

**REVISED AGENDA**  
**LAFCO Budget & Finance Committee**  
**Meeting**

**2024**  
**Committee**

**Chair**

Mary Ann Leffel  
*Special District Member*

Chris Lopez

*County Member*

Ian Oglesby  
*City Member*

**Counsel**

Reed Gallogly  
*General Counsel*

**Executive Officer**

Kate McKenna, AICP

**Thursday, November 14, 2024**  
**2:00 p.m. – 4:00 p.m.**

**LAFCO OFFICE**  
**132 W. Gabilan Street, Suite #102**  
**Salinas, California**

This meeting will be conducted in person at the LAFCO Office. The public may attend the meeting, participate by Zoom app, or view the meeting on LAFCO's YouTube channel.

132 W. Gabilan Street, #102  
Salinas, CA 93901

P. O. Box 1369  
Salinas, CA 93902

Voice: 831-754-5838

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## Instructions for Remote Public Participation

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1. **To View or Participate in the Meeting:** Use the Zoom app on your smart phone, laptop, tablet or desktop and click on this link: <https://montereycty.zoom.us/j/99819706363>

The meeting ID is: [998 1970 6363](https://montereycty.zoom.us/j/99819706363). There is no password. To make a public comment, please “Raise your Hand.”

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Enter the meeting ID: [998 1970 6363](https://montereycty.zoom.us/j/99819706363) when prompted. There is no participant code – just enter the meeting id and the pound sign # after the recording prompts you. To make a public comment by phone, please push \*9 on your phone keypad.

3. **To Make Remote Public Comments Via Email:** Written comments can be emailed to the Clerk to the Commission at: [malukis@monterey.lafco.ca.gov](mailto:malukis@monterey.lafco.ca.gov). Please include the following Subject Line: “Public Comment – Agenda Item #\_\_”. Written comments must be received by noon on the day of the meeting. All submitted comments will be provided to the Committee for consideration, compiled as part of the record, and may be read into the record.

PLEASE NOTE: If all Committee Members are present in person, public participation by Zoom is for convenience only and is not required by law. If the Zoom feed is lost for any reason, the meeting may be paused while a fix is attempted but the meeting may continue at the discretion of the Chairperson.

**REVISED AGENDA**  
**BUDGET & FINANCE COMMITTEE MEETING**  
**Thursday, November 14, 2024**

Call to Order

Roll Call

Public Comments

*Anyone may address the Committee briefly concerning items not already on the agenda.*

New Business

*CEQA: Agenda items are not projects under California Environmental Quality Act Guidelines Section 15378, unless otherwise noted.*

1. [Consider Draft Annual Audit Report for Fiscal Year Ending June 30, 2024 \(pg. 5\).](#)  
Recommended Actions: Discuss draft annual audit report and recommend Commission approval.
2. [Consider Draft Year-End Financial Statements for Fiscal Year Ending June 30, 2024 \(pg. 62\).](#)  
Recommended Actions: Discuss draft financial statements and recommend Commission approval.
3. [Consider Draft Financial Statements for Quarter One Period Ending September 30, 2024 & Draft Balance Sheet & Income Statement for Period Ending October 31, 2024 \(pg. 78\).](#)  
Recommended Action: Discuss draft financial statements and recommend Commission approval.
4. [Consider Draft Schedule of Regular LAFCO Commission Meetings for 2025 \(pg. 93\).](#)  
Recommended Action: Discuss Draft 2025 Commission Meeting Schedule and recommend Commission approval.
5. [Preliminary Discussion of the Fiscal Year 2025-2026 Annual Budget, Including Potentially Reducing the Current Staffing Level in FY 25-26 \(pg. 95\)](#)  
Recommended Action: Receive a report from the Executive Officer regarding the budget outlook for FY 2025-2026 – including potential consideration of budgeting lower amounts for employee salaries and benefits – and provide general direction.

Executive Officer Announcements

*The Executive Officer may provide oral or written announcements about current LAFCO activities, for information only.*

Adjournment

*The Political Reform Act requires that a participant in a LAFCO of Monterey County proceeding who has a financial interest in a change of organization or reorganization proposal and who has made a campaign contribution of more than \$250 to any commissioner in the past year must disclose the contribution. If you are affected, please notify the Commission's staff before the meeting.*

Budget & Finance Committee Meeting Agenda  
November 14, 2024

Pursuant to Government Code Section 54957.5, public records that relate to open session agenda items that are distributed to a majority of the Commission less than seventy-two (72) hours prior to the meeting will be made available to the public on the LAFCO of Monterey County website at [www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov).

***AMERICANS WITH DISABILITIES ACT (ADA)***: All regular and special meeting agendas and associated reports are available at [www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov). Any person with a disability under the ADA may receive a copy of the agenda or associated reports upon request. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services, to participate in a public meeting. Requests for copies of meeting documents and accommodations shall be made with LAFCO of Monterey County staff at (831) 754-5838 at least three business days prior to the respective meeting.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

LOCAL AGENCY FORMATION COMMISSION  
P.O. Box 1369 132 W. Gabilan Street, Suite 102  
Salinas, CA 93902 Salinas, CA 93901  
Telephone (831) 754-5838 [www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

KATE McKENNA, AICP  
Executive Officer

DATE: November 14, 2024  
TO: Chair and Members of the Budget and Finance Committee  
FROM: Kate McKenna, AICP, Executive Officer  
SUBJECT: **Draft Annual Audit Report for Fiscal Year Ending June 30, 2024**  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378

**SUMMARY OF RECOMMENDATIONS:**

Recommend that the draft annual audit report be approved by the full Commission at the next regular LAFCO meeting.

**EXECUTIVE OFFICER'S REPORT:**

Attached are the draft annual audited financial statements for the fiscal year that ended on June 30, 2024. The financial statements were audited by Bianchi, Kasavan & Pope, LLP. Ms. Karen Campbell, CPA, Senior Audit Manager of BKP will attend the Committee's meeting to present the audit findings and answer questions.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

Attachment: LAFCO Financial Statements for the Fiscal Years Ended June 30, 2024 and 2023, Bianchi, Kasavan & Pope, Submitted November 1, 2024

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Local Agency Formation Commission of Monterey County  
Salinas, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the Local Agency Formation Commission of Monterey County (Agency), a state mandated regulatory agency, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2024 and 2023, and the respective changes in financial position and, its cash flows 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency 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.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Agency'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.

### ***Auditors' 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Agency'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 Agency'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 required supplementary information as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Agency has elected not to present Management's Discussion and Analysis.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **November xx, 2024**, on our consideration of the Agency'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 provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Salinas, California  
**November xx, 2024**

**BASIC FINANCIAL STATEMENTS**

DRAFT

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**STATEMENTS OF NET POSITION**

**JUNE 30, 2024 AND 2023**

**ASSETS AND DEFERRED OUTFLOWS**

	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents - Note 2	\$ 987,370	\$ 1,330,020
Prepaid expenses	21,727	25,593
<b>TOTAL CURRENT ASSETS</b>	<u>1,009,097</u>	<u>1,355,613</u>
<b>NON-CURRENT ASSETS</b>		
Capital assets - net - Note 3	844	4,451
Operating right-of-use assets - Note 5	125,590	153,939
<b>TOTAL NON-CURRENT ASSETS</b>	<u>126,434</u>	<u>158,390</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension - Note 6	400,301	302,729
Deferred OPEB - Note 7	26,241	7,554
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>426,542</u>	<u>310,283</u>
	<u>\$ 1,562,073</u>	<u>\$ 1,824,286</u>

**LIABILITIES, DEFERRED INFLOWS AND NET POSITION**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 7,779	\$ 54,442
Accrued leave	83,566	80,419
Deferred revenue	26,654	121,282
Current portion of operating lease obligations - Note 5	28,452	26,358
<b>TOTAL CURRENT LIABILITIES</b>	<u>146,451</u>	<u>282,501</u>
<b>NON-CURRENT LIABILITIES</b>		
Net pension liability - Note 6	105,833	57,559
Net OPEB liability - Note 7	102,716	75,064
Operating lease obligations - net of current portion - Note 5	99,130	127,581
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>307,679</u>	<u>260,204</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension - Note 6	39,984	40,785
Deferred OPEB - Note 7	43,426	56,930
Deferred fees revenue	-	54,348
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>83,410</u>	<u>152,063</u>
<b>NET POSITION</b>		
Net investment in capital assets	844	4,451
Restricted for pension	-	-
Unrestricted - Note 4	1,023,689	1,125,067
<b>TOTAL NET POSITION</b>	<u>1,024,533</u>	<u>1,129,518</u>
	<u>\$ 1,562,073</u>	<u>\$ 1,824,286</u>

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

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>OPERATING REVENUES</b>		
County contributions	\$ 363,784	\$ 354,931
District contributions	363,784	354,931
City contributions	363,784	354,931
Project fees	29,870	36,121
	<hr/>	<hr/>
<b>TOTAL OPERATING REVENUES</b>	<b>1,121,222</b>	<b>1,100,914</b>
	<hr/>	<hr/>
<b>OPERATING EXPENSES</b>		
Salaries	572,328	550,034
Employee benefits	356,317	578,078
Accounting and financial services	65,500	59,800
Litigation reserve	56,395	129,102
Rent - Note 5	34,212	28,772
Legal	30,279	21,803
Audit services	20,000	20,000
Accrued leave	19,269	32,298
Computer equipment maintenance	14,952	13,613
Training and conferences	12,298	8,764
Equipment rental and furnishings	9,957	11,366
LAFCO memberships	9,839	9,137
Meeting broadcast services	9,250	3,999
Property and general liability insurance	8,379	7,687
Human resources encumbered funds	7,370	-
Postage and shipping	5,729	4,890
Travel	5,227	13,829
Office supplies	5,114	4,523
Human resource services	4,800	4,800
Telephone	4,080	4,534
Depreciation	3,607	4,017
Computer support services	3,120	1,565
Legal notices	2,230	1,664
Books and periodicals	771	1,151
Outside professional services	-	8,825
Repairs and maintenance	-	169
	<hr/>	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>1,261,023</b>	<b>1,524,420</b>
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The accompanying notes are an integral part of these financial statements.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>LOSS FROM OPERATIONS</b>	<b>\$ (139,801)</b>	<b>\$ (423,506)</b>
<b>NON-OPERATING INCOME</b>		
Interest	29,601	26,991
Fees revenue	5,215	1,674
<b>TOTAL NON-OPERATING INCOME</b>	<b>34,816</b>	<b>28,665</b>
<b>CHANGE IN NET POSITION</b>	<b>(104,985)</b>	<b>(394,841)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>1,129,518</b>	<b>1,524,359</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,024,533</b>	<b>\$ 1,129,518</b>

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

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers, county, districts and cities	\$ 977,461	\$ 1,222,195
Payments to suppliers	(404,945)	28,164
Payments to employees	(944,767)	(1,148,095)
<b>Net cash provided by (used in) operating activities</b>	<u>(372,251)</u>	<u>102,264</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	29,601	26,991
<b>Net cash provided by investing activities</b>	<u>29,601</u>	<u>26,991</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(342,650)	129,255
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,330,020</u>	<u>1,200,765</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 987,370</u>	<u>\$ 1,330,020</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>		
Loss from operations	\$ (139,801)	\$ (423,506)
<b>Adjustments to reconcile operating loss to net cash provided by (used in) operating activities</b>		
Depreciation	3,607	4,017
<b>Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:</b>		
(Increase) decrease in prepaid expenses	3,866	(3,071)
(Increase) decrease in lease assets and liabilities	1,992	-
(Increase) decrease in net pension asset	-	262,199
(Increase) decrease in deferred outflows	(116,259)	7,469
Increase (decrease) in accounts payable	(46,663)	38,765
Increase (decrease) in accrued leave	3,147	12,314
Increase (decrease) in deferred revenue	(94,628)	121,282
Increase (decrease) in net pension liability	48,274	57,559
Increase (decrease) in net OPEB liability	27,652	(10,411)
Increase (decrease) in deferred inflows	(14,305)	35,647
Increase (decrease) in deferred fee revenue	(49,133)	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (372,251)</u>	<u>\$ 102,264</u>

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

**FIDUCIARY FUND FINANCIAL STATEMENTS**

DRAFT

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

STATEMENTS OF FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUND

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Restricted cash - Note 1	\$ 2,063	\$ 349,041
<b>TOTAL ASSETS</b>	<u>2,063</u>	<u>349,041</u>
<b>LIABILITIES</b>		
Accounts payable	2,063	517
<b>TOTAL LIABILITIES</b>	<u>2,063</u>	<u>517</u>
<b>FIDUCIARY NET POSITION</b>		
Restricted for FORA litigation	<u>\$ -</u>	<u>\$ 348,524</u>

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

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE-PURPOSE TRUST FUND**

**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>ADDITIONS</b>		
Interest income	\$ 7,453	\$ 6,613
<b>TOTAL ADDITIONS</b>	<b>7,453</b>	<b>6,613</b>
<b>DEDUCTIONS</b>		
Return of FORA fiduciary funds	354,232	-
Legal fees and settlement costs	1,745	2,890
<b>TOTAL DEDUCTIONS</b>	<b>355,977</b>	<b>2,890</b>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b>(348,524)</b>	<b>3,723</b>
<b>FIDUCIARY NET POSITION, BEGINNING OF YEAR</b>	<b>348,524</b>	<b>344,801</b>
<b>FIDUCIARY NET POSITION, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 348,524</b>

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

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

#### Description of Reporting Entity

Local Agency Formation Commission (LAFCO) is a regulatory agency with countywide jurisdiction, established by state law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) to discourage urban sprawl and to encourage orderly and efficient provision of services, such as water, sewer, fire protection, etc. LAFCO of Monterey County (Agency) is a state mandated agency.

The Agency is responsible for reviewing and approving proposed jurisdictional boundary changes, including annexations and detachments of territory to and/or from cities and special districts, incorporations of new cities, formations of new special districts, consolidations, mergers and dissolutions of existing districts. In addition, the Agency reviews and approves contractual service agreements, determines spheres of influence for each city and district, and initiates proposals involving district consolidation, dissolution, establishment of subsidiary districts, mergers and reorganizations.

The Agency is composed of seven Commissioners: two members from the Board of Supervisors; two representatives from the cities within Monterey County; one public member; and two Independent Special District Members. There are four alternate Commissioners, which reflect the same four membership categories.

#### Basis of Presentation

The Agency's primary operations are accounted for as an enterprise fund, which is a type of a proprietary fund. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Such funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or fees; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. The accounting used for fiduciary funds is much like that used for enterprise funds.

The Agency utilizes the Private-Purpose Trust Fund, a fiduciary fund, to account for resources held in trust for litigation costs arising as a result of the FORA dissolution.

In March 2020, the Agency received \$500,000 from the Fort Ord Reuse Authority (FORA), pursuant to an indemnification agreement to be held in trust in a separate litigation reserve fund. The purpose of the agreement and funds is to provide the Agency with money in the event that the Agency needs to initiate or defend against litigation to ensure the FORA dissolution is properly implemented and to reimburse the Agency for its reasonable expenses incurred as a result of any such legal action or proceeding. At its May 20, 2024, Regular Meeting, the Commission adopted Resolution No. 24-12, approving Commission determinations related to dissolution of the Fort Ord Reuse Authority. The resolution determined that all FORA-related litigation has been resolved. As also determined by Resolution No. 24-12, the Agency transferred the unexpended FORA litigation reserve funds equally to the County of Monterey and the Cities of Marina, Seaside, Del Rey Oaks, and Monterey in June 2024. The Agency received fourth quarter interest in the amount of \$2,063 from the FORA litigation reserve funds, which will be transferred equally to the five public agencies in Fiscal Year 2024 - 2025. The FORA litigation fund will then be at a zero balance and closed after the interest is distributed to the five public agencies.

#### Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Proprietary fund operating revenues, such as fees for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies, grants, and investment earnings, result from nonexchange transactions or ancillary activities.

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Measurement Focus and Basis of Accounting (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

#### Cash and Cash Equivalents

The Agency 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.

Restricted cash held in the fiduciary fund consists of funds restricted for settlement of FORA litigation.

#### Fair Value Measurements

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Agency's investments are categorized as Level 1 in the hierarchy.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Capital Assets

The Agency records its capital assets at cost and depreciates these assets using the MACRS method. Depreciation is based on the following estimated useful lives:

	<u>Years</u>
Office equipment	3 - 5

It is the Agency's policy to capitalize assets with a useful life greater than one year and cost over \$2,000.

Maintenance and minor repairs are charged against income; major renewals and betterments are capitalized and depreciated.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

- *Net Investment In Capital Assets* describes the portion of net position which is represented by the current net book value of the Agency's capital assets, less the outstanding balance of any debt issued to finance these assets (if any).
- *Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the Agency cannot unilaterally alter.
- *Unrestricted* describes the portion of net position which is not restricted to use.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Pension Plan**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees and Retirement System (CalPERS) Plans and additions to and deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently 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' website under Forms and Publications.

Government accounting standards 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 year ended 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 year ended 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

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Other Postemployment Benefit (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's OPEB Plan and additions to and deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Generally accepted accounting principles require 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 year ended June 30, 2024:**

Valuation Date (VD)	June 30, 2023
Measurement Date (MD)	June 30, 2023
Measurement Period (MP)	June 30, 2022 to June 30, 2023

**For the year ended June 30, 2023:**

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	June 30, 2021 to June 30, 2022

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The Agency has two items related to outflows from changes in the net pension liability (Note 6) and net OPEB liability (Note 7).

