JAMES MARTA & COMPANY LLP

LOCAL AGENCY FORMATION COMMISSION OF PLACER COUNTY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED

JUNE 30, 2024 AND 2023

WWW.JPMCPA.COM

701 HOWE AVENUE, E3
SACRAMENTO, CA 95825

(916) 993-9494
(916) 993-9489 FAX

PLACER LOCAL AGENCY FORMATION COMMISSION

JUNE 30, 2024 AND 2023

COMMISSION MEMBERS

City/Town Members
Whitney Eklund Vice Chair
Lincoln City Councilmember

Sean Lomen
City of Colfax Mayor

Stephanie Youngblood Alternate
Loomis Town Councilmember

County Members
Cindy Gustafson
Supervisor for District 5

Shanti Landon Alternate
Supervisor for District 2

Anthony Demattei
Supervisor for District 3

Public Members
Susan Rohan
Public Member

Cherri Spriggs
Alternate Public Member

Special District Members
Joshua Alpine Chair
Placer County Water Agency Director

Judy Friedman
Tahoe City Public Utility District Chair

Scott Wilson
Alternate Special District Member

PLACER LOCAL AGENCY FORMATION COMMISSION

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Placer Local Agency Formation Commission
Auburn, California

Opinions

We have audited the financial position of the governmental activities, the general fund and the aggregate remaining fund information of the Placer Local Agency Formation Commission (the Commission), as of and for the years ended June 30, 2024 and 2023, and the related Statement of Governmental Fund Revenues, Expenses and Changes in Fund Balance and Statement of Activities and 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 governmental activities, the general fund and the aggregate remaining fund information of the Commission as of June 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinions.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 and GAS, 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 Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund 2024 and 2023, Schedule of Commission's Proportionate Share of Net Pension Liability, Schedule of Pension Contributions and Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2026 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
March 6, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of basic financial statements presents management's overview and analysis of the financial activities of the Placer County Local Agency Formation Commission (LAFCO or the Commission) for the fiscal years ended June 30, 2024, and June 30, 2023. The discussion should be read in conjunction with the accompanying basic financial statements, notes, and required supplementary information.

FINANCIAL HIGHLIGHTS

- The Commission ended FY 2024 with a net position of $63,659, which includes all pension and post-employment liabilities. This amount represents an overall increase of $92,667 from the June 30, 2023, fiscal year total of ($29,008).
- The General Fund ended FY 2024 with an unassigned fund balance of $548,167, an increase of $121,441 from FY 2023.
- Charges for services remained similar in FY 2024 compared to FY 2023, reflecting a steady level of application related activity.
- Total expenses increased by $404,219 in FY 2024 compared to FY 2023, led primarily by employee services and professional services
- Long-term obligations remain significant, particularly the net pension liability and compensated absences.
- After year-end, the Commission experienced an executive leadership transition and has relied on consultants and interim support while recruiting a permanent Executive Officer.

OVERVIEW OF THE FINANCIAL STATEMENTS

The government-wide financial statements, consisting of the Statement of Net Position and the Statement of Activities, present the Commission as a whole using the accrual basis of accounting. These statements report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, regardless of when cash is received or paid.

The fund financial statements focus on the General Fund and report near-term inflows, outflows, and balances of spendable resources using the modified accrual basis of accounting. As a result, the fund statements provide information that differs from the government-wide statements, particularly for long-term items such as pension-related balances, OPEB-related balances, compensated absences, depreciation or amortization, and lease activity.

The notes to the financial statements provide additional detail needed to understand the amounts presented in the government-wide and fund financial statements. The required supplementary information includes budgetary schedules and pension and OPEB trend information.

Comparative Financial Information

The following table provides a summary of the Statement of Net Position for the fiscal years ended June 30, 2024, June 30, 2023, and June 30, 2022:

Description	FY 2024	FY 2023	FY 2022	Change
Current and other assets	$656,459	$480,090	$436,199	$176,369
Capital and lease-related assets, net	$0	$9,055	$27,171	($9,055)
Total assets	**$656,459**	**$489,145**	**$463,370**	**$167,314**
Deferred outflows of resources	$221,115	$246,657	$125,042	($25,542)
Current liabilities	$81,062	$50,860	$67,287	$30,202
Long-term liabilities	$693,345	$654,738	$511,209	$38,607
Total liabilities	**$774,407**	**$705,598**	**$578,496**	**$68,809**
Deferred inflows of resources	$39,508	$59,212	$233,033	($19,704)
Unrestricted net position	$63,659	($29,008)	$(233,117)	$92,667
Total net position	**$63,659**	**($29,008)**	**$(233,117)**	**$92,667**

Total net position increased by $92,667 in FY 2024. Total assets increased primarily because of higher cash and investment balances and a larger net OPEB asset, while deferred outflows of resources declined. Total liabilities increased mainly because the net pension liability and compensated absences both increased during the year.

