
MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center ◊ 200 South School Street ◊ Ukiah, California 95482
Telephone: 707-463-4470 Fax: 707-462-2088 E-mail: eo@mendolafco.org Web: www.mendolafco.org

CHAIR

Richard Shoemaker
Russian River Flood Control
And Water Conservation
Improvement District

VICE-CHAIR

John McCowen
County Board
Of Supervisors

MEMBERS

Dan Hamburg
County Board
Of Supervisors

Doug Hammerstrom
Fort Bragg City Council

Holly Madrigal
Willits City Council

Theresa McNerlin
Ukiah Valley Sanitation District

Jerry Ward
Public Member

ALTERNATE MEMBERS

Carre Brown
County Board
Of Supervisors

Kevin Doble
Ukiah City Council

Carol Rosenberg
Public Member

Angela Silver
Calpella County Water District

Executive Officer
George Williamson

Counsel
Scott Browne

Analyst
Colette Metz

Commission Clerk
Elizabeth Salomone

Regular Meetings

Frist Monday
of each month
at 9:00 AM
at the Mendocino
County Board
Of Supervisors Chambers
501 Low Gap Road

A G E N D A

Regular Meeting of Monday, April 6, 2015 9:00 AM
County Board of Supervisors Chambers 501 Low Gap Road, Ukiah, California

Call to Order and Roll Call

REPORT OUT OF CLOSED SESSION HELD MARCH 18, 2015

The Commission held a closed session with its legal counsel pursuant to Government Code Section 54956.9(b) with regard to one case of potential exposure to litigation. .

CONSENT CALENDAR

The following consent items are expected to be routine and non-controversial, and will be acted on by the Commission in a single action without discussion, unless a request is made by a Commissioner or a member of the public for discussion or separate action.

1. Approval of the March 2, 2015 Regular Meeting Summary Minutes
2. Approval of the March 18, 2015 Special Meeting Summary Minutes
3. Approval of February 24 to March 31, 2015 claims
4. Acceptance of the March Monthly Financial Report

PUBLIC EXPRESSION

5. The Commission welcomes participation in the LAFCo meeting. Any person may address the Commission on any subject within the jurisdiction of LAFCo which is not on the agenda. There is a three minute limit and no action will be taken at this meeting.

PRESENTATION

6. Presentation of County-Wide Ambulance Services

MATTERS SET FOR HEARING

7. **Mendocino County Fire Protection Districts (Part 2, Districts) Municipal Service Review (LAFCo File M-2012-06)**
Presentation of the Annotated Final MSR for the fire protection districts listed below. The documents are available for review at www.mendolafco.org, click on 'Studies.' Recommended Action: Approve Final MSR (Part 1).

Potter Valley Community Services District

Redwood Valley-Calpella Fire Protection District

Mendocino Fire Protection District

Albion-Little River Fire Protection District

(OVER)

WORKSHOP

8. Preliminary FY 2015-16 Budget for Commission Review

OTHER MATTERS FOR DISCUSSION & POSSIBLE ACTION

9. Status of Current and Future Projects
10. FY 2012-13 Financial Statements Audit Report

OTHER ITEMS

11. Correspondence
12. Executive Officer's Report
 - Policies and Procedures Update
13. Commissioner Reports, Comments or Questions
14. Legislation Report

ADJOURNMENT

The next Regular Commission Meeting is scheduled for
Monday, May 4 at 9:00 AM
in the County Board of Supervisors Chambers
501 Low Gap Road, Ukiah, California

Notes:

Participation on LAFCo Matters

All persons are invited to testify and submit written comments to the Commission on public hearing items. Any challenge to a LAFCo action in Court may be limited to issues raised at a public hearing or submitted as written comments prior to the close of the public hearing.

Americans with Disabilities Act (ADA) Compliance: If you are a disabled person and need a disability-related modification or accommodation to participate in a meeting, please contact the LAFCo office at 707-463-4470, by e-mail to eo@mendolafco.org, or by FAX to 707-462-2088. Requests must be made as early as possible, and at least two full business days prior to the meeting.