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 1. ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (Continued)

#### Deferred Outflows and Inflows of Resources (Continued)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. The Agency has three items related to inflows from changes in the net pension liability (Note 6), net OPEB liability (Note 7), and deferred fees revenue.

In July 2020, the Agency recorded \$100,000 of deferred fees revenue, for funding received from FORA, to implement its administrative oversight role in connection with post-dissolution tasks. The Agency recognized \$5,215 and \$1,674 of these deferred fees as fees revenue during the years ended June 30, 2024 and 2023, respectively.

#### Adoption of New Accounting Standards

On July 1, 2023, the Agency adopted Governmental Accounting Standards Board Statement No. 99 ("GASB 99"), Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The adoption of GASB 99 did not have a material impact on the statements of revenues and expenses and changes in net position, or cash flows for the Agency.

On July 1, 2023, the Agency adopted Governmental Accounting Standards Board Statement No. 100 ("GASB 100"), Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The adoption of GASB 100 did not have a material impact on the statements of revenues and expenses and changes in net position, or cash flows for the Agency.

#### Subsequent Events

Subsequent events were evaluated through **November xx, 2024**, the date the financial statements were available to be issued.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

2. CASH AND CASH EQUIVALENTS

Cash consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash in bank	\$ 185,781	\$ 155,270
Cash held in Monterey		
County Treasury:		
Cash undesignated	66,872	613,567
Cash designated for:		
Litigation reserve	271,821	135,486
Contingency reserve	276,614	269,914
Accrued leave	83,566	80,419
Net OPEB obligation	102,716	75,064
Petty cash	-	300
	<u>\$ 987,370</u>	<u>\$ 1,330,020</u>

**Agency's Investment Policy**

The California Government Code authorizes investments in U.S. Treasury obligations, U.S. District securities, municipal securities, negotiable certificates of deposits, commercial paper, bankers' acceptances, medium-term corporate bonds ("A" or better), asset-backed securities, repurchase agreements, money market funds and local government investment pools. The Agency currently invests its funds in the local government investment pool administered by Monterey County. As of June 30, 2024 and 2023, the investment policy and the investments of the Monterey County pool are in compliance with the California Government Code.

**Disclosure Relating to Interest Rate Risk**

Interest rate risk is the risk of changes in market interest rates adversely affecting the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2024 and 2023, the weighted average maturity of the Monterey County investment portfolio is 408 and 337 days, respectively.

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 2. CASH AND CASH EQUIVALENTS (Continued)

#### Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Monterey County investment pool does not have a rating provided by a nationally recognized statistical rating organization. Approximately 78.6% and 83.4%, as of June 30, 2024 and 2023, respectively, of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds.

All of those assets have better than investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. Most corporate debt (20.9% and 15.3% as of June 30, 2024 and 2023, respectively) is rated in the higher levels of investment grade. All Federal Agency and Municipal holdings have AA ratings or are guaranteed by the U.S. Treasury.

#### Concentration of Credit Risk

The Monterey County or the Agency investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Monterey County pool does not include any investments by any one issuer (other than the State of California Local District Investment Fund and the California Asset Management Program – external governmental investment pools) that represents 10% or more of total investments.

#### Custodial Credit Risk

Custodial Credit Risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. The provisions require a financial institution to secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository. Regulated 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 districts' deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**2. CASH AND CASH EQUIVALENTS (Continued)**

**Custodial Credit Risk (Continued)**

The Agency periodically maintains cash deposits in one financial institution, which at times exceed federally insured limits. The Agency has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk. The Agency's uninsured cash balance was \$18,853 and \$-0- at June 30, 2024 and 2023, respectively.

**3. CAPITAL ASSETS**

Capital asset activity consisted of the following:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>
Office equipment	\$ 57,803	\$ -	\$ -	\$ 57,803
Accumulated depreciation	<u>(53,352)</u>	<u>(3,607)</u>	<u>-</u>	<u>(56,959)</u>
<b>TOTAL CAPITAL ASSETS – net</b>	<b><u>\$ 4,451</u></b>	<b><u>\$ (3,607)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 844</u></b>

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>
Office equipment	\$ 57,803	\$ -	\$ -	\$ 57,803
Accumulated depreciation	<u>(49,335)</u>	<u>(4,017)</u>	<u>-</u>	<u>(53,352)</u>
<b>TOTAL CAPITAL ASSETS – net</b>	<b><u>\$ 8,468</u></b>	<b><u>\$ (4,017)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,451</u></b>

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**4. NET POSITION – UNRESTRICTED**

Unrestricted assets consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Designated for contingency	\$ 276,614	\$ 269,914
Designated for litigation	271,821	135,486
Designated for encumbered funds	16,404	70,749
Unrestricted and undesignated	<u>458,850</u>	<u>648,918</u>
	<u>\$ 1,023,689</u>	<u>\$ 1,125,067</u>

**5. OPERATING LEASE**

The Agency leases its administrative office under an operating lease agreement that expires on June 30, 2028. Under the terms of the lease extension, base rent will increase annually beginning in July 2024. The discount rate for this lease is 4.13%. Total office rent expense under this operating lease agreement was \$34,212 and \$28,772 for the years ended June 30, 2024 and 2023, respectively.

Future minimum lease obligations as of June 30, 2024, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 33,187
2026	34,182
2027	35,208
2028	<u>36,263</u>
Total minimum lease payments	138,840
Less present value discount	<u>11,258</u>
Total operating lease liability	<u>\$ 127,582</u>
Total operating right-of-use asset	<u>\$ 125,590</u>

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 6. PENSION PLAN

#### General Information about the Pension Plan

##### *Plan Description*

The Agency participates in a Miscellaneous Pension Plan (Plan), which is a cost-sharing multiple-employer defined benefit pension plan, administered by CalPERS. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website at [calpers.ca.gov](http://calpers.ca.gov).

In January 2013, the California Public Employees' Pension Reform Act (PEPRA) took effect which changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. Individuals hired on or after January 2013 are under PEPRA. All members who do not fall under this category are considered classic members. Classic members will retain existing benefit levels for future service with the same employer.

##### *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service; one year of credited service is 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 the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**6. PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

The Plan's provisions and benefits in effect at June 30, 2024 and 2023, are summarized as follows:

Hire date	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible	2.0%	2.0%
Required employee contribution rates	7.000%	7.750%
Required employer contribution rates:		
as of June 30, 2024	12.470%	7.680%
as of June 30, 2023	10.870%	7.470%

***Contribution Description***

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The contribution recognized as part of the pension expense for the Plan were \$59,328 and \$46,560 for the years ended June 30, 2024 and 2023, respectively.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**6. PENSION PLAN (Continued)**

**General Information about the Pension Plan (Continued)**

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

The Agency's proportionate share of net pension liability was \$105,833 and \$57,559 for the years ended June 30, 2024 and 2023, respectively.

The Agency'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. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2024 and 2023, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2023, was as follows:

Proportion – Year ended June 30, 2024	0.00212%
Proportion – Year ended June 30, 2023	0.00123%
Change - Increase	0.00089%

For the year ended June 30, 2024 and 2023, the Agency recognized pension expense (benefit) of \$169,417 and \$416,625, respectively.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

6. PENSION PLAN (Continued)

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension** (Continued)

At June 30, 2024 and 2023 the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2024</b>	
	<u>Deferred Outflows of Resources Related to Pension</u>	<u>Deferred Inflows of Resources Related to Pension</u>
Pension contributions subsequent to measurement date	\$ 219,515	\$ -
Change in employer's proportion	151,855	-
Changes of assumptions	6,390	-
Difference in employer's contributions and the employer's proportionate share of contributions	-	39,146
Net differences between projected and actual earnings on plan investments	17,134	-
Difference between expected and actual experience	<u>5,407</u>	<u>838</u>
Total	<u>\$ 400,301</u>	<u>\$ 39,984</u>

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**6. PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension** (Continued)

	<u>2023</u>	
	<u>Deferred Outflows of Resources Related to Pension</u>	<u>Deferred Inflows of Resources Related to Pension</u>
Pension contributions subsequent to measurement date	\$ 59,328	\$ -
Change in employer's proportion	222,528	424
Changes of assumptions	5,898	-
Difference in employer's contributions and the employer's proportionate share of contributions	3,276	39,586
Net differences between projected and actual earnings on plan investments	10,543	-
Difference between expected and actual experience	<u>1,156</u>	<u>775</u>
Total	<u>\$ 302,729</u>	<u>\$ 40,785</u>

As of June 30, 2024 and 2023, the deferred outflows of resources relate to contributions subsequent to the measurement date of \$219,515 and \$59,328, respectively, will be and was recognized as a reduction of the net pension liability in the years ending June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Amount</u>
2025	\$ 79,002
2026	47,336
2027	13,973
2028	<u>491</u>
	<u>\$ 140,802</u>

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

The collective total pension liability for the June 30, 2023, measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Actuarial cost method	Entry Age Actuarial Cost Method
Actuarial assumptions:	
Discount Rate	6.90%
Price Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS membership data for all funds (a)
Post-Retirement benefit increases	Lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(a) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study from November 2021 that can be found on the CalPERS website.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability* (Continued)

The collective total pension liability for the June 30, 2022, measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS membership data for all funds (a)
Post-Retirement benefit increases	Lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(a) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

**Change of Assumptions**

In 2018, demographic assumptions and the inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

6. PENSION PLAN (Continued)

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension** (Continued)

***Discount Rate***

The discount rate used to measure the total pension liability/asset was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit 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 the total pension liability.

***Long-term Expected Rate of Return***

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

*Long-term Expected Rate of Return* (Continued)

The expected real rates of return by asset class for years ended June 30, 2024 and 2023, are as follows.

<u>Asset Class (a)</u>	<b>2024</b>	
	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10 (a), (b)</u>
Global equity – cap-weighted	30.00%	4.54%
Global equity non– cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	<u>(5.00%)</u>	(0.59%)
Total	<u>100.00%</u>	

(a) An expected inflation of 2.30% used for this period, years 1-10

(b) Figures are based on the 2021-22 Asset Liability Management study

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

6. PENSION PLAN (Continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

*Long-term Expected Rate of Return* (Continued)

<u>Asset Class (a)</u>	<b>2023</b>	
	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 – 10 (a), (b)</u>
Global equity – cap-weighted	30.00%	4.45%
Global equity non– cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	<u>(5.00%)</u>	(0.59%)
Total	<u>100.00%</u>	

(a) An expected inflation of 2.30% used for this period, years 1-10

(b) Figures are based on the 2021-22 Asset Liability Management study

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**6. PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)**

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

The following presents the Agency's proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<b>2024</b>	<b>2023</b>
Discount Rate 1% Decrease Net Pension Liability (Asset)	5.90% \$379,297	5.90% \$317,796
Current Discount Rate Net Pension Liability (Asset)	6.90% \$105,833	6.90% \$57,559
Discount Rate 1% Increase Net Pension Liability (Asset)	7.90% (\$119,250)	7.90% (\$156,551)

***Pension Plan Fiduciary Net Position***

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

***Additional Information***

CalPERS' June 30, 2023, Annual Valuation Reports for the Miscellaneous Plan of the Local Agency Formation Commission of Monterey County and the PEPRM Miscellaneous Plan of the Local Agency Formation Commission of Monterey County include data regarding the Unfunded Termination Liability for informational purposes. "The accrued liability on a termination basis (termination liability) is calculated differently compared to the plan's ongoing funding liability...", according to CalPERS. The unfunded termination liability for the Miscellaneous Plan ranges from approximately \$797,000 to \$1,593,000 and the unfunded termination liability for the PEPRM Plan ranges from approximately \$92,000 to

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**6. PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)**

***Additional Information (Continued)***

\$163,000, respectively, based on their respective June 30, 2023, Annual Valuation Reports. The Net Pension Liability as reported on page 5 of the accompanying financial statements has been recorded in accordance with GASB Statement No. 68, Accounting for Pensions.

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**General Information about the OPEB Plan**

***Plan Description and Benefits***

The Agency administers a single-employer defined benefit postemployment healthcare plan. Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage depending on the retirement plan election.

As a PEMHCA employer, the Agency is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The Agency maintains a resolution with CalPERS defining the level of the Agency's contribution toward the cost of medical plan premiums for employees and retirees to be the PEMHCA minimum employer contribution (MEC). The MEC was \$157 and \$151 per month for the years ended June 30, 2024 and 2023, respectively.

CalPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to CalPERS at the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

**General Information about the OPEB Plan** (Continued)

***Employees Covered By Benefit Terms***

No assets are accumulated in a trust.

At the OPEB liability valuation date of June 30, 2023, the following employees were covered by the benefit terms:

Active employees	4
Inactive employees currently receiving benefit payments	1
Inactive employees entitled to but not receiving benefits	<u>2</u>
	<u><u>7</u></u>

***Contributions***

The Agency's Board of Commissioners is currently financing its OPEB liability on a pay-as-you-go basis. However, the Agency does set aside cash funds that are designated for the other postemployment benefit (OPEB) liability (See Note 2).

**Net OPEB Liability**

The Agency's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

**Net OPEB Liability** (Continued)

***Actuarial Assumptions***

The total OPEB liability measured as of June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Not applicable; the Plan is not being funded through a trust
Municipal Bond Index	S & P General Obligation 20-Year High Grade Municipal Bond Index
Discount Rates	4.13% as of June 30, 2023 4.09% as of June 30, 2022
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase Rate	3.00% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

**Net OPEB Liability** (Continued)

***Actuarial Assumptions*** (Continued)

General Inflation Rate            2.50% per year

The total OPEB liability measured as of June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Not applicable (\$0, no OPEB trust has been established)
Municipal Bond Index	S & P General Obligation 20 Year High Grade Municipal Bond Index
Discount Rates	4.09% as of June 30, 2022 2.18% as of June 30, 2021
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase Rate	3.00% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
General Inflation Rate	2.50% per year

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

**Changes in the Net OPEB Liability**

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e., Fair value of Plan assets), and the net OPEB liability during the measurement periods ending on June 30, 2023 and 2022, for the Agency's proportionate share.

	<b>2024</b>		
	<b>Increase (Decrease)</b>		
	Total OPEB Liability	Plan Fiduciary	Net OPEB
	(a)	Net Position	Liability
	(a)	(b)	(a) – (b)
Balance at 6/30/2023	\$ 75,064	\$ -	\$ 75,064
Changes for the year:			
Service cost	7,551	-	7,551
Interest	3,342	-	3,342
Changes of assumptions	(4,963)	-	(4,963)
Contributions – Employer	-	1,800	(1,800)
Plan experience	23,522	-	23,522
Benefit payments	(1,800)	(1,800)	-
Net Changes	<u>27,652</u>	<u>-</u>	<u>27,652</u>
Balances at 6/30/2024	<u>\$ 102,716</u>	<u>\$ -</u>	<u>\$ 102,716</u>

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

7. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

Changes in the Net OPEB Liability (Continued)

	2023		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary	Net OPEB
	(a)	Net Position	Liability
	(a)	(b)	(a) – (b)
Balance at 6/30/2022	\$ 85,475	\$ -	\$ 85,475
Changes for the year:			
Service cost	11,219	-	11,219
Interest	2,089	-	2,089
Changes of assumptions	(21,967)	-	(21,967)
Contributions – Employer	-	1,752	(1,752)
Plan experience	-	-	-
Benefit payments	(1,752)	(1,752)	-
Net Changes	(10,411)	-	(10,411)
Balances at 6/30/2023	\$ 75,064	\$ -	\$ 75,064

**Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate**

The following presents the net OPEB liability of the Agency for the years ended June 30, 2024 and 2023, calculated using the discount rate of 4.13% and 4.09%, respectively. The table also shows what the Agency's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

**Changes in the Net OPEB Liability** (Continued)

**Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate** (Continued)

**Sensitivity of Liability to Changes in the Discount Rate**

	<b>2024</b>	<b>2023</b>
Discount Rate 1% Decrease Net OPEB Liability	3.13% \$113,880	3.09% \$85,524
Current Discount Rate Net OPEB Liability	4.13% \$102,716	4.09% \$75,064
Discount Rate 1% Increase Net OPEB Liability	5.13% \$93,121	5.09% \$66,439

**Sensitivity of Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability of the Agency if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2024 and 2023:

	<b>2024</b>	<b>2023</b>
Healthcare Trend Rate 1% Decrease Net OPEB Liability	5.50% \$89,602	4.60% \$63,527
Healthcare Cost Trend Rate Net OPEB Liability	6.50% \$102,716	5.60% \$75,064
Healthcare Trend Rate 1% Increase Net OPEB Liability	7.50% \$118,468	6.60% \$89,543

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

**Recognition 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 recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Difference between projected and actual trust earnings	5-year straight-line recognition
All other amounts	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period.

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

For the years ended June 30, 2024 and 2023, the Agency recognized OPEB expense of (\$2,691) and (\$3,035), respectively. At June 30, 2024 and 2023, the Agency, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**  
(Continued)

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

	<b>2024</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between expected and actual experience	\$ 20,123	\$ 17,271
Changes of assumptions	4,270	26,155
Deferred contributions	<u>1,848</u>	<u>-</u>
	<b><u>\$ 26,241</u></b>	<b><u>\$ 43,426</u></b>

	<b>2023</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference between expected and actual experience	\$ -	\$ 25,324
Changes of assumptions	5,754	31,606
Deferred contributions	<u>1,800</u>	<u>-</u>
	<b><u>\$ 7,554</u></b>	<b><u>\$ 56,930</u></b>

The Agency will recognize the deferred contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

<b><u>Year Ending June 30,</u></b>	<b><u>Amount</u></b>
2025	\$ (12,828)
2026	(3,585)
2027	(2,620)
2028	(2,370)
2029	(97)
Thereafter	<u>2,467</u>
	<b><u>\$ (19,033)</u></b>

As of June 30, 2024, the Agency reported net OPEB liability of \$102,716.