The following table provides a summary of the Changes in Net Position for the fiscal years ended June 30, 2024, June 30, 2023, and June 30, 2022:

Description	FY 2024	FY 2023	FY 2022	Change
Apportionment	$981,552	$689,819	$392,823	$29,733
Charges for Services	$21,500	$24,099	$0	(2,599)
Interest Income	$26,557	$10,588	$1,362	$15,969
Total Revenues	**$1,029,609**	**$724,506**	**$394,185**	**$305,103**
Total Expenses	**$934,616**	**$530,397**	**$441,168**	**$404,219**
Net program expenses	$913,116	$506,298	$441,168	$406,818
Loss on lease termination	($2,326)	$0	$0	($2,326)
Total general revenues	$1,005,783	$700,407	$392,823	$305,376
Change in net position	**$92,667**	**$194,109**	**$(46,983)**	**($101,442)**
Beginning net position	($29,008)	($223,117)	$(176,134)	$194,109
Ending net position	$63,659	($29,008)	$(223,117)	$92,667

In FY 2024, charges for services decreased slightly to $21,500 from $24,099 in FY 2023. Total general revenues increased to $1,005,783 from $700,407 in FY 2023 due to the increase in the apportionment of $29,733 between the two fiscal years. Total expenses increased, rising to $934,616 from $530,397, with the largest changes in employee services and professional services. Even with the higher cost structure, program revenues exceeded expenses in FY 2024, and interest income further contributed to the positive change in net position.

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Net position increased by $92,667 in FY 2024, compared with an increase of $194,109 in FY 2023. The FY 2024 increase reflects higher service and application-related revenues together with favorable interest earnings, partially offset by materially higher operating costs.

Total expenses increased by $404,219. Employee services increased by $226,016 and professional services increased by $156,047. Those increases were the primary reasons the FY 2024 increase in net position was smaller than the FY 2023 increase.

At June 30, 2024, total assets were $656,459 and deferred outflows of resources were $221,115. Deferred outflows are presented separately from assets under GASB reporting standards and primarily relate to pension and OPEB items.

At June 30, 2024, total liabilities were $774,407 and deferred inflows of resources were $39,508. Deferred inflows are presented separately from liabilities and, in this case, also relate primarily to pension and OPEB items.

The largest long-term balance remained the net pension liability of $647,900. Compensated absences also increased during FY 2024, while the net OPEB asset increased to $27,230.

ANALYSIS OF THE GOVERNMENTAL FUNDS

The following table provides a summary of the Governmental Funds for the fiscal years ended June 30, 2024, June 30, 2023, and June 30, 2022:

Description	FY 2024	FY 2023	FY 2022	Change
Total revenues	$1,029,609	$724,506	$394,185	$305,103
Total expenditures	$908,168	$607,859	$441,168	$300,309
Net change in fund balance	$121,441	$116,647	$(48,467)	$4,794
Ending fund balance	$548,167	$426,726	$310,079	$121,441

The Governmental Funds ended FY 2024 with an unassigned fund balance of $548,167, compared with $426,726 at June 30, 2023. The $121,441 increase reflects the extent to which current-year revenues exceeded current-year expenditures on the modified accrual basis.

The increase in fund balance differs from the $92,667 increase in government-wide net position because the government-wide statements also recognize long-term and noncurrent items. For FY 2024, those reconciling items included depreciation or amortization expense, changes in the net pension liability, changes in the net OPEB asset, the elimination of lease liability balances shown in prior-year governmental activities reporting, and changes in compensated absences.

BUDGETARY HIGHLIGHTS

FY 2024 Budget Highlights

- Actual revenues exceeded the final budget by $46,737, consisting of $21,500 in higher-than-budgeted charges for services and $25,237 in higher-than-budgeted interest income.
- Actual expenditures were $45,931 below the final budget. Salaries and benefits were $1,522 below budget, and services and supplies were $44,409 below budget.
- The result was a favorable operating variance of $92,668 for the year.

FY 2023 Budget Highlights

- Actual revenues exceeded the final budget by $33,487, including $24,099 in higher-than-budgeted charges for services and $9,388 in higher-than-budgeted interest income.
- Actual expenditures were $160,622 below the final budget. The most significant favorable variance was in services and supplies, which came in $144,606 below budget.
- The result was a favorable operating variance of $194,109 for the year.