Fair Political Practice Commission (FPPC) Notice: State Law requires that a participant in LAFCo proceedings who has a financial interest in a Commission decision, and who has made a campaign contribution of more than \$250 to any Commissioner in the past 12-months, must disclose the contribution. If you are affected, please notify the Commission prior to the agenda item

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CHAIR

Richard Shoemaker
Russian River Flood Control
And Water Conservation
Improvement District

Agenda Item No. 1

VICE CHAIR

John McCowen
County Board
Of Supervisors

DRAFT SUMMARY MINUTES LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY

Regular Meeting of Monday, March 2, 2015

County Board of Supervisors Chambers
501 Low Gap Road, Ukiah, California

MEMBERS

Dan Hamburg
County Board
Of Supervisors

Call to Order

Vice Chair McCowen called the meeting to order at 9:02am.

Doug Hammerstrom
Fort Bragg City Council

Roll Call

Holly Madrigal
Willits City Council

Members Present:

Commissioners Dan Hamburg, Doug
Hammerstrom, Holly Madrigal, John McCowen,
Theresa McNerlin and Gerald Ward

Theresa McNerlin
Ukiah Valley Sanitation District

Members Absent:

Commissioner Richard Shoemaker

Jerry Ward
Public Member

Alternate Members Present:

Commissioners Kevin Doble, Angela Silver and
Commissioner Rosenberg took Oath and was
immediately seated during meeting.

ALTERNATE MEMBERS

Carre Brown
County Board
Of Supervisors

Alternate Members Absent:

Commissioner Carre Brown

Kevin Doble
Ukiah City Council

Staff Present:

George Williamson, Executive Officer
Colette Metz, Analyst & Elizabeth Salomone, Clerk

Carol Rosenberg
Public Member

Angela Silver
Calpella County Water District

Commissioner McCowen acted as Chair. Commissioner Silver was immediately seated.

Executive Officer
George Williamson

New Appointments

Alternate Public Member interviews were held. Carol Rosenberg and John Sakowicz addressed the Commission.

Counsel
Scott Browne

Upon motion by Commissioner Madrigal and second by Commissioner Hamburg, the appointment of Carol Rosenberg as Alternate Public Member was approved by roll call vote and in accordance with Government Code Section 56325(d):

Analyst
Colette Metz

Commission Clerk
Elizabeth Salomone

Ayes: Commissioners Hamburg, Hammerstrom, Madrigal, McCowen, Silver and Ward

Noes: Commissioner McNerlin

Regular Meetings

Frist Monday
of each month
At 9:00 AM
At the Mendocino
County Board
Of Supervisors Chambers
501 Low Gap Road

The Oath of Office was presented to Carol Rosenberg and she was immediately seated.

Consent Calendar

1. Approval of the Summary minutes of the February 2, 2015 Regular Meeting Summary Minutes
2. Approval of January 27 to February 23, 2015 Claims

Commissioner McCowen suggested an edit to the minutes. Commissioner Ward asked for an update on the Fort Bragg Fire District refund status and George Williamson reported that final word is expected from the Board of Equalization.

Upon motion by Commissioner Madrigal and second by Commissioner Hamburg, the Consent Calendar was approved by roll call vote:

Ayes: Commissioners Hamburg, Hammerstrom, Madrigal, McCowen, McNerlin, Silver and Ward

Public Expression

3. There was no one from the public who indicated an interest in speaking.

Public Hearing

4. Mendocino County Fire Protection Districts (Part 1, 5 Districts) Municipal Service Review (MSR) (LAFCo File M-2012-06)

Hopland Fire Protection District
 Leggett Valley Fire Protection District
 Long Valley Fire Protection District

Covelo Fire Protection District
 Little Lake Fire Protection District

Bruce Baracco presented the Part 1 (5 Districts) MSR, distributing and reviewing last minute edits. He verified the Fire District Chiefs have all reviewed their respective chapters and the MSRs were provided to the Districts in time for their respective Board Meetings.

Comments and questions were offered by Commissioners Ward, Hammerstrom, Madrigal and McCowen.

