FECHTER & COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

June 13, 2023

Board of Commissioners
El Dorado Local Agency Formation Commission 550 Main Street Suite E
Placerville, CA 95667

We have audited the financial statements of El Dorado Local Agency Formation Commission (the LAFCo) for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 18, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the LAFCo are described in Note 1 to the financial statements. The application of existing policies was not changed during the year. However, the LAFCo did adopt Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This new accounting pronouncement became effective for fiscal years beginning after June 15, 2021. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The LAFCo's ongoing building lease for office space falls under the scope of GASB 87 and is now reflected on the Statement of Net Position.

We noted no transactions entered into by Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Commission's financial statements was:

Management's estimate of the net pension liability is based on CalPERS actuarial reports. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. For the year ended June 30, 2022, the following audit adjustments were made to correct misstatements to the Commission's financial statements.

- Recorded current year changes in accrued salaries and compensated absences liabilities.
- Recorded current year changes in net pension liability accounts in accordance with GASB 68.
- Removed stale-dated prepaid expenses.
- Capitalized the building lease in accordance with newly implemented GASB 87.
- Adjusted CalTRUST to reflect the realized losses on investment balance.
- Reclassified assigned fund balances.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 13, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to the Required Supplementary Information related to pension information and budget to actual comparisons for the General Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Board of Commissioners
El Dorado Local Agency Formation Commission
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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2023 on our consideration of the LAFCo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the LAFCo's internal control over financial reporting and compliance.

Restriction on Use

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

Very truly yours,

Fechter & Company
Certified Public Accountants

Fechter + Company

Sacramento, California

EL DORADO
LOCAL AGENCY FORMATION COMMISSION

ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Annual Financial Report
June 30, 2022

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FECHTER
& COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

INDEPENDENT AUDITOR'S REPORT

To the Commissioners
El Dorado Local Agency Formation Commission
Placerville, California

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of the El Dorado Local Agency Formation Commission (LAFCo), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the LAFCo'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 governmental activities and the major fund of LAFCo, as of June 30, 2022, and the respective changes in financial position thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management's Responsibility for the Financial Statements

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

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 District'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.

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To the Commissioners
El Dorado Local Agency Formation Commission
Placerville, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 El Dorado Local Agency Formation Commission's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Dorado Local Agency Formation Commission's ability to continue as a going concern for a reasonable period of time.

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

To the Commissioners
El Dorado Local Agency Formation Commission
Placerville, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of proportionate share of the net pension liability and schedule of contributions to the pension plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not 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.

The LAFCo has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omission.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2023 on our consideration of the LAFCo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LAFCo's internal control over financial reporting and compliance.

Fechter & Company
Certified Public Accountants

Fechter + Company

Sacramento, California
June 13, 2023

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Statement of Net Position
June 30, 2022

ASSETS	
Current Assets:	
Cash and investments	$ 318,826
Prepaid items/expenses	29,869
Total Current Assets	348,695
Non-current Assets:	
Net pension asset	46,575
Right-to-use leased assets, net of amortization	38,123
Capital assets, net of depreciation	6,590
Total Non-current Assets	91,288
TOTAL ASSETS	439,983
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan	96,206
LIABILITIES	
Current Liabilities:	
Accounts payable	12,947
Salaries and benefits payable	8,314
Compensated absences	10,941
Current portion of lease liability	14,985
Total Current Liabilities	47,187
Non-current Liabilities:	
Lease liability, net of current portion	28,628
Total Non-current Liabilities	28,628
TOTAL LIABILITIES	75,815
DEFERRED INFLOWS OF RESOURCES	
Pension plan	31,850
NET POSITION	
Investment in capital assets	6,590
Unrestricted	421,935
TOTAL NET POSITION	$ 428,525

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Statement of Activities
For the Year Ended
June 30, 2022