LONG-TERM LIABILITIES

The following table provides a summary of the Long-Term Liabilities for the fiscal years ended June 30, 2024, June 30, 2023, and June 30, 2022:

Description	June 30, 2024	June 30, 2023	June 30, 2022	Change
Net pension liability	$647,900	$623,668	$482,355	$24,232
Net OPEB asset	($27,230)	($11,321)	$(79,289)	($15,909)
Lease liability	$0	$8,817	$(27,639)	($8,817)
Compensated absences	$45,445	$31,070	$(21,671)	$14,375

The Commission reported no capital or lease-related asset balance at June 30, 2024 because the prior right-of-use asset had been fully amortized. In FY 2023, the Commission reported a $9,055 lease-related asset balance.

The net pension liability increased by $24,232 during FY 2024, and compensated absences increased by $14,375. The net OPEB asset increased by $15,909, which improved the Commission's overall government-wide position.

This section is intentionally narrower than a note disclosure and is meant to summarize only the more significant year-over-year changes that affect the Commission's overall financial position.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

LAFCO is responsible under statute to annually review its organizational needs and adopt an operating budget accordingly with mandatory funding drawn from local agencies. State law also specifies that the operating budget shall be equal to the budget adopted for the previous year unless LAFCO formally finds any reduced costs will allow the Commission to nonetheless meet its prescribed regulatory and planning duties. These statutory provisions in Government Code Section 56381, provide LAFCO full discretion in setting up and collecting local agency apportionments to meet budgeted expenses with the latter aligned to support annual workplans.

Near-term annual workplans will continue to focus LAFCO resources in preparing municipal service reviews and associated sphere of influence updates for cities and special districts in Placer County. The resignation of the Executive Officer on November 14, 2025, has required the Commission to rely heavily on consultant and interim support for day-to-day LAFCO operations while recruiting a permanent replacement. At the date of this draft MD&A, management expects staffing decisions, consultant support costs, and workload demands to affect operations in the near term.

Contacting the Commission's Financial Management:

The basic financial statements are intended provide citizens, local funding agencies, and creditors with a general overview of the LAFCO's finances and accountability. If you have questions about this report or need additional financial information, contact the Executive Officer at 110 Maple Street, Auburn, CA 95603, or 530-889-4097.

Additional financial information – including past fiscal year audits – are available online at www.placerlafcoca.gov.

BASIC FINANCIAL STATEMENTS

PLACER LOCAL AGENCY FORMATION COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and investments	$ 627,266	$ 467,656
Interest Receivable	1,963	1,113
Capital Assets	-	9,055
Net OPEB Asset	27,230	11,321
Total Assets	656,459	489,145
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions (note 5)	181,164	181,530
Deferred outflows of resources related to OPEB (note 6)	39,951	65,127
Total Deferred Outflows	221,115	246,657
LIABILITIES		
Accounts payable and accrued expenses	51,562	16,343
Lease Liability	-	8,817
Unearned revenue	29,500	25,700
Compensated absences	45,445	31,070
Net pension liability	647,900	623,668
Total Liabilities	774,407	705,598
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions (note 5)	2,935	4,929
Deferred inflows of resources related to OPEB (note 6)	36,573	54,283
Total Deferred Inflows	39,508	59,212
NET POSITION		
Unrestricted	63,659	(29,008)
Total Net Position	$ 63,659	$ (29,008)

See accompanying notes to the basic financial statements.

PLACER LOCAL AGENCY FORMATION COMMISSION

STATEMENT OF NET ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
EXPENSES:		
Employee Services	$ 566,420	$ 340,404
Professional Services	295,103	139,056
Rent Expense	13,485	-
Non Capitalized expense	3,501	-
Supplies	16,906	16,525
Insurance	4,048	3,746
Amortization expense	9,055	18,116
Interest Expense	105	624
Communication	4,355	3,359
Travel	20,330	8,023
Miscellaneous	1,308	544
Total expenditures/expenses	934,616	530,397
Program revenues:		
Charges for services	21,500	24,099
Net program expenses	913,116	506,298
General revenues		
Apportionment	981,552	689,819
Interest Income	26,557	10,588
Loss on Lease Termination	(2,326)	-
Total general revenues	1,005,783	700,407
Change in net position	92,667	194,109
Net position beginning	(29,008)	(223,117)
Net position - ending	$ 63,659	$ (29,008)

See accompanying notes to the basic financial statements.

