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AGENDA REPORT
Business | Action

August 4, 2025

TO: Chair Whitburn and Commissioners

FROM: Keene Simonds, Executive Officer
Erica Sellen, Commission Clerk

SUBJECT: **Outside Audit Report on Fiscal Year 2023-2024**

SUMMARY

The San Diego County Local Agency Formation Commission (LAFCO) will receive an outside audit report on the financial statements for fiscal year 2023-2024. The audit was performed by O'Connor & Company (Novato) and concludes all tested transactions were accompanied by sufficient documentation and no material weaknesses were identified. The audited fund balance totals $1.708 million – reflecting a year-end increase of $94,638 – or 5.9% – from the prior fiscal year total of $1.613 million and ties to an operating surplus. The audit report and accompanying management letter are presented to the Commission for formal acceptance and filing and to provide direction to staff on related matters moving forward.

BACKGROUND

Accounting Procedures

San Diego LAFCO's financial transactions are managed by the Executive Officer through accounts maintained with the County of San Diego and San Diego County Credit Union. County accounts serve as the primary depository for the fund balance and are used for most receivable and payable transactions. LAFCO maintains these accounts through a County-issued PeopleSoft license via the Auditor-Controller's Office. An account with the San Diego

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County Credit Union is used separately to cover relatively small and time-sensitive transactions and provides LAFCO access to its own credit line. Transactions within this account are maintained through QuickBooks. Management of all LAFCO accounts throughout the fiscal year has been supported through a contract with Leaf and Cole LLP (San Diego) to provide monthly bookkeeping and reconciliation services.[1]

DISCUSSION

This item is for San Diego LAFCO to receive an outside audit prepared by O'Connor & Company (Novato) on the financial statements prepared by staff for 2023-2024. The audit is part of the prior year work plan and is accompanied by a management letter addressed to the Commission summarizing O'Connor & Company's findings with respect to compliance and internal controls. An outline of key items drawn from the outside audit follows and is further detailed in the management's discussion and analysis section included in the report.

- LAFCO finished June 30, 2024 with a fund balance of $1,707,948, reflecting an increase over the prior fiscal year of $94,638 – or 5.9%. This change results from an operating surplus marked by revenues exceeding budgeted totals and expenses falling short of budgeted totals. The ending fund balance is entirely unrestricted.

- LAFCO finished June 30, 2024 with a net position of ($94), which includes all accrued long-term liabilities and primarily comprising employee retirement costs. This total reflects a decrease from the prior fiscal year's sum of $20,628 and results from increased actuarial liabilities involving retirement costs.

- No adjustments were required during the audit process.

- The management letter notes that the prior recommendation from last year's audit to establish a capitalization policy for right-to-use lease liabilities has been satisfied.

- The management letter makes no new recommendations.

ANALYSIS

The outside audit and accompanying management letter from O'Connor & Company affirmatively attest that San Diego LAFCO's financial statements accurately reflect the Commission's financial position as of June 30, 2024. The audit also attests that LAFCO's accounting practices are sound, with no material weaknesses or omissions identified.

[1] San Diego LAFCO amended its fiscal policies in March 2009 to establish an annual outside audit process. Davis Farr (Irvine) prepared the first outside audit covering 2008-2009 and continued to prepare annual audits through 2017-2018. The Commission transitioned outside auditing services to R.J. Ricciardi (later transitioned to O'Connor & Company) beginning with 2018-2019 under a five-year contract through 2022-2023. A sixth year was added by the Commission to cover 2023-2024.

RECOMMENDATION

It is recommended that San Diego LAFCO formally receive and accept the outside audit and associated management letter for 2023-2024 and provide any direction to staff moving forward. This recommendation is provided as Alternative One in the following section.

ALTERNATIVES FOR ACTION

The following alternatives are available to San Diego LAFCO through a single motion:

Alternative One (recommended):
Accept and file the audit report and accompanying management letter for 2023-2024 with any related direction going forward.

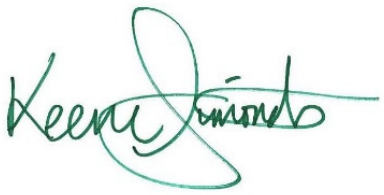
Alternative Two:
Continue the item to the next regular meeting and provide direction to staff for additional information as needed.

PROCEDURES

This item has been placed on the agenda for action as part of San Diego LAFCO's business calendar. The following procedures, accordingly, are recommended.

1) Receive verbal report from staff unless waived.
2) Commission discussion.
3) Consider the staff recommendation.

On behalf of staff,



Keene Simonds
Executive Officer

Attachments:

1) Audit Management Letter
2) Outside Audit for 2023-2024

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SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

BOARD OF COMMISSIONERS & MANAGEMENT REPORT

FOR THE YEAR ENDED
JUNE 30, 2024

O'CONNOR & COMPANY

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O'CONNOR & COMPANY

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To the Board of Commissioners
San Diego Local Agency Formation Commission
San Diego, California

In planning and performing our audit of the basic financial statements of San Diego Local Agency Formation Commission for the fiscal year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of San Diego Local Agency Formation Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist San Diego Local Agency Formation Commission in implementing the recommendations.

This report is intended solely for the information and use of management of San Diego Local Agency Formation Commission and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank San Diego Local Agency Formation Commission's staff for its cooperation during our audit.

O'Connor & Company

O'Connor & Company

Novato, California
June 25, 2025

O'CONNOR & COMPANY

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To the Board of Commissioners
San Diego Local Agency Formation Commission
San Diego, California

We have audited the basic financial statements of San Diego Local Agency Formation Commission for the year ended June 30, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 30, 2024, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the basic financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of San Diego Local Agency Formation Commission. Such considerations were solely for the purpose of determining our audit procedures and not providing any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by San Diego Local Agency Formation Commission are described in Note 2 to the basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered by San Diego Local Agency Formation Commission during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the basic financial statements in a different period than when the transaction occurred.

