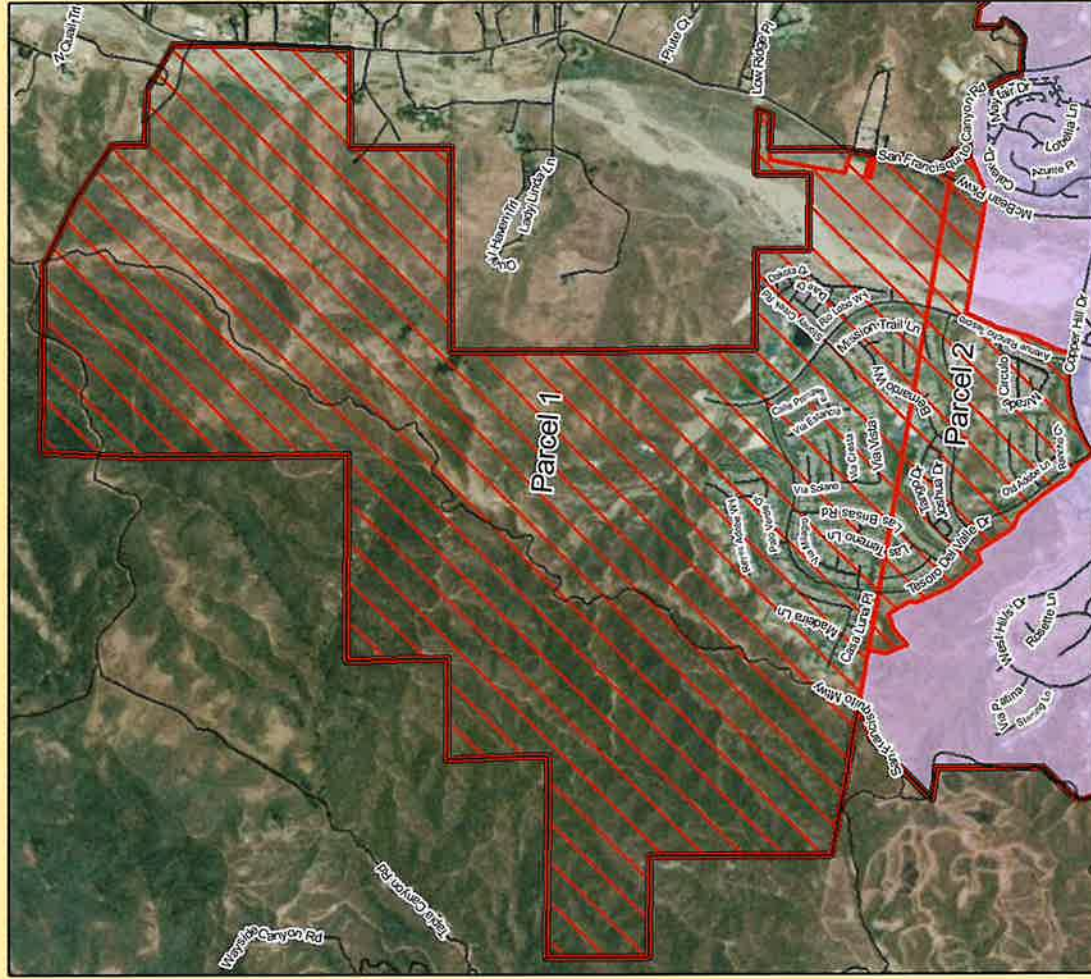
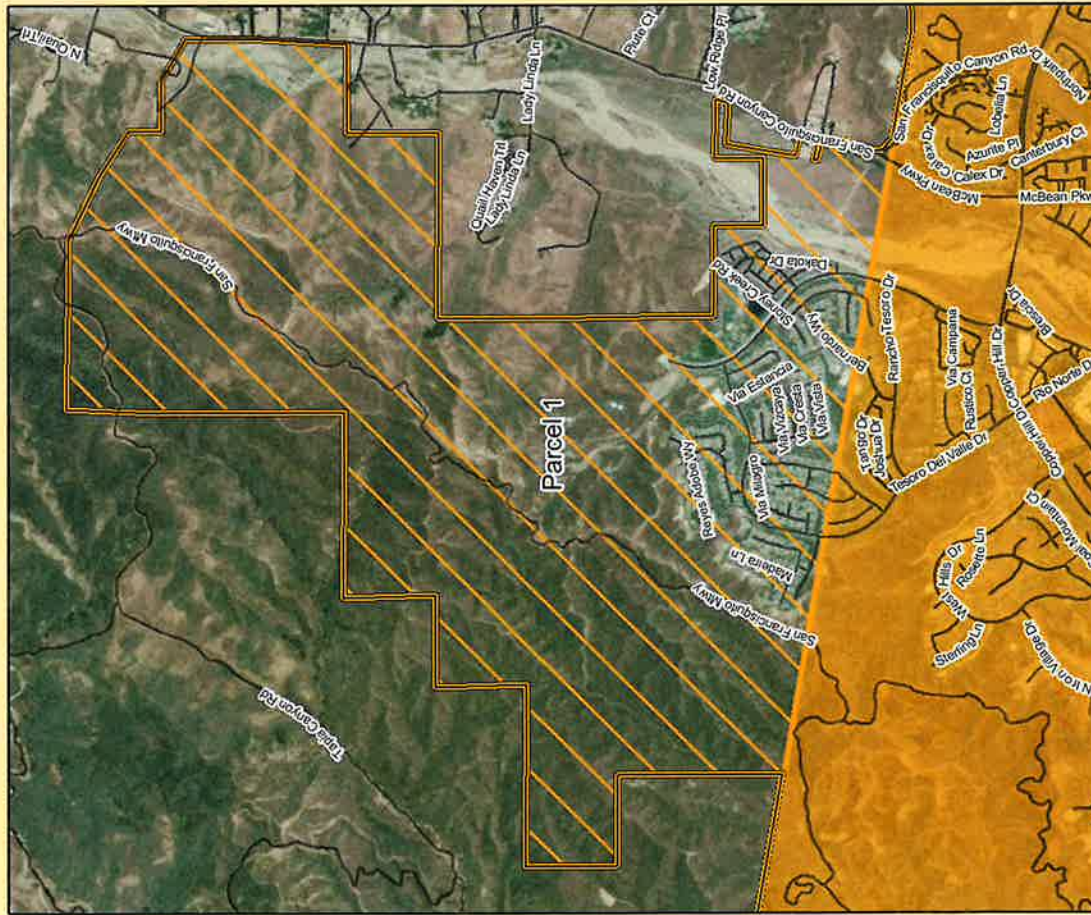
ABSTAIN:

ABSENT:

MOTION PASSES: 0/0/0

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

**Paul A. Novak, AICP
Executive Officer**



Legend

-  Greater LA County VCD
-  Greater LA County VCD, Sphere of Influence (SOI)
-  Annexation to the Greater LA VCD
-  Annexation to the City of Santa Clarita
-  Santa Clarita Sphere of Influence (SOI)
-  City of Santa Clarita

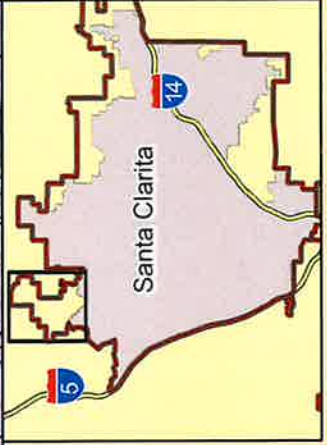
**Reorganization No. 2020-01 to the City of Santa Clarita (Tesoro Del Valle),
Annexation of Parcel 1 to the Greater Los Angeles County
Vector Control District, Annexation of Parcel 1 & 2 to the
City of Santa Clarita**



LAFCO
Local Agency Formation Commission
for the County of Los Angeles



November 09, 2022



Staff Report

November 9, 2022

Agenda Item No. 9.a.

Records Retention and Destruction Policy

Over the years, LAFCO has stored its administrative records at its LAFCO office and at a private storage facility. Recently, staff discovered administrative records including copies of checks and timecards dating back to the early 2000s are being stored off-site and incurring a monthly storage fee. Prior to purging any administrative records, staff is recommending the Commission consider and adopt the accompanying Records Retention and Destruction Policy. The Policy will establish a retention schedule and authorizes the Executive and/or Deputy Executive Officer to purge administrative records that are beyond the retention period or are otherwise unnecessary or duplicative.

Legal counsel has reviewed the draft Records Retention and Destruction Policy and concurs with staff's recommendations to adopt the proposed policy.

Recommended Action:

Staff recommends that the Commission:

1. Adopt the proposed Records Retention and Destruction Policy; and
2. Direct staff to post the Records Retention and Destruction Policy to the Commission website.

DRAFT Records Retention and Destruction Policy

Adopted DATE

Background/Purpose:

The purpose of this policy is to:

1. Provide for the identification, management, safeguarding and destruction of LAFCO records and administrative documents in the normal course of business;
2. Ensure prompt and accurate retrieval of records;
3. Ensure compliance with legal and regulatory requirements;
4. Provide guidelines to staff regarding the management, retention and authorized destruction of LAFCO records and administrative documents; and
5. Provide transparent information to the public concerning LAFCO's retention and destruction of records and documents.

Policy Guidelines

- I. The Commission hereby authorizes the Executive Officer and Deputy Executive Officer to administer this Records Retention and Destruction Policy and to cause to be destroyed any or all such records, papers, and documents that meet qualifications governing the retention and disposal of records and documents, specified below; to interpret and implement this Policy; and to consult with legal counsel as needed for the administration and implementation of this policy.
- II. This Policy is to be administered as authorized by Government Code § 56382 consistent with the following guidelines and requirements:
 1. Unless otherwise required by State or Federal law, the Commission delegates authority to the Executive Officer and the Deputy Executive Officer to maintain LAFCO Records, as defined in section III below, and administrative documents and to destroy any original records and documents subject to the following:
 - a. Duplicate records, papers or other documents may be destroyed if the original or photographic or electronic copy of the record, paper, or other document is retained in the files of the Commission consistent with this Policy.
 - b. Original records more than two years old may be destroyed if a photographic or electronic copy of the original record is made and preserved, provided the following conditions are met:
 - i. The record is reproduced on a medium that does not permit additions, deletions, or changes to the original document, or reproduced in compliance with the minimum standards or guidelines, or both, as recommended by the American National Standards Institute or the Association for Information and Image Management for recording of permanent records or nonpermanent records, whichever applies.

- ii. The device used to reproduce the record is one that accurately and legibly reproduces the original thereof in all details that does not permit additions, deletions, or changes to the original document images.
 - iii. The reproductions are made accessible for public reference as the original records were.
 - iv. A true copy of archival quality of the reproduction shall be kept in a safe and separate place for security purposes.
- c. Documents that are drafts, notes, working papers and other papers used for controlling work or transitory files may be destroyed in the normal course of work by staff.

III. LAFCO Records, which are to be maintained indefinitely pursuant to Section 56382 of the Government Code, consist of the following documents:

- 1. All documents relating to Proposals for change of organization or reorganization, and out of area service requests, including the application, petition or initiating documentation, property tax exchange documentation, assessor's statement of property valuation, indemnification agreement, certificate of filing, California Environmental Quality Act review and findings, certificate of completion, map and boundary descriptions, notices, orders and resolutions of the Commission, staff reports and recommendations, statement of boundary change, statement of tax rate area;
- 2. All policies and rules approved by the Commission;
- 3. All meeting records, including agendas, minutes, staff reports, and resolutions;
- 4. All Municipal Service Reviews and Sphere of Influence determinations and updates and related correspondence; and
- 5. Any documentation identified by the Executive Officer, Deputy Executive Officer and/or the Commission to be retained as a record subject to Section 56382 of the Government Code.