PLACER LOCAL AGENCY FORMATION COMMISSION

GOVERNMENTAL FUND BALANCE SHEET

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and investments	$ 627,266	$ 467,656
Interest Receivable	1,963	1,113
Total Assets	$ 629,229	$ 468,769
LIABILITIES		
Accounts payable and accrued expenses	$ 51,562	$ 16,343
Unearned revenue	29,500	25,700
Total Liabilities	81,062	42,043
FUND BALANCE		
Unassigned	548,167	426,726
Total fund balance	548,167	426,726
Total Liabilities and Fund Balances	$ 629,229	$ 468,769

See accompanying notes to the basic financial statements.

PLACER LOCAL AGENCY FORMATION COMMISSION

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Total fund balances - governmental funds	$ 548,167	$ 426,726
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the LAFCO as a whole.		
Capital assets	45,287	45,287
Accumulated depreciation	(45,287)	(36,232)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Net pension liability	(647,900)	(623,668)
Net OPEB asset	27,230	11,321
Compensated absences payable	(45,445)	(31,070)
Lease Liability	-	(8,817)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are:		
Deferred outflows of resources related to pensions	181,164	181,530
Deferred outflows of resources related to OPEB	39,951	65,127
Deferred inflows of resources related to pensions	(2,935)	(4,929)
Deferred inflows of resources related to OPEB	(36,573)	(54,283)
Total net position, governmental activities:	$ 63,659	$ (29,008)

See accompanying notes to the basic financial statements.

PLACER LOCAL AGENCY FORMATION COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUES:		
Charges for Services	$ 21,500	$ 24,099
Apportionment	981,552	689,819
Interest Income	26,557	10,588
Total revenues	1,029,609	724,506
EXPENSES:		
Employee Services	537,884	417,160
Professional Services	295,103	139,056
Rent Expense	24,733	19,446
Non Capitalized expense	3,501	-
Supplies	16,906	16,525
Insurance	4,048	3,746
Communication	4,355	3,359
Travel	20,330	8,023
Miscellaneous	1,308	544
Total expenditures/expenses	908,168	607,859
Excess/ (deficiency) of revenues over/ (under) expenditures	121,441	116,647
FUND BALANCES:		
Beginning of the Year	426,726	310,079
Ending of the Year	$ 548,167	$ 426,726

See accompanying notes to the basic financial statements.

PLACER LOCAL AGENCY FORMATION COMMISSION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Total net change in fund balance - governmental funds	$ 121,441	$ 116,647
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the LAFCO as a whole.		
Depreciation expense	(9,055)	(18,116)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Longterm liabilities relating to governmental activities consist of:		
Net change in net pension liability	(22,604)	72,208
Net change in net OPEB obligation	8,443	13,947
Net change in lease liability	8,817	18,822
Compensated absences in governmental funds are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		
Net change in compensated absences	(14,375)	(9,399)
Total change in net position - governmental activities	$ 92,667	$ 194,109

See accompanying notes to the basic financial statements.

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

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

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

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

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

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

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

<u>Government-wide Financial Statements</u>

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.

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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Commission.

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, 2024 or 2023.
>
> Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

<u>Fund Financial Statements</u>

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

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

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

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

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

Governmental Fund Balance

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).

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.

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 MEASUREMENT

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

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

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

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

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

E. CAPITAL ASSETS

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

Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. Estimated useful lives of the capital assets is five years.

F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

G. COMPENSATED ABSENCES

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

H. PENSION

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS's website under Forms and Publications.

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:

For the fiscal year June 30, 2024	
Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2022 to June 30, 2023

For the fiscal year June 30, 2023	
Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

I. 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:

J. 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.

For the fiscal year June 30, 2024	
Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	July 1, 2023 to June 30, 2024

For the fiscal year June 30, 2023	
Valuation Date (VD)	June 30, 2022
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2022 to June 30, 2023

K. LEASES

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

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

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

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

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

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

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 and 2023 consist of the following;

	2024	2023
Cash in County Treasury	$ 627,266	$ 467,656

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

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

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2024 and 2023, the Commission's funds are held as short-term deposits in the Placer 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 Placer County Treasury Pool is not rated.

Disclosures Relating to Custodial Credit Risk

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

Fair Value Measurement

The Placer County Treasury Pool is a pooled investment fund program governed by the Placer County Board of Supervisors and is administered by the County Treasurer. Investments in the pool are highly liquid as deposits and withdrawals can be made at any time without penalty. The Commission's fair value of its share in the pool is the same value of the pool shares, which amounted to $627,266 and $467,656 as of June 30, 2024 and 2023, respectively. This investment is not required to be categorized within the fair value hierarchy.

2. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 and June 30, 2023 are as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets:				
Right of Use - Lease	$ 45,287	$ -	$ -	$ 45,287
Total capital assets	45,287	-	-	45,287
Less accumulated depreciation for:				
Right of Use - Lease	36,232	9,055	-	45,287
Total accumulated depreciation	36,232	9,055	-	45,287
Total capital assets, net	$ 9,055	$ (9,055)	$ -	$ -

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Capital assets:				
Right of Use - Lease	$ 45,287	$ -	$ -	$ 45,287
Total capital assets	45,287	-	-	45,287
Less accumulated depreciation for:				
Right of Use - Lease	18,116	18,116	-	36,232
Total accumulated depreciation	18,116	18,116	-	36,232
Total capital assets, net	$ 27,171	$ (18,116)	$ -	$ 9,055

3. LONG-TERM OBLIGATIONS

The commission has long-term liabilities for compensated absences and net pension liabilities. The summaries for June 30, 2024 and 2023 are as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Balance Due In One Year
Net pension liability	$ 623,668	$ 24,232	$ -	$ 647,900	$ -
Net OPEB asset	(11,321)	(15,909)	-	(27,230)	-
Lease Liability	8,817	-	8,817	-	-
Compensated Absences	31,070	14,375	-	45,445	-
Totals	$ 652,234	$ 22,698	$ 8,817	$ 666,115	$ -

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Balance Due In One Year
Net pension liability	$ 482,355	$ 141,313	$ -	$ 623,668	$ -
Net OPEB asset	(79,289)	-	(67,968)	(11,321)	-
Lease Liability	27,639	-	18,822	8,817	-
Compensated Absences	21,671	9,399	-	31,070	-
Totals	$ 452,376	$ 150,712	$ (49,146)	$ 652,234	$ -

4. OPERATING LEASES

The Commission entered into a 5-year lease as lessee for the use of office space located at 110 Maple Street, Auburn, California. As of June 30, 2024, the value of the lease liability is $9,455. The Commission is required to make quarterly fixed payments of $4,529. The lease has an interest rate of 3 percent. The building's estimated useful life was 60 months as of the contract commencement.

The annual debt service requirements for the lease outstanding at June 30, 2024 are as follows:

Year Ending	Principal	Interest	Total
June 30, 2024	$ 9,350	$ 105	$ 9,455
Total	$ 9,350	$ 105	$ 9,455

During the fiscal year ended June 30, 2024, the District entered into a new lease agreement for office facilities following the expiration of a prior five-year lease on December 31, 2023. The new lease term extends through June 30, 2029 and requires annual rent payments in advance beginning July 1, 2024. Rent for the period January through June 2024 is payable separately and is not included in the lease liability.

Total rent expense for the years ended June 30, 2024 and 2023 was $19,446 and $24,733, respectively.

5. EMPLOYEE RETIREMENT PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in Placer Local Agency Formation Commission's cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and Placer Local Agency Formation Commission resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

5. EMPLOYEE RETIREMENT PLAN (continued)

The Plans' provisions and benefits in effect as of June 30, 2024 and 2023, respectively, are summarized as follows:

	June 30, 2024		June 30, 2023	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.7% @ 62	2.7% @ 55	2.7% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67	50 - 55	50 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.00%	8.25%	7.00%	7.25%
Required employer contribution rates	16.87%	8.00%	14.90%	7.76%

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 are determined annually on an actuarial basis as of June 30 by CalPERS. 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.

For the years ended June 30, 2024 and 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	
	June 30, 2024	**June 30, 2023**
Contributions -employer	$ 94,276	$ 79,224

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

As of June 30, 2024 and 2023, the Placer Local Agency Formation Commission reported net pension liabilities for its proportionate share of the net pension liability of:

	Proportionate Share of Net Pension Liability (Asset)	
	June 30, 2024	**June 30, 2023**
Miscellaneous	$ 647,900	$ 623,668

5. EMPLOYEE RETIREMENT PLAN (continued)

Placer Local Agency Formation 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, 2023, 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, 2023 rolled forward to June 30, 2022 using standard update procedures. Placer Local Agency Formation Commission's proportion 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 Commission's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2023 was as follows:

Proportion - June 30, 2023	0.1085%
Proportion - June 30, 2024	0.1107%
Change - Increase/(Decrease)	0.0022%

Placer Local Agency Formation 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, 2022, 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, 2022 rolled forward to June 30, 2021 using standard update procedures. Placer Local Agency Formation Commission's proportion 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 Commission's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2022 was as follows:

Proportion - June 30, 2022	0.1282%
Proportion - June 30, 2023	0.1085%
Change - Increase/(Decrease)	-0.0197%

For the years ended June 30, 2024 and 2023, the Commission recognized pension expense of $(22,604) and $72,208, respectively. The Commission's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2024		June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 22,682	$ -	$ 38,097	$ -
Differences between Expected and Actual Experience	9,849	(2,935)	5,382	(4,929)
Net differences between Projected and Actuall Earnings on Pension Plan Investment	54,357	-	56,457	-
Pension Contributions Made Subsequent to Measurement Date	94,276	-	81,594	-
	$ 181,164	$ (2,935)	$ 181,530	$ (4,929)

5. EMPLOYEE RETIREMENT PLAN (continued)

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	June 30, 2024			June 30, 2023	
Year Ended June 30	Deferred Outflows/(Inflows) of Resources		Year Ended June 30	Deferred Outflows/(Inflows) of Resources	
2025	$	28,441	2024	$	26,943
2026		14,744	2025		22,724
2027		39,346	2026		9,305
2028		1,421	2027		36,013
2029		-	2028		-
Thereafter		-	Thereafter		-
	$	83,953		$	94,985

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions:

	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions		
Discount Rate	6.90%	6.90%
Inflation	2.50%	2.50%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	7.00%	7.00%
Mortality	Derived using CalPERS' Membership Data for All Funds	

(1) Compounded annually, net of administrative and investment expenses

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

5. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.90% (7.15% for 2022) for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% (7.15% for 2022) percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 6.90% (7.15% for 2022) percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.90% (7.15% for 2022) percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 6.90% (7.15% for 2022) percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

5. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

The tables below reflect the long-term expected real rate of return by asset class as of June 30, 2024 and 2023, respectively. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

	June 30, 2024 and 2023		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland	0.00%	0.00%	0.00%
Liquidity	1.00%	0.00%	-0.92%
	100%		

(a) An expected inflation of 2.00% used for this period

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

5. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

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

	June 30, 2024		
	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Plan's Net Pension Liability	$ 883,526	$ 647,900	$ 452,090

	June 30, 2023		
	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Plan's Net Pension Liability	$ 849,135	$ 623,668	$ 436,474

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

The Commission had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

6. OTHER POST EMPLOYMENT BENEFITS PLAN

Plan Description

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

6. OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

Employees Covered

The following employee statistics as of June 30, 2024 and 2023, were used in the actuarial valuation:

	2024	2023
Active Employees	2	2
Inactive – receiving benefit	0	0
Inactive – not receiving benefit	0	0
Total Participants	2	2

Contributions

Contribution requirements of the Commission are established by the County of Placer. The Commission's required contribution rate is an actuarially determined amount that is expected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed fifteen years. Contributions to the OPEB plan from the Commission were $15,276 and $6,075 for the fiscal years ended June 30, 2024, and 2023, respectively. Currently, contributions are not required from plan members.

6. OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

Actuarial Methods and Assumptions Used to Determine OPEB Liability

The June 30, 2024, and 2023 OPEB liabilities were based on the following actuarial methods and assumptions:

	2024	**2023**
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.25%	6.80%
Inflation	2.50%	2.50%
Payroll Increase	2.75%	2.75%
Mortality Table	Based on assumptions for Public Agency Miscellaneous and Police members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020.	
Healthcare cost trend rate	7.0% (pre-Medicare) and 6.00% (Medicare) for FY2024, gradually decreasing over several decades to an ultimate rate of 3.94% in FY2080 and later years.	6.8% for FY2023, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

6. **OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)**

A discount rate of 7.25% and 6.80% was used in the valuation for the fiscal year ended June 30, 2024, and 2023, respectively. GASB 75 requires that the liability discount rate be the single rate that reflects the following:

The long-term expected rate of return on OPEB plan investments used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return; and A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in A. are not met.