The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 100 – Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole. The most sensitive estimates affecting the basic financial statements were:

- Accrual and disclosure of compensated absences.
- Capital asset lives and depreciation expense.
- Pension plan and post-employment benefit actuarial assumptions.
- Management's estimate of the Pension Obligation Bonds Payable is based on information provided by the County of San Diego. We evaluated the key factors and assumptions used to develop the Pension Obligation Bonds Payable in determining that it is reasonable in relation to the financial statements taken as a whole.
- Accrual and disclosure of leases.

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were 8 audit adjustments that came to our attention during the audit. These audit adjustments were material, individually or in aggregate, to the financial statements taken as a whole.

Disagreements with Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated June 25, 2025.

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

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

Other Matters
We applied certain limited procedures to the Management's Discussion and Analysis, the Budgetary Comparison Schedule for the General Fund, and the pension and other post-employment benefits information, listed in the table of contents of the basic financial statements, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Current Year Observations

There were no current year observations that came to our attention.

Prior Year Observations

1) New Accounting Standards and Related Policies

Observation:

San Diego Local Agency Formation Commission (the Commission) was required to implement GASB 87 and GASB 96, which became effective for the year ended June 30, 2022, and 2023. These new standards require leases and technology subscription arrangements to be capitalized as intangible assets. In compliance with the new accounting statements the Commission should consider formalizing a capitalization policy for leases like their capitalization policy for capital assets.

Recommendation:

We recommended the Commission consider formalizing a capitalization policy for leases and subscription arrangement liabilities and the right to use assets over $80,000. We also recommend keeping lease terms to month-to-month or annual leases whenever possible.

Status:

This recommendation has been implemented.

SAN DIEGO LOCAL AGENCY FORMATION COMMISSION

SAN DIEGO, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

O'CONNOR & COMPANY

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INDEPENDENT AUDITORS' REPORT

Commissioners
San Diego Local Agency Formation Commission
San Diego, California

Report on the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities and the major fund of the San Diego Local Agency Formation Commission as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise San Diego Local Agency Formation Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of San Diego Local Agency Formation Commission, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 San Diego Local Agency Formation Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Local Agency Formation Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Unites States of America 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 controls.

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 auditing standards generally accepted in the Unites States of America, 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 San Diego Local Agency Formation Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Local Agency Formation Commission's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-6), which follows this report letter, and the other required supplementary information as listed in the 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.

O'Connor & Company

O'Connor & Company

Novato, California
June 25, 2025

This section of San Diego County Local Agency Formation Commission's (LAFCo's or the Commission's) basic financial statements presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2024. We encourage the reader to consider the information presented here in conjunction with the basic financial statements as a whole.

The required financial statements include the Statement of Net Position and Governmental Funds Balance Sheet, and the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of LAFCo.

Financial Highlights

- LAFCo finished June 30, 2024 with a net position of ($94), which includes all pension, post-employment liabilities. This amount represents an overall change of ($20,723) from the prior fiscal year total of $20,629.

Fund Level

- LAFCo finished June 30, 2024 with a total fund balance of $1,707,948. The unassigned portion of the fund balance totaled $1,095,448 with the remainder - $612,500 - dedicated to specified uses as follows:
  - The committed portion of the LAFCo fund balance totaled $550,000 and was dedicated for opportunity and stabilization purposes.
  - The assigned portion of the LAFCo fund balance totaled $62,500 and was dedicated for special legal expenses and/or authorized fee waivers.
- LAFCo's fund balance on June 30, 2024 represents an overall change of $108,369 over the prior fiscal year. This change represents the overall difference between LAFCo's actual operating revenues and actual operating expenses during the fiscal year.

The Basic Financial Statements

The Basic Financial Statements comprise the Combined Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of LAFCo's financial activities and financial position.

The Government-wide Financial Statements provide a longer-term view of LAFCo's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of LAFCo, including all its capital assets and long-term liabilities on a full accrual basis, like that used by corporations. The Statement of Activities provides information about all LAFCo's revenues and all its expenses, also on a fully accrual basis, with the emphasis on measuring net revenues or expenses of LAFCo's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All LAFCo's activities are grouped into Government Activities, as explained below.

The Fund Financial Statements report LAFCo's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of LAFCo's Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

Major Funds account for the major financial activities of LAFCo and are presented individually. Major Funds are explained below.

The Government-wide Financial Statements

Government-wide Financial Statements are prepared on the accrual basis, which means they measure the flow of all economic resources of LAFCo. The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – LAFCo's basic services are governmental activities. These services are supported by specific general revenues from local agencies.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of LAFCo's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Major Funds present the major activities of LAFCo for the year and may change from year to year because of changes in the pattern of LAFCo's activities. In LAFCo's case, there is only one Major Governmental Fund.

Governmental Fund Financial Statements are prepared on a modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented for the General Fund.

Governmental Activities

Table 1
Governmental Net Position

	2024 Governmental Activities	2023 Governmental Activities
Current assets	$ 1,962,140	$ 1,770,011
Right to use assets, net of amortization	878,308	998,077
Total assets	2,840,448	2,768,088
Deferred outflows of resources	865,136	1,150,593
Current liabilities	314,274	156,701
Non-current liabilities	3,133,031	3,391,240
Total liabilities	3,447,305	3,547,941
Deferred inflows of resources	258,373	350,112
Net position		
Net investment in capital assets	(79,493)	(58,500)
Unrestricted	79,399	79,128
Total net position	$ (94)	$ 20,628

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position

	2024 Governmental Activities	2023 Governmental Activities
Expenses		
General government	$ 2,422,383	$ 2,231,836
Total expenses	2,422,383	2,231,836
Revenues		
Program revenues:		
Charges for services	194,596	310,014
Total program revenues	194,596	310,014
General revenues:		
Apportionment	2,033,860	1,804,266
Slate grants	127,075	131,105
Interest income	46,129	37,843
Total general revenues	2,207,064	1,973,214
Total revenues	2,401,660	2,283,228
Change in net position	$ (20,723)	$ 51,392

Overview of Required Financial Statements
LAFCo's financial records are managed by the agency in combination with maintaining accounts with the County of San Diego (primary) and San Diego County Credit Union (secondary) as of June 30, 2024.