IV. All other documentation that is administrative in nature shall be maintained as required by applicable law and/or as required by Appendix 1 (Retention Schedule) to this Records Retention and Destruction Policy.

V. The Executive Officer or Deputy Executive Officer shall:

- a. Review any documents before authorizing their destruction; and
- b. Update the Retention Schedule, as required, to maintain compliance with applicable law.

Records Retention and Destruction Policy – Appendix 1 Retention Schedule

	Documents	Hard Copy	Digital Record	Legal Authorities Citation
1	Records relating to any pending or potential claim, litigation, any settlement or other disposition of litigation.	Retain for 5 years after item has settled.		
2	Records that are subject of any pending request for records under the California Public Records Act (PRA).	Retain for 3 years after PRA has been fulfilled.		
3	Any unaccepted bid or proposal.	Retain for 2 years from the solicitation date.		
4	Contracts, including leases	For the term of the contract/lease. Plus, 5 years from the termination date.		Code of Civ. Proc. § 337
	Accounting Records			
5	Journals, Ledgers, and Registers	Retain for 5 years from the fiscal year for which they were prepared.		
6	Payroll Registers	Retain for 7 years from the date of payment.		
7	Audit Reports/ Audited Financial Statements	Retain for 7 years from the fiscal year for which they were prepared.		
8	Actuarial Valuations for OPEB	Digital copy to saved on LAFCO Server.	Save digitally and retain for 10 years in digital form.	
9	Retirement Actuarial Valuations	Digital copy to saved on LAFCO Server.	Save digitally and retain for 10 years in digital form.	
10	Bank Statements	Retain for 2 fiscal years.	Scan digitally and retain for 10 years in digital form.	
11	Invoices	Retain for 3 fiscal years.	Scan digitally and retain for 10 years in digital form.	
12	Claim Expenses/Reimbursements	Retain for 3 fiscal years.		
	Payroll and Personnel Records			
13	Personnel files and Medical Records	Retain for the length of employment, plus 3 years.		Labor Code § 1198.5; 29 C.F.R. 1627.3; 29 C.F.R. 825.500
14	Wage Garnishments	Retain while garnishment is active and until satisfied, plus 4 years after termination.		Gov. Code Section § 34090
15	Payroll Records	Retain for 7 years from the date of payment.	Scan digitally and retain.	29 C.F.R. 516.5, 516.6; Labor Code § 1174,
16	Employment Applications	Retain for 4 years after the record or file has been created.		29 C.F.R. 1627.3
17	Employment Agreements	Retain for 5 years after termination.		
18	Retirement data/documents (Including contributions, rate changes, enrollment date, and other post employment benefits, pension records.)	Retain for 5 years after termination.	Scan digitally and retain for the duration of the pension payments and the post employment benefits, plus 3 years.	
19	Federal and State Tax documents (Including but not limited W-2s, 1099s, etc.)	Retain for 5 years after the close of the latest subject calendar year.		
	Audio/Video Media			
20	Audio recordings of Commission Meetings	Retain for 5 years from the meeting date.	Host on LAFCO website for a year.	
	Statements of Economic Interest (SEI)			
21	Filing Officers shall retain copies of statements or reports	Retain for 7 years from the year of filing.		Gov. Code § 81009

Staff Report

November 9, 2022

Agenda Item No. 9.b.

Independent Auditor's Report for Fiscal Year 2021-22

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

Shannon Ayala, of Davis Farr, LLP will present the findings of the FY 2021-22 Independent Auditor's Report, and she will be available to answer questions from the Commission. LAFCO's accountant, Ian Berg, will also 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. Note that the Governmental Accounting Standards Board No. 87 (GASB 87) requirements have been implemented in the FY 2021-22 audit report. GASB 87 requires all lease agreements to be accounted for in a uniform manner and maintains the principle that leases are financings of the right to use an underlying asset. Accordingly, an asset and liability has been recorded for all lease agreements and the corresponding lease payments are recorded as interest and principal over the lease term. As a result, the Commission's audited financial statements show debt service in FY 2021-22 although the Commission currently has no conventional loans outstanding.

The auditors have provided a favorable opinion of LAFCO's financial statements. The auditor 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 2021-22 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 21, 2022 concerning the 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 2021-22, ending June 30, 2022.



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
Pasadena, California

We have audited the financial statements of the Los Angeles Local Agency Formation Commission (the Commission) as of and for the year ended June 30, 2022 and have issued our report thereon dated October 21, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 15, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included the preparation of the financial statements and recording journal entries detected during the audit process. To mitigate the risk, management has compared the draft financial statements and footnotes to the underlying accounting records to verify accuracy and has reviewed a disclosure checklist to ensure footnotes are complete and accurate.

Additionally, we utilize a quality control reviewer to perform a second review of journal entries and the financial statements. We believe these safeguards are sufficient to reduce the independence threats to an acceptable level.

Significant Risks Identified

During the planning of the audit, we identified the implementation of Governmental Accounting Standards Board No. 87 – Leases as a significant risk. As a result, we reviewed the support for 100% of the lease liability and related right to use assets. We compared the terms of the agreements to the information included in the calculation of the lease payable.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

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. As described in Note 9 to the financial statements, the Commission changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, Leases, in the fiscal year 2022. 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.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of transactions related to net pension liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of transactions related to net OPEB liabilities based on actuarial information. We evaluated the key factors and assumptions used to develop the amounts by the actuary and determined that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The Pension Plan disclosures in note 5 to the financial statements.
- The OPEB Plan disclosures in note 6 to the financial statements.