Allocation of Net OPEB Liability and OPEB Expense to Individual Employers

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

	Increase /(Decrease) Net OPEB Liability (Asset)
Balance at June 30, 2023	$ (11,321)
Balance at June 30, 2024	(27,230)
Net Changes during 2023-2024	$ (15,909)

	Increase /(Decrease) Net OPEB Liability (Asset)
Balance at June 30, 2022	$ (79,289)
Balance at June 30, 2023	$ (11,321)
Net Changes during 2022-2023	$ 67,968

6. OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

The Commission's net OPEB liability for the plan is measured as the proportionate share of the Plan's net OPEB liability. The net OPEB liability of the plan is measured as of June 30, 2023 and 2022, and the net OPEB liability for the plan used to calculate the net pension liability was determined by an actuarial valuation of June 30, 2023 and 2022. The Commission's proportion of the net OPEB liability was based on a projection of the Commission's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The Commission's proportionate share of the net OPEB liability for the plan as of June 30, 2023 and 2022 was as follows:

	OPEB Plan
Proportion - June 30, 2023	0.0969%
Proportion - June 30, 2024	0.0625%
Change - Increase/(Decrease)	-0.0344%

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 June 30, 2023 and 2022, calculated using the discount rate of 7.25 percent and 6.80 percent, respectively, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net OPEB Liability/(Asset) as at June 30, 2024	$ (4,394)	$ (27,230)	$ (59,186)

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
Net OPEB Liability/(Asset) as at June 30, 2023	$ 36,515	$ (11,321)	$ (51,576)

6. OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

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

	1% Decrease 6.25%	Current Trend Rate 7.25%	1% Increase 8.25%
Net OPEB Liability/(Asset) as at June 30, 2024	$ (62,012)	$ (27,230)	$ (383)

	1% Decrease 5.80%	Current Trend Rate 6.80%	1% Increase 7.80%
Net OPEB Liability/(Asset) as at June 30, 2023	$ (57,057)	$ (11,321)	$ 44,172

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

6. OTHER POST EMPLOYMENT BENEFITS PLAN (CONTINUED)

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

For the year ended June 30, 2024, and 2023, the Commission recognized an expense of $(8,443) and $(13,947), respectively for the OPEB Plan. At June 30, 2024 and 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan as follows:

	As at June 30, 2024		As at June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 5,690	$ (9,128)	$ 9,971	$ 29,892
Differences between actual and expected experience	1,507	(27,445)	11,158	24,391
Net differences between projected and actual earnings on plan investments	17,477	-	37,922	-
Contributions subsequent to the measurement date (including implied subsidy)	15,276	-	6,075	-
Total	$ 39,951	$ (36,573)	$ 65,127	$ 54,283

The Commission reported $15,276 and $7,287 as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2025 and 2024, respectively. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as OPEB expense as follows:

As at June 30, 2024		As at June 30, 2023	
Fiscal Year Ending June 30	Amount	Fiscal Year Ending June 30	Amount
2025	(5,160)	2024	(7,257)
2026	(7,257)	2025	(1,565)
2027	7,028	2026	(4,813)
2028	(3,446)	2027	17,314
2029	(3,064)	2028	1,090
Thereafter	-	Thereafter	-
Total	(11,898)	Total	4,769

7. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2024, through March 6, 2026, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PLACER LOCAL AGENCY FORMATION COMMISSION ORGANIZATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Budget Variance Favorable (Unfavorable)
REVENUES:			
Charges for services	$ 981,552	$ 1,003,052	$ 21,500
Interest income	1,320	26,557	25,237
Total Revenues	982,872	1,029,609	46,737
EXPENSES:			
Salaries and benefits	567,942	566,420	1,522
Services and supplies	414,931	370,522	44,409
Total Expenses	982,873	936,942	45,931
Excess/ (deficiency) of revenues over/ (under) expenditures	(1)	92,667	92,668
Beginning fund balance	258,922	(29,008)	(287,930)
Ending fund balance	$ 258,921	$ 63,659	$ (195,262)

PLACER LOCAL AGENCY FORMATION COMMISSION ORGANIZATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Budget Variance Favorable (Unfavorable)
REVENUES:			
Charges for services	$ 689,819	$ 713,918	$ 24,099
Interest income	1,200	10,588	9,388
Total Revenues	691,019	724,506	33,487
EXPENSES:			
Salaries and benefits	356,420	340,404	16,016
Services and supplies	334,599	189,993	144,606
Total Expenses	691,019	530,397	160,622
Excess/ (deficiency) of revenues over/ (under) expenditures	-	194,109	194,109
Beginning fund balance	258,922	(223,117)	(482,039)
Ending fund balance	$ 258,922	$ (29,008)	$ (287,930)

PLACER LOCAL AGENCY FORMATION COMMISSION ORGANIZATION

SCHEDULE OF COMMISSIONS PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDING JUNE 30, 2024 AND 2023

	June 30, 2022 [1]	June 30, 2023 [1]	June 30, 2024 [1]
Proportion of the net pension liability	0.1282%	0.1107%	0.1085%
Proportionate share of the net pension liability (asset)	$ 482,355	$ 623,668	$ 647,900
Covered-employee payroll [2]	$ 200,247	$ 229,562	$ 293,746
Proportionate Share of the net pension liability as percentage of covered-employee payroll	240.88%	271.68%	220.56%
Plan's fiduciary net position as a percentage of the total pension liability	75.33%	64.55%	65.28%
Proportionate share of aggregate employer contributions [3]	70,145	79,224	94,276

(1) Historical information is required only for measurement period for which GASB 68 is applicable. Fiscal year 2022 was the first year LAFCO received an audit, therefore shown from FY 2022.