Mr. Baracco recommended a presentation at the next regular meeting regarding ambulance services and a possible Exclusive Operating Area. Commissioner McCowen suggested the County of Mendocino Executive Office be invited to report.

Staff recommendation is for approval of the Mendocino County Fire Protection Districts (Part 1, 5 Districts) MSR with simultaneous full adoption of all 14 Fire District MSRs scheduled upon completion of the Public Hearings.

Upon motion by Commissioner Ward and second by Commissioner Silver, the Mendocino County Fire Protection Districts (Part 1, 5 Districts) Municipal Service Review was approved by roll call vote:

Ayes: Commissioners Hamburg, Hammerstrom, Madrigal, McCowen, McNerlin, Silver and Ward

Other Matters for Discussion & Possible Action

5. Moore's Annexation to the Irish Beach Water District (A-2009-01, start date 11-12-090)

George Williamson presented the proposed annexation. Comments and questions were offered by Commissioners Madrigal, McCowen, Hamburg, Ward and Hammerstrom.

William Moore addressed the Commission, presenting a handout. Comments and questions were offered by Commissioners Hamburg, McCowen, Hammerstrom, Ward, Madrigal, George Williamson and Bruce Baracco.

The Commission recommends Mr. Moore apply for a building permit for a single family residence on the property and upon approval, the process for an Out of Area Service Agreement with the Irish Beach Water District could begin. The Commission acknowledged the delay Mr. Moore has experienced and expressed intention to take action within the purview of LAFCo.

Vice Chair McCowen called a recess from 10:20am to 10:30am.

6. Monthly Financial Report

George Williamson presented the Monthly Financial Report. Comments and questions were offered by Commissioners Ward, Hammerstrom and McCowen.

Commissioner Ward suggested edits to the spreadsheet, asked for clarification on the UVCC invoice, payment and lease and suggested forgiving the \$8.75 bills for North of Ten Mile Annexation and the Schuster Detachment. The Commission agreed.

Upon motion by Commissioner Ward and second by Commissioner Madrigal, the Monthly Financial Report was accepted by roll call vote:

Ayes: Commissioners Hamburg, Hammerstrom, Madrigal, McCowen, McNerlin, Silver and Ward

The Commission directed staff to include the Monthly Financial Report on the Consent Calendar in future meetings.

7. 2015 Revised Regular Meeting Calendar

The Commission directed Staff to schedule the September Regular Meeting for Monday, September 14th, 2015 at 9:00am in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, California.

8. Status of Current and Future Projects

George Williamson presented the Staff Report regarding the status of projects including the City of Ukiah Sphere of Influence update, City of Ukiah detachment of Ukiah Valley Sanitation District served areas, Irish Beach County Water District detachment, Irish Beach County Water District Annexation, the proposed Russian River Flood Control and Water Conservation Improvement District and the Redwood Valley County Water District annexation/dissolution and the proposed Reorganization of the Elk Community Services District and Elk County Water District.

There were no comments or questions.

Other Items

9. Correspondence

None

10. Executive Officer's Report

Audit Status Update Report. The RFP for FY14/15 and FY15/16 Audits is ready to distribute. Commissioner Ward has a meeting scheduled with current Auditor, Michael Celentano for Wednesday, March 3, 2015.

Policies and Procedures Update. A Planning Committee meeting will be coordinated by George Williamson.

Annual Budget Review. The Amended 2015 Budget and the Preliminary 2016 Budget will be presented at the April 2015 Regular Meeting.

Special Meeting on March 18, 2015. Legal Counsel P. Scott Browne will be presenting at the Special Meeting on March 18, 2015 from 2-5pm. Location to be announced.

Brown Act and Ethics Training on March 19, 2015. Training held in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, California at 9:00am.

11. Commissioners Reports, Comments or Questions – None to report

12. Legislation Report - None to report

Adjournment

There being no further business, at 11:01am the meeting was adjourned to the next regular meeting on Monday, April 6, 2015 at 9:00 AM in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, California.

