YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

Audited Financial Statements and
Compliance Report

June 30, 2015, 2014 and 2013

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Compliance Report

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RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of the
Yolo County Local Agency Formation Commission
Woodland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Yolo County Local Agency Formation Commission (the LAFCO), as of and for the years ended June 30, 2015, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the LAFCO's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Chair and Members of the
Yolo County Local Agency Formation Commission

Basis for Qualified Opinions

As described in Note I and in the Emphasis-of-Matter paragraph below, the LAFCO implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. CalPERS did not provide the information necessary to record the change in the pension liability during the years ended June 30, 2014 and 2013. Consequently, the financial statements as of and for the year ended June 30, 2014 and 2013 were not restated as is necessary to report these balances in accordance with general accepted accounting principles.

Qualified Opinions

In our opinion, except for the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Yolo County Local Agency Formation Commission as of June 30, 2015, 2014 and 2013, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note I to the basic financial statements, the LAFCO adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the year ended June 30, 2015. Due to the implementation of these Statements, the LAFCO recognized deferred outflows of resources and a pension liability for its cost-sharing pension plan as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The LAFCO has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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 missing information.

To the Chair and Members of the
Yolo County Local Agency Formation Commission

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2016 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.

Richardson & Company, LLP

March 4, 2016

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

STATEMENTS OF NET POSITION

June 30, 2015, 2014 and 2013

	2015	2014	2013
ASSETS			
Cash and investments	$ 359,448	$ 265,748	$ 276,963
TOTAL ASSETS	359,448	265,748	276,963
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	123,779		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	123,779		
LIABILITIES			
Accounts payable	6,293	5,165	7,954
Accrued payroll	16,032	12,474	7,276
Due to other governments	76,580		4,000
Compensated absences - current	6,993	8,489	7,131
Noncurrent liabilities:			
Compensated absences - noncurrent	1,925		
Net pension liability	394,276		
OPEB liability	58,485	60,000	57,210
TOTAL LIABILITIES	560,584	86,128	83,571
DEFERRED INFLOWS OF RESOURCES			
Pensions	72,443		
TOTAL DEFERRED INFLOWS OF RESOURCES	72,443		
NET POSITION			
Unrestricted (deficit)	(149,800)	179,620	193,392
TOTAL NET POSITION (DEFICIT)	$ (149,800)	$ 179,620	$ 193,392

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

STATEMENTS OF ACTIVITIES

June 30, 2015, 2014 and 2013

	2015	2014	2013
PROGRAM EXPENSES			
Salaries and benefits	$ 362,392	$ 283,225	$ 229,691
Professional and specialized services	46,843	64,196	47,043
General and administrative	14,110	15,832	22,107
Legal	2,366	4,658	6,345
Training	11,852	8,047	8,137
Transportation and travel	920	1,572	939
Office	1,173	2,459	2,693
TOTAL PROGRAM EXPENSES	439,656	379,989	316,955
PROGRAM REVENUES			
Intergovernmental revenues:			
County of Yolo	202,767	182,070	188,066
City of Davis	68,737	62,120	64,732
City of West Sacramento	67,728	59,589	62,927
City of Woodland	59,792	54,488	54,840
City of Winters	6,509	5,874	5,567
TOTAL PROGRAM REVENUES	405,533	364,141	376,132
NET PROGRAM REVENUES (EXPENSES)	(34,123)	(15,848)	59,177
GENERAL REVENUES			
Other income	1,657	871	11,652
Interest income	1,352	1,205	1,367
TOTAL GENERAL REVENUES	3,009	2,076	13,019
CHANGE IN NET POSITION	(31,114)	(13,772)	72,196
Net position at beginning of year - as previously reported	179,620	193,392	121,196
Restatement	(298,306)		
Net position at beginning of year - as restated	(118,686)	193,392	121,196
NET POSITION AT END OF YEAR	$ (149,800)	$ 179,620	$ 193,392