(2) Covered employee payroll represented above is based on pensionable earning provided by the employer.

(3) The plans proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of fiduciary net position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

PLACER LOCAL AGENCY FORMATION COMMISSION ORGANIZATION

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDING JUNE 30, 2024 AND 2023

	Fiscal Year [1]		
	2021-22	**2022-23**	**2023-24**
Actuarially Determined Contribution [2]	$ 82,503	$ 81,616	$ 94,276
Contributions in relation to the actuarially determined contributions	(82,503)	(81,616)	(94,276)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll [3]	$ 200,247	$ 229,562	$ 293,746
Contributions as a percentage of covered-employee payroll [3]	41.201%	35.553%	32.094%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Fiscal year 2022 was the first year LAFCO received an audit, therefore shown from FY 2022.

(2) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contributions). However, some employers may choose to make additional contributions towards their site fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB, therefore are not considered separately financed specific liabilities.

(3) Covered-employee payroll represented above is based on pensionable earnings provided by the employer.

PLACER LOCAL AGENCY FORMATION COMMISSION ORGANIZATION

SCHEDULE OF CHANGES IN THE LAFCO'S NET OPEB LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDING JUNE 30, 2024 AND 2023

Fiscal Year Ending June 30,	**2024***	**2023***	**2022***
Proportion of the Collective Net OPEB Liability	0.06254%	0.0969%	0.0664%
Proportionate Share of the Collective Net OPEB Liability (Asset)	$ (27,230)	$ (11,321)	$ (79,289)
Covered-Employee Payroll	$ 293,746	$ 229,562	$ 200,247
Proportionate Share of the Collective Net OPEB Liability as percentage of covered-employee payroll	-9.27%	-4.93%	-39.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.42%	102.72%	129.44%

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

PURPOSE OF SCHEDULES

A - Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget (Non-GAAP) and Actual - General Fund

The Commission employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Proportionate Share of the Net Pension Liability

Changes in Assumptions
There were no changes in assumptions.

Changes in Benefit Terms
There were no changes to benefit terms that applied to all members of the Public Agency Pool.

C - Schedule of Pension Contributions

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll. In the future, as data becomes available, ten years of information will be presented.

Fiscal year 2022 was the first year of implementation, therefore only three years are shown.

	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost	Entry-Age Normal Cost
Actuarial Assumptions		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Payroll Growth Rate	2.75%	2.75%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (1)	6.80%	7.15%
Mortality	Derived using CalPERS' Membership Data for all Funds	

(1) Net of pension plan investment expenses, including inflation

D - Schedule of the Changes in the LAFCO's Net OPEB Liability and Related Ratios

Benefit changes. There were no changes to benefits.

Changes of assumptions. The discount rate assumption increased from 6.80% to 7.25%.

Fiscal year 2022 was the first year of implementation, therefore only three years are shown.

	2024	**2023**
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.25%	6.80%
Inflation	2.50%	2.50%
Payroll Increase	2.75%	2.75%
Mortality Table	Based on assumptions for Public Agency Miscellaneous and Police members published in the 2021 CalPERS Experience Study. These tables include generational mortality improvement using 80% of scale MP-2020.	
Healthcare cost trend rate	7.0% (pre-Medicare) and 6.00% (Medicare) for FY2024, gradually decreasing over several decades to an ultimate rate of 3.94% in FY2080 and later years.	6.8% for FY2023, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.

OTHER REPORTS

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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*

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Placer Local Agency Formation Commission
Auburn, California 94533

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 governmental activities and major fund of Placer Local Agency Formation Commission, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Placer Local Agency Formation Commission's basic financial statements, and have issued our report thereon dated March 6, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Placer Local Agency Formation Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Placer Local Agency Formation Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Placer Local Agency Formation 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 or significant deficiencies may exist that have not been identified.

701 Howe Avenue, Suite E3, Sacramento, CA 95825 (916) 993-9494 fax (916) 993-9489
www.jpmcpa.com jdeol@jpmcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Placer Local Agency Formation Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
March 6, 2026