REVENUES	
Agency funding	$ 463,817
Filing fees and other	7,500
TOTAL REVENUES	471,317
EXPENSES	
Salaries and benefits	200,217
Professional services	102,932
Equipment rental	2,285
Insurance	16,815
Utilities	1,766
Information services	13,413
Transportation and travel	1,487
Memberships	5,433
Cellular and telephone services	3,813
Office expenses	15,042
Operating contingency	747
Publications and subscriptions	351
Amortization of lease assets	16,332
Depreciation	6,285
TOTAL EXPENSES	386,918
NET PROGRAM INCOME	84,399
GENERAL REVENUE/(EXPENSES)	
Investment losses	(1,885)
Net revenue from pension adjustment	178,089
NET REVENUE/(EXPENSES)	176,204
CHANGE IN NET POSITION	260,604
NET POSITION, BEGINNING OF YEAR	167,921
NET POSITION, END OF YEAR	$ 428,525

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

Balance Sheet
Governmental Fund
June 30, 2022

ASSETS	
Cash and investments	$ 318,826
Prepaid items/expenses	29,869
TOTAL ASSETS	$ 348,695
LIABILITIES	
Accounts payable	$ 12,947
Salaries and benefits payable	8,314
TOTAL LIABILITIES	21,261
FUND BALANCE	
Nonspendable	29,869
Assigned:	
Operating contingency	14,567
Fund balance appropriated in fiscal year 2022-23 budget	92,598
Unassigned	190,401
TOTAL FUND BALANCE	327,435
TOTAL LIABILITIES AND FUND BALANCE	$ 348,695

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2022

Total fund balances - governmental funds	$ 327,435
In governmental funds, only current assets are reported. In the Statement of Net Position, all assets are reported, including capital assets and accumulated depreciation. Non-current assets included:	
Capital assets at historical cost, net of accumulated depreciation	6,590
Right-to-use leased assets, net of amortization	38,123
Net pension asset	46,575
Deferred outflows of resources - pensions	96,206
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:	
Accrued compensated absences	(10,941)
Operating lease liability	(43,613)
Deferred inflows of resources	(31,850)
Net position of governmental activities	$ 428,525

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

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended
June 30, 2022

REVENUES	
Agency funding	$ 463,817
Filing fees and other	7,500
TOTAL REVENUES	471,317
EXPENSES	
Salaries and benefits	216,236
Professional services	102,932
Rents and leases	26,574
Insurance	16,815
Utilities	1,766
Information services	13,413
Transportation and travel	1,487
Memberships	5,433
Cellular and telephone services	3,813
Office expenses	2,315
Operating contingency	747
Publications and subscriptions	351
Capital outlay	-
TOTAL EXPENSES	391,882
EXCESS OF REVENUES OVER EXPENSES	79,435
GENERAL REVENUES/EXPENSES	
Investment earnings or losses	(1,885)
CHANGE IN FUND BALANCE	77,551
FUND BALANCE, BEGINNING OF YEAR	249,884
FUND BALANCE, END OF YEAR	$ 327,435

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

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2022

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balance	$	77,551
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. Intangible right-of-use assets are amortized over their estimated contractual obligation.		
Capital outlay expenditures are therefore added back to fund balances		-
Depreciation expense not reported in governmental funds		(6,285)
Amortization expense not reported in governmental funds		(16,332)
Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities. In addition, the change in the net pension liability may increase or decrease the long-term liabilities associated with it.		
Change in compensated absences liability		16,739
Principal reduction in operating lease liability		10,842
Change in net pension asset/liability and deferred outfows/inflows of resources for pensions		178,089
Change in net position of governmental activities	$	260,604

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

Notes to Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the El Dorado Local Agency Formation Commission (LAFCo) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the LAFCo are described below.

Nature of Activities: The LAFCo was formed in 1963. LAFCo has four missions: 1) the orderly formation of local governments, 2) the efficient provision of government services, 3) the preservation of agricultural and open space resources, and 4) the prevention of urban sprawl. LAFCo is an independent agency of the state of California pursuant to the requirements of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

The County of El Dorado, the cities of Placerville and South Lake Tahoe, and 47 independent special districts located within the boundaries of the County of El Dorado provide funding for LAFCo. LAFCo charges fees for various proceedings such as annexations, special district formations, and mergers or dissolutions.

Basis of Presentation – Government-wide Financial Statements: The government-wide Statement of Net Position and Statement of Activities display information about the non-fiduciary activities of the primary government (the LAFCo). These statements include the financial activities of the LAFCo.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions in which the LAFCo gives (or receives) value without directly receiving (or giving) equal value in exchange, including agency funding from member districts, are recognized when all eligibility requirements are met.