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

BALANCE SHEETS - GOVERNMENTAL FUND

June 30, 2015, 2014 and 2013

	2015	2014	2013
ASSETS			
Cash and investments	$ 359,448	$ 265,748	$ 276,963
TOTAL ASSETS	$ 359,448	$ 265,748	$ 276,963
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 6,293	$ 5,165	$ 7,954
Accrued payroll	16,032	12,474	7,276
Due to other governments	76,580		4,000
TOTAL LIABILITIES	98,905	17,639	19,230
FUND BALANCE			
Committed for OPEB	50,188	50,035	
Committed for computer replacement	2,400	2,400	
Unassigned	207,955	195,674	257,733
TOTAL FUND BALANCE	260,543	248,109	257,733
TOTAL LIABILITIES AND FUND BALANCE	$ 359,448	$ 265,748	$ 276,963

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEETS TO THE GOVERNMENT-WIDE STATEMENTS OF NET POSITION

June 30, 2015, 2014 and 2013

Fund balance - governmental funds for the year ended June 30, 2015	$ 260,543
Amounts reported for governmental activities in the statement of net position are different because:	
Pension contributions subsequent to the valuation measurement date will reduce the pension liability in the future and are reported as deferred outflows of resources on the statement of net position.	123,779
Certain liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Net pension liability	(394,276)
OPEB liability	(58,485)
Compensated absences	(8,918)
Employee pension differences to be recognized in the future as pension expense are reported as deferred inflows of resources on the statement of net position.	(72,443)
Net position - governmental activities for the year ended June 30, 2015	$ (149,800)
Fund balance - governmental funds for the year ended June 30, 2014	$ 248,109
Amounts reported for governmental activities in the statement of net position are different because:	
Certain liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
OPEB liability	(60,000)
Compensated absences	(8,489)
Net position - governmental activities for the year ended June 30, 2014	$ 179,620
Fund balance - governmental funds for the year ended June 30, 2013	$ 257,733
Amounts reported for governmental activities in the statement of net psition are different because:	
Certain liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds:	
OPEB liability	(57,210)
Compensated absences	(7,131)
Net position - governmental activities for the year ended June 30, 2013	$ 193,392

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND

For the Years Ended June 30, 2015, 2014 and 2013

	2015	2014	2013
REVENUES			
Intergovernmental revenues:			
County of Yolo	$ 202,767	$ 182,070	$ 188,066
City of Davis	68,737	62,120	64,732
City of West Sacramento	67,728	59,589	62,927
City of Woodland	59,792	54,488	54,840
City of Winters	6,509	5,874	5,567
Other revenues	1,657	871	11,652
Use of money	1,352	1,205	1,367
TOTAL REVENUES	408,542	366,217	389,151
EXPENDITURES			
Salaries and benefits	318,844	279,077	227,103
Professional and specialized services	46,843	64,196	47,043
General and adminstrative	14,110	15,832	22,107
Training	11,852	8,047	8,137
Legal fees	2,366	4,658	6,345
Office expenses	1,173	2,459	2,693
Transportation and travel	920	1,572	939
TOTAL EXPENDITURES	396,108	375,841	314,367
NET CHANGE IN FUND BALANCE	12,434	(9,624)	74,784
Fund balance at beginning of year	248,109	257,733	182,949
FUND BALANCE AT END OF YEAR	$ 260,543	$ 248,109	$ 257,733

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

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2015, 2014 and 2013

Net change in fund balance - governmental funds for the year ended June 30, 2015	$ 12,434
Amounts reported for governmental activities in the statement of activities are different because:	
Changes in certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Pension expense	(44,634)
OPEB expense	1,515
Change in compensated absences	(429)
Change in net position - governmental activities for the year ended June 30, 2015	$ (31,114)
Net change in fund balance - governmental funds for the year ended June 30, 2014	$ (9,624)
Amounts reported for governmental activites in the statement of activities are different because:	
Changes in certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
OPEB expense	(2,790)
Change in compensated absences	(1,358)
Change in net position - governmental activities for the year ended June 30, 2014	$ (13,772)
Net change in fund balance - governmental funds for the year ended June 30, 2013	$ 74,784
Amounts reported for governmental funds in the statement of activities are different because:	
Changes in certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
OPEB expense	(7,210)
Change in compensated absences	4,622
Change in net position - governmental activities for the year ended June 30, 2013	$ 72,196

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Yolo County Local Agency Formation Commission (the 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.