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

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Identified or Suspected Fraud

We have not identified or have obtained information that indicates fraud may have occurred.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any material misstatements as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were none.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated October 21, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that they regularly consult with Eide Bailly LLP regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

Restriction on Use

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

DavisFarr LLP

Irvine, California
October 21, 2022

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

BASIC FINANCIAL STATEMENTS

Year ended June 30, 2022

(With Independent Auditor's Report Thereon)

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

Basic Financial Statements

Year ended June 30, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Los Angeles Local Agency Formation Commission (the "Commission"), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Los Angeles Local Agency Formation Commission as of June 30, 2022, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described further in Note 9 to the financial statements, during the year ended June 30, 2022, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Lease Accounting. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of Plan Proportionate Share of the Net Pension Liability, Schedule of Plan Contributions – Defined Benefit Pension Plan, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of Plan Contributions – Defined Benefit OPEB Plan, Schedule of Collective OPEB Expense – Defined Benefit OPEB Plan, and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: General Fund* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Commission's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

DavisFarr LLP

Irvine, California
October 21, 2022

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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, 2022

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, 2022. 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, 2022 (CONTINUED)**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

**Table 1
Statements of Net Position
June 30, 2022 and 2021**

	2022	2021	Change	%
ASSETS & DEFERRED OUTFLOWS:				
Current assets	\$ 2,029,813	2,057,482	(27,669)	-1.34%
Capital assets, net	342,411	10,296	332,115	3225.67%
Total assets	<u>2,372,224</u>	<u>2,067,778</u>	<u>304,446</u>	<u>14.72%</u>
Deferred outflows of resources	<u>832,903</u>	<u>1,008,021</u>	<u>(175,118)</u>	<u>-17.37%</u>
LIABILITIES, DEFERRED INFLOWS & NET POSITION:				
Current liabilities	218,595	103,814	114,781	110.56%
Long-term liabilities	<u>1,184,449</u>	<u>1,915,771</u>	<u>(731,322)</u>	<u>-38.17%</u>
Total liabilities	<u>1,403,044</u>	<u>2,019,585</u>	<u>(616,541)</u>	<u>-30.53%</u>
Deferred inflows of resources	<u>1,044,751</u>	<u>552,566</u>	<u>492,185</u>	<u>89.07%</u>
Investment in capital assets	<u>(30,697)</u>	<u>10,296</u>	<u>(40,993)</u>	<u>-398.14%</u>
Unrestricted	<u>788,029</u>	<u>493,352</u>	<u>294,677</u>	<u>59.73%</u>
Total net position	<u>\$ 757,332</u>	<u>503,648</u>	<u>253,684</u>	<u>50.37%</u>

Total assets have increased by \$304,446, or 14.72%, primarily due to an increase in the Commission's capital assets. This is due to the implementation of Governmental Accounting Standards Board (GASB) No. 87 related to leases. The implementation resulted in a right to use asset for the Commission's office space. Current liabilities have increased by 110.56% primarily due to an increase in current lease liability as a result of the implementation of GASB 87 previously noted. Long-term liabilities have decreased by 38.17% due to a decrease in the Commission's net pension and net OPEB liabilities of \$983,961 offset by an increase in the lease liability of \$258,037. Net position increased 50.37% with the change in net position for the year ended June 30, 2022, of \$253,684.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022 (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, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%</u>
REVENUES:				
Assessments	\$ 1,539,253	1,539,253	-	0.00%
Charges for services	98,700	93,744	4,956	5.29%
Investment income (loss)	(56,976)	(1,352)	(55,624)	4114.20%
Total Revenues	<u>1,580,977</u>	<u>1,631,645</u>	<u>(50,668)</u>	<u>-3.11%</u>
EXPENSES:				
General government	1,320,402	1,485,432	(165,030)	-11.11%
Interest	<u>6,891</u>	<u>-</u>	<u>6,891</u>	<u>100.00%</u>
Total Expenses	<u>1,327,293</u>	<u>1,485,432</u>	<u>(158,139)</u>	<u>-10.65%</u>
Change in net position	253,684	146,213	107,471	73.50%
NET POSITION:				
Beginning of year	503,648	357,435	146,213	40.91%
End of year	<u>\$ 757,332</u>	<u>503,648</u>	<u>253,684</u>	<u>50.37%</u>

Assessments remained the same, and Charges for services increased due to an increase in filing fees. Expenses decreased by \$158,139 primarily due to a decrease in municipal service reviews, as well as pension and OPEB 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 decreased by \$39,372 during the fiscal year.

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022 (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 21-22 were less than the budgeted amounts due to a decrease in activity.

Expenditures

Overall, total General Fund expenditures were approximately \$368,588 over budget, primarily due the implementation of GASB 87, which results in a noncash outlay for the right to use asset.

CAPITAL ASSETS

**Table 3
Capital Assets
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Leasehold improvements	\$ 8,125	\$ 19,454	\$ (11,329)
Office equipment	13,565	20,277	(6,712)
Right to use asset	<u>406,990</u>	<u>-</u>	<u>406,990</u>
Capital assets	428,680	39,731	388,949
Accumulated depreciation	<u>(86,269)</u>	<u>(29,435)</u>	<u>(56,834)</u>
Capital assets, net	<u><u>\$ 342,411</u></u>	<u><u>\$ 10,296</u></u>	<u><u>\$ 332,115</u></u>

At the end of fiscal year 2022, the Commission's investment in capital assets amounted to \$342,411 (net of accumulated depreciation). This investment in capital assets includes equipment, tenant improvements and the right to use asset for a building lease. (See Note 3 for further information).

**LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022 (CONTINUED)**

LONG-TERM LIABILITIES

**Table 4
Long-term liabilities
June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Compensated Absences	\$ 140,571	151,053	(10,482)
Lease Payable	373,108	-	373,108
Total Long-Term Liabilities	<u>\$ 513,679</u>	<u>151,053</u>	<u>362,626</u>

Long-term liabilities 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.

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, 2022
(With comparative information for the prior year)

	Governmental Activities	
	2022	2021
Assets:		
Cash and investments (note 2)	\$ 1,946,800	1,944,603
Interest receivable	1,628	1,441
Prepaid expenses	81,385	103,206
Security deposits	-	8,232
Capital assets, net (note 3)	342,411	10,296
Total assets	<u>2,372,224</u>	<u>2,067,778</u>
Deferred outflow of resources:		
Deferred outflows - pension contributions (note 5)	147,648	132,752
Deferred outflows - pension actuarial (note 5)	371,000	572,000
Deferred outflows - OPEB contribution (note 6)	220,353	226,055
Deferred outflows - OPEB actuarial (note 6)	93,902	77,214
Total deferred outflow of resources	<u>832,903</u>	<u>1,008,021</u>
Liabilities:		
Accounts payable	35,347	23,644
Long-term liabilities:		
Due within one year:		
Compensated absences (note 4)	68,177	73,261
Lease liability (note 4)	115,071	-
Deferred rent obligation	-	6,909
Due beyond one year:		
Compensated absences (note 4)	72,394	77,792
Lease liability (note 4)	258,037	-
Net OPEB liability (note 6)	372,018	623,979
Net pension liability (note 5)	482,000	1,214,000
Total liabilities	<u>1,403,044</u>	<u>2,019,585</u>
Deferred inflow of resources:		
Deferred inflow of resources - pension actuarial (note 5)	613,000	172,000
Deferred inflow of resources - OPEB actuarial (note 6)	431,751	380,566
Total deferred inflow of resources	<u>1,044,751</u>	<u>552,566</u>
Net position:		
Investment in capital assets	(30,697)	10,296
Unrestricted	<u>788,029</u>	<u>493,352</u>
Total net position	<u>\$ 757,332</u>	<u>503,648</u>

See accompanying notes to the basic financial statements

**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Statement of Activities
June 30, 2022
(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>2022</u>	<u>2021</u>
Governmental activities:						
General government	\$ 1,320,402	98,700	-	-	(1,221,702)	(1,391,688)
Interest	<u>6,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,891)</u>	<u>-</u>
Total governmental activities	<u>\$ 1,327,293</u>	<u>98,700</u>	<u>-</u>	<u>-</u>	<u>(1,228,593)</u>	<u>(1,391,688)</u>
General revenues:						
Apportionment						1,539,253
Investment income						<u>(56,976)</u>
Total general revenues						<u>1,482,277</u>
Change in net position						253,684
Net position, beginning of year						<u>503,648</u>
Net position, end of year						<u>\$ 757,332</u>
						<u>503,648</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, 2022
(With comparative information for the prior year)**

		General Fund	
		2022	2021
	<u>Assets</u>		
Cash and investments		\$ 1,946,800	1,944,603
Interest receivable		1,628	1,441
Prepaid expenses		81,385	103,206
Security deposits		-	8,232
		<u> </u>	<u> </u>
Total assets		<u>\$ 2,029,813</u>	<u>2,057,482</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable		\$ 35,347	23,644
		<u> </u>	<u> </u>
Total liabilities		<u>35,347</u>	<u>23,644</u>
Fund balance:			
Nonspendable:			
Prepaid expenses and deposits		81,385	111,438
Unassigned		<u>1,913,081</u>	<u>1,922,400</u>
		<u> </u>	<u> </u>
Total fund balance		<u>1,994,466</u>	<u>2,033,838</u>
		<u> </u>	<u> </u>
Total liabilities and fund balance		<u>\$ 2,029,813</u>	<u>2,057,482</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, 2022**

Fund balances of governmental funds	\$	1,994,466
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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		428,680
Accumulated depreciation		(86,269)

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		(140,571)
Lease liability		(373,108)
Net OPEB liability		(372,018)
Net pension liability		(482,000)

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		368,001
Deferred outflows - actuarial		464,902
Deferred inflows - actuarial		(1,044,751)

Net position of governmental activities	\$	<u>757,332</u>
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**LOCAL AGENCY FORMATION COMMISSION
FOR THE COUNTY OF LOS ANGELES
Governmental Funds
Statement of Revenues, Expenditures and
Changes in Fund Balances
Year ended June 30, 2022
(With comparative information for the prior year)**

	General Fund	
	2022	2021
Revenues:		
Apportionment	\$ 1,539,253	1,539,253
Filing fees	79,700	90,450
Charges for services	19,000	3,294
Investment income	(56,976)	(1,352)
Total revenues	<u>1,580,977</u>	<u>1,631,645</u>
Expenditures:		
Current:		
General government:		
Salaries and benefits	1,274,439	1,196,576
Services and supplies	164,306	236,842
Professional service charges	130,709	157,734
Debt Service:		
Principal	38,020	-
Interest	6,891	-
Capital outlay	412,974	-
Total expenditures	<u>2,027,339</u>	<u>1,591,152</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>(446,362)</u>	<u>40,493</u>
Other Financing Sources (Uses):		
Proceeds from leases	<u>406,990</u>	<u>-</u>
Net change in fund balance	(39,372)	40,493
Fund balances at beginning of year	<u>2,033,838</u>	<u>1,993,345</u>
Fund balances at end of year	<u>\$ 1,994,466</u>	<u>2,033,838</u>

See accompanying notes to the basic financial statements

**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, 2022**

Net changes in fund balances - total governmental funds	\$	(39,372)
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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.