The Statement of Activities presents a comparison between direct expenses and program revenues for the LAFCo's governmental activities. Direct expenses are those that are specifically associated with the LAFCo. Program revenues include agency funding and filing fees as well as contributions that are restricted to meeting the operational requirements of the LAFCo. Revenues that are not classified as program revenues, including interest income, are presented as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Governmental Funds: The accounts of the LAFCo are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. The governmental fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations. Major individual funds are reported as separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the LAFCo considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Grant funds and exchange revenue earned but not received are recorded as a receivable. Grant funds and exchange revenue received before the revenue recognition criteria have been met are reported as deferred inflows or unearned revenues, respectively.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term liabilities, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital assets are reported as capital outlay expenditures in governmental funds.

When both restricted and unrestricted resources are available, it is the LAFCo's policy to use restricted resources first, then unrestricted resources as they are needed.

The LAFCo's only major governmental fund is the General Fund. The General Fund is the general operating fund of the LAFCo and accounts for revenues collected to provide services and finance the fundamental operations of the LAFCo. The fund is charged with all costs of operations.

<u>Prepaid Items/Expenses</u>: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements and prepaid items in the fund financial statements. In the governmental fund financial statements, prepaid items are reported as nonspendable fund balance to indicate they do not constitute current resources available for appropriation. The consumption method is used to recognize prepaid items. Prepaid items consist of prepaid rent for the Agency's office space and prepaid insurance at fiscal year-end.

<u>Capital Assets</u>: Capital assets are stated at cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly transaction at the acquisition date. Capital assets are defined as assets with a useful life of five years and a value of $1,500 or more. Maintenance and repair costs are expended as incurred unless they extend the useful life of the asset. Purchases of capital assets are reported as capital outlay expenditures in governmental funds, and proceeds from sales of capital assets are reported as other financing sources. In the government-wide statements, the cost and accumulated depreciation of assets retired is removed from the Statement of Net Position, and the resulting gain or loss on disposal is reported. Capital assets were depreciated over the following useful lives: office equipment 5 to 7 years, computers 3 to 5 years, and leasehold improvements 15 years.

Notes to Basic Financial Statements
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the balance sheet will sometimes report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the LAFCo's pension plan under GASB 68 as described in Note 6. Unavailable revenue in governmental funds arises when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period.

Compensated Absences: The LAFCo accrues unpaid vacation and sick leave that is payable when employees separate from employment as compensated absences. Unused vacation may be accumulated up to a specified maximum and is paid at the time of termination from employment. Upon retirement, unused sick leave may either be reported to CalPERS to earn additional retirement service credit or may be paid to the employee at specified percentages based on years of service at the discretion of the employee (not to exceed 500 hours at the employee's hourly pay rate). LAFCo assumed the sick leave would be paid at separation for purposes of the compensated absences liability at year-end. The cost of compensated absences is recorded in the period earned by employees in the government-wide statements. A liability is reported in the General Fund only if the liability has matured, for example, as a result of employee resignations or retirements.

Fund Balance: Governmental funds report nonspendable, restricted, committed, assigned, and unassigned balances.

Nonspendable Funds – Fund balance should be reported as nonspendable when the amounts cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Nonspendable balances, which include prepaid expenses and long-term receivables, are not expected to be converted to cash within the next operating cycle. LAFCo's nonspendable fund balance is for prepaid items.

Restricted Funds – Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed Funds – Fund balance should be reported as committed when the amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which in the case of LAFCo, is a Resolution of the Commissioners. These amounts cannot be used for any other purpose unless the governing body modifies or removes the fund commitment with another Resolution. The LAFCo has no committed fund balance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance: (continued)

Unassigned Funds – Unassigned fund balance includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes. The LAFCo's fund balance policy includes a 5% emergency expense fund that may be used to fund non-budgeted legal expenses, unexpected catastrophic expenses, or an unexpected drop in revenues. Use of the emergency reserve fund must be approved by the Commission. The policy approves use of any excess funds after the emergency reserve fund is fully funded to pay down any unfunded CalPERS pension plan liability. The emergency expense fund is not reported as assigned or committed fund balance because the terms for use are not sufficiently detailed to meet the definition of assigned or committed under GASB Statement No. 54.

