

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024 and 2023**

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION  
FINANCIAL STATEMENTS  
JUNE 30, 2024 & 2023**

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# **Mendocino Local Agency Formation Commission Management Discussion & Analysis of Fiscal Years Ending June 30, 2024 & 2023**

## **1 MANAGEMENT DISCUSSION AND ANALYSIS**

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### **1.1 DISCUSSION OF BASIC FINANCIAL STATEMENTS**

Mendocino Local Agency Formation Commission's (LAFCo) primary funding source for its annual budget is mandated by Government Code Section 56381. Section 56381 requires that the costs of LAFCo are to be paid in equal one-third shares by the agencies represented on the Commission; that is, the County pays one-third of the adopted budget, the four Cities pay one-third and the fifty Special Districts pay one-third. LAFCo does not receive its annual income directly; instead, an independent third party, the County Auditor, receives and holds the funds for LAFCo.

LAFCo's General Fund is its primary operating fund; it is used to account for most all transactions of the Commission. When application fees are received, a Project Fund will be developed for the income and expenditures associated with that particular Project.

The Commission also maintains a reserve account for holding funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$35,000 and an operational reserve of 25% of the operational budget (Mendocino LAFCo Policy 5.1.5). Although the Commission did not revise the legal reserve policy, during Fiscal Year 2020/2021, the Commission directed staff to increase legal reserves to \$50,000; direction that has since remained unchanged.

LAFCo has no other specialized funds such as enterprise funds, capital asset funds, debt payment funds, or other similar funds. Because of the size of its budget, the type of income, and the nature of the funding process mandated by Government Code Section 56381 and the keeping of the funds by the County Auditor, LAFCo has historically utilized a modified cash basis of accounting.

### **1.2 COMPARATIVE FINANCIAL INFORMATION**

All services needed by LAFCo, including County services received by LAFCo, must be paid for from LAFCo's budget. This includes such services as staff, legal counsel, GIS, County surveyor, Auditor, (A-87 costs), Assessor and Recorder, engineering services, publications of legal notices, communications, website, insurance, the cost of annual audits, etc. These costs have been reflected in LAFCo's budget since Fiscal Year 2001-2002. Additionally, the costs of the Sphere of Influence/Municipal Service Review process as mandated by G.C. 56425 and 56430 have been reflected in LAFCo's budget.

For several years the Commission relied on excess reserves resulting from underutilized work plan budget to balance the budget, thereby adopting lower apportionment fees. In FY 2021/2022 and 2022/2023, apportionment fees were established at \$265,000 for a balanced annual budget and to meet Commission direction to maintain legal reserves at \$50,000. Apportionment fees were increased to \$275,000 in FY 2023/2024 to accommodate the aggressive work plan.

### 1.3 CONDENSED FINANCIAL INFORMATION

A summation of LAFCo’s financial circumstances is provided in the tables below.

#### 1.3.1 Statement of Net Position and Activities

**Statement of Net Position  
June 30, 2024 & 2023**

Assets	2024	2023
Cash	239,866	237,095
Accounts Receivable	0	110
Total Assets	239,866	237,205
Liabilities	26,587	37,859
Total Net Position	213,278	199,346

**Statement of Activities  
June 30, 2024 & 2023**

	2024	2023
Program Expenses	281,728	227,245
Program Revenues	289,760	280,926
Net Program Income	8,032	53,681
General Revenue	5,900	1,409
Increase in Net Position	13,932	55,089
Net Position-July 1	199,346	144,257
Net Position-June 30	213,278	199,346

### 1.4 LAFCo’s OVERALL FINANCIAL POSITION

The particular financial circumstances of LAFCo are different from most public agencies. LAFCo has no authority to tax, borrow or enter into capital projects. It does have the power to assess fees for applications and services provided. By law, fees can only be the actual, direct costs of providing the service, and cannot be used to fund the operating costs of LAFCo. The primary expenditures for the budget are paid by the participating agencies rather than from fees, taxes or assessments on property. LAFCo has no debt. Its primary monetary assets are its reserve funds. At end of Fiscal Year 2023/2024, general reserve funds were at \$131,818.

## 1.5 ANALYSIS AND TRANSACTIONS OF GENERAL FUND-LAFCO'S BUDGET

Following is the adopted amended budget for Fiscal Year 2023/2024, which was adopted by the Commission on June 5, 2023 (LAFCo Resolution No. 2022-23-12).