Background: The LAFCO is an independent agency responsible for the implementation of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 in the County of Yolo. The LAFCO became an independent agency separate from Yolo County in 2001. The LAFCO's membership includes two county supervisors appointed by the County of Yolo Board of Supervisors, two City Council members appointed by the City Selection Committee, and one public member appointed by the LAFCO. The LAFCO is empowered to review, approve or deny boundary changes, city annexations, consolidations, special LAFCO formations, incorporations for cities and special districts, and to establish local "Spheres of Influence". The Sphere of Influence for each governmental agency is a plan for its future boundary and service area. The LAFCO's function is outlined in Government Code, Section 56000 et seq. known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.

Basis of Presentation – Government-wide Financial Statements: The statement of net position and statement of activities display information about the primary government (the LAFCO). These statements include the financial activities of the LAFCO.

The statement of activities presents a comparison between direct expenses and program revenues for the LAFCO's governmental activity. Direct expenses are those that are specifically associated with the LAFCO. Program revenues include 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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 are recognized when all eligibility requirements have been met, include the contributions from member jurisdictions.

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.

Basis of Presentation – Fund Financial Statements: 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. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions, or limitations.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the LAFCO considers all revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The LAFCO reports the following major governmental fund:

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.

Compensated Absences: Unused vacation may be accumulated up to a specified maximum and is paid at the time of termination from the LAFCO's employment. Upon retirement, unused sick leave may either be reported to CalPERS to earn additional retirement service credit (2,000 hours of sick leave earns a full year of service credit) or may be paid to the employee (one half of the balance over 200 hours will be paid at the employee's hourly pay rate) at the discretion of the employee. The LAFCO is not obligated to pay for unused sick leave if an employee terminates prior to retirement or if less than 200 hours are accrued upon retirement. The LAFCO accrues accumulated unpaid compensated absences when earned by the employee. The cost of vacation and sick leave is recorded in the period earned 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.

Due to Other Governments: Due to an inadvertent error when changing payroll systems, the County of Yolo paid the LAFCO's salaries and benefits from April through October 2015 without charging the LAFCO. The amounts paid by the County from April through June 2015 were reported as due to other governments at June 30, 2015. The amount due to the County was paid subsequent to year-end.

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 D. Unavailable revenue in governmental funds arises when a potential revenue source does not meet both the "measureable" and "available" criteria for recognition in the current period. LAFCO had no unavailable revenue at June 30, 2015.

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 are not expected to be converted to cash within the next operating cycle, which include pre-paid expenses and long-term receivables.

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, or 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. These amounts cannot be used for any other purpose

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

unless the governing body modifies or removes the fund commitment. The LAFCO had $50,188 and $50,035 of fund balance as June 30, 2015 and 2014 committed for the other postemployments benefits liability and $2,400 each year committed for computer replacement through Commission Resolution as part of the budget process.

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.

Unassigned Funds – Unassigned fund balance is the residual classification of the LAFCO's funds and includes all spendable amounts that have not been restricted, committed, or assigned to specific purposes. The Board has a policy of maintaining a reserve for contingencies of 15% of the overall budget and a 5% emergency contingency. However, the criteria for the use of the reserved for contingencies is not defined sufficiently to consider the amount to be a commitment of fund balance under GASB Statement No. 54.

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

Net 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.

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

The LAFCO has only unrestricted net position.