Respectfully Submitted,

George Williamson
Executive Officer

MENDOCINO

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CHAIR

Richard Shoemaker
Russian River Flood Control
And Water Conservation
Improvement District

Agenda Item No. 2

VICE CHAIR

John McCowen
County Board
Of Supervisors

DRAFT SUMMARY MINUTES LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY

Special Meeting of Monday, March 18, 2015

Ukiah Valley Conference Center, 200 School Street,
Ukiah, California Zinfandel Room

MEMBERS

Dan Hamburg
County Board
Of Supervisors

Call to Order

Chair Shoemaker called the meeting to order at 2:05pm.

Doug Hammerstrom
Fort Bragg City Council

Roll Call

Holly Madrigal
Willits City Council

Members Present:

Commissioners Dan Hamburg (arrived at 2:13pm), Holly Madrigal, Theresa McNerlin, Richard Shoemaker and Gerald Ward

Theresa McNerlin
Ukiah Valley Sanitation District

Members Absent:

Commissioner Doug Hammerstrom and John McCowen (by prearrangement)

Jerry Ward
Public Member

ALTERNATE MEMBERS

Carre Brown
County Board
Of Supervisors

Alternate Members Present:

Commissioners Kevin Doble and Carol Rosenberg

Kevin Doble
Ukiah City Council

Alternate Members Absent:

Commissioner Carre Brown and Angela Silver

Carol Rosenberg
Public Member

Staff Present:

George Williamson, Executive Officer
Scott Browne, Counsel
Elizabeth Salomone, Clerk

Angela Silver
Calpella County Water District

Chair Shoemaker led introductions.

Executive Officer
George Williamson

Public Expression

1. There was no one from the public who indicated an interest in speaking.

Counsel
Scott Browne

Presentations

2. Workshop - LAFCo 101 Presentation

Analyst
Colette Metz

Scott Browne and George Williamson conducted an introduction to LAFCo presentation covering the role of LAFCo, the role of Commissions, MSRs, SOIs, CEQA and many other topics.

Commission Clerk
Elizabeth Salomone

Chair Shoemaker called a break from 2:58 to 3:02pm.

Regular Meetings
First Monday
of each month
At 9:00 AM
At the Mendocino
County Board
Of Supervisors Chambers
501 Low Gap Road

Closed Session

3. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Section 54956.9 subdivision (b): (Number of cases: 1)

At 4:10pm, the Commission entered into closed session conference with legal counsel regarding anticipated litigation. A report will be given by George Williamson at the next regular meeting.

Adjournment

There being no further business, at 4:38pm the meeting was adjourned to the next regular meeting on Monday, April 6, 2015 at 9:00 AM in the County Board of Supervisors Chambers at 501 Low Gap Road, Ukiah, California.

Respectfully Submitted,

George Williamson
Executive Officer

MENDOCINO
Local Agency Formation Commission
Staff Report

DATE: April 6, 2015
 TO: Mendocino Local Agency Formation Commission
 FROM: George Williamson, Executive Officer
 SUBJECT: Claims for the Period February 24 to March 27, 2015

 The following claims are recommended for payment authorization:

Name	Description	Amount
Planwest Partners	Act. #5500 Basics Services – EO/Analyst, SOI Updates & Applications (\$8,497.50) Act. #5302 Basic Services – Clerk (\$2,038.75)	\$ 10,536.25
Ukiah Valley Conf. Center	Acct #s: 5502 Office space: \$ 375.00 5503 Work room: \$ 30.00 5603 Photocopy: \$ 6.20 5605 Postage: \$ 3.84	\$ 415.04 -\$ 10.32 Credit \$ 404.72 Net
P. Scott Brown	Acct #: 6300 Legal Counsel March 15, 2015 flat fee	\$ 500.00
Mendocino Access TV	Act #6000 Televising Commission Meetings No Invoice submitted	\$ 100.00
Angela Silver	Act # 6750 Travel and Lodging Expenses Commissioner Reimbursement for Training	\$ 164.46
Theresa McNerlin	Act # 6750 Travel and Lodging Expenses Commissioner Reimbursement for Training	\$ 181.26
Ukiah Daily Journal	Act #5900 Public Hearing Fire MSR Pt 1, Willits & Ukiah	\$ 156.71
County of Mendocino	Acct # 5900 SOI Updates Invoice 20148-0	\$ 84.99

*subject to adjustment upon receipt of invoice/ petty cash record

Please note that copies of all invoices, bank statements, and petty cash register were forwarded to Commission Treasurer, Jerry Ward for review at time of Agenda Packet distribution.