### Commission's Adopted Final Budget Fiscal Year 2023-24

Line #	Quick Books Account #	Description	Adopted Fiscal Year 2023/24
<b>Revenue</b>			
1	4000	LAFCo Apportionment Fees	\$ 275,000
2	4030	Application Filing Fees	9,500
3	4800	Miscellaneous	-
4	4910	Interest Income	500
5		<b>Total</b>	<b>\$ 285,000</b>
6		<b>Use of Residual Cash</b>	<b>56,000</b>
7		<b>Total Income</b>	<b>\$ 341,000</b>
<b>Expenses</b>			
8	5300	Contract Services - Office & Staff	133,000
9	5500	Office Rent	7,000
10	5600	Office Expense	4,500
11	5700	Internet & Website Costs	3,000
12	5900	Publication & Legal Notices	3,000
13	6000	Televising Commission Meetings	2,400
14	6100	Audit Services	4,000
15	6200	Bookkeeping	5,500
16	6300	Legal Counsel	30,000
17	6400	A-87 Costs - County Services	2,500
18	6500	Insurance - General Liability	3,000
19	6600	Memberships (CALAFCO/CSDA)	4,000
20	6670	GIS Contract with County	3,000
21	6740	In-County Travel & Stipends	4,000
22	6750	Travel & Lodging	6,500
23	6800	Conferences (Registrations)	4,500
24	7000	Work Plan (MSRs and SOIs)	100,000
25		Miscellaneous (bank charges)	100
26		<b>Total Expenses before Application Fees</b>	<b>\$ 320,000</b>
27	8000	Application Filing Fees	-
		<b>Subtotal</b>	<b>\$ 320,000</b>
		Increase to Reserves per Policy	14,025
		Increase to Workplan Contingency	6,975
		<b>Total Expense</b>	<b>\$ 341,000</b>

## **1.6 ANALYSIS OF SIGNIFICANT BUDGETARY VARIATIONS-UNSPENT FUNDS**

Each year, since the beginning of the budget process under Cortese-Knox-Hertzberg (CKH), there have been unspent funds from the various line items. The Commission through its budget deliberations process has determined that money not spent in one budget year from various line items, is to be used in the next year's budget to increase reserves and as a Fund Balance Carryover to offset the forthcoming year's budget for G.C. 56425 & 56430 mandates.

Additionally, LAFCo Policies dictate maintenance of a reserve account. LAFCo Policy 5.1.5 *Reserves for Fiscal Stability, Cash Flow, and Contingencies* (Resolution No. 2018-19-06) states: *"Mendocino LAFCo will strive to maintain reserves for fiscal stability, unforeseen operating or capital needs, cash flow requirements, revenue source stability from revenue shortfalls, and unanticipated legal fees. The reserves consist of an Operating Reserve of 25 percent of the annual operating budget and a Legal Reserve of \$35,000 and are to be maintained in separate accounts."*

During Fiscal Year 2020/2021, the Commission directed staff to increase legal reserves to \$50,000. Commission direction remains unchanged.

## **1.7 DESCRIPTION OF SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

Except for a provision in CKH that allows the Board of Supervisors to lend temporary operational funds to the Commission, LAFCo has no authority to borrow or to develop capital projects. The Commission has no mortgages, leases, liens, short-term loans, long-term debt, or any other encumbrances. It owns no stocks, bonds, securities or other investments. It has no capital assets or capitalization programs. The Commission does have the authority to pursue grants to assist in its decision making, but has no grants at this time.

## **1.8 DISCUSSION OF SIGNIFICANT CHANGES IN CONDITIONS AND ESTIMATED MAINTENANCE EXPENSES FOR INFRASTRUCTURE ASSETS**

The Commission owns no land, buildings or infrastructure. Other than normal office furniture, filing cabinets, telephone, computer, and printer, the Commission has no physical assets. Paper and electronic records or past actions and activities are maintained in the LAFCo office, and from the date of inception of LAFCo in 1963.

## **1.9 CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

There are no facts, decisions or conditions that are currently known that are expected to significantly alter LAFCo's future financial picture.

## **1.10 ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide LAFCo's participating agencies, members of the public, customers, and other interested parties with an overview of LAFCo's financial results and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact Mendocino LAFCo at 200 South School Street, Ukiah, CA 95482; 707-463-4470.

## 2 INDEPENDENT AUDITOR'S REPORT

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December 1, 2024

Mendocino LAFCO

Ukiah, CA

### INDEPENDENT AUDITOR'S REPORT

#### **Opinions**

We have audited the accompanying financial statements of Mendocino LAFCO as of and for the year-ended June 30, 2024, as listed in the Table of Contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mendocino LAFCO as of June 30, 2024, and the respective changes in financial position, and cash flows where applicable for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 District 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.