Budget: The LAFCO adopts an annual budget for the General Fund that is consistent with generally accepted accounting principles at the LAFCO's May meeting. The budget includes expenditures and the means of financing them and is used for planning purposes. Budgetary control is exercised at the major object level. All budgetary changes during the year require approval of the Commissioners. Encumbrances are used as an extension of normal budgetary accounting in the General Fund. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance since they do not constitute expenditures or liabilities.

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

NOTE B – CASH AND INVESTMENTS

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 these estimates.

Investment in the County of Yolo Investment Pool: The LAFCO's cash is held in the County of Yolo treasury. The County maintains an investment pool and allocates interest to the various funds based upon the average daily cash balances. Investments held in the County's investment pool are available on demand to the LAFCO and are stated at fair value.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value on an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. As of June 30, 2015, 2014, and 2013 the weighted average maturity of the investments contained in the County of Yolo investment pool was approximately 395, 389, and 328 days.

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 County of Yolo investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk: Custodial risk is the risk that the government will not be able to recover its deposits or the value of its investments that are in the possession of an outside party. Custodial credit risk does not apply to a local government's indirect deposits or investment in securities through the use of government investment pools (such as the County of Yolo investment pool).

NOTE C – COMPENSATED ABSENCES

The following is a summary of compensated absences activity for the years ended June 30, 2015, 2014, and 2013:

	July 1, 2014	Additions	Retirements	June 30, 2015	Due Within One Year
Compensated absences	$ 8,489	$ 7,085	$ (6,656)	$ 8,918	$ 6,993

	July 1, 2013	Additions	Retirements	June 30, 2014	Due Within One Year
Compensated absences	$ 7,131	$ 15,549	$ (14,191)	$ 8,489	$ 8,489

	July 1, 2012	Additions	Retirements	June 30, 2013	Due Within One Year
Compensated absences	$ 11,753	$ 11,978	$ (16,600)	$ 7,131	$ 7,131

NOTE D – PENSION PLAN

General Information about the Pension Plan

Plan Description: The LAFCO participates in the County of Yolo Miscellaneous pension plan, which is an agent multiple-employer pension plan administered by California Public Employees' Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate in the Plan. The LAFCO accounts for and reports its participation in the County's Plan as a cost-sharing multiple-employer pension plan under the provisions of GASB Statement No. 68. Because GASB Statement No. 68 was implemented during the year ended June 30, 2015 and CalPERS did not provide information necessary to restate the years ended June 30, 2014 and 2013, with the exception of contribution percentages, contribution amounts and pension expense, the information below is only available for the year ended June 30, 2015.

Benefit provisions under the Plan are established by State statute and County Board of Supervisor 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 Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	2015		2014	2013
	Miscellaneous Plan	PEPRA Miscellaneous Plan	Miscellaneous Plan	
Hire date	Prior to January 1, 2013	On or after January 1, 2013		
Benefit formula (at full retirement)	2.5% @ 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 compensation	2.0% to 2.5%	1.0% to 2.5%		
Required employee contribution rates	8.00%	6.25%	8.00%	8.00%
Required employer contribution rates	20.558%	6.25%	19.063%	17.851%

The Miscellaneous 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 Plan. No LAFCO employees were required to participate in the PEPRA Miscellaneous Plan at June 30, 2015.

NOTE D – PENSION PLAN (Continued)

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 years ended June 30, 2015, 2014 and 2013, the contributions recognized as part of pension expense for the Plan were as follows:

	2015	2014	2013
Contributions - employer	$ 39,538	$ 32,469	$ 25,897
Contributions - employee (paid by employer)	-	-	-
	$ 39,538	$ 32,469	$ 25,897

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2015, the LAFCo reported a net pension liability for its proportionate share of the net pension liability of the Miscellaneous Plan as follows:

	Proportionate Share of Net Pension Liability
Total Net Pension Liability	$ 394,276

GASB Statement No. 68 was implemented during the year ended June 30, 2015. Consequently, no amounts are reported for the years ended June 30, 2014 and 2013.