As of June 30, 2023, the Agency reported net OPEB liability of \$75,064.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**8. COMPENSATED ABSENCES (ACCRUED VACATION, PAID-TIME-OFF, SICK LEAVE AND COMPENSATORY TIME)**

**Exempt Employees' Annual Leave**

In lieu of vacation and sick leave benefits, exempt employees of the Agency are eligible for annual leave on a pro-rated basis based on years of completed service. Exempt employees may accrue a maximum of 250 or 850 hours, depending on employment classification. Exempt employees have an option to sell back up to 160 hours of annual leave each year. Annual leave is paid to the employee at the time of separation from Agency employment. Annual leave liability is calculated by using the employee's fiscal year leave balance multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

**Vacation and Paid-Time-Off**

Overtime eligible employees of the Agency may accumulate up to 260 hours of unused vacation and paid-time-off (PTO). Vacation and PTO leaves are paid to the employee at the time of separation from Agency employment. Vacation and PTO liabilities are calculated using employee's fiscal year end vacation and PTO leave balances multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

**Sick Leave**

Overtime eligible employees can accumulate sick leave indefinitely. Upon retirement or death, unused sick leave is paid up to 30 percent of the employee's base hourly rate of pay, up to a maximum of 1,500 hours. Unused sick leave over the 1,500 hour limit, or any unused sick leave for employees separated from the Agency for other reasons is forfeited. The sick leave liability is calculated using the employee's fiscal year end sick leave balance multiplied by the employee's fiscal year end rate of pay. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

# LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 8. COMPENSATED ABSENCES (ACCRUED VACATION, PAID-TIME-OFF, SICK LEAVE AND COMPENSATORY TIME) (Continued)

#### Compensatory Time

Overtime eligible employees can accrue compensatory time-off in lieu of overtime payments. A maximum of 80 hours of compensatory time may be accrued. The compensatory time-off balances are considered current year liabilities. These benefits are a general description only. Actual benefits are defined in individual employment agreements.

### 9. PENDING LITIGATION AND CLAIMS

The Monterey Peninsula Water Management District (MPWMD) served the Agency with a Petition for Writ of Mandate and Complaint for Injunctive Relief, filed in April 2022, challenging the February 28, 2022, decision of the Agency to deny MPWMD's proposal to activate its "latent powers" to provide potable water to retail customers. The trial was held on September 21, 2023. The trial court issued its intended decision on October 25, 2023, directing LAFCO to vacate its prior decision on the underlying matter and reconsider the application in light of the court's interpretation of a relevant provision of the Government Code. The trial court's judgment was filed December 11, 2023.

On February 9, 2024, both the Agency and California-American Water Company (Cal-Am, the intervenor) filed an appeal. In so doing, the Agency obtained an indemnification agreement from Cal-Am, whereby Cal-Am will indemnify and defend the Agency from any adverse judgment, i.e. any liability in the form of attorneys' fees and costs, associated with the appeal (should it not prevail) and the underlying trial court ruling (again, should that appeal fail).

As it stands, the only potential financial risk to the Agency in this lawsuit is the Agency's own costs and fees. The Agency has engaged with outside counsel, Best Best & Krieger to litigate the case. The Agency's General Counsel has also been actively involved and assisting in the defense of the case. All parties have agreed to stay motions and arguments regarding attorneys' fees in the trial court while the appeal is pending. The final outcome of this litigation cannot presently be determined since the Agency's appeal is currently pending. Accordingly, adjustments, if any, that might result from the resolution of this matter have not been recognized in the accompanying financial statements.

### 10. SUBSEQUENT EVENTS

**INDEPENDENT AUDITORS' 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 AUDITORS' 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**

Board of Commissioners  
Local Agency Formation Commission of Monterey County  
Salinas, 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 financial statements of the Local Agency Formation Commission of Monterey County (Agency), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated **November xx, 2024**.

***Report on Internal Control Over Financial Reporting***

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

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Agency'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 determination of financial statement amounts. 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salinas, California  
November xx, 2024

**REQUIRED SUPPLEMENTARY INFORMATION**

DRAFT

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY / (ASSET)  
Last 10 Years**

**FOR THE YEAR ENDED JUNE 30, 2024**

Measurement period	Proportion of the Net Pension Liability/ (Asset)	Proportionate Share of the Net Pension Liability/ (Asset)	Covered Employee Payroll	Proportionate Share of the Net Pension Liability / (Asset) as a Percentage of Covered Employee Payroll	Plan's Fiduciary Net Position	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/ (Asset)
2014	0.00175%	\$ 108,773	\$313,265	34.72%	\$10,639,461,174	81.15%
2015	0.00000%	\$ (109)	\$356,579	(0.03%)	\$10,896,036,068	79.89%
2016	0.00151%	\$ 52,478	\$325,051	16.14%	\$10,923,476,287	75.87%
2017	0.00152%	\$ 59,912	\$375,747	15.94%	\$12,074,499,781	75.39%
2018	0.00097%	\$ (36,372)	\$471,257	(7.72%)	\$13,122,440,092	77.69%
2019	0.00022%	\$ (8,803)	\$494,792	(1.78%)	\$13,979,687,268	77.73%
2020	0.00026%	\$ (10,976)	\$552,897	(1.99%)	\$14,702,361,183	77.71%
2021	0.01381%	\$ (262,199)	\$531,830	(49.30%)	\$18,065,791,524	90.49%
2022	0.00123%	\$ 57,559	\$433,108	13.29%	\$16,770,671,339	78.19%
2023	0.00212%	\$ 105,833	\$546,928	19.35%	\$17,692,895,076	77.96%

**Notes to Schedule:**

**Benefit Changes:**

The figures above do not include any liability impact that occurred after the June 30, 2022, valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

**Changes of assumptions:**

In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees.

In 2016, the discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2017, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2018, demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and review of Actuarial Assumptions December 2017.

In 2021, 2020 and 2019, there were no changes in assumption from 2018.

In 2022, the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and review of Actuarial Assumptions.

In 2023, there were no changes in assumption from 2022.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**SCHEDULE OF PENSION PLAN CONTRIBUTIONS  
Last 10 years**

**FOR THE YEAR ENDED JUNE 30, 2024**

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$31,577	\$31,577	-	\$313,265	10.08%
2016	\$25,095	\$25,095	-	\$356,579	7.04%
2017	\$29,410	\$29,410	-	\$325,051	9.05%
2018	\$36,457	\$36,457	-	\$375,747	9.70%
2019	\$44,686	\$44,686	-	\$471,257	9.48%
2020	\$56,999	\$56,999	-	\$494,792	11.52%
2021	\$69,303	\$69,303	-	\$552,897	12.54%
2022	\$77,451	\$77,451	-	\$531,830	14.56%
2023	\$96,038	\$96,038	-	\$433,108	22.17%
2024	\$79,657	\$79,657	-	\$546,928	14.56%

**Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year are as follows:

- FYE 2014-2015 - June 30, 2013, actuarial valuation report
- FYE 2015-2016 - June 30, 2014, actuarial valuation report
- FYE 2016-2017 - June 30, 2015, actuarial valuation report
- FYE 2017-2018 - June 30, 2016, actuarial valuation report
- FYE 2018-2019 - June 30, 2017, actuarial valuation report
- FYE 2019-2020 - June 30, 2018, actuarial valuation report
- FYE 2020-2021 - June 30, 2019, actuarial valuation report
- FYE 2021-2022 - June 30, 2020, actuarial valuation report
- FYE 2022-2023 - June 30, 2021, actuarial valuation report
- FYE 2023-2024 - June 30, 2022, actuarial valuation report

Valuation Date	June 30, 2022
Actuarial cost method	Entry age actuarial cost method
Amortization Method	Level percentage of pay, direct rate smoothing
Remaining Amortization Period	The period is set by the actuary at what is deemed appropriate; however, the period will not be greater than 20 years.
Asset Valuation Method	The Actuarial Value of Assets is set equal to the Market Value of Assets. Asset values include accounts receivable.
Inflation	2.30% compounded annually
Salary Growth	Annual increases vary by category, entry age, and duration of service
Discount Rate	6.80% compounded annually (net of investment and administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates for 2017 are projected for future years using 80 percent of Scale MP 20 published by the Society of Actuaries

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**SCHEDULE OF CHANGES IN THE NET  
OPEB LIABILITY AND RELATED RATIOS  
Last 10 years\***

**FOR THE YEAR ENDED JUNE 30, 2024**

	Measurement Period									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB liability	\$ 7,551	\$ 11,219	\$ 11,231	\$ 10,667	\$ 21,510	\$ 20,247	\$ 21,380	\$ 21,380	\$ 21,380	\$ 21,380
Service cost	3,342	2,089	2,646	2,450	4,198	3,598	2,668	2,668	2,668	2,668
Interest										
Differences between expected and actual experience	23,522	-	(20,735)	-	(30,765)	-	-	-	-	-
Changes of assumptions	(4,963)	(21,967)	6,113	1,482	(34,883)	2,423	(5,992)	(5,992)	(5,992)	(5,992)
Benefit payments	(1,800)	(1,752)	(4,080)	(2,925)	(1,614)	(1,566)	(1,518)	(1,518)	(1,518)	(1,518)
Net change in total OPEB liability	27,652	(10,411)	(4,825)	11,674	(41,554)	24,702	16,538	16,538	16,538	16,538
Total OPEB liability - beginning	75,064	85,475	90,300	78,626	120,180	95,478	78,940	78,940	78,940	78,940
Total OPEB liability - ending	\$ 102,716	\$ 75,064	\$ 85,475	\$ 90,300	\$ 78,626	\$ 120,180	\$ 95,478	\$ 95,478	\$ 95,478	\$ 95,478
Net OPEB liability as a percentage of covered-employee payroll	17.85%	16.02%	15.23%	15.44%	15.12%	23.98%	22.36%	22.36%	22.36%	22.36%
Covered-employee payroll	\$ 575,417	\$ 468,597	\$ 561,179	\$ 584,706	\$ 520,014	\$ 501,159	\$ 426,985	\$ 426,985	\$ 426,985	\$ 426,985

**Notes to Schedule:**

No assets are accumulated in a trust.

Changes of assumptions and other inputs reflect a change in the discount rate each period. The following are the discount rates used in each period:

2018	3.13%
2019	2.98%
2020	2.79%
2021	2.66%
2022	2.18%
2023	4.09%
2024	4.13%

\*Fiscal year 2018 was the first of implementation, therefore only seven years are presented.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGE  
IN NET POSITION - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
County contributions	\$ 363,784	\$ 363,784	\$ 363,784	\$ -
District contributions	363,784	363,784	363,784	-
City contributions	363,784	363,784	363,784	-
Project fees	10,000	10,000	29,870	19,870
Interest	5,105	5,105	29,601	24,496
Fees revenue	-	-	5,215	5,215
From unreserved funds*	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,106,457</b>	<b>1,106,457</b>	<b>1,156,038</b>	<b>49,581</b>
<b>EXPENSES</b>				
Salaries	586,475	586,475	572,328	14,147
Employee benefits	244,244	244,244	356,317	(112,073)
Accounting and financial services	66,000	66,000	65,500	500
Litigation reserve	-	-	56,395	(56,395)
Rent - Note 5	32,220	32,220	34,212	(1,992)
Legal	9,116	28,916	30,279	(1,363)
Audit services	22,000	22,000	20,000	2,000
Accrued leave	18,000	18,000	19,269	(1,269)
Computer equipment maintenance	12,763	12,763	14,952	(2,189)
Training and conferences	13,000	13,000	12,298	702
Equipment rental and furnishings	13,277	12,277	9,957	2,320
LAFCO memberships	9,830	9,830	9,839	(9)
Meeting broadcast services	5,106	10,306	9,250	1,056
Property and general liability insurance	9,032	9,032	8,379	653
Postage and shipping	3,994	3,994	5,729	(1,735)
Travel	8,000	7,500	5,227	2,273
Office supplies	6,216	6,216	5,114	1,102
Human resource services	11,789	10,589	4,800	5,789
Telephone	8,509	8,509	4,080	4,429
Depreciation	-	-	3,607	(3,607)
Computer support services	5,000	1,000	3,120	(2,120)
Legal notices	4,000	2,586	2,230	356
Books and periodicals	1,000	1,000	771	229
Outside professional services	15,000	-	-	-
Repairs and maintenance	486	-	-	-
Recruitment advertisement	900	-	-	-
Outside printers	500	-	-	-
<b>TOTAL EXPENSES</b>	<b>1,106,457</b>	<b>1,106,457</b>	<b>1,253,653</b>	<b>(147,196)</b>
<b>CHANGE IN BUDGETARY NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(97,615)</b>	<b>\$ (97,615)</b>
<b>BUDGETARY NET POSITION, BEGINNING OF YEAR</b>			<b>1,182,766</b>	
<b>BUDGETARY NET POSITION, END OF YEAR</b>			<b>\$ 1,085,151</b>	

\* Authorized transfer from unreserved funds was not necessary.

Explanation of differences between budgetary and GAAP expenditures:

Total expenditures reported on the Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual	\$ 1,253,653
Differences - budget to GAAP: encumbered funds	7,370
Total expenditures reported on the Statement of Revenues, Expenses, and Change in Net Position	<u>\$ 1,261,023</u>

The accompanying note is an integral part of this required supplementary information.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGE  
IN NET POSITION - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
County contributions	\$ 354,931	\$ 354,931	\$ 354,931	\$ -
District contributions	354,931	354,931	354,931	-
City contributions	354,931	354,931	354,931	-
Project fees	10,000	10,000	36,121	26,121
Interest	4,862	4,862	26,991	22,129
Fees revenue	-	-	1,674	1,674
From unreserved funds*	-	-	-	-
<b>TOTAL REVENUES</b>	<b>1,079,655</b>	<b>1,079,655</b>	<b>1,129,579</b>	<b>49,924</b>
<b>EXPENSES</b>				
Employee benefits	218,928	218,928	578,078	(359,150)
Salaries	554,169	554,169	550,034	4,135
Litigation reserve	-	-	129,102	(129,102)
Accounting and financial services	60,000	60,000	59,800	200
Accrued leave	18,000	18,000	32,298	(14,298)
Rent	28,772	28,772	28,772	-
Other legal expenses	19,182	19,182	21,803	(2,621)
Audit services	20,000	20,000	20,000	-
Travel	15,025	15,025	13,829	1,196
Computer equipment maintenance	12,155	12,155	13,613	(1,458)
Equipment rental and furnishings	20,527	20,527	11,366	9,161
LAFCO memberships	9,300	9,300	9,137	163
Outside professional services	25,000	25,000	8,825	16,175
Training and conferences	8,238	8,238	8,764	(526)
Property and general liability insurance	8,700	8,700	7,687	1,013
Postage and shipping	3,804	3,804	4,890	(1,086)
Human resource services	20,589	20,589	4,800	15,789
Telephone	8,104	8,104	4,534	3,570
Office supplies	8,104	8,104	4,523	3,581
Depreciation	-	-	4,017	(4,017)
Meeting broadcast services	4,863	4,863	3,999	864
Legal notices	4,863	4,863	1,664	3,199
Computer support services	6,948	6,948	1,565	5,383
Books and periodicals	1,621	1,621	1,151	470
Repairs and maintenance	463	463	169	294
Recruitment advertisement	1,000	1,000	-	1,000
Outside printers	1,300	1,300	-	1,300
<b>TOTAL EXPENSES</b>	<b>1,079,655</b>	<b>1,079,655</b>	<b>1,524,420</b>	<b>(444,765)</b>
<b>CHANGE IN BUDGETARY NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(394,841)</b>	<b>\$ (394,841)</b>
<b>BUDGETARY NET POSITION, BEGINNING OF YEAR</b>			<b>1,577,607</b>	
<b>BUDGETARY NET POSITION, END OF YEAR</b>			<b>\$ 1,182,766</b>	

\* Authorized transfer from unreserved funds was not necessary.

Explanation of differences between budgetary and GAAP expenditures:

Total expenditures reported on the Schedule of Revenues, Expenses,  
and Change in Net Position - Budget and Actual

\$ 1,524,420

Differences - budget to GAAP: encumbered funds

-

Total expenditures reported on the Statement of Revenues,  
Expenses, and Change in Net Position

\$ 1,524,420

The accompanying note is an integral part of this required supplementary information.

**LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2024 AND 2023**

**1. BUDGETARY REPORTING**

The Agency adopts an annual budget. The budget includes expenditures and the means of financing them and is used for planning purposes. Budgeted amounts are as originally adopted or as amended by the Agency.

DRAFT



**Local Agency Formation Commission  
of Monterey County  
Financial Statements  
June 30, 2024**

**DRAFT**

**LOCAL AGENCY FORMATION COMMISSION  
OF MONTEREY COUNTY**

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## Accountant's Compilation Report

To the Chair and Commissioners  
Local Agency Formation Commission  
LAFCO of Monterey County  
Salinas, California

Management is responsible for the financial statements of the Local Agency Formation Commission of Monterey County (LAFCO), as of and for the twelve months ended June 30, 2024, included in the accompanying prescribed form in accordance with the requirements of LAFCO. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion or a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of LAFCO and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

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

We are not independent with respect to LAFCO.