INVOICE

DATE: March 27, 2015 **INVOICE #:** 15-218-03
TO: Mendocino LAFCo
PROJECT: LAFCo Planning/ Staffing Services & Expense – February 24 to March 27, 2015

February 24 to March 27, 2015 COSTS SUMMARY

Basic Services (includes Clerk Services)	\$5,765.25
Application City of Ukiah SOI Reduction	\$312.00
Application City of Ukiah UVSD Detach	\$156.00
Application Irish Beach WD Detach	\$1,023.00
Application Irish Beach WD Annex	\$1,027.00
Sphere of Influence Updates	\$1,889.00
Other Services	\$364.00
TOTAL AMOUNT DUE	\$10,536.25

Basic Services

Executive Officer, George Williamson	17.50 hours at \$104 per hour	\$1,820.00
Analyst, Colette Metz	10.50 hours at \$78 per hour	\$819.00
Clerk, Elizabeth Salomone	58.25 hours at \$35 per hour	\$2,038.75
GIS Analyst	3.50 hours at \$58 per hour	\$203.00
Assistant Planner	15.25 hours at \$58 per hour	\$884.50

Application - City of Ukiah SOI Reduction

Executive Officer, George Williamson	3.00 hours at \$104 per hour	\$312.00
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Application - City of Ukiah UVSD Detachment

Executive Officer, George Williamson	1.50 hours at \$104 per hour	\$156.00
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Application - Irish Beach Water District Detachment (Deruiter)

Executive Officer, George Williamson	6.00 hours at \$104 per hour	\$624.00
Analyst, Colette Metz	4.00 hours at \$78 per hour	\$312.00
Assistant Planner	1.50 hours at \$58 per hour	\$87.00

Application - Irish Beach Water District Annexation (Moores)

Executive Officer, George Williamson	6.50 hours at \$104 per hour	\$676.00
Analyst, Colette Metz	4.50 hours at \$78 per hour	\$351.00

SOI Updates

Executive Officer, George Williamson	3.00 hours at \$104 per hour	\$312.00
Analyst, Colette Metz	2.00 hours at \$78 per hour	\$156.00
GIS Analyst	6.00 hours at \$58 per hour	\$348.00
Assistant Planner	18.50 hours at \$58 per hour	\$1073.00

Other Services

Executive Officer, George Williamson	3.50 hours at \$104 per hour	\$364.00
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FAX: (707) 825-9181

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Arcata, CA 95518

planners@planwestpartners.com
www.planwestpartners.com

Basic Services/Administration

Prepared and posted Agenda updated website, coordinated meeting preparations, and staffed March 2 meeting. Transcribed and reviewed draft March meeting minutes. Prepared and submitted public hearing notices for April meeting. Prepared and posted Agenda updated website, and prepared and presented LAFCo 101 materials at March 18 special meeting. Participated in closed session with commission and legal counsel, as part of March 18 special meeting. Prepared April meeting agenda and staff reports, including preliminary FY 2015-16 budget for April meeting workshop. Updated report on pending and filed applications. Provided Executive Committee with admin draft of preliminary budget and participated in conference call on budget review, conferred with legal counsel on pending applications and coordinated LAFCo 101 presentations at special meeting, and staffed LAFCo office. Conducted research on potential district reorganizations. Met with Elk CSD/CWD representatives Elk on March 14 to discuss reorganization options.

Applications

City of Ukiah SOI Reduction.

Executive Officer and legal counsel met with Ukiah Community Development Director and City Attorney to discuss CEQA compliance options in light of comments received on the Draft Mitigated Negative Declaration. Solicited bids for subsequent CEQA work.