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

	Miscellaneous
Proportion - June 30, 2013	0.1718%
Proportion - June 30, 2014	0.2429%
Change - Increase (Decrease)	0.0711%

NOTE D – PENSION PLAN (Continued)

For the years ended June 30, 2015, 2014, and 2013 the LAFCO recognized pension expense of $84,172, $32,469 and $25,897 for the Plan. At June 30, 2015, the LAFCO reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 39,538	
Differences between actual and expected experience		
Changes in assumptions		
Differences between the employer's contributions and the employer's proportionate share of contributions		
Change in employer's proportion	84,241	
Net differences between projected and actual earnings on plan investments		(72,443)
Total	$ 123,779	$ (72,443)

The $39,538 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
2016	$ 52,651	$ (18,111)	$ 34,540
2017	31,590	(18,111)	13,479
2018		(18,111)	(18,111)
2019		(18,110)	(18,110)
	$ 84,241	$ (72,443)	$ 11,798

The net differences between projected and actual earnings on plan investments are amortized on a straight-line basis over 5 years and all other amounts are amortized over the 2.6 year average expected remaining service lives of all members in the plan, including retired members.

NOTE D – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2013 actuarial valuations for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return	7.5% (2)
Mortality	

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.50% for the Plan. 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 current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

NOTE D – PENSION PLAN (Continued)

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

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

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(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% 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:

	Miscellaneous
1% Decrease	6.50%
Net Pension Liability	$ 580,378
Current Discount Rate	7.50%
Net Pension Liability	$ 394,276
1% Increase	8.50%
Net Pension Liability	$ 239,556

NOTE D – PENSION PLAN (Continued)

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

Payable to the Pension Plan: At June 30, 2015, the LAFCO had outstanding contributions payable to the Plan of $12,168 required for the year ended June 30, 2015.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The LAFCO participates in the County of Yolo Retiree Healthcare Plan (the Plan), a single employer defined benefit other postemployment benefits (OPEB) plan, which provides health insurance benefits to eligible retired employees and their beneficiaries. Medical insurance benefits are administered by the California Public Employee's Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California, in accordance with the Public Employees Medical and Hospital Care Act (PEMHCA). To be eligible, an employee must retire under the CalPERS program within 120 days of separation from employment. Medical and dental insurance benefits for retirees are not currently required by contract, but have been provided as a matter of practice. Information about the Plan may be found in the County of Yolo Comprehensive Annual Financial Report (CAFR) at yolocounty.org under the publications listed on the page for the Auditor-Controller and Treasurer-Tax Collector.

In order to fund the retiree health benefits, the County established an irrevocable trust with Public Agency Retirement Services (PARS).

Funding Policy: The contribution requirements of participating employers and plan members are established and may be amended by the County of Yolo Board of Supervisors. Currently the County and the LAFCO are required to contribute at an actuarially determined rate. The contribution rates were 6% of annual covered payroll during the years ended June 30, 2015 and 2014. There was no contribution required during the year ended June 30, 2013. On December 16, 2014, the County Board of Supervisors approved a 15 year approach to phase in pre-funding to begin during the year ended June 30, 2016.

Annual OPEB Cost: The LAFCO's OPEB cost equals the amount of the annual required contribution (ARC) plus or minus adjustments for prior year differences in the amount of actual contributions as compared to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The LAFCO's annual other postemployment benefit cost (expense) was calculated based on the annual required contribution (ARC) percentage of the employer of 5.6% during the years ended June 30, 2015 and 2014 and 6.2% during the year ended June 30, 2013 applied to the LAFCO's covered payroll and a proportional share of the County's interest on the net OPEB obligation and adjustment to the annual required contribution. The following table shows the components of the LAFCO's annual OPEB cost for the years ended June 30, 2015, 2014, and 2013, the amount actually contributed to the Plan, and changes in the District's Net OPEB obligation:

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

	2015	2014	2013
Annual required contribution	$ 10,558	$ 9,131	$ 9,045
Interest on net OPEB obligation	2,400	2,288	2,125
Adjustment to annual required contribution	(3,612)	(1,327)	(3,960)
Annual OPEB cost (expense)	9,346	10,092	7,210
Contributions made (including premium payments made)	(10,861)	(7,302)	
Increase (decrease) in net OPEB obligation	(1,515)	2,790	7,210
Net OPEB obligation, beginning of year	60,000	57,210	50,000
Net OPEB obligation, end of year	$ 58,485	$ 60,000	$ 57,210

The LAFCO's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2015, 2014, and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	$ 7,210	0.00%	$ 57,210
6/30/2014	10,092	72.35%	60,000
6/30/2015	9,346	116.21%	58,485

Funded Status and Funding Progress: The funded status of the plan as of June 30, 2014, which is the latest date available from the June 30, 2014 valuation, was as follows:

Actuarial accrued liability (AAL)	$ 60,000
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 60,000
Funded ratio (actuarial value of Plan assets/AAL)	0.00%
Covered payroll	$ 177,000
UAAL as percentage of covered payroll	33.90%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multiyear trend information that shows whether the actual value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE E – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), decrease from the 4.25% rate of return used in the June 30, 2012 valuation, and an annual healthcare cost trend rate of 7.5% for non-Medicare participants and 7.8% for Medicare participants initially, reduced by decrements to an ultimate rate of 5.0% in 2020, a 3.0% general inflation assumption and 3.25% payroll increases. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year open period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a closed 20 year period. The remaining amortization period at June 30, 2014 was 20 years.

NOTE F – INSURANCE

The LAFCO participates in the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA), a public entity risk pool of governmental entities within the County of Yolo, for comprehensive general and auto liability, and workers' compensation insurance. Through the LAFCO's membership in the YCPARMIA, the District is provided with excess coverage through the California State Association of Counties-Excess Insurance for catastrophic liability losses. Loss contingency reserves established by YCPARMIA are funded by contributions from member agencies.

The LAFCO pays an annual premium to YCPARMIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the YCPARMIA. The LAFCO's deductibles and maximum coverage for the years ended June 30 was as follows:

Coverage 12-13	YCPARMIA	Excess	Deductible
General and Auto Liability	$ 500,000	$ 40,000,000	$ 5,000
Worker's Compensation	500,000	Statutory	1,000
Cyber Liability	-	1,000,000	-

Coverage 13-14	YCPARMIA	Excess	Deductible
General and Auto Liability	$ 500,000	$ 40,000,000	$ 1,000
Worker's Compensation	500,000	Statutory	1,000
Cyber Liability	-	1,000,000	-

NOTE F – INSURANCE (Continued)

Coverage 14-15	YCPARMIA	Excess	Deductible
General and Auto Liability	$ 500,000	$ 40,000,000	$ 5,000
Worker's Compensation	500,000	Statutory	1,000
Cyber Liability	-	1,000,000	-

The LAFCO has had no settlements which exceeded insurance coverage in the last three fiscal years and no significant changes or reductions in insurance coverage occurred during the year.

NOTE G – RELATED PARTY TRANSACTIONS

The County of Yolo provides legal services, information systems support, office space, furniture and accounting services to the LAFCO. Expenditures provided by the County for legal services totaled $2,366, $4,658 and $6,345 for the years ended June 30, 2015, 20154 and 2013, respectively and information systems support totaled $3,973, 4,302, and 6,570, for the years ended June 30, 2015, 2014 and 2013, respectively. Office space, furniture and accounting services are provided by the County free of charge.

NOTE H – SUBSEQUENT PRONOUNCEMENTS

In February 2015, the GASB approved Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements and will require additional disclosures about assets and labilities measured at fair value. This Statement is effective for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, replaces the requirements of GASB Statement No. 45 and requires governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specific criteria to report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments, on the face of the financial statements. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective beginning the year ended June 30, 2018.

The LAFCO will fully analyze the impact of these Statements prior to the effective dates above.