**CliftonLarsonAllen LLP**

September 18, 2024  
Salinas, CA

**LAFCO of Monterey County**  
**Balance Sheets**  
**June 30, 2024 and 2023**

ASSETS			
	ACCT #	2024	2023
<b>CURRENT ASSETS:</b>			
Cash Held in Bank:			
Wells Fargo Operating	1007	\$ 185,781.10	\$ 155,787.00
Total Cash Held in Bank		<u>185,781.10</u>	<u>155,787.00</u>
Cash Held in County Treasury:			
Cash Held for Operating Expenses	1010	66,871.71	613,567.56
Designated Cash for Reserve for Litigation	1012	271,821.40	135,485.74
Designated Cash for Accrued Leave	1013	83,565.91	80,419.32
Designated Cash for Post Retirement (GASB 75)	1014	102,716.00	75,064.00
Designated Cash for Reserve for Contingency	1015	276,614.00	269,914.00
Restricted Cash for FORA Litigation	1020	2,063.01	348,524.28
Total Cash Held in County Treasury		<u>803,652.03</u>	<u>1,522,974.90</u>
Petty Cash	1100	-	300.00
Total Cash		<u>989,433.13</u>	<u>1,679,061.90</u>
Other Current Assets:			
Prepaid Insurance	1400	12,096.85	12,283.26
Prepaid Expenses	1405	9,629.86	13,309.84
Total Other Current Assets		<u>21,726.71</u>	<u>25,593.10</u>
Total Current Assets		<u>1,011,159.84</u>	<u>1,704,655.00</u>

<b>NON-CURRENT ASSETS:</b>			
Equipment	1500	57,801.99	57,801.99
Accumulated Depreciation	1550	(56,958.07)	(53,350.69)
Operating Right-of-Use Assets	1900	125,589.73	153,939.37
Total Non-Current Assets		<u>126,433.65</u>	<u>158,390.67</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (GASB 68):</b>			
Deferred Outflows of Resources - PERS Contributions	1800	219,515.31	59,328.29
Deferred Outflows of Resources - Actuarial	1805	180,786.40	243,400.87
Total Deferred Outflows of Resources (GASB 68)		<u>400,301.71</u>	<u>302,729.16</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (GASB 75):</b>			
Deferred Outflows of Resources - OPEB Contributions	1810	1,848.00	1,800.00
Deferred Outflows of Resources - OPEB Actuarial	1815	24,393.00	5,754.00
		<u>26,241.00</u>	<u>7,554.00</u>
		<u>\$ 1,564,136.20</u>	<u>\$ 2,173,328.83</u>

LIABILITIES AND EQUITY			
	ACCT #	2024	2023
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	2000	\$ 7,610.55	\$ 54,791.08
Deferred Fees Revenue	2010	26,653.77	121,282.00
Payroll Liabilities	2700	168.00	168.00
Accrued Leave	2220	83,565.91	80,419.32
Dissolution of FORA Legal Liability	2380	2,063.01	348,524.28
Dissolution of FORA Admin Liability	2381	-	54,348.50
Current Portion of Operating Lease Obligations	2601	28,452.05	26,357.52
Total Current Liabilities		<u>148,513.29</u>	<u>685,890.70</u>
<b>NON-CURRENT LIABILITIES:</b>			
Net Pension Liability/(Asset) (GASB 68)	2400	105,833.03	57,558.59
Net OPEB Liability/(Asset) (GASB 75)	2410	102,716.00	75,064.00
Operating Lease Obligations-Net of Current Portion	2600	99,129.80	127,581.85
Total Non-Current Liabilities		<u>307,678.83</u>	<u>260,204.44</u>
DEFERRED INFLOWS OF RESOURCES (GASB 68):	2500	39,984.22	40,784.66
DEFERRED INFLOWS OF RESOURCES (GASB 75):	2505	43,426.00	56,930.00
<b>EQUITY:</b>			
Invested in Capital Assets	3700	843.92	4,451.30
Encumbered Funds	3710	16,404.02	70,749.02
Reserve for Litigation	3800	271,821.40	135,485.74
Reserve for Contingency	3810	276,614.00	269,914.00
Unreserved Fund*	3850	458,850.52	648,918.97
Total Equity		<u>1,024,533.86</u>	<u>1,129,519.03</u>
		<u>\$ 1,564,136.20</u>	<u>\$ 2,173,328.83</u>

\*Includes revenue received in the current year to be used for operating expenses through 6/30/24

**LAFCO of Monterey County**  
**Income and Expense Budget Performance - Summary**  
**June 30, 2024**

ACCT #	Income:			% of Budget		Adopted 23/24	Remaining Budget Balance	% of Remaining Budget Balance	
		June 24	June 23	Received/ Spent	July 23-June 24				July 22-June 23
4000	Fees: Project	\$ -	\$ 8,892.00	0.00%	\$ 29,869.29	\$ 38,822.00	\$ 10,000.00	\$ 19,869.29	198.69%
4205	County Contributions	-	-	0.00%	363,784.00	354,931.00	363,784.00	-	0.00%
4210	City Contributions	-	-	0.00%	363,783.99	354,930.99	363,784.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%	363,785.00	354,928.00	363,784.00	1.00	0.00%
4249	FORA Administrative Revenue	-	85.50	0.00%	5,215.50	1,674.00	-	5,215.50	0.00%
4300	Interest	6,781.09	7,916.10	132.83%	29,601.36	26,991.63	5,105.00	24,496.36	479.85%
	<b>Total Income</b>	<b>6,781.09</b>	<b>16,893.60</b>	<b>0.61%</b>	<b>1,156,039.14</b>	<b>1,132,277.62</b>	<b>1,106,457.00</b>	<b>49,582.14</b>	<b>4.48%</b>
	<b>Expense:</b>								
VAR	Employee Salaries	44,523.74	45,327.21	7.59%	572,328.00	550,033.90	586,475.00	14,147.00	2.41%
VAR	Employee Benefits	(37,056.82)	369,200.33	-14.13%	375,581.91	610,375.01	262,244.00	(113,337.91)	-43.22%
7000	Postage and Shipping	949.38	974.56	23.77%	5,733.92	4,890.32	3,994.00	(1,739.92)	-43.56%
7010	Books and Periodical	-	-	0.00%	770.72	1,151.40	1,000.00	229.28	22.93%
7030	Copy Machine	392.27	359.48	5.60%	5,949.22	5,913.87	7,000.00	1,050.78	15.01%
7060	Office Supplies	38.35	141.65	0.77%	4,049.80	3,843.40	5,000.00	950.20	19.00%
7070	Office Equipment & Furnishings	-	226.14	0.00%	-	226.14	-	-	0.00%
7080	Computer Hardware/Peripherals	188.96	1,770.27	4.72%	3,447.85	4,581.10	4,000.00	552.15	13.80%
7085	Computer Support Svcs Fixed Costs	1,003.00	-	7.86%	14,951.50	13,613.40	12,763.00	(2,188.50)	-17.15%
7090	Computer Support Svcs Variable Costs	640.00	-	64.00%	3,120.00	1,565.00	1,000.00	(2,120.00)	-212.00%
7100	Computer Software	-	-	0.00%	559.85	644.84	1,277.00	717.15	56.16%
7105	Meeting Broadcast Services	1,000.00	900.00	9.70%	9,250.00	3,998.75	10,306.00	1,056.00	10.25%
7110	Property and Gen Liability Insurance	698.31	640.63	7.73%	8,379.28	7,686.57	9,032.00	652.72	7.23%
7120	Office Maintenance Services	-	-	0.00%	-	168.00	-	-	0.00%
7140	Travel	-	-	0.00%	4,921.70	13,400.36	7,000.00	2,078.30	29.69%
7150	Training, Conferences & Workshops	136.47	200.00	1.05%	12,298.11	8,763.79	13,000.00	701.89	5.40%
7160	Vehicle Mileage	16.88	238.16	3.38%	305.37	429.10	500.00	194.63	38.93%
7170	Rental of Buildings	2,851.01	2,397.69	8.85%	34,212.12	28,772.28	32,220.00	(1,992.12)	-6.18%
7200	Telephone Communications	202.47	218.54	2.38%	4,080.01	4,533.84	8,509.00	4,428.99	52.05%
7240	Outside Prof. Services: Other	-	-	0.00%	-	8,825.00	-	-	0.00%
7242	Outside Prof. Services: Accounting	5,500.00	5,000.00	8.33%	65,500.01	59,800.00	66,000.00	499.99	0.76%
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	8.33%	4,800.00	4,800.00	4,800.00	-	0.00%
7245	General and Special Legal Services	5,185.50	4,017.40	11.02%	30,278.69	21,803.40	28,916.00	(1,362.69)	-4.71%
7247	Outside Prof. Services: Human Resources	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%	20,000.00	20,000.00	22,000.00	2,000.00	9.09%
7250	Miscellaneous Office Expense	293.25	28.16	24.12%	1,065.17	681.26	1,216.00	150.83	12.40%
7260	Legal Notices	-	-	0.00%	2,280.00	1,063.50	2,586.00	356.00	13.77%
7280	LAFCO Memberships	-	-	0.00%	9,899.00	9,137.00	9,830.00	(9.00)	-0.09%
7290	Litigation Reserve	1,650.60	765.90	0.00%	56,394.70	129,102.27	-	(56,394.70)	0.00%
7300	Depreciation	97.38	332.00	0.00%	3,607.38	4,016.95	-	(3,607.38)	0.00%
	<b>Total Expense</b>	<b>26,710.75</b>	<b>433,138.12</b>	<b>2.41%</b>	<b>1,253,654.31</b>	<b>1,524,420.45</b>	<b>1,106,457.00</b>	<b>(147,197.31)</b>	<b>-13.30%</b>
	<b>Net Ordinary Income (Loss)</b>	<b>(19,929.66)</b>	<b>(416,244.52)</b>		<b>(97,615.17)</b>	<b>(392,142.83)</b>	<b>-</b>		
	<b>Other Income/(Expense):</b>								
8106	Prior Year Project Fees Returned	-	-	-	-	(2,697.50)	-	-	-
8113	Encumbered Funds: Human Resources	(652.50)	-	-	(7,370.00)	-	-	-	-
	<b>Total Other Income/(Expense)</b>	<b>(652.50)</b>	<b>-</b>		<b>(7,370.00)</b>	<b>(2,697.50)</b>	<b>-</b>		
	<b>Net Income (Loss)</b>	<b>\$ (20,582.16)</b>	<b>\$ (416,244.52)</b>		<b>\$ (104,985.17)</b>	<b>\$ (394,840.33)</b>	<b>\$ -</b>		

**LAFCO of Monterey County**  
**Income and Expense Budget Performance - Detail**  
**June 30, 2024**

ACCT #	Income:	June 24	June 23	% of Budget Received/Spent		July 23-June 24	July 22-June 23	Adopted 23/24 Budget	Remaining Budget Balance	% of Remaining Budget Balance
				June 24	June 23					
4000	Fees: Project	\$ -	\$ 8,892.00	0.00%		\$ 29,869.29	\$ 38,822.00	\$ 10,000.00	\$ 19,869.29	198.69%
4205	County Contributions	-	-	0.00%		363,784.00	354,931.00	363,784.00	-	0.00%
4210	City Contributions	-	-	0.00%		363,783.99	354,930.99	363,784.00	(0.01)	0.00%
4220	District Contributions	-	-	0.00%		363,785.00	354,928.00	363,784.00	1.00	0.00%
4249	FORA Administrative Revenue	-	85.50	0.00%		5,215.50	1,674.00	-	5,215.50	0.00%
4300	Interest	6,781.09	7,916.10	132.83%		29,601.36	26,991.63	5,105.00	24,496.36	479.85%
	<b>Total Income</b>	<b>6,781.09</b>	<b>16,893.60</b>	<b>0.61%</b>		<b>1,156,039.14</b>	<b>1,132,277.62</b>	<b>1,106,457.00</b>	<b>49,582.14</b>	<b>4.48%</b>
	<b>Expense:</b>									
6002	Regular Earnings	44,406.60	45,245.98			570,541.59	549,356.98			
6004	FORA Administrative Wages	117.14	81.23			1,786.41	676.92			
	<b>Employee Salaries</b>	<b>44,523.74</b>	<b>45,327.21</b>	<b>7.59%</b>		<b>572,328.00</b>	<b>550,033.90</b>	<b>586,475.00</b>	<b>14,147.00</b>	<b>2.41%</b>
6007	Management Expense Allowance	50.00	50.00			600.00	600.00			
6010	Accrued Leave	(3,478.19)	(3,688.40)			3,146.59	12,315.19			
6011	Car Allowance	400.00	400.00			4,800.00	4,800.00			
6013	Post Retirement Healthcare Reserve	(4,382.00)	(4,684.00)			(2,691.00)	(3,035.00)			
6100	Employee Benefits - Other	-	1,275.00			4,750.00	1,975.00			
6101	Payroll Expenses	690.11	685.52			9,766.82	9,310.54			
6102	Worker's Compensation Insurance	199.06	179.40			2,543.54	1,708.53			
6103	Employee Memberships	-	-			374.00	96.75			
6104	Deferred Comp Plan Contribution	2,760.49	2,659.54			35,484.50	33,951.24			
6105	PERS Retirement	(214,083.05)	(54,770.71)			-	-			
6106	PERS Retirement - GASB 68	169,416.76	416,624.51			169,416.76	416,624.51			
6110	PERS Health - Other	36.80	35.01			425.56	368.39			
6111	PERS Health - Med ER Non-Elective	628.00	604.00			7,392.00	7,200.00			
6112	PERS Health - Med ER Pre Tax	9,173.60	8,365.69			105,235.74	87,233.82			
6131	LIFE	125.20	125.20			1,502.40	1,502.40			
6132	ADD	8.21	8.21			98.52	98.52			
6133	Dental	767.90	798.30			9,214.80	9,245.20			
6134	Vision	123.80	108.60			1,485.60	1,303.20			
6135	LTD	410.43	332.40			4,801.76	3,988.80			
6139	STD	96.06	92.06			1,112.72	1,104.72			
7294	Accrued Leave Reserve	-	-			16,121.60	19,983.20			
	<b>Employee Benefits</b>	<b>(37,056.82)</b>	<b>369,200.33</b>	<b>-14.13%</b>		<b>375,581.91</b>	<b>610,375.01</b>	<b>262,244.00</b>	<b>(113,337.91)</b>	<b>-43.22%</b>
7000	Postage and Shipping	949.38	974.56	23.77%		5,733.92	4,890.32	3,994.00	(1,739.92)	-43.56%
7010	Books and Periodical	-	-	0.00%		770.72	1,151.40	1,000.00	229.28	22.93%
7030	Copy Machine	392.27	359.48	5.60%		5,949.22	5,913.87	7,000.00	1,050.78	15.01%
7060	Office Supplies	38.35	141.65	0.77%		4,049.80	3,843.40	5,000.00	950.20	19.00%
7070	Office Equipment & Furnishings	-	226.14	0.00%		-	226.14	-	-	0.00%
7080	Computer Hardware/Peripherals	188.96	1,770.27	4.72%		3,447.85	4,581.10	4,000.00	552.15	13.80%
7085	Computer Support Svcs Fixed Costs	1,003.00	-	7.86%		14,951.50	13,613.40	12,763.00	(2,188.50)	-17.15%
7090	Computer Support Svcs Variable Costs	640.00	-	64.00%		3,120.00	1,565.00	1,000.00	(2,120.00)	-212.00%
7100	Computer Software	-	-	0.00%		559.85	644.84	1,277.00	717.15	56.16%
7105	Meeting Broadcast Services	1,000.00	900.00	9.70%		9,250.00	3,998.75	10,306.00	1,056.00	10.25%
7110	Property and Gen Liability Insurance	698.31	640.63	7.73%		8,379.28	7,686.57	9,032.00	652.72	7.23%
7120	Office Maintenance Services	-	-	0.00%		-	168.00	-	-	0.00%
7140	Travel	-	-	0.00%		4,921.70	13,400.36	7,000.00	2,078.30	29.69%
7150	Training, Conferences & Workshops	136.47	200.00	1.05%		12,298.11	8,763.79	13,000.00	701.89	5.40%
7160	Vehicle Mileage	16.88	238.16	3.38%		305.37	429.10	500.00	194.63	38.93%
7170	Rental of Buildings	2,851.01	2,397.69	8.85%		34,212.12	28,772.28	32,220.00	(1,992.12)	-6.18%
7200	Telephone Communications	202.47	218.54	2.38%		4,080.01	4,533.84	8,509.00	4,428.99	52.05%
7240	Outside Prof. Services: Other	-	-	0.00%		-	8,825.00	-	-	0.00%
7242	Outside Prof. Services: Accounting	5,500.00	5,000.00	8.33%		65,500.01	59,800.00	66,000.00	499.99	0.76%
7242A	Outside Prof. Services: General Admin and HR	400.00	400.00	8.33%		4,800.00	4,800.00	4,800.00	-	0.00%
7245	General and Special Legal Services	3,185.50	4,017.40	11.02%		30,278.69	21,803.40	28,916.00	(1,362.69)	-4.71%
7247	Outside Prof. Services: Human Resources	-	-	0.00%		-	-	5,789.00	5,789.00	100.00%
7248	Outside Prof. Services: Annual Audit	-	-	0.00%		20,000.00	20,000.00	22,000.00	2,000.00	9.09%
7250	Miscellaneous Office Expense	293.25	28.16	24.12%		1,065.17	681.26	1,216.00	150.83	12.40%
7260	Legal Notices	-	-	0.00%		2,230.00	1,663.50	2,586.00	356.00	13.77%
7280	LAFCO Memberships	-	-	0.00%		9,839.00	9,137.00	9,830.00	(9.00)	-0.09%
7290	Litigation Reserve	1,650.60	765.90	0.00%		56,394.70	129,102.27	-	(56,394.70)	0.00%
7300	Depreciation	97.38	332.00	0.00%		3,607.38	4,016.95	-	(3,607.38)	0.00%
	<b>Total Expense</b>	<b>26,710.75</b>	<b>433,138.12</b>	<b>2.41%</b>		<b>1,253,654.31</b>	<b>1,524,420.45</b>	<b>1,106,457.00</b>	<b>(147,197.31)</b>	<b>-13.30%</b>
	<b>Net Ordinary Income (Loss)</b>	<b>(19,929.66)</b>	<b>(416,244.52)</b>			<b>(97,615.17)</b>	<b>(392,142.83)</b>	<b>-</b>		
	<b>Other Income/(Expense):</b>									
8106	Prior Year Project Fees Returned	-	-			-	(2,697.50)	-	-	
8113	Encumbered Funds: Human Resources	(652.50)	-			(7,370.00)	-	-	-	
	<b>Total Other Income/(Expense)</b>	<b>(652.50)</b>	<b>-</b>			<b>(7,370.00)</b>	<b>(2,697.50)</b>	<b>-</b>		
	<b>Net Income (Loss)</b>	<b>\$ (20,582.16)</b>	<b>\$ (416,244.52)</b>			<b>\$ (104,985.17)</b>	<b>\$ (394,840.33)</b>	<b>\$ -</b>		