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

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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.

#### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and Budget VS. Actual comparison 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 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 principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with managements 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

*PNPCPA*

PnPCPA



### 3 FINANCIAL STATEMENTS

#### 3.1 STATEMENT OF NET POSITION & GOVERNMENTAL FUNDS BALANCE SHEET

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION  
STATEMENT OF NET POSITION  
& GOVERNMENTAL FUNDS BALANCE SHEET  
AS OF JUNE 30, 2024 & 2023**

	General Fund	Adjustments Note 3	Statement of Net Position 2024	General Fund	Adjustments Note 3	Statement of Net Position 2023
<u>Assets</u>						
Cash - Note 2	\$ 239,866	\$ -	\$ 239,866	\$ 237,095	\$ -	\$ 237,095
Accounts Receivable	-	-	-	110	-	\$ 110
<b>Total Assets</b>	<b>\$ 239,866</b>	<b>\$ -</b>	<b>\$ 239,866</b>	<b>\$ 237,205</b>	<b>\$ -</b>	<b>\$ 237,205</b>
<u>Liabilities</u>						
Accounts Payable	21,900	-	21,900	26,044	-	26,044
Fees Received in Advance	4,687	-	4,687	11,815	-	11,815
<b>Total Liabilities</b>	<b>\$ 26,587</b>	<b>\$ -</b>	<b>\$ 26,587</b>	<b>\$ 37,859</b>	<b>\$ -</b>	<b>\$ 37,859</b>
<u>Fund Balance/Net Position</u>						
Fund Balances						
Reserved for Legal	50,000	(50,000)	-	50,000	(50,000)	-
Reserved for Operating Reserve	81,818	(81,818)	-	66,030	(66,030)	-
Unassigned	81,460	(81,460)	-	83,316	(83,316)	-
<b>Total Fund Balance</b>	<b>\$ 213,278</b>	<b>\$ (213,278)</b>	<b>\$ -</b>	<b>\$ 199,346</b>	<b>\$ (199,346)</b>	<b>\$ -</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 239,866</b>	<b>\$ (239,866)</b>	<b>\$ -</b>	<b>\$ 237,205</b>	<b>\$ (237,205)</b>	<b>\$ -</b>
<u>Net Position</u>						
Unrestricted		\$ 213,278	\$ 213,278		\$ 199,346	\$ 199,346
<b>Total Net Position</b>		<b>\$ 213,278</b>	<b>\$ 213,278</b>		<b>\$ 199,346</b>	<b>\$ 199,346</b>

### 3.2 STATEMENT OF ACTIVITIES

**MENDOCINO LOCAL AGENCY FORMATION COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2024 & 2023**

	2024	2023
<u>General Government - Planning</u>		
Insurance-General	2,858	2,800
Memberships	3,802	3,579
Audit Fees	4,000	3,750
Internet and Website Costs	1,932	1,670
Legal Counsel	9,630	10,800
Architect, Engineering and Planning Services	-	-
Professional Services	219,454	159,491
Rent	7,515	6,510
Office Expenses	3,509	3,240
Publication and Legal Notices	2,565	1,295
County Support Services (GIS)	1,707	4,765
Televising Commissioner Meetings	1,516	1,944
Bookkeeping-Financial	5,445	4,455
Professional Fees-Applications	10,593	16,593
Transportation and Travel Out of County	843	1,269
In-County Travel & Stipends	886	757
Miscellaneous Expense	5,474	4,327
Special District Training Support	-	-
	<b>281,728</b>	<b>\$ 227,245</b>
<u>Program Revenues</u>		
Assessments	275,000	265,000
Application Fees & Reimbursements	14,760	15,926
	<b>\$ 289,760</b>	<b>\$ 280,926</b>
Net Program Income	\$ 8,032	\$ 53,681
<u>General Revenues</u>		
Interest Earnings	5,900	1409
	5,900	1409
Increase in Net Position	\$ 13,932	\$ 55,089
Net Position - July 1,	\$ 199,346	\$ 144,257
Net Position - June 30,	\$ 213,278	\$ 199,346

### **3.3 NOTES TO THE FINANCIAL STATEMENTS**

#### **Note 1 – Summary of Significant Accounting Policies**

##### **Organization**

The Mendocino Local Agency Formation Commission's (LAFCo) primary operates under the rules and requirements of the Cortese-Knox-Hertzberg Local Government Act of 2000 (CKH). This act is commonly referred to as CKH or AB 2838. This act is found in the Government Code beginning with Section 56000. However, this part of the Government Code does not comprise of all the requirements of laws that LAFCo must meet. Other elements of the law such as the Public Resources Code, Guidelines to California Environmental Quality Act (CEQA), Revenue and Taxation Code, Election Code, Brown Act, case decisions, state and local policies and the policies and procedures of LAFCo also affect the decision-making responsibilities of LAFCo. However, the primary controlling authority of LAFCo is the Government Code beginning with Section 56000 and LAFCo's policies which implement the law.