NOTE I – CHANGES IN ACCOUNTING PRINCIPLES

During the year ended June 30, 2015, the LAFCO adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* These Statements required the LAFCO to recognize in its accrual basis financial statements the net pension liability and deferred outflows of resources for the LAFCO's pension plan. These Statements also required contributions made after the June 30, 2014 measurement date used in the actuarial valuation for the pension plan to be reported as deferred outflows of resources.

The County provided the LAFCO's proportional share of the County's pension liability, deferred outflows of resources and deferred inflows of resources necessary to report these balances as of June 30, 2015 and for the year ended June 30, 2015, but CalPERS did not provide the information necessary to restate the July 1, 2013 and 2012 balances or the pension expense for the years ended June 30, 2013 and 2014 reported in the LAFCO's financial statements. Consequently, the balances as of July 1, 2012 and 2013 and for the year ended June 30, 2013 and 2014 were not restated as is necessary to report the balances in accordance with generally accepted accounting principles.

Due to the implementation of these statements, a pension liability of $330,775 and deferred outflows of resources of $32,469 were recorded as of June 30, 2014, resulting in a reduction of net position as of July 1, 2014 of $298,306.

NOTE J – COMMITMENTS AND CONTINGENCIES

<u>Commitments</u>: The LAFCO has contract commitments with consultants at June 30, 2015 of $36,976 for the City of Davis and associated County service areas combined municipal service review and sphere of influence study and $41,025 for the Fire Protection Districts Combined Municipal Service Review and Sphere of Influence Study.

REQUIRED SUPPLEMENTARY INFORMATION

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUND

For the Year Ended June 30, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues				
County of Yolo	$ 202,767	$ 202,767	$ 202,767	
City of Davis	68,737	68,737	68,737	
City of West Sacramento	67,728	67,728	67,728	
City of Woodland	59,792	59,792	59,792	
City of Winters	6,509	6,509	6,509	
Other revenues	3,000	3,000	1,657	$ (1,343)
Use of money	1,500	1,500	1,352	(148)
TOTAL REVENUES	410,033	410,033	408,542	(1,491)
EXPENDITURES				
Salaries and benefits	304,086	304,086	318,844	(14,758)
Professional and specialized services	20,000	106,000	46,843	59,157
General and adminstrative	18,402	18,402	14,110	4,292
Legal fees	7,500	7,500	2,366	5,134
Training	12,000	12,000	11,852	148
Transportation and travel	2,000	2,000	920	1,080
Office expenses	2,250	2,250	1,173	1,077
TOTAL EXPENDITURES	366,238	452,238	396,108	56,130
NET CHANGE IN FUND BALANCE	43,795	(42,205)	12,434	54,639
Fund balance at beginning of year	248,109	248,109	248,109	
FUND BALANCE AT END OF YEAR	$ 291,904	$ 205,904	$ 260,543	$ 54,639

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUND

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental revenues				
County of Yolo	$ 182,071	$ 182,070	$ 182,070	
City of Davis	62,120	62,120	62,120	
City of West Sacramento	59,589	59,589	59,589	
City of Woodland	54,488	54,488	54,488	
City of Winters	5,874	5,874	5,874	
Other revenues	6,000	6,000	871	$ (5,129)
Use of money	1,500	1,500	1,205	(295)
TOTAL REVENUES	371,642	371,641	366,217	(5,424)
EXPENDITURES				
Salaries and benefits	241,833	275,332	279,077	(3,745)
Professional and specialized services	50,000	86,000	64,196	21,804
General and adminstrative	18,108	18,108	15,832	2,276
Legal fees	10,500	10,500	4,658	5,842
Training	10,000	10,000	8,047	1,953
Transportation and travel	1,500	1,500	1,572	(72)
Office expenses	2,500	2,500	2,459	41
TOTAL EXPENDITURES	334,441	403,940	375,841	28,099
NET CHANGE IN FUND BALANCE	37,201	(32,299)	(9,624)	22,675
Fund balance at beginning of year	257,733	257,733	257,733	
FUND BALANCE AT END OF YEAR	$ 294,934	$ 225,434	$ 248,109	$ 22,675