- The Statement of Net Position provides an overview of LAFCo's assets (or resources) and liabilities (or obligations).
- The Statement of Revenues, Expenditures and Changes in Net Position summarizes LAFCo's revenues, expenditures, and change in fund balance. The Supplemental Schedules of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual contained in the audit report provides detailed information regarding (a) budgeted revenues and expenses compared to (b) actual revenues and expenses.

Agency Assets
LAFCo's assets and deferred outflows at June 30, 2024 totaled $3,705,584. Current assets, with the expectation they could be readily liquidated, represent 76% of the total amount and are largely tied to cash and investments. Non-current assets make up 24% of the total amount and are tied to the right to use assets and specifically office space lease.

Agency Liabilities
LAFCo's liabilities and deferred inflows at June 30, 2024 totaled $3,705,678. Current liabilities representing obligations owed in the near term represent 8% of the total amount and are largely attributed to covering accounts payable and accrued expenses. Non-current liabilities make up 92% of the total and are predominately tied to LAFCo's pension obligations through the San Diego County Employees' Retirement Association and office space lease liability.

Conditions Affecting Current Financial Position

LAFCo's current economic condition, as it appears on the balance sheet reflects financial stability. The Commission and its Executive Officer will continue to maintain a watchful eye over expenditures and remain committed to sound and transparent fiscal management practices to deliver the highest quality service to the people of San Diego County. This includes utilizing the fund balance to offset and lower local agency apportionments so long as LAFCo maintains a minimum unassigned balance of no less than 33.3% of budgeted operating expenses. There are no known conditions adversely affecting the Commission's current financial condition.

Capital & Right to Use Assets

At June 30, 2024 LAFCo had $-0- in capitalized furniture and equipment. The Commission's capital assets are discussed in detail in Note 4.

At June 30, 2024 LAFCo had $878,308 in capitalized right to use assets consisting of LAFCo office space. The Commission's right to use assets is discussed in detail in Note 5.

Debt Administration

LAFCo made all scheduled repayments of existing debt. Each of LAFCo's debt issues is discussed in detail in Note 7 to the basic financial statements. As of June 30, 2024, LAFCo's debt comprised:

Net pension liability	$	2,057,200
Pension obligation bonds		97,560
Compensated absences		57,999
Other post-employment benefits		22,551
Lease liability		957,801
Total	$	3,193,111

Economic Outlook and Major Initiatives

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

It is anticipated near-term annual workplans will continue to focus LAFCo resources in preparing municipal service reviews and associated sphere of influence updates in the northern and coastal communities in San Diego County.

Contacting LAFCo's Financial Management

The basic financial statements are intended to provide citizens, local funding agencies, and creditors with a general overview of LAFCo's finances and accountability therein. If there are any questions or a need for additional financial information, the LAFCo Executive Officer can be reached at (619) 321-3380 or at San Diego Local Agency Formation Commission, 2550 Fifth Avenue, Suite 725, San Diego, CA 92103.

Additional financial information – including past fiscal year audits – is available online at www.sdlafco.org.

San Diego Local Agency Formation Commission
STATEMENT OF NET POSITION
June 30, 2024

ASSETS	
Cash and investments	$ 1,919,968
Grant receivable	37,882
Accounts receivable	4,290
Total current assets	1,962,140
Noncurrent assets:	
Right to use assets net accumulated amortization	878,308
Total noncurrent assets	878,308
Total assets	2,840,448
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources - pension	855,648
Deferred outflow of resources - OPEB	9,488
Total deferred outflow of resources	865,136
LIABILITIES	
Accounts payable	208,598
Accrued expenses	45,596
Pension obligation bonds	45,000
Compensated absences	15,080
Total current liabilities	314,274
Noncurrent liabilities:	
Lease liability	957,801
Compensated absences	42,919
Pension obligation bonds	52,560
Net OPEB liability	22,551
Net pension liability	2,057,200
Total noncurrent liabilities	3,133,031
Total liabilities	3,447,305
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources - pension	258,373
Deferred inflow of resources - OPEB	-
Total deferred inflow of resources	258,373
NET POSITION	
Net Investment in capital assets	(79,493)
Unrestricted	79,399
Total net position (Deficit)	$ (94)

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

San Diego Local Agency Formation Commission
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:				
General government	$ 2,391,893	$ 194,596	$ 127,075	$ (2,070,222)
Interest	30,490	-	-	(30,490)
Total governmental activities	$ 2,422,383	$ 194,596	$ 127,075	(2,100,712)
General revenues:				
Apportionment				2,033,860
Investment income				46,129
Total general revenues				2,079,989
Change in net position				(20,723)
Net position beginning				20,629
Net position ending (Deficit)				$ (94)

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

San Diego Local Agency Formation Commission
GOVERNMENTAL FUND BALANCE SHEET
June 30, 2024

	General
ASSETS	
Cash and investments	$ 1,919,968
Intergovernmental receivable	37,882
Interest receivable	4,290
Total assets	$ 1,962,140
LIABILITIES	
Accounts payable	$ 208,598
Accrued expenses	45,594
Total liabilities	254,192
FUND BALANCE	
Committed:	
Stabilization	250,000
Opportunity	300,000
Assigned	62,500
Unassigned	1,095,448
Total fund balance	1,707,948
Total liabilities and fund balances	$ 1,962,140