Capital expenditures		412,974
Depreciation expense		(80,859)

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		104,896
Net change in net OPEB obligation		211,762
Net change in deferred rent obligation		6,909
Net change in lease liability		(373,108)
Net change in compensated absences		10,482
		10,482
Change in net position of governmental activities	\$	253,684

See accompanying notes to the basic financial statements

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

Notes to the Basic Financial Statements

Year ended June 30, 2022

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, 2022**

(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, 2022.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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, 2022**

(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, 2022**

(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, 2022**

(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, 2022**

(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
Right to use asset	The estimated life of the leased asset or the contract term, whichever is shorter

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. Leases

The Commission is a lessee for right to use assets as detailed in Footnote 7. The Commission recorded a lease payable in the financial statements.

At the commencement of the lease, the Commission initially measures the lease payable at the present value of payments expected to be paid during the lease term. Subsequently, the lease payable is reduced by the principal portion of lease payments made.

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

- The Commission used the estimated borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

h. Compensated Absences

Permanent Commission employees earn from approximately 8 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 (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, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

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

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

1) Summary of Significant Accounting Policies (Continued)

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.

2) Cash and Investments

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

Demand deposits	\$ 78,530
Cash held by the County of Los Angeles	<u>1,868,270</u>
Total	<u>\$ 1,946,800</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.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

2) Cash and Investments (Continued)

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

Disclosures Relating to Interest Rate Risk

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

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. The California Government Code and the District's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022, the Commission's deposits with financial institutions did not exceed federal depository insurance limits.

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 \$1,868,270 as of June 30, 2022. This investment is not required to be categorized within the fair value hierarchy.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

3) Capital Assets

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

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets:				
Right to use asset	\$ -	406,990	-	406,990
Office equipment	20,277	5,984	(12,696)	13,565
Tenant improvements	19,454	-	(11,329)	8,125
Total capital assets	<u>39,731</u>	<u>412,974</u>	<u>(24,025)</u>	<u>428,680</u>
Less accumulated depreciation for:				
Right to use asset	-	(76,882)	-	(76,882)
Office equipment	(16,381)	(2,859)	12,696	(6,544)
Tenant improvements	(13,054)	(1,118)	11,329	(2,843)
Total accumulated depreciation	<u>(29,435)</u>	<u>(80,859)</u>	<u>24,025</u>	<u>(86,269)</u>
Total capital assets, net	<u>\$ -</u>	<u>332,115</u>	<u>-</u>	<u>342,411</u>

4) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due in one Year
Compensated absences	151,053	50,173	(60,655)	140,571	68,177
Lease payable					
Office space	-	389,169	(32,764)	356,405	111,507
Equipment	-	17,821	(1,118)	16,703	3,564
Total lease payable	<u>-</u>	<u>406,990</u>	<u>(33,882)</u>	<u>373,108</u>	<u>115,071</u>
Total long-term liabilities	<u>\$ 151,053</u>	<u>457,163</u>	<u>(94,537)</u>	<u>513,679</u>	<u>183,248</u>

The Commission entered into a lease for office space on August 11, 2011. The current lease term began December 1, 2021 and expires February 28, 2027, with a cancellation option effective on and as of November 30, 2024. The Commission is required to make monthly fixed payments ranging from \$9,884 to \$10,486, with a discount rate of 3%. As of June 30, 2022, the value of the lease payable is \$356,406.

The Commission entered into two lease agreements for office equipment through April 2027. The Commission is required to make monthly fixed payments ranging from \$156 to \$179, with a discount rate of 3%. As of June 30, 2022, the value of the lease payable is \$16,702.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

4) Long-term Liabilities (Continued)

Future lease payable requirements are as follows:

Year ended June 30	Principal	Interest	Total
2023	\$ 115,071	9,611	124,682
2024	122,268	6,061	128,329
2025	130,143	1,534	131,677
2026	2,988	97	3,085
2027	<u>2,638</u>	<u>24</u>	<u>2,662</u>
	<u>\$ 373,108</u>	<u>17,327</u>	<u>390,435</u>

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, 2022**

(Continued)

5) Pension Plan (Continued)

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

	General		
		If elected, on or after January 4, 1982 and before	On or After
Hire date	Prior to January 1, 2013	November 28, 2012	January 1, 2013
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%	9.10%
Required employer contribution rates	22.94%	24.49%	22.85%

(1) Based on age at entry into the Plan

a. Contributions

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

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

The Commission's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

5) Pension Plan (Continued)

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:

	Net Pension <u>Liability</u>
Balance at: 06/30/2021	\$1,214,000
Balance at: 06/30/2022	<u>482,000</u>
Net change during 2022	<u>(732,000)</u>

The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	<u>General</u>
Proportion – June 30, 2020	0.00672%
Proportion – June 30, 2021	<u>0.00661%</u>
Change – Increase (Decrease)	<u>(0.00011%)</u>

For the year ended June 30, 2022, the Commission recognized pension expense of \$42,752. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to Measurement date	\$ 147,648	-
Differences between actual and expected experience	105,000	(481,000)
Change in assumptions	207,000	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	59,000	(118,000)
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>(14,000)</u>
Total	<u>\$ 518,648</u>	<u>(613,000)</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$147,648 will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

5) Pension Plan (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Amount
2023	\$ (76,158)
2024	(53,275)
2025	(65,029)
2026	(147,154)
2027	49,250
Thereafter	50,336

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 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, 2020, 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 Pub-2010 mortality tables and using MP-2014 Ultimate Projection Scale. See June 30, 2020, funding 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 0.13 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.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

5) Pension Plan (Continued)

The long-term expected rate of return on pension plan investments is based on inflation expectations and nominal return expectations developed by Meketa for each asset class. In the case of the total portfolio and broad asset groupings (e.g., Growth, Credit), returns are calculated using a portfolio approach that first calculates nominal expected returns by incorporating target weights, nominal expected returns, and volatility and correlations estimates for each asset class, adjusted by the defined return period. Nominal expected returns for each asset class are converted to real expected returns by adjusting them for inflation, using a base inflation rate assumption of 2.75 percent. A simple weighted sum of asset class returns will not yield the results shown on the table given the process followed to adjust for inflation, the compounding to a given time period, and the impact of volatility and correlations to the portfolio.