Assigned Funds – Fund balance should be reported as assigned when the amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The LAFCo has a 10% operating contingency fund that is appropriated as part of the subsequent year expenditure budget. The operating contingency fund may be used by the Executive Officer at his discretion for unbudgeted expenditures. The LAFCo also appropriates existing fund balance to eliminate any subsequent year projected budget deficit, which meets the definition of an assignment of fund balance under paragraph 16 of GASB 54.

Net Position: The government-wide financial statements present net position. Net position is categorized as the investment in capital assets, restricted and unrestricted.

Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation reduces the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. The LAFCo does not have any restricted net position.

Unrestricted Net Position – This category represents net position of the LAFCo that is not restricted for any project or other purpose.

Budget: LAFCo's fiscal year is the 12-month period beginning July 1. In accordance with the provisions of Section 56381 of the government code of the state of California, commonly known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), LAFCo adopts a proposed budget by May 1 and a final budget by June 15 of each fiscal year. The budget is prepared on the modified accrual basis of accounting except that the budgetary fund balances from the prior-prior year are considered as an inflow of amounts available; and encumbrances outstanding at year-end, if any, are considered as budgetary outflows. All changes to the budget during the year are reflected in these financial statements and require the approval of the Commissioners.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Implementation of New Accounting Pronouncements: In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, therefore the District implemented this accounting pronouncement for all material leases effective for the fiscal year ended June 30, 2022. The effects of implementation are discussed in Note 3.

Pension Plan: For the purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the LAFCo's California Public Employees' Retirement System (CalPERS) plan (Plan) and addition to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2: CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2022:

Deposits with financial institutions	$ 201,708
Total Cash	201,708
Investments in Investment Trust of California (CalTRUST)	117,118
Total Investments	117,118
Total Cash and Investments	$ 318,826

Investments: The LAFCo's investment policy allowed, in addition to bank deposits, investments in certificates of deposit, the Local Agency Investment Fund (LAIF) of the State Treasury, Investment Trust of California (CalTRUST), and the El Dorado County Treasury.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect 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. Information about the sensitivity of the fair values of the LAFCo's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the LAFCo's investments by maturity:

	Remaining Maturity		
	12 Months Or Less	25-60 Months	Total
Investment in CalTRUST	$ 74,402	$ 42,716	$ 117,118

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. CalTRUST is not rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk: The investment policy of the LAFCo limits the amount that can be invested in any one issuer to the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total LAFCo 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 custodial credit risk for investments is the risk that, in the event of a failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of governmental investment pools (such as the County's cash and investments pool).

At June 30, 2022, the carrying amount of the LAFCo's deposits was $201,708 and the balance in financial institutions was $222,424, all of which was covered by federal depository insurance.

Notes to Basic Financial Statements
June 30, 2022

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in Investment Trust of California (CalTRUST): The LAFCo is also a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2022, the LAFCo's investment in CalTRUST was $117,118, of which $74,402 was invested in the short-term pool with an average maturity of approximately 9 months and $42,716 in the medium-term pool with an average maturity of approximately 27 months. Amounts that may be withdrawn from the short-term and medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool. Ratings were not available for the CalTRUST pools at June 30, 2022.

NOTE 3: OPERATING LEASE ASSET AND LIABILITY

LAFCo leases office space under an operating lease that currently expires on October 31, 2024, including the additional two-year option to extend the agreement. The lease provisions include minimum yearly base rent increases of the lesser of 3% or the change in the Consumer Price Index. This lease obligation falls under the scope of GASB 87 as discussed in Note 1. Adoption requires lessees to recognize operating and capital lease right-of-use assets and liabilities on the Statement of Net Position, with related amortization and interest expense on the Statement of Activities.

The changes in the right-to-use lease assets for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Building lease asset	$ -	$ 54,455	$ -	$ 54,455
Accumulated amortization	-	(16,332)	-	(16,332)
	$ -	$ 38,123	$ -	$ 38,123

Amortization expense for the year ended June 30, 2022 was $16,332.