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GOVERNMENTAL FUND

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Intergovernmental revenues				
County of Yolo	$ 188,066	$ 188,066	$ 188,066	
City of Davis	64,732	64,732	64,732	
City of West Sacramento	62,927	62,927	62,927	
City of Woodland	54,840	54,840	54,840	
City of Winters	5,567	5,567	5,567	
Other revenues	5,200	5,200	11,652	$ 6,452
Use of money	1,500	1,500	1,367	(133)
TOTAL REVENUES	382,832	382,832	389,151	6,319
EXPENDITURES				
Salaries and benefits	225,764	226,364	227,103	(739)
Professional and specialized services	110,000	110,000	47,043	62,957
General and adminstrative	21,067	20,467	22,107	(1,640)
Legal fees	10,500	10,500	6,345	4,155
Training	8,000	8,000	8,137	(137)
Transportation and travel	3,500	3,500	939	2,561
Office expenses	4,000	4,000	2,693	1,307
TOTAL EXPENDITURES	382,831	382,831	314,367	68,464
NET CHANGE IN FUND BALANCE	1	1	74,784	74,783
Fund balance at beginning of year	182,949	182,949	182,949	
FUND BALANCE AT END OF YEAR	$ 182,950	$ 182,950	$ 257,733	$ 74,783

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS PLAN (UNAUDITED)

Last 10 Years

	2015
Proportion of the net pension liability	0.2429%
Proportionate share of the net pension liability	$ 394,276
Covered - employee payroll	$ 172,567
Proportionate share of the net pension liability as a percentage of covered payroll	228.48%
Plan fiduciary net position as a percentage of the total pension liability	72.83%

Notes to Schedule:
Benefit Changes: There were no changes to benefit terms.

Changes in assumptions: None

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)

Last 10 Years

	2015
Contractually required contribution (actuarially determined)	$ 39,538
Contributions in relation to the actuarially determined contributions	(39,538)
Contribution deficiency (excess)	$ -
Covered - employee payroll	$ 172,567
Contributions as a percentage of covered - employee payroll	22.91%

Notes to Schedule:
Valuation Date: June 30, 2013

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Method	Entry Age Normal Cost Method
Amortization Method	Difference Between Projected and Actual Earnings is Amortized Straight-line Over 5 Years. All Other Amounts are Amortized Straight-line Over Average Remaining Service Life of Participants
Remaining Amortization Period	Not Stated
Asset Valuation Method	5-year Smoothed Market
Inflation	2.75%
Salary Increases	3.30% to 14.20% Depending on Entry Age and Service
Investment Rate Of Return	7.50%, Net of Administrative Expenses; Including Inflation.
Retirement Age	50-67 Years. Probabilities of Retirement are Based on the 2010 CalPERS Experience Study for the Period 1997 to 2007.
Mortality	CalPERS Specific Data from January 2014 Actuarial Experience Study for the Period 1997 to 2011 that Uses 20 Years of Mortality Improvements Using Society of Actuaries Scale BB.

Omitted Years: GASB Statement No. 68 was Implemented During the Year Ended June 30, 2015. No information was Available Prior to this Date.

YOLO COUNTY LOCAL AGENCY FORMATION COMMISSION

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

SCHEDULE OF FUNDING PROGRESS OF THE
OTHER POSTEMPLOYMENT BENEFITS PLAN (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
6/30/2012	$ -	$ 50,000	$ 50,000	0.00%	$148,000	33.78%
6/30/2014		60,000	60,000	0.00%	177,000	33.90%

COMPLIANCE REPORT

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

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 Chair and Members of the
Yolo County Local Agency Formation Commission
Woodland, 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 Yolo County Local Agency Formation Commission (the LAFCO), as of and for the year ended June 30, 2015, 2014, and 2013 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 4, 2016.

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 opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Chair and Members of
Yolo County Local Agency Formation Commission

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

Richardson & Company, LLP

March 4, 2016