##### **Accounting Policies**

The Commission's accounting and reporting policies conform to the generally accepted accounting principles as applicable to state and local governments. The following is a summary of the more significant policies.

##### **Basis of Presentation**

The Statement of Net Position and Statement of Activities display information about the reporting of the Commission as a whole.

The Commission is comprised of only one fund, the General Fund. The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities. The Commission maintains two bank accounts to manage the Fund: a checking account with Savings Bank of Mendocino County and a reserves account with Westamerica Bank in Ukiah, CA. The reserves are set aside for legal and operational contingencies; policies are established for both.

##### **Basis of Accounting**

Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net assets are available, the Commission's policy is to apply restricted net assets first.

In the General Fund Financial Statements, government funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within sixty days after year end. Expenditures are recorded

when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

When an expense is incurred for the purpose for which either committed, assigned or unassigned net assets are available, the Commission's policy is to apply committed or assigned net asset first.

## **Budget**

The Commission is required to adopt an annual budget for the Commission's general operations each fiscal year. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by the Commission. The budget is amended from time-to-time as needed and is approved by the Commissioners with each amendment.

## **Deposits and Investments**

It is the Commission's policy for deposits and investments to either be insured by the FDIC or collateralized. The Commission's deposits and investments are categorized to give an indication of the level of risk assumed by the Commission as of June 30, 2024 and 2023. The categories are described as follows:

- Category 1      Insured, registered or collateralized, with securities held by the entity or its agent in the entity's name.
  
- Category 2      Uninsured and unregistered or collateralized, with securities held by the counter party's trust department or agent in the entity's name.
  
- Category 3      Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity's name.

Deposits and Investments as of June 30, 2024 and 2023 consist of Category 1 type only.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The Commission's deposits are secured as part of an undivided collateral pool covering all public deposits with the financial institution. The market value of the pool must be equal to at least 110% of the total public deposits held by the financial institutions.

## **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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

## **Risk Management**

The Commission is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to contract staff, and natural disasters. The Commission carries

insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverages in the past three years.

### **Equity Classifications – Government-wide Statements**

Equity is classified as net position and displayed as follows:

- a. Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by outstanding liabilities used for acquisition, construction or improvement of these assets.
- b. Unrestricted net position – All other net assets that do not meet the definition of “Investment in capital assets, net of unrelated debt”.

### **Equity Classifications – Fund Statements**

Government fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned or unassigned.

## **Note 2 – Cash**

The Commission maintains an account with Savings Bank of Mendocino County used for issuing checks for the payment of general operating expenses. The County of Mendocino collects the Apportionment Fees from the County, Cities and Special Districts and holds those funds in an account (Treasury) with the County Auditor. When sufficient funds are collected (Apportionment Fees), LAFCo will then transfer funds from the Treasury into the checking account at Savings Bank of Mendocino County. Savings Bank of Mendocino County balances for the fiscal year ended June 30, 2024 and 2023 were \$77,682 and \$75,504, respectively. Cash on deposit in the County of Mendocino’s treasury is a pooled money investment account similar to a money market account. The funds deposited with the County, until transferred, are invested in accordance with Sections 53601 and 53635 of the California Government Code that specify the authorized investments that an investment pool can purchase. Treasury balances for the fiscal year ended June 30, 2024 and 2023 were \$30,365 and \$45,561, respectively.

The County’s investment policy as of July 7, 1997 prohibits the following: reverse repurchase agreements, collateralized mortgage securities, futures or options, lend securities or security with a stated or potential maturity longer than five years. Interest earnings recorded by the Commission for these funds for the fiscal year ended June 30, 2024 and 2023 were \$5,900 and \$1,409, respectively. The County of Mendocino issues a separate comprehensive annual financial report. Copies of the County of Mendocino’s annual financial report may be obtained from the County of Mendocino’s Auditor-Controller’s office, 501 Low Gap Road, Room 1080, Ukiah, CA 95482.

The Commission’s deposits with County Treasury have a risk category of “uncategorized” which represents investments in pools where the Commission’s investments are not evidenced by specific identifiable securities.