Irish Beach Water District – Proposed Detachment (Deruiter)

Met with IBWD Board of Directors and manager on March 14 to discuss proposed detachment. Conferred with hydrologist on water supply issues related to detachment. Provided County staff correspondence on LAFCo processing of proposed detachment and Conferred with applicant's representative regarding effect of detachment on CDP Issuance. Reviewed materials and researched groundwater supply information. Updated mapping of proposed detachment and IBWD water supply and storage facilities.

Irish Beach Water District – Proposed Annexation (Moores)

Prepared staff report and supporting information for holding annexation application processing until County general plan/local coastal plan amendments processed. Cited services extension beyond county urban boundary and resource land designations as basis for holding annexation processing. Presented report at March 2 meeting Met with IBWD Board of Directors and manager on March 14 to discuss proposed annexation. At applicants request scheduled meeting with Coastal Commission and County Planning staff to discuss coordination of application preparation. Conducted followup site tour on March 14.

City of Ukiah Detachment of UVSD lands within City Boundary Application

Reviewed application materials and analyzed proposed detachment.

Sphere of Influence Updates/ Municipal Service Reviews

Prepared Admin Draft SOI Updates for Round Valley and Westport CWD's. Continued preparations for Pacific Reefs, Irish Beach, Caspar South, Westport, and Elk CWD SOI s. Started preparation of maps and figures for Laytonville Water District SOI report. Incorporated information provided by Willow and Calpella WD's in SOI Update.

Other Services

Compiled claims for commissioner review and approval at April meeting. Prepared budget tracking and quickbooks accounting/checks for April 2015 meeting.

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: April 6, 2015
TO: Mendocino Local Agency Formation Commission
FROM: George Williamson, Executive Officer
SUBJECT: Monthly Financial Report

Revenues:

Revenues received in the past month:

- \$20.60 from member of public for cost of MSR photocopy

Expenses:

Attached is the updated budget track form including budget items, account numbers and amounts through March 27, 2015.

Petty Cash:

Petty cash expenses are listed below. A copy of the petty cash register is provided to Commissioner Ward, Treasurer, at time of Agenda Packet distribution.

Acct #5601 Office Supplies	
3/16/15 Staples	\$30.48
3/16/15 Penny's Trophy for name plate	<u>\$10.81</u>
	\$41.29