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

San Diego Local Agency Formation Commission
Reconciliation of the
GOVERNMENTAL FUND - BALANCE SHEET
with the Governmental Activities
STATEMENT OF NET POSITION
For the year ended June 30, 2024

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$	1,707,948
Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:		
CAPITAL and RIGHT TO USE ASSETS		
Capital Assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.		-
Right to use leased asset capital outlay expenditures which were capitalized, net of accumulated amortization.		878,308
LONG-TERM ASSETS AND LIABILITIES		
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:		
Deferred outflows		865,136
Deferred inflows		(258,374)
Net pension liability		(2,057,201)
OPEB		(22,551)
Pension obligation bonds		(97,560)
Compensated absences		(57,999)
Lease liability		(957,801)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(94)

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

San Diego Local Agency Formation Commission
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
For the year ended June 30, 2024

	General
Revenues	
Apportionment	$ 2,033,861
Intergovernmental	127,075
Proposal fees	194,596
Investment income	46,129
Total revenues	2,401,661
Expenditures:	
Salaries and benefits	1,319,441
Services and supplies	827,314
Debt service:	
Principal	129,778
Interest	30,490
Total expenditures	2,307,023
Excess (deficiency) of revenues and transfer in over (under) expenditures and transfers out	94,638
Fund balance beginning of period	1,613,310
Fund balance end of period	$ 1,707,948

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

San Diego Local Agency Formation Commission
Reconciliation of the
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
with the
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	94,638
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
CAPITAL ASSETS TRANSACTIONS		
Governmental Funds report right to use assets as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as amortization expense.		
Amortization expense is deducted from the fund balance		(119,769)
ACCRUAL OF NON-CURRENT ITEMS		
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in the governmental funds (net change).		
Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balances because current financial resources have been used. For the Agency as a whole, however, the principal payments reduce the expense in the Statement of Activities. Liabilities in the Statement of Net Position and do not result in an expense in the Statement of Activities.		
Net change in pension liability		49,768
Net change in deferred inflows and outflows		(193,720)
Net change in pension obligation bonds		31,002
Net change in OPEB liability		8,966
Net change in compensated absences		9,616
Net change in lease liability		98,776
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(20,723)

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

NOTE 1 - REPORTING ENTITY

Organization of LAFCo

San Diego Local Agency Formation Commission (LAFCo or the Commission) is a political subdivision of the State of California and responsible for regulating the formation and development of local governmental agencies and municipal service areas under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). This includes timing the establishment, expansion, and reorganization of local government agencies and their public services to meet current and future community needs. LAFCo informs their regulatory powers through various administrative and planning activities with an increasing emphasis on performance measurement. There are currently more than 100 local agencies - cities, towns, and special districts - under LAFCo's oversight in San Diego County.

State Law requires that County Auditors apportion the net operating cost of LAFCos among the membership categories represented on each Commission. Net operating costs for the San Diego LAFCo are apportioned based upon the following formula: two-sevenths to the County of San Diego; one-seventh to the City of San Diego; two-sevenths among the remaining seventeen cities within the County of San Diego; and two-sevenths among independent special districts. Formulas in State Law stipulate how apportionment within the city and special district classes are determined. State Law also authorizes LAFCo to establish a schedule of fees and service charges to recover the reasonable costs of providing the service for which fees are charged.

San Diego Local Agency Formation Commission is an independent agency and its budget is not subject to County approval.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

LAFCo's basic financial statements are prepared in conformity with U.S. generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

B. Basis of Accounting

The *basic financial statements* of the San Diego LAFCo are composed of the following:

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of LAFCo.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a function or segment. Program revenues include charges for services that are restricted to meeting the operational or capital requirements of a particular function or segment. Apportionments, investment income, and other items not properly included among program revenues are reported instead as general revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resource's measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *The basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. On the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as expenditures.

Fund Financial Statements

The fund financial statements provide information about the LAFCo funds. The underlying accounting system of LAFCo is organized and operated based on separate funds, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditure or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how spending activities are controlled.

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. LAFCo uses an availability period of 60 days for all revenues. Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are measurable and available where cash is received from the government.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditure.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

Non-exchange transactions, in which LAFCo gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed.

LAFCo may fund programs with a combination of charges for services and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures.

Governmental Fund Balances
Fund balances are reported in the fund financial statements in the following classifications:

Non-spendable Fund Balance

Non-spendable Fund Balance - this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Spendable Fund Balance

Restricted Fund Balance - this includes amounts that can be spent only for specific purposes stipulated by the constitution, external resource providers, or through enabling legislation. If the Commission action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

Committed Fund Balance - this includes amounts that can be used only for specific purposes determined by formal action of the Commission. It includes legislation (Commission action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Commission action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The Commission considers a resolution to constitute a formal action of the Board of Commissioners for the purposes of establishing committed fund balance.

Assigned Fund Balance - this includes amounts that are designated or expressed by the Commission but does not require formal action like a resolution or ordinance. The Commission has delegated the ability of the Executive Officer to assign up to $125,000, for specific purposes.

Unassigned Fund Balance - this includes the remaining spendable amounts which are not included in one of the other classifications.

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

Fund Balance Flow Assumption - Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). To calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements flow assumption must be made about the order in which the resources are considered to be applied.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (concluded)

It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. The unassigned fund balance is applied last.

Net Position

Net Position is the excess of all LAFCo's assets over all its liabilities, regardless of fund. Net Position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position, which is determined only at the government-wide level, and are described below:

Net investment in capital assets describes the portion of Net Position that is represented by the current net book value of LAFCo's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position that is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions that LAFCo cannot unilaterally alter.

Unrestricted describes the portion of Net Position that is not restricted to use.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as a separate column in the fund financial statements.

The San Diego LAFCo reports the following major governmental fund:

The General Fund is used to account for resources traditionally associated with the organization, which are not required legally or by sound financial management to be accounted for in another fund.