The Commission also maintains an account with Westamerica Bank used for holding reserve funds for legal and operational contingencies. Commission policies specify a minimum legal reserve of \$35,000 and an operational reserve of 25% of the operational budget. However, beginning in FY 2020/2021, the Commission continues to direct legal reserves be maintained at \$50,000 in response to increases in

complicated applications and work plan tasks. Reserves balances for the fiscal year ended June 30, 2024 were \$50,000 in legal reserves and \$81,818 in operational reserves.

### **Note 3 – Reconciliation to Statement of Net Position**

There are no differences in the amounts reported for government activities in the Statement of Net Position.

### **Note 4 – Accounts Receivable**

On an accrual basis, revenues are recognized in the fiscal year in which the services are billed.

### **Note 5 – Accounts Payable**

On an accrual basis, expenses are recognized in the fiscal year in which the goods or services are received.

### **Note 6 – Fees Received in Advance**

On an accrual basis, revenues are recognized in the fiscal year in which the services are provided. Some fees are received by the Commission in advance of performing the requested services and are therefore carried as a liability until the work has been completed and the revenues earned.

### **Note 7 – Joint Powers Agreement**

The Commission participates in a joint venture under a joint agreement (JPA) with the Special District Risk Management Authority (SDRMA). The relationship between the Commission and the JPA is such that is not a component unit of the Commission and the JPA is not a component unit of the Commission for financial reporting purposes.

The JPA's purpose is to jointly fund and develop programs to provide comprehensive and economical funding of property, workers compensation and employers liability coverage for bodily injury by accident or by disease, including resulting from death, arising out of and in the course of an employee's employment with the Commission. This program is provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof. Copies of SDRMA annual financial reports may be obtained from their executive office at 1112 I Street #300, Sacramento, CA 95814.

### **Note 8 – Risk Management**

The Commission is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets, errors and omissions; injuries to employees; and natural disasters. During FY 2023-24 the Commission contracted insurance for liability, property, crime damage, and director insurance.

### **Note 9 – Contingencies**

As of June 30, 2024, the Commission had no pending litigation or potential nondisclosed liabilities that management believes would have a material effect on the financial statements.

## **Note 10 – Subsequent Events**

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred that meet the above definition.

## 4 SUPPLEMENTARY INFORMATION

### 4.1 BUDGETARY COMPARISON SCHEDULE-GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024

MENDOCINO LOCAL AGENCY FORMATION COMMISSION BUDGETARY COMPARISONS SCHEDULE - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2024				
	Budgeted	Amounts	Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Beginning Budgetary Fund Balance	\$ 199,346	\$ 199,346	\$ 199,346	\$ 199,346
Resources (Inflows)				
Assessments	\$ 275,000	\$ 275,000	\$ 275,000	-
Fees & Reimbursements	9,500	9,500	14,760	5,260
Miscellaneous	-	-	-	-
Interest Earnings	500	500	5,900	5,400
<b>Total Resources</b>	<b>\$ 285,000</b>	<b>\$ 285,000</b>	<b>\$ 295,659</b>	<b>10,659</b>
Charges (Outflows)				
5300 Basic Services (Contract)	133,000	133,000	133,037	(37)
5500 Office Rent	7,000	7,000	7,515	(515)
5600 Office Expenses	4,500	4,500	3,509	991
5700 Internet and Website Costs	2,500	2,500	1,932	568
5900 Publication & Legal Notices	3,000	3,000	2,565	435
6000 Televising Commission Meetings	2,400	2,400	1,516	884
6100 Audit Services	4,000	4,000	4,000	-
6200 Bookkeeping	5,500	5,500	5,445	55
6300 Legal Counsel	30,000	30,000	9,630	20,370
6400 A-87 Costs-County Services	2,500	2,500	3,440	(940)
6500 Insurance-General	3,000	3,000	2,858	142
6600 Memberships	4,000	4,000	3,802	198
6670 Contract Services-GIS Services	3,000	3,000	1,707	1,293
6740 In-County Travel & Stipends	4,000	4,000	886	3,114
6750 Travel & Lodging	6,500	6,500	843	5,657
6800 Conferences (Registrations)	4,500	4,500	1,950	2,550
7000 Work Plan (MSR and SOI)	100,000	100,000	86,417	13,583
Misc Expenses (bank service charges)	-	-	84	(84)
8000+ Applications and Projects	-	-	10,593	(10,593)
<b>Total Charges</b>	<b>\$ 319,400</b>	<b>\$ 319,400</b>	<b>\$ 281,728</b>	<b>\$ 37,672</b>
<b>Ending Budgetary Net Position</b>	<b>\$ 164,946</b>	<b>\$ 164,946</b>	<b>\$ 213,278</b>	