LAFCO of Monterey County  
Income and Expense by Month  
June 30, 2024

	Jul 23	Aug 23	Sept 23	Oct 23	Nov 23	Dec 23
<b>Ordinary Income/Expense</b>						
<b>Income:</b>						
4000 · Fees: Project		\$ 12,336.54	\$ 590.00	\$ 16,987.50	\$ -	\$ -
4205 · County Contributions	363,784.00					
4210 · City Contributions	363,783.99					
4220 · District Contributions	363,785.00					
4249 · FORA Administrative Revenue		171.00		85.50	85.50	85.50
4300 · Interest	10.38	13.15	10.05	10.77	1.39	7,870.63
<b>Total Income</b>	<b>1,091,363.37</b>	<b>12,519.69</b>	<b>590.05</b>	<b>17,083.77</b>	<b>86.89</b>	<b>7,956.13</b>
<b>Expense:</b>						
6000 · Employee Salaries	42,896.00	43,465.76	66,292.69	44,752.27	43,952.01	44,438.26
6100 · Employee Benefits	20,533.39	23,064.43	28,866.69	172,732.57	22,350.80	23,831.35
7000 · Postage and Shipping	115.17	123.55	388.64	932.92	479.81	1,010.75
7010 · Books and Periodical	238.00					361.29
7030 · Copy Machine	419.96	537.67	418.53	418.54	699.47	418.53
7060 · Office Supplies		75.98	302.39	121.29	1,602.47	510.53
7080 · Computer Hardware/Peripherals				515.72	128.93	128.93
7085 · Computer Support Svcs Fixed Costs				5,650.00	1,412.50	1,412.50
7090 · Computer Support Svcs Variable Costs			160.00			
7100 · Computer Software	219.98		99.99			
7105 · Meeting Broadcast Services			698.27	698.27	450.00	450.00
7110 · Property and Gen Liability Insurance	698.27	698.27			698.27	698.27
7140 · Travel				2,450.82		200.43
7150 · Training, Conferences & Workshops		675.00		10,044.64		
7160 · Vehicle Mileage			110.43			53.71
7170 · Rental of Buildings	2,685.00	2,685.00	3,188.03	2,851.01	2,851.01	2,851.01
7200 · Telephone Communications	471.16	349.94	349.94	350.09	350.09	358.36
7242 · Outside Prof. Services: Accounting	5,000.00	5,500.00	5,500.00	5,500.00	5,500.00	11,000.01
7242A · Outside Prof. Services: Gen Admin & HR Assistance	400.00	400.00	400.00	400.00	400.00	800.00
7245 · General and Special Legal Services		1,385.00	1,820.70	2,825.40	3,001.70	6,758.80
7248 · Outside Prof. Services: Annual Audit	1,500.00			18,500.00		
7250 · Miscellaneous Office Expense	73.94	36.74	289.24	36.74	73.92	45.32
7260 · Legal Notices	958.00	231.00			288.75	
7280 · LAFCO Memberships	8,124.00					
7290 · Litigation Reserve		12,278.91	554.00	11,386.98	3,996.21	11,210.80
7300 · Depreciation	321.00	314.00	321.00	322.00	319.00	319.00
8113 · Encumbered Funds: Human Resources						
<b>Total Expense</b>	<b>84,653.87</b>	<b>51,822.31</b>	<b>109,496.55</b>	<b>282,099.25</b>	<b>88,554.94</b>	<b>107,097.73</b>
<b>Net Income/(Loss)</b>	<b>\$ 1,006,709.50</b>	<b>\$ (79,302.62)</b>	<b>\$ (108,936.50)</b>	<b>\$ (265,015.48)</b>	<b>\$ (88,468.05)</b>	<b>\$ (99,141.60)</b>

LAFCC of Monterey County  
Income and Expense by Month  
June 30, 2024

	Jan 24	Feb 24	Mar 24	Apr 24	May 24	June 24	Total
<b>Ordinary Income/Expense</b>							
<b>Income:</b>							
4000 · Fees: Project	-	\$ -	-	-	-	-	29,869.29
4205 · County Contributions	-	-	-	-	-	-	363,784.00
4210 · City Contributions	-	-	-	-	-	-	363,783.99
4220 · District Contributions	-	-	-	-	-	-	363,785.00
4249 · FORA Administrative Revenue	85.50	-	85.50	-	2,052.00	-	5,215.50
4300 · Interest	1.09	6,627.39	1.35	-	1.59	6,781.09	29,601.36
<b>Total Income</b>	86.59	6,627.39	86.85	10,833.73	2,053.59	6,781.09	1,156,039.14
<b>Expense:</b>							
6000 · Employee Salaries	43,627.85	43,952.01	66,104.28	43,952.00	44,371.13	44,523.74	572,328.00
6100 · Employee Benefits	27,703.18	24,571.07	26,593.43	21,246.70	21,145.07	(37,056.82)	375,581.91
7000 · Postage and Shipping	79.62	347.65	920.27	303.73	81.38	949.38	5,733.92
7010 · Books and Periodical	-	-	171.43	-	-	-	770.72
7030 · Copy Machine	418.54	562.55	562.54	552.62	548.00	392.27	5,949.22
7060 · Office Supplies	344.70	612.30	43.06	243.39	154.34	38.35	4,049.80
7080 · Computer Hardware/Peripherals	128.93	128.93	-	257.86	1,969.59	188.96	3,447.85
7085 · Computer Support Svcs Fixed Costs	1,258.00	1,258.00	-	1,954.50	1,003.00	1,003.00	14,951.50
7090 · Computer Support Svcs Variable Costs	640.00	-	-	1,680.00	640.00	-	3,120.00
7100 · Computer Software	94.99	(94.99)	-	-	-	-	559.85
7105 · Meeting Broadcast Services	1,000.00	2,000.00	1,000.00	1,000.00	1,000.00	1,000.00	9,250.00
7110 · Property and Gen Liability Insurance	698.27	698.27	698.27	698.27	698.27	698.31	8,379.28
7140 · Travel	-	-	-	2,270.45	-	-	4,921.70
7150 · Training, Conferences & Workshops	-	-	-	976.00	466.00	136.47	12,298.11
7160 · Vehicle Mileage	-	-	-	124.35	-	16.88	305.37
7170 · Rental of Buildings	-	-	-	2,851.01	2,851.01	2,851.01	34,212.12
7200 · Telephone Communications	329.90	329.54	329.54	329.49	329.49	202.47	4,080.01
7242 · Outside Prof. Services: Accounting	-	5,500.00	11,000.00	-	5,500.00	5,500.00	65,500.01
7242A · Outside Prof. Services: Gen Admin & HR Assistance	-	400.00	800.00	-	400.00	400.00	4,800.00
7245 · General and Special Legal Services	-	4,764.40	1,911.30	2,742.29	1,883.60	3,185.50	30,278.69
7248 · Outside Prof. Services: Annual Audit	-	-	-	-	-	-	20,000.00
7250 · Miscellaneous Office Expense	116.36	263.25	52.66	-	47.00	293.25	1,065.17
7250 · Legal Notices	-	-	-	234.00	255.00	-	2,230.00
7280 · LAFCC Memberships	1,715.00	-	-	-	-	-	9,839.00
7290 · Litigation Reserve	-	3,770.10	8,163.20	2,700.60	683.30	1,650.60	56,394.70
7300 · Depreciation	321.00	317.00	317.00	321.00	318.00	97.38	3,607.38
8113 · Encumbered Funds: Human Resources	-	-	-	5,524.50	1,193.00	652.50	7,370.00
<b>Total Expense</b>	81,232.36	92,421.11	131,423.00	88,282.76	86,577.18	27,363.25	1,261,024.31
<b>Net Income/(Loss)</b>	\$ (81,145.77) \$	(85,793.72) \$	(121,336.15) \$	(77,449.03) \$	(84,523.59) \$	(20,582.16) \$	(104,985.17) \$

**LAFCO of Monterey County**  
**Accounts Receivable Summary**  
**As of June 30, 2024**

**Accounts Receivable-For Fiscal Year Ending 6/2024:**

<u>Description</u>	<u>Date</u>	<u>Amount</u>
All 2023-2024 City, Special District and County fees have been received.		\$ -
	ACCT # 1236	<u>\$ -</u>

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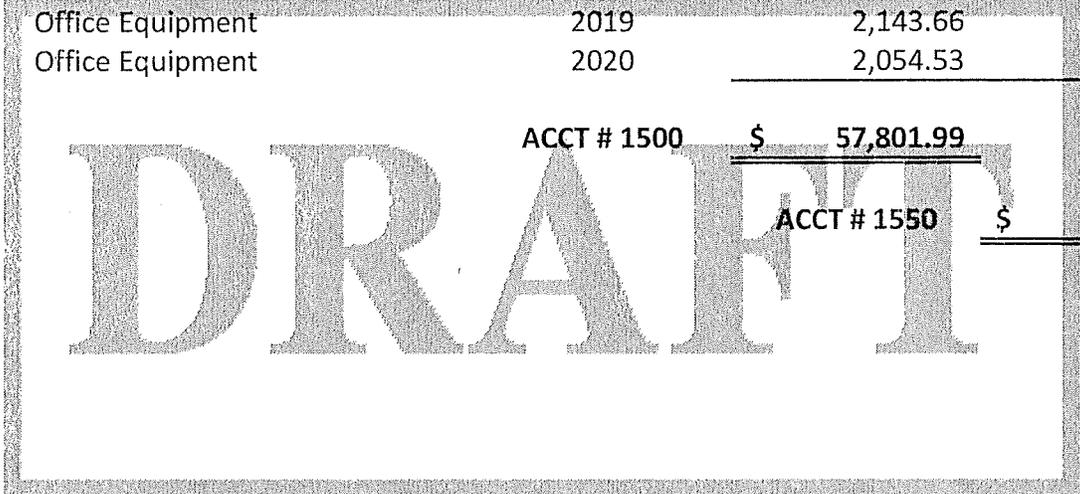
**LAFCO of Monterey County  
Equipment Summary  
As of June 30, 2024**

**Equipment and Accumulated Depreciation:**

Description	Fiscal Year In Service (6/30)	Cost	Amount Depreciated
Furniture & Fixtures	2010	\$ 502.51	\$ 502.51
Furniture & Fixtures	2017	29,396.72	29,396.72
Furniture & Fixtures	2018	10,618.39	9,971.00
Office Equipment	2011	2,185.00	2,185.00
Office Equipment	2013	1,990.68	1,990.68
Office Equipment	2014	5,214.29	5,214.29
Office Equipment	2016	1,168.89	1,168.89
Office Equipment	2017	2,527.32	2,527.32
Office Equipment	2019	2,143.66	2,143.66
Office Equipment	2020	2,054.53	1,858.00

ACCT # 1500     \$ 57,801.99

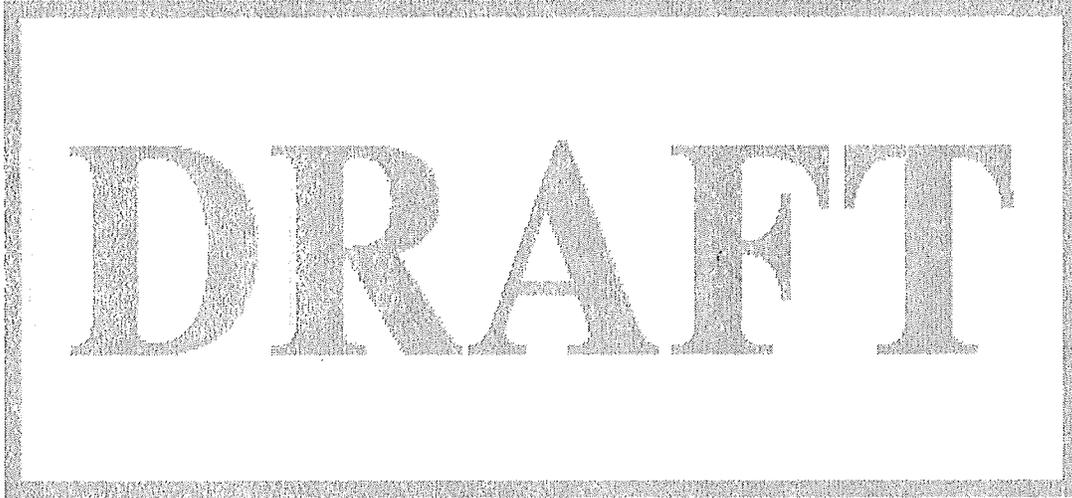
ACCT # 1550     \$ 56,958.07



## LAFCO of Monterey County Accounts Payable Summary As of June 30, 2024

Accounts Payable:

Vendor	Description	Date	Inv#/Acct#	Amount
Alex Vatsula	Lafco Meeting Broadcast Services 6/24/24	6/26/2024	LB-0624	\$ 1,000.00
AT&T	Credit	12/10/2021		(42.77)
AT&T	Telephone Services	6/17/2024	317277339	202.47
Best, Best & Krieger	MPWMD Service Activation Legal Services through 6/2024	6/30/2024	1000573	152.40
CalPers Fiscal Services Division	1959 Survivor Level Premium for FY 23/24-Plan 5580	6/24/2024	FY23-24/Plan 5580	187.20
CalPers Fiscal Services Division	1959 Survivor Level Premium for FY 23/24-Plan 27008	6/24/2024	FY23-24/Plan 27008	62.40
County of Monterey, Information Technology	Computer Support Services through 6/2024	6/30/2024	Dept 812 P/E 6/30/24	1,771.93
Liebert Cassidy Whitmore	Professional Services through 5/31/24	5/31/2024	268816	1,193.00
Liebert Cassidy Whitmore	Professional Services through 6/30/24	6/30/2024	271310	652.50
MBS Business Systems	Copy Machine Rental	6/25/2024	472591	76.81
Office of County Counsel- Co. of Monterey	General Legal Services through 6/30/24	6/30/2024	24-003934	1,385.00
Office of County Counsel- Co. of Monterey	FORA Dissolution Litigation Services through 6/30/24	6/30/2024	24-003945	55.40
Safarina Maluki	Mileage Reimbursement	6/30/2024	Apr-Jun 2024	16.88
Sunrise Express	Board Packet Deliveries	6/30/2024	0652024	507.48
Wells Fargo Bank Credit Card	Staff Workshops \$291.47; Laptop Case \$60.03; Quality Water Enterprises \$38.35	6/30/2024		389.85
			<b>ACCT # 2000</b>	<b><u>\$ 7,610.55</u></b>



**LAFCO of Monterey County  
Accrued Leave Summary  
As of June 30, 2024**

**Executive Officer and Analyst Positions:**

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Officer	481.32	104.19	\$ 50,148.73
Darren McBain	Principal Analyst	243.63	74.85	18,235.71
Jonathan Brinkmann	Senior Analyst	180.90	58.57	10,595.31
				\$ 78,979.75

**Clerk / Administrative Secretary Position:**

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Safarina Maluki	73.72	36.71	41.53	\$ 3,061.59	\$ 1,524.57
				\$ 3,061.59	\$ 1,524.57

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Annual Leave	\$ 78,979.75
Sick Leave	3,061.59
Vacation	1,524.57
<b>ACCT # 2220 \$ 83,565.91</b>	

**Executive Officer and Senior Analyst Positions:**

\* Maximum of 250 or 850 hours of Annual Leave may be accrued. This is a general description of benefits only. Actual benefits are defined in individual employment agreements.

**Clerk/Admin Secretary Position:**

\*\* Maximum of 260 hours of Accrued Vacation may be accrued. This is a general description of benefits only. Actual benefits are defined in employment agreement.

\*\*\*Compensatory time: Overtime eligible employees can accrue compensatory time-off in lieu of overtime payments. A maximum of 80 hours of compensatory time may be accrued. The compensatory time off balances are considered current year liabilities. These benefits are a general description only.