C. Cash and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

D. Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from rental properties. LAFCo did not have any investments subject to the recurring fair value measurements as of June 30, 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets

Capital assets are recorded at cost for purchases of more than $7,500 that have an expected useful life of three years or more. Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The useful life used for depreciation purposes is as follows:

Machinery and equipment	3-10 years
Furniture and fixtures	5-7 years

F. Right to Use Assets

The right to use assets are recorded at the discounted cost, plus additional costs and fees, less incentives, and credits for leases subject to GASB 87 guidance. This asset consists of the right to use office space. The related leases are discussed in the Lease subsection of Note 6. The right to use assets are amortized on a straight-line basis over the terms of the related leases.

G. Lease

LAFCo recognizes the right to use assets and a lease liability in government-wide financial statements.

At the commencement of a lease, LAFCo initially measures the lease liability at the present value of the payments expected to be paid during the lease terms. Subsequently, the lease liability is reduced by the principal portion of lease payments paid. The right to use assets are initially measured as the initial amount of the lease payable, adjusted for lease payments paid at or before the lease commencement date. Subsequently, the right to use asset is amortized on a straight-line basis over the life of the lease term.

Key estimates and judgments include how LAFCo determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- LAFCo uses their incremental borrowing rate of 3.00% to discount leases.
- The lease terms include the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability is composed of annual adjustments in the amount of 3.00% annually.

LAFCo monitors changes in circumstances that would require a remeasurement of its lease and will measure the lease liability and right to use assets if certain changes occur that are expected to significantly affect the amount of the lease receivable.

H. Compensated Absences

Permanent LAFCo employees earn from 10 to 25 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to twice their annual allotment in earned but unused vacation days. Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Pensions

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

GASB No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

J. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported of the San Diego County Employees Retirement Association (SDCERA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. SDCERA audited financial statements are publicly available reports that can be obtained at SDCERA's website under Forms and Publications. Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

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

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. LAFCo reports deferred outflows related to pensions and OPEB in this category and are on the statement of net position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LAFCo reports deferred inflows related to pensions and OPEB in this category.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

L. Estimates

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

M. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the San Diego LAFCo's prior year financial statements, from which this selected financial data was derived. Certain minor reclassifications of prior year data have been made to enhance their comparability with the current year's figures.

N. LAFCo Budget

Pursuant to Section 56381, et seq of the Government Code, LAFCo adopts a proposed budget by May 1 and a final budget by June 15 of each year. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budget/actual comparisons in this report use this budgetary basis. These budgeted amounts are as originally adopted or as amended by LAFCo. Individual amendments were not material in relation to the original appropriations that were amended. Expenditures were under appropriations by $86,984 for the fiscal year ending June 30, 2024.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2024, consisted of the following:

Demand deposits	$	92,858
County of San Diego Investment Pool		1,827,110
Total cash and investments	$	1,919,968

A. Investments Authorized by the San Diego LAFCo's Investment Policy

LAFCo's investment policy authorizes investments in the undermentioned agencies/institutions:

- County of San Diego Investment Pool

B. Disclosures Relating to Interest Rate Risk

The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County of San Diego investment pool has a weighted average maturity of 398 days. For additional information see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at the 1600 Pacific Highway, San Diego, California, 92101.

NOTE 3 - CASH AND INVESTMENTS (concluded)

C. Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The San Diego County Investment Pool was rated AAA by Standards and Poor as of June 30, 2024.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 6/30/23	Additions	Retirements	Balance 6/30/24
Capital assets being depreciated:				
Furniture & equipment	$ 27,102	$ -	$ -	$ 27,102
Total capital assets	27,102	-	-	27,102
Less: accumulated depreciation				
Furniture & equipment	(27,102)	-	-	(27,102)
Total accumulated depreciation	(27,102)	-	-	(27,102)
Total capital assets being depreciated, net	$ -	$ -	$ -	$ -

The depreciation allocation for the general government for the ending June 30, 2024 was $-0-.

NOTE 5 - RIGHT TO USE ASSETS

A summary of the changes in right to use assets follows:

	Balance 6/30/23	Additions	Retirements	Balance 6/30/24
Right to use assets being amortized:				
Office space lease	$ 1,227,635	$ -	$ -	$ 1,227,635
Total right to use assets	1,227,635	-	-	1,227,635
Less: accumulated amortization				
Office space lease	229,558	119,769	-	349,327
Total accumulated amortization	229,558	119,769	-	349,327
Total right to use assets being. amortized, net	$ 998,077	$ (119,769)	$ -	$ 878,308

The amortization allocation for the general government for the year ending June 30, 2024 was $119,769.

NOTE 6 - LEASES

LAFCo entered a non-cancellable operating lease for approximately 3,279 rentable square feet for administrative facilities commencing August 1, 2021. Rental increases by 3.00% annually over the life of the 123-month lease agreement expiring October 31, 2031. The lease liability is measured at an incremental borrowing rate of 3.00%. This rate was determined using the historic 20-year treasury rate as well as current and expected market conditions. The book value of LAFCo's right to use asset for the year ending June 30, 2024 was $878,308, see Note 5 above for detail.