The corresponding lease liability was measured using a discount rate of 2.25% based on the risk-free interest rate as of the effective date of implementation on July 1, 2021. The changes in the lease liability principal for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Current Portion
Lease Liability	$ -	$ 54,455	$ (10,842)	$ 43,613	$ 14,985

NOTE 3: OPERATING LEASE ASSET AND LIABILITY (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 14,985	$ 10,033	$ 25,018
2024	20,421	5,347	25,768
2025	8,207	467	8,674
Total	$ 43,613	$ 15,847	$ 59,460

NOTE 4: CAPITAL ASSETS

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

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets being depreciated:				
Office equipment	$ 7,611	$ -	$ -	$ 7,611
Computers and servers	30,862	-	-	30,862
Leasehold improvements	6,400	-	-	6,400
Total capital assets being depreciated	44,873	-	-	44,873
Less accumulated depreciation:				
Office equipment	(7,171)	(440)	-	(7,611)
Computers and servers	(18,427)	(5,845)	-	(24,272)
Leasehold improvements	(6,400)	-	-	(6,400)
Total accumulated depreciation	(31,998)	(6,285)	-	(38,283)
Capital assets, net	$ 12,875	$ (6,285)	$ -	$ 6,590

Depreciation expense for the fiscal year ended June 30, 2022 totaled $6,285.

NOTE 5: COMPENSATED ABSENCES LIABILITY

The change in compensated absences liability for the fiscal year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Retirements	June 30, 2022	Due Within One Year
Compensated absences liability	$ 27,680	$ 12,628	$ (29,367)	$ 10,941	$ 10,941

NOTE 6: PENSION PLAN

General Information about the Pension Plan

Plan Description: All qualified permanent and probationary employees are eligible to participate in the LAFCo's cost-sharing, multiple employer defined benefit pension plan (the Plan or PERFC) administered by the California Public Employees' Retirement System (CalPERS). PERFC consists of Miscellaneous and Safety Risk Pools, which are comprised of a number of rate plans. The LAFCo participates in the Miscellaneous Risk Pool and the following rate plans.

- Miscellaneous Plan
- PEPRA Miscellaneous plan

Benefit provisions under the Plan are established by State statute and LAFCo resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the 1959 Survivor Benefit level 4 or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

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

	Miscellaneous Plan	PEPRA Miscellaneous Plan
Hire date	Prior to January 1, 2013	On or After January 1, 2013
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
Final average compensation period	One year	Three years
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution	6.910%	6.750%
Required employer contribution	10.880%	7.590%

Notes to Basic Financial Statements
June 30, 2022

NOTE 6: PENSION PLAN (CONTINUED)

The Miscellaneous Rate Plan is closed to new participants that were not CalPERS participants prior to January 1, 2013 under the Public Employees' Pension Reform Act of 2013 (PEPRA). Any new participants that were not previously CalPERS participants would be required to join the PEPRA Miscellaneous Rate Plan.

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

For the year ended June 30, 2022, the contributions recognized as part of pension expense were $20,541.

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

As of June 30, 2022, the LAFCo reported a net pension asset for its proportionate share of the net pension liability of the Plan of $46,575.

The LAFCo's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The LAFCo's proportion of the net pension liability was based on a projection of the LAFCo's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The LAFCo's proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2021 were as follows:

Proportion - June 30, 2021	0.002450%
Proportion - June 30, 2022	-0.002453%
Change - Increase (Decrease)	-0.000003%

NOTE 6: PENSION PLAN (CONTINUED)

For the year ended June 30, 2022, the LAFCo recognized a pension credit of $157,548 for the Plan. At June 30, 2022, the LAFCo reported deferred outflows of resources and deferred inflows of resources for the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ -
Differences between actual and expected experience	(5,223)	-
Differences between projected and actual investment earnings	40,658	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	31,850
Change in employer's proportion	40,230	-
Pension contribution subsequent to measurement date plan investments	20,541	-
Total	$ 96,206	$ 31,850

The $20,541 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 10,090
2024	11,045
2025	11,444
2026	11,236
	$ 43,815