# LAFCO of Monterey County

## Detail of Encumbrances

### As of June 30, 2024

**Encumbered Funds:**

Subject	Invoice Date/ Inv. No.	Funds Received/(Paid)
<b>Recruitment Advertising Encumbered Funds:</b>		
13-14 Budget Carryover		\$ 3,179.40
ID Concepts, LLC	7/15/14 Inv. No. LAFCO-01	(115.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-01	(460.00)
Hardee Investigations	10/3/2014 LAFCO-02	(180.00)
ID Concepts, LLC	10/10/15 Inv. No. 303013	(107.50)
The Post Box	6/15/2016	(50.00)
Hardee Investigations	6/22/16 Inv. No. LAFCO-03	(180.00)
Hardee Investigations	6/3/17 Inv No. LAFCO 17-01	(360.00)
Hardee Investigations	6/6/19 Inv No. LAFCO 19-01	(225.00)
MontereybayJobs.com	7/20/19 Inv No. mbj	(299.00)
Indeed	7/30/19 Inv. No. 24779848	(25.19)
Indeed	7/31/19 Inv. No. 24993586	(6.47)
Hardee Investigations	8/16/19 Inv No. LAFCO 19-02	(275.00)
		<u>896.24</u>

**Human Resources Encumbered Funds:**

	Balance Forward	8,973.00
19-20 Budget Carryover		10,500.00
Hayashi Wayland-HR Services Monthly Fee	8/3/20 Inv. No. 293672	(400.00)
<del>Hayashi Wayland-HR Services Monthly Fee</del>	<del>9/1/20 Inv. No. 294080</del>	<del>(400.00)</del>
Hayashi Wayland-HR Services Monthly Fee	10/1/20 Inv No. 294599	(400.00)
Hayashi Wayland-HR Services Monthly Fee	11/1/20 Inv. No. 295271	(400.00)
Hayashi Wayland-HR Services Monthly Fee	12/7/20 Inv. No. 295739	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	12/31/20 Inv. No. 1512526	(38.00)
Hayashi Wayland-HR Services Monthly Fee	1/14/21 Inv. No. 296368	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	1/31/21 Inv. No. 1514248	(929.00)
<del>Hayashi Wayland-HR Services Monthly Fee</del>	<del>2/8/21 Inv No. 296802</del>	<del>(400.00)</del>
<del>Liebert Cassidy Whitmore, A Professional Law Corp</del>	<del>2/25/21 Inv. No. 1515993</del>	<del>(8,699.50)</del>
Hayashi Wayland-HR Services Monthly Fee	3/1/21 Inv No. 297416	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	3/31/21 Inv. No. 1517887	(152.00)
Hayashi Wayland-HR Services Monthly Fee	4/15/21 Inv No. 298589	(400.00)
Hayashi Wayland-HR Services Monthly Fee	5/20/21 Inv No. 299239	(400.00)
Hayashi Wayland-HR Services Monthly Fee	6/8/21 Inv No. 300212	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	4/30/24 Inv. No. 267790	(5,524.50)
Liebert Cassidy Whitmore, A Professional Law Corp	5/31/24 Inv. No. 268816	(1,193.00)
Liebert Cassidy Whitmore, A Professional Law Corp	6/30/24 Inv. No. 271310	(652.50)
		<u>2,884.50</u>

**Temp Professional Services Encumbered Funds:**

2018-2019 Resolution No. 19-01	Fire and Medical Emergency Study	75,000.00
Michael P. McMurry	9/3/19 Inv No. MON 1	(812.50)
<del>Michael P. McMurry</del>	<del>9/30/19 Inv No. MON 2</del>	<del>(1,062.50)</del>
Michael P. McMurry	11/1/19 Inv No. MON 3	(812.50)
Michael P. McMurry	12/1/19 Inv No. MON 4	(2,031.25)
Michael P. McMurry	1/3/20 Inv No. MON 5	(1,312.50)
Michael P. McMurry	2/1/20 Inv No. MON 6	(1,000.00)
Michael P. McMurry	4/1/20 Inv No. MON 7	(3,350.00)
Michael P. McMurry	5/1/20 Inv No. MON 8	(4,437.50)
Michael P. McMurry	5/29/20 Inv No. MON 9	(1,656.25)
Michael P. McMurry	6/23/20 Inv No. MON 10	(1,187.50)
Michael P. McMurry	11/1/20 Inv No. MON 11	(1,937.50)
Michael P. McMurry	12/1/20 Inv No. MON 12	(781.25)
Michael P. McMurry	3/2/21 Inv No. MON 13	(531.25)
Michael P. McMurry	5/3/21 Inv No. MON 14	(2,975.00)
Michael P. McMurry	6/30/21 Inv No. MON 15	(700.00)
Michael P. McMurry	7/31/21 Inv No. MON 15A	(687.50)
Michael P. McMurry	8/31/21 Inv No. MON 16	(1,312.50)
Michael P. McMurry	10/31/21 Inv No. MON 17	(750.00)
Michael P. McMurry	12/31/21 Inv No. MON 18	(687.50)
Resolution No. 24-10	Relocation of Funds to Unreserved Funds	<u>(46,975.00)</u>

**Computer Support Services-Variable Encumbered Funds:**

18-19 Budget Carryover	<u>12,623.28</u>
	<u>12,623.28</u>

ACCT # 3710 \$ 16,404.02

# LAFCO of Monterey County

## Detail of Reserve for Litigation

### As of June 30, 2024

Reserve for Litigation:

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 7/1/22		\$ 264,588.01
8/11/2022	Best, Best & Krieger	942253	(8,905.30)
8/23/2022	Office of County Counsel-Co. of Monterey	22-000686	(516.60)
9/8/2022	Best, Best & Krieger	94461	(15,907.50)
9/12/2022	Office of County Counsel-Co. of Monterey	22-000787	(959.40)
9/30/2022	Best, Best & Krieger	947478	(11,506.10)
9/30/2022	Office of County Counsel-Co. of Monterey	22-000870	(553.50)
11/15/2022	Best, Best & Krieger	950787	(18,435.60)
11/15/2022	Office of County Counsel-Co. of Monterey	22-000892	(110.70)
12/9/2022	Best, Best & Krieger	952842	(4,523.18)
12/14/2022	Office of County Counsel-Co. of Monterey	22-000975	(221.40)
12/31/2022	Office of County Counsel-Co. of Monterey	23-000018	(479.70)
1/20/2023	Best, Best & Krieger	955804	(14,670.99)
2/21/2023	Office of County Counsel-Co. of Monterey	22-002301	(369.00)
2/24/2023	Best, Best & Krieger	958386	(7,088.40)
3/20/2023	Best, Best & Krieger	960589	(1,685.20)
<del>3/31/2023</del>	<del>Best, Best &amp; Krieger</del>	<del>963335</del>	<del>(1,404.45)</del>
3/31/2023	Office of County Counsel-Co. of Monterey	23-002431	(553.50)
5/8/2023	Best, Best & Krieger	964642	(2,425.85)
5/19/2023	Office of County Counsel-Co. of Monterey	23-002465	(36.90)
5/31/2023	Best, Best & Krieger	968326	(37,983.10)
6/23/2023	Office of County Counsel-Co. of Monterey	23-002620	(701.10)
<del>6/30/2023</del>	<del>Best, Best &amp; Krieger</del>	<del>969813</del>	<del>(64.80)</del>
<del>8/22/2023</del>	<del>Best, Best &amp; Krieger</del>	<del>973136</del>	<del>(4,729.46)</del>
<del>8/25/2023</del>	<del>Office of County Counsel-Co. of Monterey</del>	<del>23-003123</del>	<del>(637.10)</del>
<del>8/31/2023</del>	<del>Best, Best &amp; Krieger</del>	<del>975334</del>	<del>(6,912.35)</del>
<del>9/15/2023</del>	<del>Office of County Counsel-Co. of Monterey</del>	<del>23-003213</del>	<del>(554.00)</del>
<del>10/13/2023</del>	<del>Best, Best &amp; Krieger</del>	<del>977680</del>	<del>(9,863.48)</del>
<del>10/18/2023</del>	<del>Office of County Counsel-Co. of Monterey</del>	<del>23-003213</del>	<del>(1,523.50)</del>
<del>11/9/2023</del>	<del>Best, Best &amp; Krieger</del>	<del>979801</del>	<del>(3,248.31)</del>
11/16/2023	Office of County Counsel-Co. of Monterey	23-003268	(747.90)
12/4/2023	Reserve Replenishment		192,730.36 *
12/4/2023	Best, Best & Krieger	982356	(4,362.30)
12/20/2023	Office of County Counsel-Co. of Monterey	23-003295	(3,545.60)
12/31/2023	Best, Best & Krieger	986013	(2,333.40)
<del>12/31/2023</del>	<del>Office of County Counsel-Co. of Monterey</del>	<del>24-001040</del>	<del>(969.50)</del>
2/5/2024	Best, Best & Krieger	986729	(1,526.40)
2/15/2024	Office of County Counsel-Co. of Monterey	24-001119	(2,243.70)
3/13/2024	Office of County Counsel-Co. of Monterey	24-001194	(3,490.20)
3/15/2024	Best, Best & Krieger	990675	(853.40)
3/15/2024	Best, Best & Krieger	990676	(3,819.60)
4/11/2024	Best, Best & Krieger	993066	(2,368.20)
4/19/2024	Office of County Counsel-Co. of Monterey	24-001242	(332.40)
5/10/2024	Best, Best & Krieger	995311	(544.80)
5/20/2024	Office of County Counsel-Co. of Monterey	24-001340	(138.50)
6/11/2024	Office of County Counsel-Co. of Monterey	24-001363	(166.20)
6/17/2024	Best, Best & Krieger	998590	(1,002.60)
6/17/2024	Best, Best & Krieger	998591	(329.40)
6/30/2024	Best, Best & Krieger	1000573	(152.40)
		ACCT # 3800	<u>\$ 271,821.40</u>

\*Reserve replenished to bring balance back to \$300,000, per commission meeting on 12/4/23.

**LAFCO of Monterey County  
Detail of Reserve for Contingency  
As of June 30, 2024**

**Reserve for Contingency:**

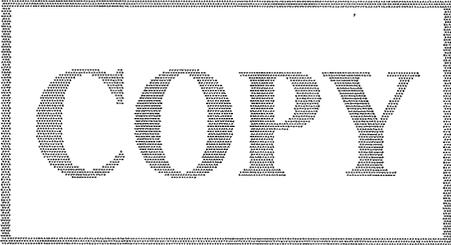
Date	Vendor/Description	Invoice #	Amount
	Reserve for Contingency Balance at 6/30/23		\$ 269,914.00
7/1/2023	Authorized Transfer (To)/From Unreserved Funds for FY 2023-2024**		<u>6,700.00</u>
		<b>ACCT # 3810</b>	<u><u>\$ 276,614.00</u></u>

\*\*Per Resolution 19-01, the Contingency Reserve is adjusted at the beginning of each year to account for 25% of the current year budget. See note below.

2023-2024 Budget	\$ 1,106,457
% of Budget	0.25
<b>Expected Reserve for Contingency Balance at 7/1/23</b>	<u>276,614</u>
<b>Reserve for Contingency Balance at 6/30/23</b>	<u>269,914</u>
<b>Authorized Transfer (To)/From Unreserved Funds for FY 2023-2024**</b>	<u><u>\$ 6,700</u></u>



**Local Agency Formation Commission  
of Monterey County  
Financial Statements  
September 30, 2024**



**LOCAL AGENCY FORMATION COMMISSION  
OF MONTEREY COUNTY**

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## Accountant's Compilation Report

To the Chair and Commissioners  
Local Agency Formation Commission  
LAFCO of Monterey County  
Salinas, California

Management is responsible for the financial statements of the Local Agency Formation Commission of Monterey County (LAFCO), as of and for the three months ended September 30, 2024, included in the accompanying prescribed form in accordance with the requirements of LAFCO. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements included in the accompanying prescribed form, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion or a conclusion, nor provide any form of assurance on the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of LAFCO and are not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America.

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

We are not independent with respect to LAFCO.

**CliftonLarsonAllen LLP**

November 5, 2024  
Salinas, CA

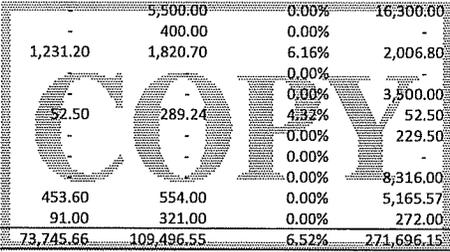
**LAFCO of Monterey County  
Balance Sheets  
September 30, 2024 and 2023**

<b>ASSETS</b>			
	<u>ACCT #</u>	<u>2024</u>	<u>2023</u>
<b>CURRENT ASSETS:</b>			
<b>Cash Held in Bank:</b>			
Wells Fargo Operating	1007	\$ 214,222.26	\$ 144,523.79
<b>Total Cash Held in Bank</b>		<u>214,222.26</u>	<u>144,523.79</u>
<b>Cash Held in County Treasury:</b>			
Cash Held for Operating Expenses	1010	855,446.39	1,117,470.52
Designated Cash for Reserve for Litigation	1012	266,655.83	122,652.83
Designated Cash for Accrued Leave	1013	83,046.97	88,300.71
Designated Cash for Post Retirement (GASB 75)	1014	102,716.00	75,064.00
Designated Cash for Reserve for Contingency	1015	282,764.00	276,614.00
Restricted Cash for FORA Litigation	1020	-	348,524.28
<b>Total Cash Held in County Treasury</b>		<u>1,590,629.19</u>	<u>2,028,626.34</u>
Petty Cash	1100	-	300.00
<b>Total Cash</b>		<u>1,804,851.45</u>	<u>2,173,450.13</u>
<b>Other Current Assets:</b>			
Accounts Receivable - For Fiscal Yr Ending 6/24	1236	-	164,419.55
Prepaid Insurance	1400	9,413.88	9,591.27
Prepaid Expenses	1405	11,054.08	15,512.56
<b>Total Other Current Assets</b>		<u>20,467.96</u>	<u>189,523.38</u>
<b>Total Current Assets</b>		<u>1,825,319.41</u>	<u>2,362,973.51</u>
<b>NON-CURRENT ASSETS:</b>			
Equipment	1500	57,801.99	57,801.99
Accumulated Depreciation	1550	(57,230.07)	(54,306.69)
Operating Right-of-Use Assets	1900	118,329.93	146,953.49
<b>Total Non-Current Assets</b>		<u>118,901.85</u>	<u>150,448.79</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (GASB 68):</b>			
Deferred Outflows of Resources - PERS Contributions	1800	219,515.31	59,328.29
Deferred Outflows of Resources - Actuarial	1805	180,786.40	243,400.87
<b>Total Deferred Outflows of Resources (GASB 68)</b>		<u>400,301.71</u>	<u>302,729.16</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (GASB 75):</b>			
Deferred Outflows of Resources - OPEB Contributions	1810	1,848.00	1,800.00
Deferred Outflows of Resources - OPEB Actuarial	1815	24,393.00	5,754.00
		<u>26,241.00</u>	<u>7,554.00</u>
		<u>\$ 2,370,763.97</u>	<u>\$ 2,823,705.46</u>
<b>LIABILITIES AND EQUITY</b>			
	<u>ACCT #</u>	<u>2024</u>	<u>2023</u>
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	2000	\$ 6,475.94	\$ 6,756.79
Payroll Liabilities	2200	168.00	168.00
Accrued Leave	2220	83,046.97	88,300.71
Dissolution of FORA Legal Liability	2380	-	348,524.28
Dissolution of FORA Admin Liability	2381	-	54,177.50
Current Portion of Operating Lease Obligations	2601	28,996.60	26,357.52
<b>Total Current Liabilities</b>		<u>118,687.51</u>	<u>524,284.80</u>
<b>NON-CURRENT LIABILITIES:</b>			
Net Pension Liability/(Asset) (GASB 68)	2400	105,833.03	57,558.59
Net OPEB Liability/(Asset) (GASB 75)	2410	102,716.00	75,064.00
Operating Lease Obligations-Net of Current Portion	2600	91,581.83	121,094.00
<b>Total Non-Current Liabilities</b>		<u>300,130.86</u>	<u>253,716.59</u>
<b>DEFERRED INFLOWS OF RESOURCES (GASB 68):</b>	2500	39,984.22	40,784.66
<b>DEFERRED INFLOWS OF RESOURCES (GASB 75):</b>	2505	43,426.00	56,930.00
<b>EQUITY:</b>			
Invested in Capital Assets	3700	571.92	3,495.30
Encumbered Funds	3710	16,404.02	70,749.02
Reserve for Litigation	3800	266,655.83	122,652.83
Reserve for Contingency	3810	282,764.00	276,614.00
Unreserved Fund*	3850	1,302,139.61	1,474,478.26
<b>Total Equity</b>		<u>1,868,535.38</u>	<u>1,947,989.41</u>
		<u>\$ 2,370,763.97</u>	<u>\$ 2,823,705.46</u>

\*Includes revenue received in the current year to be used for operating expenses through 6/30/25