Future minimum rental payments required under the above lease agreement are as follows:

Year End June 30	Principal	Interest	Total
2025	$ 105,770	$ 27,292	$ 133,062
2026	112,976	24,020	136,996
2027	120,402	20,530	140,932
2028	128,419	16,808	145,227
2029	136,713	12,842	149,555
2030	145,259	8,624	153,883
2031	154,431	4,141	158,572
2032	53,831	338	54,169
Total	$ 957,801	$ 114,595	$ 1,072,396

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance 6/30/23	Additions	Deletions	Balance 6/30/24	Current Portion
Pension obligation bond	$ 128,562	$ -	$ 31,002	$ 97,560	$ 45,000
Net pension liability	2,106,969	-	49,769	2,057,200	-
Other Post-Employment Benefits	31,517	-	8,966	22,551	-
Compensated absences	67,615	-	9,616	57,999	15,080
Lease liability	1,056,577	-	98,776	957,801	-
Total	$ 3,391,240	$ -	$ 198,129	$3,193,111	$ 60,080

NOTE 7 - LONG-TERM LIABILITIES (concluded)

The San Diego LAFCo participates in the County of San Diego County Employee Retirement Association's (SDCERA) pension plan as discussed further in Note 9. As such they are liable for a share of the County's Taxable Pension Obligation Bonds (POB). POBs are issued by the County to reduce its pension unfunded actuarial liability and to achieve interest rate savings by issuing bonds at interest rates which are less than the assumed rate of return earned on proceeds placed in the SDCERA pension plan. POBs also have been issued to refund previously issued POB debt. Because current federal tax law restricts the investment of the proceeds of tax-exempt bonds in higher-yielding taxable securities, POBs are issued on a taxable basis. The County of San Diego has issued a total of six series of Pension Obligation Bonds in 2002, 2004 and 2008, with maturities ranging from August 15, 2015, to August 15, 2026. All bonds were issued at variable interest rates ranging from 3.28-6.03%. Additional information on the bonds can be found in the County of San Diego's Comprehensive Annual Financial Report. The LAFCo's proportionate share of the County's total obligation is 0.034%. The amount collected per year for LAFCo fluctuates year to year because it is based on the respective payrolls, which is affected by several factors (i.e. pay raises, new hires, retirees, etc.). This can result in over or under collection from the agency. The County will not bill LAFCo for an under collection or refund LAFCo for an over collection. Whatever is over/under collected for LAFCo per year is applied to the outstanding principal balance so there is the likelihood that principal balance does not conform to the amortization schedule.

The following is a summary of debt service requirements to maturity for LAFCo's Share of the County's Pension Obligation Bonds:

Year Ending June 30	Principal	Interest	Total
2024	$ 45,000	$ 2,253	$ 47,253
2025	43,560	1,193	44,753
2026	9,000	871	9,871
Total	$ 97,560	$ 4,317	$ 101,877

Compensated Absences
LAFCo's policies relating to compensated absences are described in Note 2. This liability, to be paid in future years from the general fund, is $57,999 on June 30, 2024.

NOTE 8 - INSURANCE

Insurance is provided on behalf of LAFCo by the County of San Diego Insurance Policy. LAFCo pays its pro-rata share of insurance costs to the County. For coverage limits see the County of San Diego's Comprehensive Annual Financial Report. This report can be obtained at the Auditor-Controller County of San Diego office located at 1600 Pacific Highway, San Diego, California, 92101. LAFCO also carries commercial insurance coverage for general liability and professional errors and omissions risks of loss.

NOTE 9 - RETIREMENT PLAN

Plan Description
LAFCo employees who work in a permanent position for at least 20 hours each week are eligible to participate in the San Diego County Employees Retirement Association (SDCERA) cost-sharing multiple employers defined benefit pension plan. All eligible LAFCo employees are considered General Members. The plan was established under the County Employees Retirement Law of 1937. A nine-member Board of Retirement oversees the plan for five employers. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

NOTE 9 - RETIREMENT PLAN (continued)

Benefits Provided

SDCERA 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. The Plans' provisions and benefits in effect on June 30, 2024, are summarized as follows:

	General Members			
Hire date	March 8, 2002 to August 28, 2009 (Tier A)	August 28, 2009 to December 31, 2012 (Tier B)	January 1, 2013 to June 30, 2018 (Tier C)	On or after July 1, 2018 (Tier D)
Benefit formula	3.00% @ 60	2.62% @ 62	2.50% @ 67	1.62% @ 65
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-65	50-65	55-67	52-65
Required employee contribution rates	10.63-18.40%	7.66-14.62%	9.19%	6.51%
Required employer contribution rates	44.32%	44.32%	37.66%	35.02%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the SDCERA annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. All members are required to make contributions to SDCERA regardless of the retirement plan in which they are included.

Actuarial Methods and Assumptions used to determine Total Pension Liability

For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was remeasured by revaluing the total pension liability as of June 30, 2022 (before the roll forward) to include the following actuarial assumptions that the Retirement Board has adopted for use in the pension funding valuation as of June 30, 2023 and using this revalued total pension liability in rolling forward the results from June 30, 2022 to June 30, 2023:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Discount Rate	6.50%
Inflation	2.50%
Payroll Growth	3.90% to 10.50%
Investment Rate of Return	6.50%, net of pension plan investment expense, incl. inflation

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.50% as of June 30, 2023 and June 30, 2022, respectively. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included.

NOTE 9 - RETIREMENT PLAN (continued)

Projected employer contributions that are intended to fund the service costs for future members and their beneficiaries, as well as projected contributions from future members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both June 30, 2023, and June 30, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses, are shown in the following two tables. As indicated in the table headings, this information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 and June 30, 2022 actuarial valuations. This information will change every three years based on the actuarial experience study (as it did between the 2022 and 2023 valuations).

June 30, 2023 **Asset Class**	**Target Allocation**	**Long-Term Expected Arithmetic Real Rate of Return**
Large Cap Equity	19.00%	5.40%
Small Cap Equity	3.00%	6.17%
Developed International Equity	15.00%	6.13%
Global Equity	11.50%	6.20%
Emerging Market Equity	5.00%	8.17%
High Yield Bonds	6.40%	2.76%
Bank Loan	0.60%	2.02%
Real Estate	7.40%	4.59%
Private Equity	5.00%	10.83%
Private Credit	1.00%	5.93%
Timberland	0.80%	4.44%
Farmland - Row Crops	0.70%	5.62%
Infrastructure	1.50%	6.02%
Real Estate (Non-Core)	2.60%	7.94%
Intermediate Duration Bonds - Gov't	10.30%	-0.24%
Intermediate Duration Bonds - Credit	10.20%	0.70%
Total	**100.00%**	**4.80%**

1 The investment return assumption for funding purposes is developed net of both investment and administrative expenses; however, the same investment return assumption is used for financial reporting purposes, where it is considered gross of administrative expenses.