Attachments: Budget Track Spreadsheet

Mendocino LAFCo
FY 2014-15 Budget Track

Task	Account #s	FY 14-15 Budget/Depts	Jan.	Feb.	March	Year to Date	Remaining Budget
Contract Services - Basic Services		\$55,000.00	\$5,451.00	\$6,317.25	\$5,765.25	\$43,389.50	
Basic Services - EO/Analyst/GIS	5500	\$37,500.00	\$4,156.00	\$4,943.50	\$3,726.50	\$30,457.00	\$7,043.00
Basic Services - Clerk	5500	\$17,500.00	\$1,295.00	\$1,373.75	\$2,038.75	\$12,932.50	\$4,567.50
Other Expenses		\$46,235.00	\$2,627.00	\$2,263.00	\$1,955.89	\$20,371.68	
Rent	5501-5503	\$6,100.00	\$405.00	\$405.00	\$405.00	\$4,140.00	\$1,960.00
Office Expenses	5600-5607	\$3,100.00	\$172.00	\$150.00	\$0.00	\$1,043.71	\$2,056.29
Internet & Website Costs	5700-5703	\$920.00		\$0.00		\$960.00	-\$40.00
Publication & Legal Notices	5900	\$1,950.00		\$0.00	\$241.17	\$1,825.61	\$124.39
Televising Meetings	6000	\$1,760.00	\$1,030.00	\$250.00	\$100.00	\$1,380.00	\$380.00
Audit Services	6100	\$3,000.00		\$0.00		\$0.00	\$3,000.00
Bookkeeping (Other)	6200-6203	\$4,100.00	\$520.00	\$364.00	\$364.00	\$2,426.50	\$1,673.50
Legal Counsel (S Browne)	6300	\$6,000.00	\$500.00	\$500.00	\$500.00	\$3,500.00	\$2,500.00
A-87 Insurance Costs	6400	\$6,000.00		\$0.00		\$0.00	\$6,000.00
Insurance General Liability	6500	\$1,050.00		\$0.00		\$974.12	\$75.88
Memberships (CALAFCO/CSDA)	6600	\$1,755.00		\$0.00		\$1,850.00	-\$95.00
In-County Travel	6740	\$1,500.00		\$0.00		\$0.00	\$1,500.00
Travel & Lodging Expenses	6750	\$6,000.00		\$0.00	\$345.72	\$1,250.64	\$4,749.36
Conferences (CALAFCO)	6800	\$3,000.00	\$0.00	\$594.00		\$1,021.10	\$1,978.90
MSR & SOI Updates		\$34,000.00	\$4,978.00	\$5,894.00	\$1,889.00	\$21,700.00	
MSR Reviews - Admin	7001	\$5,000.00				\$60.00	\$4,940.00
SOI Updates	7501	\$29,000.00	\$4,978.00	\$5,894.00	\$1,889.00	\$21,640.00	\$7,360.00
Applications with/needingedeposits		\$25,358.81	\$1,810.00	\$2,236.00	\$2,518.00	\$10,772.25	
City of Ukiah SOI Reduction	8008	\$3,000.00	\$208.00	\$156.00	\$312.00	\$2,731.75	\$268.25
Irish Beach Moores Annex	8001	\$3,906.44	\$1,342.00	\$1,534.00	\$1,027.00	\$4,517.00	-\$610.56
Irish Beach Detachment	8009	\$4,500.00	\$104.00	\$442.00	\$1,023.00	\$2,310.00	\$2,190.00
City of Ukiah UVSD detach	8010	\$4,000.00	\$156.00	\$0.00	\$156.00	\$1,092.00	\$2,908.00
FY 2013-14 MSR Finalization		\$14,000 + Expenses					
Barraco & Associates	7000	\$14,000.00		\$5,500.00		\$7,700.00	\$6,300.00
FY 2013-14 Final MSR Exp.	7000					\$180.00	

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: April 6, 2015
TO: Mendocino Local Agency Formation Commission
FROM: George Williamson, Executive Officer
SUBJECT: Presentation of County-Wide Ambulance Services

Attachment: Submission from Chief James E. Little of the Long Valley Fire Protection District

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: April 6, 2015
TO: Mendocino Local Agency Formation Commission
FROM: George Williamson, Executive Officer
SUBJECT: Public Hearing for the Mendocino County Fire Protection Districts
(Part 2, 4 Districts) Municipal Service Review (LAFCo File M-2012-06)

This is a public hearing for which notices were posted and published on March 12, 2015 for the Mendocino County Fire Protection Districts Municipal Service Review (MSR) as required by Mendocino LAFCo Policies and Procedures Chapter IV, Section B.

The Commission will receive annotated final MSRs specific to the following fire protection districts (Part 2):

**Potter Valley Community Services District
Redwood Valley-Calpella Fire Protection District**

**Mendocino Fire Protection District – Continued to May 4
Albion-Little River Fire Protection District – Continued to May 4**

The purpose of the public hearing today is to: hear further presentation from LAFCo staff; entertain comments and questions; and following completion of the hearing, consider a motion to approve the final MSR for the aforementioned districts.

Copies of the public review draft MSR sections were distributed to Commissioners, the Fire Districts, posted on the LAFCo website and available for review at the LAFCo office and the Mendocino County Main Library in Ukiah. Documents were prepared by Baracco & Associates.

A Public hearing is also scheduled to be held on May 4th for Part 3 (Comptche, Elk, Piercy, South Coast, and Westport).

Commissioners – please bring your copy of the MSR to the meeting.

Attached: Proof of Publication

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: April 6, 2015
TO: Mendocino Local Agency Formation Commission
FROM: George Williamson, Executive Officer
SUBJECT: Workshop on Preliminary Budget Fiscal Year 2015/16

Attached as the Preliminary Budget for Fiscal Year 2015/16 beginning on July 1, 2015. This is a workshop item for Commission review and direction to staff.