<u>Asset Class</u>	<u>Target Allocation</u>	2021 Weighted average Long- term Expected <u>Real Rate of Return</u>
Growth	47.00%	5.30%
Credit	12.00%	1.70%
Real Asset and Inflation Hedges	17.00%	3.20%
Risk Reduction and Mitigation	<u>24.00%</u>	(0.40)%
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 (Asset)	\$1,201,000	\$482,000	\$(112,000)

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, 2022**

(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, 2021, were used in the actuarial valuation:

Active employees	6
Inactive – receiving benefits	3
Inactive – not receiving benefits	<u>0</u>
Total participants	<u>9</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, 2022.

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, 2022**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

d. Actuarial Methods and Assumptions Used to Determine OPEB Liability

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

Actuarial Cost Method	Individual Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Payroll Increase	2.75%
Mortality Table	Society of Actuaries Pub-2010 Mortality for Active and Retired Employees with MP-2019 Projection to 2025

e. Discount Rate

Discount Rate	6.75%
Long-term expected rate of return, net of investment expenses	6.75%

A discount rate of 6.75% 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%	7.545%
All Fixed Income	43.00%	4.250%
Real Estate (REITs)	8.00%	7.250%
All Commodities	4.00%	7.545%
Currency Bonds		
TIPS	<u>5.00%</u>	3.000%
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, 2022**

(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, 2020	\$ 850,234	226,255	623,979
Changes in the Year:			
Service cost	31,731	-	31,731
Interest on the total OPEB liability	59,702	44,457	15,245
Administrative expenses	-	(82)	82
Employer contributions	-	226,055	(226,055)
Benefit payments	(26,055)	(26,055)	-
Experience (gains)/losses	(105,617)	-	(105,617)
Investment gains/(losses)	-	-	-
Changes in assumptions	32,653	-	32,653
Net Changes	(7,586)	244,375	(251,961)
Balance at June 30, 2021 (Measurement Date)	\$ 842,648	470,630	372,018

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% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
Net OPEB Liability	\$521,321	372,018	250,994

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	\$223,887	372,018	564,513

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

**Notes to Financial Statements
Year ended June 30, 2022**

(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 (EARSLS)

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

For the year ended June 30, 2022, the Commission recognized an expense of \$18,421 for the OPEB Plan. At June 30, 2022, the Commission reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to the measurement date	\$220,353	-
Changes in assumptions	28,811	315,664
Differences between expected and actual experience	63,045	97,044
Net difference between projected and actual earnings on OPEB plan investments	<u>2,046</u>	<u>19,043</u>
Totals	<u>\$314,255</u>	<u>431,751</u>

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

6) Other Post-Employment Benefits Plan (Continued)

The Commission reported \$220,353 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2023	\$ (60,089)
2024	(60,086)
2025	(59,802)
2026	(60,479)
2027	(45,157)
Thereafter	(52,236)

7) 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	\$2,028,208	1,458,651	569,577

8) Insurance

The Commission is exposed to various risks including loss or damage to property, general liability, and injuries to employees. To address this risk the Commission participates in a risk pool with Special Commission 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, 2022, insurance coverage limits per occurrence were as follows; workers compensation \$5,000,000. Under JPRIMA for the year ended June 30, 2022, 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.

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

**Notes to Financial Statements
Year ended June 30, 2022**

(Continued)

9) Implementation of New Accounting Standard

As described in Note 4 to the financial statements, the Commission changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, in the fiscal year 2022. The Commission did not restate prior year balances as it was not practicable to do so.

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, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Proportion of the Collective Net Pension Liability	0.00661%	0.00672%	0.00713%	0.00695%
Proportionate share of the Collective Net Pension Liability	\$ 482,000	1,214,000	857,000	748,000
Covered Payroll	\$ 622,232	621,077	633,905	597,839
Proportionate share of the Collective Net Pension Liability as a percentage of covered payroll	77.46%	195.47%	135.19%	125.12%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	90.92%	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, 2021, there were no change in assumptions.

* Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

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

Measurement Date:	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Proportion of the Collective Net Pension Liability	0.00621%	0.00775%	0.00907%	0.00800%
Proportionate share of the Collective Net Pension Liability	\$ 701,000	806,000	703,000	580,000
Covered Payroll	\$ 507,467	564,082	594,657	575,750
Proportionate share of the Collective Net Pension Liability as a percentage of covered payroll	138.14%	142.89%	118.22%	100.74%
Plan Fiduciary Net Position as a percentage of the total Pension Liability	82.37%	81.75%	86.30%	86.80%

Notes to Schedule:

Benefit Changes – There were no changes in benefits.

Changes in Assumptions – For the measurement period ended June 30, 2021, there were no change in assumptions.