NOTE 6: PENSION PLAN (CONTINUED)

Actuarial Assumptions: The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level percentage of payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	3.2% - 12.20% (1)
Investment Rate of Return	7.15%
Mortality	Derived from CalPERS membership data for all funds (2)

1) Depending on age, service, and type of employment

2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the 7.15% discount rate used was adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

NOTE 6: PENSION PLAN (CONTINUED)

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

The table below reflects the long-term expected real rate of return by asset class for the Plan. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	100.00%		

(1) An expected inflation of 2.00% used for this period.
(2) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the LAFCo's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the LAFCo's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability (asset)	$ 114,481	$ (46,575)	$ (179,718)

Pension Plan Fiduciary Net Position: Detailed information about Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7: OTHER POSTEMPLOYMENT BENEFITS PLAN

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires all other postemployment benefits (OPEB) that are in addition to pension benefits be recorded as an expense and a liability by the employer. LAFCo has not granted any OPEB benefits to its employees.

NOTE 8: RISK MANAGEMENT

LAFCo obtained up to $10 million of general liability, auto liability, auto physical damage, public official's errors and omissions, elected officials' personal liability, employment practices and benefits, fidelity blanket bond, property coverage, boiler and machinery, and workers' compensation coverage from the Special District Risk Management Authority (SDRMA). SDRMA is organized as a joint powers authority, which is a pooled insurance fund. SDRMA provides coverage to certain maximum limits applied annually, per occurrence or per year. Separately issued financial statements can be requested from SDRMA. LAFCo has also chosen to purchase an additional $2 million of directors and officers and employment practices liability insurance coverage with a $10,000 deductible from Great American Insurance Company through Alliant Insurance Services. There have been no reductions in insurance coverage or payments in excess of insurance limits during the past three years.

NOTE 9: COVID-19 CONSIDERATIONS

In January 2020, SARS-CoV-2, the coronavirus responsible for COVID-19, was detected in the United States of America. As a result of this virus, State and Local Health officials established various stay at home and other measures to reduce the spread. To date, the District has not experienced any significant impacts other than the purchase of personal protective equipment, taking additional sanitization measures, and staggering intermittent service times. While the state of emergency expired on February 28, 2023, the long-term impact in the State of California continues to be uncertain.

NOTE 10: SUBSEQUENT EVENTS

LAFCo's management has evaluated subsequent events through June 13, 2023, which is the date the basic financial statements were available to be issued. Based upon this evaluation, except for the following, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended
June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)	Adjustment to GAAP Basis	Actual Amounts GAAP Basis
	Original	Final				
REVENUES						
Agency funding	$463,817	$463,817	$463,817	$ -	$ -	$463,817
Fund balance carryover	48,530	48,530	48,530	-	(48,530)	-
Filing fees and other	20,205	20,205	7,500	(12,705)	-	7,500
TOTAL REVENUES	532,552	532,552	519,847	(12,705)	(48,530)	471,317
EXPENSES						
Salaries and benefits	338,992	338,992	216,956	122,036	-	216,956
Professional services	77,989	77,989	102,932	(24,943)	-	102,932
Rents and leases	26,937	26,937	26,574	363	-	26,574
Insurance	28,010	28,010	16,815	11,195	-	16,815
Utilities	2,040	2,040	1,766	274	-	1,766
Staff development	4,838	4,838	(720)	5,558	-	(720)
Information services	23,760	23,760	13,413	10,347	-	13,413
Transportation and travel	4,260	4,260	1,487	2,773	-	1,487
Memberships	5,527	5,527	5,433	94	-	5,433
Cellular and telephone services	3,840	3,840	3,813	27	-	3,813
Change in compensated absences	-	-	(16,739)	16,739	16,739	-
Office expenses	2,285	2,285	2,315	(30)	-	2,315
Operating contingency	13,687	13,687	747	12,940	-	747
Publications and subscriptions	387	387	351	36	-	351
TOTAL EXPENDITURES	532,552	532,552	375,143	157,409	16,739	391,882
EXCESS OF REVENUES OVER EXPENSES	-	-	144,704	144,704	(65,269)	79,435
GENERAL REVENUES						
Investment earnings	-	-	(1,885)	(1,885)	-	(1,885)
CHANGE IN FUND BALANCE	$ -	$ -	142,820	$ 142,820	$ (65,269)	77,551
FUND BALANCE, BEGINNING OF YEAR			249,884			249,884
FUND BALANCE, END OF YEAR			$392,704			$327,435