**LAFCO of Monterey County**  
**Income and Expense Budget Performance - Summary**  
**September 30, 2024**

ACCT #	Income:	% of Budget Received/ Spent					Adopted 24/25 Budget	Remaining Budget Balance	% of Remaining Budget Balance
		Sept 24	Sept 23	Sept 24	July 24-Sept 24	July 23-Sept 23			
4000	Project Fees	\$ -	\$ 550.00	0.00%	\$ -	\$ 12,886.54	\$ 10,000.00	\$ (10,000.00)	-100.00%
4205	County Contribution	-	-	0.00%	371,898.00	363,784.00	371,898.00	-	0.00%
4210	City Contributions	-	-	0.00%	371,898.00	363,783.99	371,898.00	-	0.00%
4220	Independent Special District Contributions	-	-	0.00%	371,897.94	363,785.00	371,898.00	(0.06)	0.00%
4249	FORA Administrative Revenue	-	-	0.00%	-	171.00	-	-	0.00%
4300	Interest	1.12	10.05	0.02%	3.73	32.58	5,360.00	(5,356.27)	-99.93%
	<b>Total Income</b>	<b>1.12</b>	<b>560.05</b>	<b>0.00%</b>	<b>1,115,697.67</b>	<b>1,104,443.11</b>	<b>1,131,054.00</b>	<b>(15,356.33)</b>	<b>-1.36%</b>
	<b>Expense:</b>								
VAR	Employee Salaries	45,675.20	66,292.69	7.52%	159,402.00	152,654.45	607,036.00	447,634.00	73.74%
VAR	Employee Benefits	19,582.75	28,866.69	7.69%	59,978.80	72,464.56	254,712.00	194,733.20	76.45%
7000	Postage and Shipping	312.24	389.64	4.46%	493.09	628.37	7,000.00	6,506.91	92.96%
7010	Books and Periodicals	-	-	0.00%	238.00	238.00	1,000.00	762.00	76.20%
7030	Copy Machine Charges	1,153.48	418.53	16.48%	1,695.20	1,376.16	7,000.00	5,304.80	75.78%
7040	Outside Printers	-	-	0.00%	-	-	500.00	500.00	100.00%
7060	Office Supplies	84.15	302.39	1.68%	290.62	379.37	5,000.00	4,709.38	94.19%
7070	Office Equipment and Furnishings	-	-	0.00%	-	-	1,000.00	1,000.00	100.00%
7080	Computer Hardware and Peripherals	-	-	0.00%	300.00	-	4,000.00	3,700.00	92.50%
7085	Computer Support Services (Fixed Costs)	-	-	0.00%	-	-	12,763.00	12,763.00	100.00%
7090	Computer Support Services (Variable Costs)	-	-	0.00%	-	-	5,000.00	5,000.00	100.00%
7100	Computer Software	-	-	0.00%	159.99	219.98	1,277.00	1,117.01	87.47%
7105	Meeting Broadcast Services	1,000.00	-	8.33%	1,000.00	-	12,000.00	11,000.00	91.67%
7110	Property and General Liability Insurance	654.15	698.27	6.53%	1,962.45	2,094.81	9,923.00	7,960.55	80.22%
7120	Office Maintenance Services	-	-	0.00%	375.00	-	486.00	111.00	22.84%
7140	Travel	-	-	0.00%	-	-	17,000.00	17,000.00	100.00%
7150	Training, Conferences and Workshops	180.00	-	1.20%	180.00	675.00	15,000.00	14,820.00	98.80%
7160	Vehicle Mileage	89.78	110.43	8.98%	89.78	110.43	1,000.00	910.22	91.02%
7170	Rental of Building	2,851.01	3,183.03	8.33%	8,553.03	8,553.03	34,212.00	25,658.97	75.00%
7200	Telephone Communications	334.60	349.94	3.93%	1,135.82	1,171.04	8,509.00	7,373.18	86.65%
7242	Accounting and Financial Services	-	9,500.00	0.00%	16,300.00	16,000.00	62,400.00	46,100.00	73.88%
7242A	General Admin Services and HR Assistance	-	400.00	0.00%	-	1,200.00	-	-	0.00%
7245	General Counsel and Special Legal Counsel Services	1,231.20	1,820.70	6.16%	2,006.80	3,205.70	20,000.00	17,993.20	89.97%
7247	Human Resources Services-Other	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%
7248	Annual Audit	-	-	0.00%	3,500.00	1,500.00	22,000.00	18,500.00	84.09%
7250	Miscellaneous Office Expenses	52.50	289.24	4.32%	52.50	399.92	1,216.00	1,163.50	95.68%
7260	Legal Notices	-	-	0.00%	229.50	1,189.00	4,000.00	3,770.50	94.26%
7270	Recruitment Expenses	-	-	0.00%	-	-	900.00	900.00	100.00%
7280	LAFCO Memberships	-	-	0.00%	8,316.00	8,124.00	10,331.00	2,015.00	19.50%
7290	Litigation Reserve	453.60	554.00	0.00%	5,165.57	12,832.91	-	(5,165.57)	0.00%
7300	Depreciation	91.00	321.00	0.00%	272.00	956.00	-	(272.00)	0.00%
	<b>Total Expense</b>	<b>73,745.66</b>	<b>109,496.55</b>	<b>6.52%</b>	<b>271,696.15</b>	<b>285,972.73</b>	<b>1,131,054.00</b>	<b>859,357.85</b>	<b>75.98%</b>
	<b>Net Ordinary Income (Loss)</b>	<b>(73,744.54)</b>	<b>(108,936.50)</b>		<b>844,001.52</b>	<b>818,470.38</b>	<b>-</b>		
	<b>Net Income (Loss)</b>	<b>\$ (73,744.54)</b>	<b>\$ (108,936.50)</b>		<b>\$ 844,001.52</b>	<b>\$ 818,470.38</b>	<b>\$ -</b>		

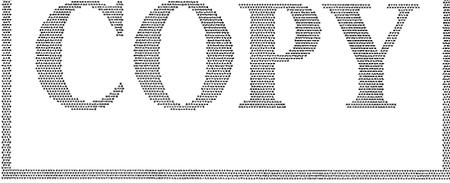


**LAFCO of Monterey County**  
**Income and Expense Budget Performance - Detail**  
**September 30, 2024**

ACCT #	Income:	Sept 24	Sept 23	% of Budget Received/Spent		July 24-Sept 24	July 23-Sept 23	Adopted 24/25 Budget	Remaining Budget Balance	% of Budget Remaining
				Sept 24	Sept 24					
4000	Project Fees	\$ -	\$ 550.00	0.00%	\$ -	\$ 12,886.54	\$ 10,000.00	\$ (10,000.00)	-100.00%	
4205	County Contribution	-	-	0.00%	371,898.00	363,784.00	371,898.00	-	0.00%	
4210	City Contributions	-	-	0.00%	371,898.00	363,783.99	371,898.00	-	0.00%	
4220	Independent Special District Contributions	-	-	0.00%	371,897.94	363,785.00	371,898.00	(0.06)	0.00%	
4249	FORA Administrative Revenue	-	-	0.00%	-	171.00	-	-	0.00%	
4300	Interest	1.12	10.05	0.02%	3.73	32.58	5,360.00	(5,356.27)	-99.93%	
	<b>Total Income</b>	<b>1.12</b>	<b>560.05</b>	<b>0.00%</b>	<b>1,115,697.67</b>	<b>1,104,443.11</b>	<b>1,131,054.00</b>	<b>(15,356.33)</b>	<b>-1.36%</b>	
	<b>Expense:</b>									
6002	Regular Earnings	45,675.20	66,263.40		159,402.00	152,566.59				
6004	FORA Administrative Wages	-	29.29		-	87.86				
	<b>Employee Salaries</b>	<b>45,675.20</b>	<b>66,292.69</b>	<b>7.52%</b>	<b>159,402.00</b>	<b>152,654.45</b>	<b>607,036.00</b>	<b>447,634.00</b>	<b>73.74%</b>	
6007	Management Expense Allowance	50.00	50.00		150.00	150.00				
6010	Accrued Leave	1,188.31	4,539.61		(518.94)	7,881.39				
6011	Car Allowance	400.00	400.00		1,200.00	1,200.00				
6013	Post Retirement Healthcare Reserve	157.00	151.00		471.00	453.00				
6100	Employee Benefits - Other	-	-		700.00	700.00				
6101	Payroll Expenses	706.81	987.76		2,463.91	2,303.06				
6102	Worker's Compensation Insurance	289.79	353.88		763.47	752.00				
6103	Employee Memberships	-	-		340.00	374.00				
6104	Deferred Comp Plan Contribution	2,831.86	4,110.17		9,882.93	9,464.60				
6105	PERS Retirement	5,409.56	7,755.37		18,860.02	17,628.75				
6110	PERS Health - Other	24.44	33.95		81.47	102.91				
6111	PERS Health - Med ER Non-Elective	628.00	604.00		1,884.00	1,812.00				
6112	PERS Health - Med ER Pre Tax	6,502.09	8,365.69		19,506.27	25,097.07				
6131	LIFE	125.20	125.20		375.60	375.60				
6132	ADD	8.21	8.21		24.63	24.63				
6133	Dental	614.20	767.90		1,847.60	2,303.70				
6134	Vision	105.20	123.80		320.60	371.40				
6135	LTD	446.02	398.09		1,338.06	1,194.27				
6139	STD	96.06	92.06		288.18	276.18				
	<b>Employee Benefits</b>	<b>19,582.75</b>	<b>28,866.69</b>	<b>7.69%</b>	<b>59,978.80</b>	<b>72,464.56</b>	<b>254,712.00</b>	<b>194,733.20</b>	<b>76.45%</b>	
7000	Postage and Shipping	312.24	389.64	4.46%	493.09	628.37	7,000.00	6,506.91	92.96%	
7010	Books and Periodicals	-	-	0.00%	238.00	238.00	1,000.00	762.00	76.20%	
7030	Copy Machine Charges	1,153.48	418.53	16.48%	1,695.20	1,376.16	7,000.00	5,304.80	75.78%	
7040	Outside Printers	-	-	0.00%	-	-	500.00	500.00	100.00%	
7060	Office Supplies	84.15	302.39	1.68%	290.62	379.37	5,000.00	4,709.38	94.19%	
7070	Office Equipment and Furnishings	-	-	0.00%	-	-	1,000.00	1,000.00	100.00%	
7080	Computer Hardware and Peripherals	-	-	0.00%	300.00	-	4,000.00	3,700.00	92.50%	
7085	Computer Support Services (Fixed Costs)	-	-	0.00%	-	-	12,763.00	12,763.00	100.00%	
7090	Computer Support Services (Variable Costs)	-	-	0.00%	-	-	5,000.00	5,000.00	100.00%	
7100	Computer Software	-	-	0.00%	159.99	219.98	1,277.00	1,117.01	87.47%	
7105	Meeting Broadcast Services	1,000.00	-	8.33%	1,000.00	-	12,000.00	11,000.00	91.67%	
7110	Property and General Liability Insurance	654.15	698.27	6.59%	1,962.45	2,094.81	9,923.00	7,960.55	80.22%	
7120	Office Maintenance Services	-	-	0.00%	375.00	-	486.00	111.00	22.84%	
7140	Travel	-	-	0.00%	-	-	17,000.00	17,000.00	100.00%	
7150	Training, Conferences and Workshops	180.00	-	1.20%	180.00	675.00	15,000.00	14,820.00	98.80%	
7160	Vehicle Mileage	89.78	110.43	8.98%	89.78	110.43	1,000.00	910.22	91.02%	
7170	Rental of Building	2,851.01	3,183.03	8.33%	8,553.03	8,553.03	34,212.00	25,658.97	75.00%	
7200	Telephone Communications	334.60	349.94	3.93%	1,135.82	1,171.04	8,509.00	7,373.18	86.65%	
7242	Accounting and Financial Services	-	5,500.00	0.00%	16,300.00	16,000.00	62,400.00	46,100.00	73.88%	
7242A	General Admin Services and HR Assistance	-	400.00	0.00%	-	1,200.00	-	-	0.00%	
7245	General Counsel and Special Legal Counsel Services	1,231.20	1,820.70	6.16%	2,006.80	3,205.70	20,000.00	17,993.20	89.97%	
7247	Human Resources Services-Other	-	-	0.00%	-	-	5,789.00	5,789.00	100.00%	
7248	Annual Audit	-	-	0.00%	3,500.00	1,500.00	22,000.00	18,500.00	84.09%	
7250	Miscellaneous Office Expenses	52.50	289.24	4.32%	52.50	399.92	1,216.00	1,163.50	95.68%	
7260	Legal Notices	-	-	0.00%	229.50	1,189.00	4,000.00	3,770.50	94.26%	
7270	Recruitment Expenses	-	-	0.00%	-	-	900.00	900.00	100.00%	
7280	LAFCO Memberships	-	-	0.00%	8,316.00	8,124.00	10,331.00	2,015.00	19.50%	
7290	Litigation Reserve	453.60	554.00	0.00%	5,165.57	12,832.91	-	(5,165.57)	0.00%	
7300	Depreciation	91.00	321.00	0.00%	272.00	956.00	-	(272.00)	0.00%	
	<b>Total Expense</b>	<b>73,745.66</b>	<b>109,496.55</b>	<b>6.52%</b>	<b>271,696.15</b>	<b>285,972.73</b>	<b>1,131,054.00</b>	<b>859,357.85</b>	<b>75.98%</b>	
	<b>Net Ordinary Income (Loss)</b>	<b>(73,744.54)</b>	<b>(108,936.50)</b>		<b>844,001.52</b>	<b>818,470.38</b>	<b>-</b>			
	<b>Net Income (Loss)</b>	<b>\$ (73,744.54)</b>	<b>\$ (108,936.50)</b>		<b>\$ 844,001.52</b>	<b>\$ 818,470.38</b>	<b>\$ -</b>			

LAFCO of Monterey County  
Income and Expense by Month  
September 30, 2024

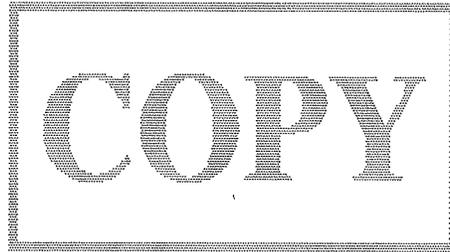
	Jul 24	Aug 24	Sept 24	Total
<b>Income:</b>				
4205 County Contribution	\$ 371,898.00	\$ -	\$ -	\$ 371,898.00
4210 City Contributions	371,898.00	-	-	371,898.00
4220 Independent Special District Contributions	371,897.94	-	-	371,897.94
4300 Interest	1.21	1.40	1.12	3.73
<b>Total Income</b>	<b>1,115,695.15</b>	<b>1.40</b>	<b>1.12</b>	<b>1,115,697.67</b>
<b>Expense:</b>				
VAR Employee Salaries	45,208.00	68,518.80	45,675.20	159,402.00
VAR Employee Benefits	17,827.23	22,568.82	19,582.75	59,978.80
7000 Postage and Shipping	89.97	90.88	312.24	493.09
7010 Books and Periodicals	238.00	-	-	238.00
7030 Copy Machine Charges	118.80	422.92	1,153.48	1,695.20
7060 Office Supplies	106.70	99.77	84.15	290.62
7080 Computer Hardware and Peripherals	300.00	-	-	300.00
7100 Computer Software	159.99	-	-	159.99
7105 Meeting Broadcast Services	-	-	1,000.00	1,000.00
7110 Property and General Liability Insurance	654.15	654.15	654.15	1,962.45
7120 Office Maintenance Services	-	375.00	-	375.00
7150 Training, Conferences and Workshops	-	-	180.00	180.00
7160 Vehicle Mileage	-	-	89.78	89.78
7170 Rental of Building	2,851.01	2,851.01	2,851.01	8,553.03
7200 Telephone Communications	466.62	334.60	334.60	1,135.82
7242 Accounting and Financial Services	5,900.00	10,400.00	-	16,300.00
7245 General Counsel and Special Legal Counsel Services	-	775.60	1,231.20	2,006.80
7248 Annual Audit	1,500.00	2,000.00	-	3,500.00
7250 Miscellaneous Office Expenses	-	-	52.50	52.50
7260 Legal Notices	-	229.50	-	229.50
7280 LAFCO Memberships	-	-	-	8,316.00
7290 Litigation Reserve	-	4,711.97	453.60	5,165.57
7300 Depreciation	91.00	90.00	91.00	272.00
<b>Total Expense</b>	<b>83,827.47</b>	<b>114,123.02</b>	<b>73,745.66</b>	<b>271,696.15</b>
<b>Net Income/(Loss)</b>	<b>\$ 1,031,867.68</b>	<b>\$ (114,121.62)</b>	<b>\$ (73,744.54)</b>	<b>\$ 844,001.52</b>



LAFCO of Monterey County  
Accounts Receivable Summary  
As of September 30, 2024

Accounts Receivable-For Fiscal Year Ending 6/2025:

<u>Description</u>	<u>Date</u>	<u>Amount</u>
All 2024-2025 City, Special District and County fees have been received.		\$ -
	ACCT # 1237	\$ -

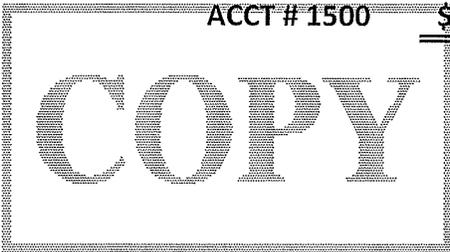


**LAFCO of Monterey County  
Equipment Summary  
As of September 30, 2024**

**Equipment and Accumulated Depreciation:**

Description	Fiscal Year In Service (6/30)	Cost	Amount Depreciated
Furniture & Fixtures	2010	\$ 502.51	\$ 502.51
Furniture & Fixtures	2017	29,396.72	29,396.72
Furniture & Fixtures	2018	10,618.39	10,190.00
Office Equipment	2011	2,185.00	2,185.00
Office Equipment	2013	1,990.68	1,990.68
Office Equipment	2014	5,214.29	5,214.29
Office Equipment	2016	1,168.89	1,168.89
Office Equipment	2017	2,527.32	2,527.32
Office Equipment	2019	2,143.66	2,143.66
Office Equipment	2020	2,054.53	1,911.00