* Fiscal year 2015 was the first year of implementation, therefore only eight 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>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Actuarially Determined Contribution	\$ 147,648	132,752	120,583	118,911
Contributions in Relation to the Actuarially Determined Contribution	<u>(147,648)</u>	<u>(132,752)</u>	<u>(120,583)</u>	<u>(118,911)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 684,119	622,232	621,077	633,905
Contributions as a Percentage of Covered Payroll	21.58%	21.33%	19.42%	18.76%

Notes to Schedule:

Fiscal Year End June 30, 2022

Valuation Date June 30, 2020

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 eight 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, 2022

Valuation Date June 30, 2020

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 eight 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, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total OPEB liability:			
Service cost	\$ 31,731	30,732	103,250
Interest on the total OPEB liability	59,702	55,473	50,774
Actual benefit payments from employer	(26,055)	(21,194)	(22,000)
Expected minus actual benefit payments	-	(4,971)	2,000
Experience (gains)/losses	(105,617)	-	76,365
Changes in assumptions	<u>32,653</u>	<u>-</u>	<u>(372,195)</u>
Net Change in Total OPEB Liability	(7,586)	60,040	(161,806)
Total OPEB liability - beginning of year	<u>850,234</u>	<u>790,194</u>	<u>952,000</u>
Total OPEB liability - End of Year (a)	<u>842,648</u>	<u>850,234</u>	<u>790,194</u>
Plan Fiduciary Net Position:			
Expected investment income	44,457	15,028	-
Administrative expenses	(82)	(106)	(43)
Employer contributions as benefit payments	226,055	21,194	22,000
Actual benefit payments from employer	(26,055)	(21,194)	(22,000)
Investment gains/(losses)	<u>-</u>	<u>(3,412)</u>	<u>-</u>
Net change in plan fiduciary net position	244,375	11,510	14,047
Plan fiduciary net position - beginning of year	<u>226,255</u>	<u>214,745</u>	<u>200,698</u>
Plan fiduciary net position - end of year (b)	<u>\$ 470,630</u>	<u>226,255</u>	<u>214,745</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 372,018</u>	<u>623,979</u>	<u>575,449</u>
Plan fiduciary net position as a percentage of the total OPEB liability	55.85%	26.61%	27.18%
Covered - employee payroll	\$ 622,232	621,077	633,905
Net OPEB liability as a percentage of covered payroll	59.79%	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 three years are shown.

**LOCAL AGENCY FORMATION COMMISSION
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 as a multiple employer agent plan for 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>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Actuarially Determined Contribution	\$ 20,353	26,055	21,194	22,000	23,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(220,353)</u>	<u>(226,055)</u>	<u>(21,194)</u>	<u>(22,000)</u>	<u>(223,000)</u>
Contribution Deficiency (Excess)	<u>\$ (200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Covered Payroll	\$ 684,119	622,232	621,077	633,905	594,840
Contributions as a Percentage of Covered Payroll	32.21%	36.36%	3.41%	3.47%	37.49%

Notes to Schedule:

Fiscal Year End June 30, 2022

Valuation Date June 30, 2020

Methods and Assumptions Used to Determine Contribution Rates:

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

* - Fiscal year 2018 was the first year of implementation, therefore only five 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>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Total Proportionate Share of Collective OPEB Expense	\$ <u> -</u>	<u> -</u>	<u> -</u>	<u> 126,000 </u>	<u> 106,000 </u>

* - Fiscal year 2018 was the first year of implementation, therefore only five 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, 2022**

	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	79,700	(20,300)
Charges for services	4,500	4,500	19,000	14,500
Investment income (loss)	15,000	15,000	(56,976)	(71,976)
Total revenues	<u>1,658,753</u>	<u>1,658,753</u>	<u>1,580,977</u>	<u>(77,776)</u>
Expenditures:				
Current:				
General government:				
Salaries and benefits*	1,265,630	1,265,630	1,274,439	(8,809)
Services and supplies	275,421	275,421	164,306	111,115
Professional service charges	117,600	117,600	130,709	(13,109)
Debt Service:				
Principal	-	-	38,020	(38,020)
Interest	-	-	6,891	(6,891)
Capital outlay	<u>-</u>	<u>-</u>	<u>412,974</u>	<u>(412,974)</u>
Total expenditures	<u>1,658,651</u>	<u>1,658,651</u>	<u>2,027,339</u>	<u>(368,688)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102</u>	<u>102</u>	<u>(446,362)</u>	<u>(446,464)</u>
Other Financing Sources (Uses):				
Proceeds from leases	<u>-</u>	<u>-</u>	<u>406,990</u>	<u>406,990</u>
Net change in fund balances	102	102	(39,372)	(39,474)
Fund balances at beginning of year	<u>2,033,838</u>	<u>2,033,838</u>	<u>2,033,838</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,033,940</u>	<u>2,033,940</u>	<u>1,994,466</u>	<u>(39,474)</u>

*The Original and Final Budget for this line includes budgeted salaries and benefits expenditures of \$1,065,630 and a budgeted OPEB appropriation of \$200,000.

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

Notes to the Required Supplementary Information

Year ended June 30, 2022

1) Budgetary Reporting

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

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	\$2,027,339	1,458,651	368,688

The excess of expenditures over appropriations is due to expenditures recorded as a result of the implementation of GASB 87, as previously discussed. The excess of expenditures noted above, was offset by cost savings of \$111,115 in service and supplies.

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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, 2022, 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 21, 2022.

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.

DavisFarrLLP

Irvine, California
October 21, 2022

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Staff Report

November 9, 2022

Agenda Item No. 12.a.

Executive Officer's Report

The Executive Officer reports the following:

- **CALAFCO Annual Conference:** Commissioners John Mirisch and Francine Oschin, legal counsel, and staff attended the October 19-21 Conference. Amongst other topics, the sessions addressed fire district consolidations, Municipal Service Reviews (MSR's), and pension/Other Post-Employment Benefits (OPEB) issues.
- **Future Meeting Accommodations:** Given the planned return to in-person meetings at your January 11, 2023 Meeting, staff met with Los Angeles County Board of Supervisors Executive Office representatives concerning audio/video needs for meetings in 2023. Staff is working diligently to accommodate remote testimony (audio) for the public at early as practicable.

Staff Recommendation:

1. Receive and file the Executive Officer's Report.