Note: The LAFCo budgets fund balance carryover as a revenue source and budgets the change in compensated absences as an expenditure. Fund balance carryover is not a GAAP basis revenue and the change in compensated absences is not a General Fund expenditure. These amounts are removed under GAAP.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Schedule of the Proportionate Share of the Net Pension Liability - Miscellaneous Plan (Unaudited) Last 10 Years

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Proportion of the net pension liability	0.001230%	0.000973%	0.001162%	0.001567%	0.001408%
Proportionate share of the net pension liability	$ 30,279	$ 26,691	$ 40,369	$ 61,790	$ 53,075
Covered-employee payroll	$ 178,118	$ 185,009	$ 191,684	$ 186,189	$ 178,662
Proportionate share of the net pension liability as a % of its covered-employee payroll	17.00%	14.43%	21.06%	33.19%	29.71%
Plan's fiduciary net position as a % of its total pension liability	93.23%	96.40%	94.87%	93.09%	94.67%
Changes in assumptions: Change in discount rate used in accounting valuation	7.50%	7.65%	7.65%	7.15%	7.15%

	June 30, 2020	June 30, 2021	June 30, 2022
Proportion of the net pension liability	0.001910%	0.001408%	0.006110%
Proportionate share of the net pension liability	$ 76,482	$ 103,325	$ (46,575)
Covered-employee payroll	$ 244,633	$ 182,583	$ 159,240
Proportionate share of the net pension liability as a % of its covered-employee payroll	31.26%	56.59%	-29.25%
Plan's fiduciary net position as a % of its total pension liability	92.60%	90.85%	90.18%
Changes in assumptions: Change in discount rate used in accounting valuation	7.15%	7.15%	7.15%

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

EL DORADO LOCAL AGENCY FORMATION COMMISSION

Schedule of Contributions to the Pension Plan
Miscellaneous Plan (Unaudited)
Last 10 Years

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Actuarially required contribution (employer's fiscal year - actuarially determined)	$ 15,582	$ 18,188	$ 15,757	$ 16,568	$ 21,193
Contributions in relation to the actuarially determined contributions	(15,582)	(18,188)	(15,757)	(16,568)	(21,193)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 178,118	$ 185,009	$ 191,684	$ 186,189	$ 178,662
Contribution as a % of covered-employee payroll	8.75%	9.83%	8.22%	8.90%	11.86%

	June 30, 2020	June 30, 2021	June 30, 2022
Actuarially required contribution (employer's fiscal year - actuarially determined)	$ 24,360	$ 25,447	$ 20,541
Contributions in relation to the actuarially determined contributions	(24,360)	(25,447)	(20,541)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 244,633	$ 103,325	$ (46,575)
Contribution as a % of covered-employee payroll	9.96%	24.63%	-44.10%

Note: The 2016 covered payroll in the schedule of contributions to the pension plan were revised during the year ended June to be consistent with the employer's fiscal year. During the year ending June 30, 2016, the LAFCo made a contribution in excess of required contributions of $34,587 for the purpose of reducing its unfunded liability in the Plan.

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be reported prospectively as they become available.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

FECHTER
& COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

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

To the Commissioners
El Dorado Local Agency Formation Commission
Placerville, California

We have audited, 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, the financial statements of the governmental activities, the major fund of the El Dorado Local Agency Formation Commission (the LAFCo), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the LAFCo's basic financial statements, and have issued our report thereon dated June 13, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LAFCo's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LAFCo's internal control. Accordingly, we do not express an opinion on the effectiveness of the LAFCo'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 LAFCo's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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To the Commissioners
El Dorado Local Agency Formation Commission
Placerville, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LAFCo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 compliance and the results of that testing, and not to provide on the effectiveness of the LAFCo's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fechter & Company
Certified Public Accountants

Fechter + Company

Sacramento, California
June 13, 2023