NOTE 9 - RETIREMENT PLAN (continued)

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan Net Position. The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan Net Position for each membership class was estimated by adjusting the value of assets for each membership class by the ratio of the total SDCERA Plan Net Position to total SDCERA value of assets.

The NPL is allocated based on actual employer contributions within the membership class.

(1) First calculate the ratio of employer's contributions to the total contributions for the class membership. This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

(2) The liability for Section 415(m) Replacement Benefit Program for each employer is added to the respective employers. San Diego LAFCo does not have a liability in this category.

(3) NPL is equal to NPL in (1) and NPL in (2) above.

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

	Net Pension Liability
Balance at: 6/30/2023	$ 2,057,200

LAFCo's proportionate share of the net pension liability as of June 30, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.037%
Proportion - June 30, 2023	0.037%
Change - Increase (Decrease)	(0.000)%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00 percent) or 1 percentage-point higher (8.00 percent) than the current rate:

	Discount Rate - 1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
Plan's Net Pension Liability	$ 3,172,891	$ 2,057,200	$ 1,147,612

Subsequent Events
There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses
Under GASB 68, deferred inflows and deferred outflows of resources related to pensions are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs.

NOTE 9 - RETIREMENT PLAN (concluded)

The remaining amounts are categorized as deferred inflows and deferred outflows to be recognized in future pension expenses. The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings
All other amounts
5-year straight-line amortization

Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired as of the beginning of the measurement period).

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions
For the measurement period ending June 30, 2023 (the measurement date), LAFCo recognized a pension expense of $450,731 for the Plan.

As of the June 30, 2023 measurement date, LAFCo reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions after measurement date	$ 303,874	$ -
Differences between actual and expected experience	101,994	47,832
Changes in assumptions	230,835	-
Net difference between projected and actual earnings on pension plan investments	153,485	-
Change in proportion and differences between employers contributions and proportionate share of contributions	65,459	210,541
Total	$ 855,647	$ 258,373

$303,875 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources in the previous chart, including the employer-specific item, will be recognized in future pension expense as follows:

Year ended June 30:	Deferred Outflows/Inflows of Resources
2025	$ 108,740
2026	7,403
2027	191,944
2028	(14,687)
Thereafter	-

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description
Effective July 1, 2007, LAFCo commenced contributing to the SDCERA Retiree Health Plan, (SDCERA-RHP) a cost-sharing multiple-employer defined benefit health plan administered by SDCERA. The Retirement Act assigns LAFCo to establish and amend health allowance benefits to the SDCERA Board of Retirement. The retiree health plan provides a non-taxable health insurance allowance to Tier I and Tier II retirees. Health insurance allowances range from $200 per month to $400 per month based on members' service credits. SDCERA issues a publicly available report that includes financial statements and required supplementary information. The SDCERA financial report may be obtained by writing to SDCERA: 227 Rio Bonito Way, Suite 2000, San Diego, California 92108.

Benefits provided.
SDCERA provides Health Insurance Allowance benefits to eligible employees after retirement. All General and Safety Tier I and Tier II members are in the membership classifications eligible for the HIA. The HIA Plan is closed to members in the other Tiers.

Employees Covered
As of the June 30, 2023 measurement date, the following current and former employees were covered by the benefit terms under the HIA:

Active employees	5
Inactive employees or beneficiaries currently receiving benefits	2
Total	7

Contributions
The SDCERA RHP and its contribution requirements are established by the Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between LAFCo and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2024, LAFCo's cash contributions were $9,947.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2024, LAFCo reported a liability of $22,551 for its proportionate share of the collective net OPEB liability.

The collective net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2023. LAFCo's proportion of the collective net OPEB liability was based on a projection of the Commission's share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, LAFCo's proportion was 0.050% percent, which was equal to its proportion measure as of December 31, 2022 (0.050% percent). For the fiscal year ending June 30, 2024, LAFCo recognized OPEB expense of $2,132. As of the fiscal year ended June 30, 2024, LAFCo reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions after measurement date	$ 8,777	$ -
Differences between projected and actual earnings on investments	711	-
Total	$ 9,488	$ -

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (continued)

$8,777 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year ended June 30:	Deferred Outflows/Inflows of Resources
2025	$ 204
2026	111
2027	512
2028	(116)
Thereafter	-

Actuarial Methods and Assumptions
The Total OPEB Liability as of June 30, 2023 and June 30, 2022 was determined by an actuarial valuation as of June 30, 2023 and June 30, 2022, respectively. The actuarial assumptions used in the valuation were based on the results of an experience study for the period from July 1, 2020, through June 30, 2021. They are the same as the assumptions used in June 30, 2023 funding actuarial valuations for SDCERA HIA. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Level Percent of Pay Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.50%
Salary Increases	3.90% to 10.50%
Health Care Trend	7.25% graded to ultimate 4.50% over 8 years.
HIA subsidy increases	0.00%

Discount Rate
The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2023, and 6.50% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included.

Projected employer contributions that are intended to fund the service costs (if any) for future members and their beneficiaries, as well as projected contributions (if any) from future members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of both June 30, 2023, and 2022.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of SDCERA as of June 30, 2023, calculated using the discount rate of 7.00%, as well as what SDCERA's NOL would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50%) or 1 percentage-point higher (7.50%) than the current rate:

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (concluded)

	Healthcare Rate - 1% (5.50%)	Current Healthcare Rate (6.50%)	Healthcare Rate + 1% (7.50%)
Plan's Net OPEB Liability	$ 21,296	$ 22,551	$ 23,828

NOTE 11 - RELATED PARTY TRANSACTIONS

LAFCo reimburses the County for the annual cost of participating in County administered workers' compensation and liability insurance plans, employee benefit programs, and payroll and information technology support services. LAFCo also made lease payments to the County for their operating office space. Total lease payments including lease liability reduction and interest expenses made to San Diego County during fiscal year ended June 30, 2024 were $129,127. LAFCO's lease with the County of San Diego for office space ends in August 2031.