ACCT # 1500     \$ 57,801.99

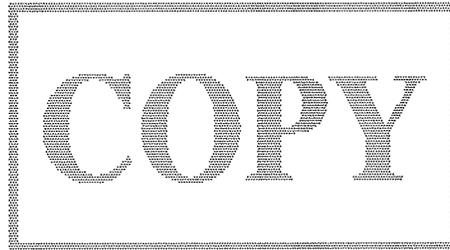


ACCT # 1550     \$ 57,230.07

# LAFCO of Monterey County Accounts Payable Summary As of September 30, 2024

Accounts Payable:

Vendor	Description	Date	Inv#/Acct#	Amount
AT&T	Credit	12/10/2021		\$ (42.77)
AT&T	Telephone Services	9/17/2024	317277339	202.58
Bianchi, Kasavan & Pope, LLP	Progress Billing #2 FY 2024-2025	8/31/2024	1115127	2,000.00
Comcast	Telephone Services	9/22/2024	8155100301512806	132.02
Jonathan Brinkmann	Travel Reimbursement (134 miles @ \$0.67/mile)	9/26/2024		89.78
MBS Business Systems	Copy Machine Rental	9/23/2024	477786	76.81
MBS Business Systems	Copy Machine Rental	9/26/2024	478272	111.47
MBS Business Systems	Copy Machine Rental	9/26/2024	478273	111.47
MBS Business Systems	Copy Machine Rental	9/26/2024	478275	111.47
MBS Business Systems	Copy Machine Rental	9/26/2024	478274	814.52
MBS Business Systems	Copy Machine Rental	9/26/2024	478276	814.52
Office of County Counsel- Co of Monterey	General Legal Services through September 2024	9/30/2024	24-004572	1,231.20
Office of County Counsel- Co of Monterey	LAFCO-MPWMD, Latent Power Legal Services through September 2024	9/30/2024	24-004583	453.60
Sunrise Express	Board Packet Deliveries	9/30/2024	0652210	232.62
Wells Fargo Bank Credit Card	Grainger \$36.69; Quality Water Enterprises \$47.46; Monterey County Recorder \$52.50	9/30/2024		136.65
			ACCT # 2000	<u>\$ 6,475.94</u>



**LAFCO of Monterey County  
Accrued Leave Summary  
As of September 30, 2024**

**Executive Officer and Analyst Positions:**

Employee	Title	Total Hours of Accrued Annual Leave *	Hourly Rate	Annual Leave Book Value
Kate McKenna	Executive Officer	491.49	104.19	\$ 51,208.34
Darren McBain	Principal Analyst	231.90	76.72	17,791.37
Jonathan Brinkmann	Senior Analyst	154.46	63.03	9,735.61
				\$ 78,735.32

**Clerk / Administrative Secretary Position:**

Employee	Accrued Sick Leave	Accrued Vacation **	Hourly Rate	Sick Leave Book Value	Vacation Book Value
Safarina Maluki	58.28	45.54	41.53	\$ 2,420.37	\$ 1,891.28
				\$ 2,420.37	\$ 1,891.28

Annual Leave	\$ 78,735.32
Sick Leave	2,420.37
Vacation	1,891.28
<b>ACCT # 2220</b>	<b>\$ 83,046.97</b>

**Executive Officer and Senior Analyst Positions:**

\* Maximum of 250 or 850 hours of Annual Leave may be accrued. This is a general description of benefits only. Actual benefits are defined in individual employment agreements.

**Clerk/Admin Secretary Position:**

\*\* Maximum of 260 hours of Accrued Vacation may be accrued. This is a general description of benefits only. Actual benefits are defined in employment agreement.

\*\*\*Compensatory time: Overtime eligible employees can accrue compensatory time-off in lieu of overtime payments. A maximum of 80 hours of compensatory time may be accrued. The compensatory time off balances are considered current year liabilities. These benefits are a general description only.

**LAFCO of Monterey County  
Detail of Encumbered Funds  
As of September 30, 2024**

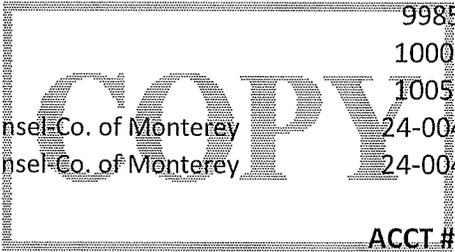
**Encumbered Funds:**

Subject	Invoice Date/ Inv. No.	Funds Received/(Paid)
<b>Recruitment Advertising Encumbered Funds:</b>		
13-14 Budget Carryover		\$ 3,179.40
ID Concepts, LLC	7/15/14 Inv. No. LAFCO-01	(115.00)
Hardee Investigations	9/11/14 Inv. No. LAFCO-01	(460.00)
Hardee Investigations	10/3/2014 LAFCO-02	(180.00)
ID Concepts, LLC	10/10/15 Inv. No. 303013	(107.50)
The Post Box	6/15/2016	(50.00)
Hardee Investigations	6/22/16 Inv. No. LAFCO-03	(180.00)
Hardee Investigations	6/3/17 Inv No. LAFCO 17-01	(360.00)
Hardee Investigations	6/6/19 Inv No. LAFCO 19-01	(225.00)
Montereybayjobs.com	7/20/19 Inv No. mbj	(299.00)
Indeed	7/30/19 Inv. No. 24779848	(25.19)
Indeed	7/31/19 Inv. No. 24993586	(6.47)
Hardee Investigations	8/16/19 Inv No. LAFCO 19-02	(275.00)
		<u>896.24</u>
<b>Human Resources Encumbered Funds:</b>		
	Balance Forward	8,973.00
19-20 Budget Carryover		10,500.00
Hayashi Wayland-HR Services Monthly Fee	8/3/20 Inv. No. 293672	(400.00)
Hayashi Wayland-HR Services Monthly Fee	9/1/20 Inv. No. 294080	(400.00)
Hayashi Wayland-HR Services Monthly Fee	10/1/20 Inv No. 294599	(400.00)
Hayashi Wayland-HR Services Monthly Fee	11/1/20 Inv. No. 295271	(400.00)
Hayashi Wayland-HR Services Monthly Fee	12/7/20 Inv. No. 295739	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	12/31/20 Inv. No. 1512526	(38.00)
Hayashi Wayland-HR Services Monthly Fee	1/14/21 Inv. No. 296368	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	1/31/21 Inv. No. 1514248	(929.00)
Hayashi Wayland-HR Services Monthly Fee	2/8/21 Inv No. 296802	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	2/28/21 Inv. No. 1515993	(3,699.50)
Hayashi Wayland-HR Services Monthly Fee	3/1/21 Inv No. 297416	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	3/31/21 Inv. No. 1517887	(152.00)
Hayashi Wayland-HR Services Monthly Fee	4/15/21 Inv No. 298589	(400.00)
Hayashi Wayland-HR Services Monthly Fee	5/20/21 Inv No. 299239	(400.00)
Hayashi Wayland-HR Services Monthly Fee	6/8/21 Inv No. 300212	(400.00)
Liebert Cassidy Whitmore, A Professional Law Corp	4/30/24 Inv. No. 267790	(5,524.50)
Liebert Cassidy Whitmore, A Professional Law Corp	5/31/24 Inv. No. 268816	(1,193.00)
Liebert Cassidy Whitmore, A Professional Law Corp	6/30/24 Inv. No. 271310	(652.50)
		<u>2,884.50</u>
<b>Computer Support Services-Variable Encumbered Funds:</b>		
18-19 Budget Carryover		12,623.28
		<u>12,623.28</u>
	<b>ACCT # 3710</b>	<b>\$ 16,404.02</b>

**LAFCO of Monterey County  
Detail of Reserve for Litigation  
As of September 30, 2024**

**Reserve for Litigation:**

Date	Vendor/Description	Invoice #	Amount
	Beginning Balance as of 1/1/24		\$ 288,789.20
2/5/2024	Best, Best & Krieger	986729	(1,526.40)
2/15/2024	Office of County Counsel-Co. of Monterey	24-001119	(2,243.70)
3/13/2024	Office of County Counsel-Co. of Monterey	24-001194	(3,490.20)
3/15/2024	Best, Best & Krieger	990675	(853.40)
3/15/2024	Best, Best & Krieger	990676	(3,819.60)
4/11/2024	Best, Best & Krieger	993066	(2,368.20)
4/19/2024	Office of County Counsel-Co. of Monterey	24-001242	(332.40)
5/10/2024	Best, Best & Krieger	995311	(544.80)
5/20/2024	Office of County Counsel-Co. of Monterey	24-001340	(138.50)
6/11/2024	Office of County Counsel-Co. of Monterey	24-001363	(166.20)
6/17/2024	Best, Best & Krieger	998590	(1,002.60)
6/17/2024	Best, Best & Krieger	998591	(329.40)
6/30/2024	Best, Best & Krieger	1000573	(152.40)
8/31/2024	Best, Best & Krieger	1005718	(4,573.47)
8/31/2024	Office of County Counsel-Co. of Monterey	24-004320	(138.50)
9/30/2024	Office of County Counsel-Co. of Monterey	24-004583	(453.60)
		<b>ACCT # 3800</b>	<b>\$ 266,655.83</b>



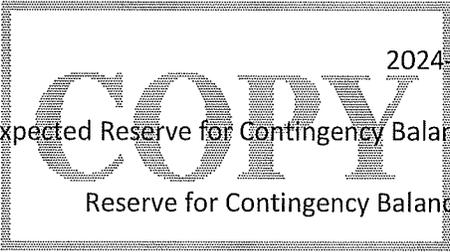
**LAFCO of Monterey County  
Detail of Reserve for Contingency  
As of September 30, 2024**

**Reserve for Contingency:**

Date	Vendor/Description	Invoice #	Amount
	Reserve for Contingency Balance at 6/30/24		\$ 276,614.00
7/1/2024	Authorized Transfer (To)/From Unreserved Funds for FY 2024-2025**		<u>6,150.00</u>
		<b>ACCT # 3810</b>	<u><u>\$ 282,764.00</u></u>

\*\*Per Resolution 19-01, the Contingency Reserve is adjusted at the beginning of each year to account for 25% of the current year budget. See note below.

	2024-2025 Budget	\$ 1,131,054
	% of Budget	<u>0.25</u>
Expected Reserve for Contingency Balance at 7/1/24		282,764
Reserve for Contingency Balance at 6/30/24		<u>276,614</u>
Authorized Transfer (To)/From Unreserved Funds for FY 2024-2025**	\$	<u><u>6,150</u></u>



# LAFCO *of Monterey County*

## LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP  
Executive Officer

LOCAL AGENCY FORMATION COMMISSION  
P.O. Box 1369  
Salinas, CA 93902  
Telephone (831) 754-5838

132 W. Gabilan Street, Suite 102  
Salinas, CA 93901  
[www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

DATE: November 14, 2024

TO: Chair and Members of the Budget & Finance Committee

FROM: Kate McKenna, AICP, Executive Officer

PREPARED BY: Jonathan Brinkmann, Senior Analyst

SUBJECT: Draft Schedule of Regular Meetings for 2025

CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

### RECOMMENDED ACTION:

Discuss Draft Schedule of Regular LAFCO Meetings for 2025 (Attachment 1) and recommend Commission approval.

### EXECUTIVE OFFICER'S REPORT:

In the past two years, there has been a consistent reduction in the number of LAFCO applications from its member agencies. Staff expects this trend to continue into 2025. Consequently, staff recommends approval of a draft meeting schedule that reduces the number of meetings from ten to seven for the new calendar year.

The attached draft schedule (Attachment 1) includes regular LAFCO meetings on the fourth Monday of each even-numbered month, as well as in March. The March meeting is specifically included to ensure that the LAFCO annual budget—requiring two public hearings—can be reviewed and adopted by the Commission before May 2025. The December meeting is scheduled for Monday, December 1, 2024, to accommodate holidays in December.

Should the need arise, the Commission may schedule special meetings as outlined in the Bylaws.

Respectfully Submitted,



Kate McKenna, AICP  
Executive Officer

Attachment: Draft Schedule of Regular LAFCO Meetings for 2025.

# LAFCO *of Monterey County*

LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

## DRAFT

### 2025 SCHEDULE OF REGULAR LAFCO MEETINGS

*Scheduled for Adoption: December 2, 2024*

February 24

March 24

April 28

June 23

July – No Meeting

August 25

October 27

November – No Meeting

December 1

*All regular meetings begin at 3:00 p.m. and are hybrid (in-person and virtual).  
Meetings are also livestreamed on the LAFCO of Monterey County YouTube channel.*

As of October 31, 2024

## LOCAL AGENCY FORMATION COMMISSION OF MONTEREY COUNTY

KATE McKENNA, AICP  
Executive Officer

LOCAL AGENCY FORMATION COMMISSION  
P.O. Box 1369  
Salinas, CA 93902  
Telephone (831) 754-5838

132 W. Gabilan Street, Suite 102  
Salinas, CA 93901  
[www.monterey.lafco.ca.gov](http://www.monterey.lafco.ca.gov)

DATE: November 14, 2024  
TO: Chair and Members of the Budget and Finance Committee  
FROM: Kate McKenna, AICP, Executive Officer  
SUBJECT: Preliminary Discussion of the Fiscal Year 2025-2026 Annual Budget, Including Potentially Reducing the Current Staffing Level in FY 25-26  
CEQA: Not a Project under California Environmental Quality Act Guidelines Section 15378.

### SUMMARY OF RECOMMENDATION:

Receive a report from the Executive Officer regarding the budget outlook for FY 2025-2026 – including potential consideration of budgeting lower amounts for employee salaries and benefits – and provide general direction.

### EXECUTIVE OFFICER'S REPORT:

#### Background and Annual Budget Schedule

LAFCO works proactively to control its costs. The Budget and Finance Committee provides oversight and recommendations, resulting in lean and timely budgets and prudent financial policies and practices. These practices consistently receive the highest ratings from an independent auditor, while maintaining the essential services provided by LAFCO. The overarching goal is cost-efficient delivery of core services in a fiscally responsible, professional and legally defensible manner.

State law (the Cortese-Knox-Hertzberg Act) requires LAFCOs to annually adopt a proposed budget by May 1 and a final budget by June 15. Our local LAFCO typically adopts a proposed and final budget in March and April, respectively, along with an annual work program. We anticipate continuing to follow that schedule, in early 2025, for the FY 25-26 annual budget. Early adoption of an annual LAFCO budget gives the LAFCO member agencies (the County of Monterey, the cities, and independent special districts) more time to factor their respective LAFCO contributions into their own agency's budgeting assumptions for the upcoming fiscal year.

#### Work Program Outlook; Low to Moderate Level of Boundary Change Activity Likely to Continue

State law provides that a LAFCO budget must be adequate to accomplish the Commission's annual work program. The work program includes six core functions: (1) application processing; (2) municipal service reviews and sphere of influence studies; (3) government and community relations; (4) Commission and Committee support; (5) administrative and human resources management, and (6) financial management.

As introduced in 11/14/2024 agenda item 4, the volume of boundary change proposals (annexations, consolidations, etc.) has slowed down for several years. Staff expects this trend to continue through at least 2025. Although some annexation proposals are anticipated within the next year, we anticipate boundary-change activity to remain at a low to moderate level. Some possible reasons for this outlook include: (1) a shift toward larger – but fewer – annexation proposals from cities and special districts; (2)

low levels of current development activity in many areas of the county as a whole, and (3) previous annexation actions have created an ample supply of not-yet-developed lands within the cities.

In addition, during the past twelve months, staff has prepared several multi-agency municipal service reviews and sphere of influence studies (for agencies in the Soledad, Gonzales, and Monterey Peninsula areas, along with the San Lucas and San Ardo Water Districts) as well as a major update to the Agricultural Preservation policy. This recent period of significant, high-profile activity is now giving way to an outlook for mostly routine studies and policy updates in FY 2025-2026.

The ongoing reduced level of boundary-change requests and related activity is a basis to schedule fewer Commission meetings in 2025, as recommended in agenda item 4. Holding fewer meetings would in turn reduce the need for staffing support for Commission and Committee functions.

#### Consideration of Potential Staffing Reduction

Given the outlook for a sustained reduction in requests for boundary changes or other LAFCO approvals, it is responsible and appropriate for this committee and the Commission to consider adjusting LAFCO's budget and current staffing level to reflect anticipated needs. A key consideration is whether a reduced budget would still "allow the commission to fulfill the purposes and programs of this chapter [the CKH Act]" (Gov't Code 56381(a)). The annual budget has provided for four (4) full-time employees for the last several budget cycles. However, in the past 20 years, the budgeted staffing level has sometimes been lower (3.0 FTE), during other periods of relatively low needs for LAFCO approvals and services.

#### Next Steps

Following today's initial discussion and Committee direction, staff will return to the Budget and Finance Committee in early 2025 with a draft proposed budget, including options for the Committee's consideration. We anticipate that the Committee meeting will take place in February. The Committee's budget recommendations will then move forward to the full Commission for consideration and adoption at public hearings. These hearings are typically held in March for the proposed budget and April for the final budget.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Kate McKenna". The signature is written in a cursive, flowing style.

Kate McKenna, AICP  
Executive Officer