NOTE 12 - CONTINGENCIES

The Commission may be involved from time to time in various claims and litigation arising in the ordinary course of business. LAFCo management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters should not have a material adverse effect on LAFCo's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

San Diego Local Agency Formation Commission
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Required Supplemental Information
Budget and Actual
General Fund (Unaudited)
For the period ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue:				
Apportionment	$ 2,033,861	$ 2,033,861	$ 2,033,861	$ -
State grants	450,000	450,000	127,075	(322,925)
Proposal fees	246,218	246,218	194,596	(51,622)
Investment and other income	15,000	15,000	46,129	31,129
Total revenue	2,745,079	2,745,079	2,401,661	(343,418)
Expenditures:				
Salaries and benefits	1,435,895	1,287,395	1,319,441	(32,046)
Services,supplies and grants	1,275,091	1,423,591	827,314	596,277
Debt service				
Principal	34,093	34,093	129,778	(95,685)
Interest	-	-	30,490	(30,490)
Total expenditures and debt service	2,745,079	2,745,079	2,307,023	438,056
Excess (deficit) of revenue over expenditures	$ -	$ -	94,638	$ 94,638
Fund balance, beginning of period			1,613,310	
Fund balance, end of period			$ 1,707,948	

NOTE 1 - BUDGETARY REPORTING

San Diego LAFCo adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with generally accepted accounting principles (GAAP). The adopted budget can be amended by the San Diego LAFCo to change both appropriations and estimated revenues as unforeseen circumstances come to management's attention. Increases and decreases in revenue and appropriations and transfers between funds require the San Diego LAFCo's approval. However, the Executive Officer may authorize changes within funds. Expenditures may not exceed total appropriations at the individual fund level. It is the practice of the management to review the budget with the Commission on a quarterly basis and, if necessary, recommend changes.

San Diego Local Agency Formation Commission
As of June 30, 2024
Last 10 Years

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.037%	0.037%	0.047%	0.048%	0.042%	0.032%	0.041%	0.039%	0.036%	0.042%
Proportionate share of the net pension liability	$2,057,200	$2,106,969	$1,135,902	$2,305,366	$1,686,072	$1,091,200	$1,501,659	$1,661,381	$1,023,368	$ 893,715
Covered - employee payroll	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984	$ 462,897	$ 411,232	$ 444,346
Proportionate share of the net pension liability as a percentage of covered-employee payroll	357%	357%	160%	343%	274%	245%	296%	359%	249%	201%
Plan fiduciary net position as a percentage of the total pension liability	74.63%	72.19%	87.15%	72.77%	76.0%	78.9%	76.1%	70.9%	78.3%	81.9%

San Diego Local Agency Formation Commission
As of June 30, 2024
Last 10 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending June 30	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 260,965	$ 238,695	$ 293,766	$ 293,416	$ 209,786	$ 172,020	$ 166,680	$ 180,945	$ 135,423	$ 142,703
Contributions in relation to the actuarially determined contributions	(260,965)	(238,695)	(293,766)	(293,416)	(209,786)	(172,020)	(166,680)	(180,945)	(135,423)	(142,703)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll during the fiscal year	$ 637,375	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984	$ 462,897	$ 411,232
Contributions as a percentage of covered-employee payroll	40.94%	35.36%	49.83%	41.39%	31.21%	27.95%	37.48%	35.62%	29.26%	34.70%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

San Diego Local Agency Formation Commission

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the year ended June 30, 2024

Measurement Date	2024	2023	2022	2021	2020	2019	2018
Plan's Proportion of the Net OPEB Liability (Asset)	0.045%	0.042%	0.053%	0.050%	0.050%	0.037%	0.044%
Plan's Proportionate Share of the Net OPEB Liability (Asset)	$ 22,551	$ 31,518	$ 40,240	$ 50,032	$ 56,490	$ 47,526	$ 63,154
Plan's Covered Payroll	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984
Plan's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its Covered Payroll	3.34%	5.35%	5.68%	7.44%	9.18%	10.69%	12.43%
Plan's Proportionate Share of the Fiduciary net Position as a percentage of the Plan's Total OPEB Liability	49.350%	32.73%	31.57%	19.700%	14.73%	10.12%	6.92%

Notes to Schedule:

The schedules present information to illustrate the changes in San Diego LAFCO's net OPEB liability over a ten year period when the information is available. San Diego LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.

San Diego Local Agency Formation Commission
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB
For the year ended June 30, 2024

Measurement Date	2024	2023	2022	2021	2020	2019	2018
Actuarial Determined Contribution	$ 8,777	$ 7,754	$ 7,743	$ 9,946	$ 10,106	$ 7,282	$ 7,256
Contributions in relation to the actuarially determined contribution	(8,777)	(7,754)	(7,743)	(9,946)	(10,106)	(7,282)	(7,256)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 675,005	$ 589,480	$ 708,838	$ 672,154	$ 615,474	$ 444,760	$ 507,984
Contributions as a percentage of covered payroll	1.30%	1.32%	1.09%	1.48%	1.64%	1.64%	1.43%

Notes to Schedule:

The schedules present information to illustrate changes in San Diego LAFCO's contributions over a ten year period when the information is available.

GASB 75 requires this information for plans funding with OPEB trusts to be reported in the employer's Required Supplemental Information for 10 years or as many years as are available upon implementation. The plan was not funded with an OPEB trust prior to June 30, 2018. San Diego LAFCO adopted GASB 75 for the fiscal year ending June 30, 2018.