Subsequent to this review, the proposed budget will be on the May 4, 2015 meeting agenda as a public hearing item. Subsequent to Commission review and approval, the proposed budget will be distributed to the County, the four Cities, and 50 Independent Special Districts. A public hearing to adopt the budget will be held June 1 2015. The Executive Committee met by conference call on February 25, 2015 to review a administrative draft Preliminary Budget for Fiscal Year 2015/16 and make comments.

Key considerations for the Workshop:

- Contract services are proposed to be increased by 7%, for staff to expend additional time in the coming year working with cities and special districts, and respond to a steadily growing number of inquiries;
- Other Expenses are proposed to be reduced by 9% due to costs savings on several line items. All line items with adjusted amounts are noted in bold numbers.
- The net effect of the two budget adjustments noted above is a budget decrease;
- MSR and SOI Update budget amount remains the same;
- A Special District Training Support line item is added to the budget. This would allow LAFCo to provide training and support materials, primarily through CSDA to member organizations;
- The Unreserved/ Unrestricted Fund Balance is estimated at \$166,805.18;
- LAFCo Legal Counsel recommends that a reserve of at least \$100,000 be maintained.
- Maintaining this reserve would still allow LAFCo to make a one time 72% reduction of member agency contributions to \$97,000 as shown in Revenues Account # 49000-4030.

Attachment Preliminary Fiscal Year 2015/16Budget

**Mendocino LAFCo
Preliminary FY 2015-16 Budget**

Task	Account #s	FY 14-15 Budget	FY 14-15 to date	Projected Year End FY 14-15	Prelim 2015-16 Budget
Revenues 1					\$147,128.00
Member agency contributions	4000-4030	\$135,000.00	\$135,000.00	\$135,000.00	\$97,000.00
Interest Income	4910	\$500.00	\$100.00	\$500.00	\$128.00
Expenses					\$147,128.00
Contract Services - Basic Services		\$55,000.00	\$43,389.50	\$55,000.00	\$59,000.00
Basic Services - EO/Analyst/GIS	5500	\$37,500.00	\$30,457.00	\$37,500.00	\$40,000.00
Basic Services - Clerk	5500	\$17,500.00	\$12,932.50	\$17,500.00	\$19,000.00
Other Expenses		\$46,235.00	\$18,191.68	\$38,145.00	\$42,128.00
Rent	5501-5503	\$6,100.00	\$4,140.00	\$6,000.00	\$4,860.00
Office Expenses	5600-5607	\$3,100.00	\$721.71	\$2,800.00	\$2,800.00
Internet & Website Costs	5700-5703	\$920.00	\$960.00	\$920.00	\$1,056.00
Publication & Legal Notices	5900	\$1,950.00	\$1,825.61	\$3,100.00	\$3,100.00
Televising Meetings	6000	\$1,760.00	\$1,000.00	\$1,920.00	\$2,112.00
Audit Services	6100	\$3,000.00	\$0.00	\$3,000.00	\$5,000.00
Bookkeeping (Other)	6200-6203	\$4,100.00	\$1,542.50	\$4,100.00	\$4,100.00
Legal Counsel (S Browne)	6300	\$6,000.00	\$3,500.00	\$6,000.00	\$6,000.00
A-87 Insurance Costs (DISCONTINUED)	6400	\$6,000.00	\$0.00	\$1,000.00	\$0.00
Insurance General Liability	6500	\$1,050.00	\$974.12	\$1,050.00	\$1,200.00
Memberships (CALAFCO/CSDA)	6600	\$1,755.00	\$1,850.00	\$1,755.00	\$2,100.00
In-County Travel (STIPENDS PROPOSED)	6740	\$1,500.00	\$0.00	\$1,500.00	\$1,800.00
Travel & Lodging Expenses	6750	\$6,000.00	\$1,250.64	\$2,000.00	\$5,000.00
Conferences (CALAFCO)	6800	\$3,000.00	\$427.10	\$3,000.00	\$3,000.00
MSR & SOI Updates		\$34,000.00	\$10,828.00	\$34,000.00	\$34,000.00
MSR Reviews - Admin	7001	\$5,000.00	\$60.00	\$5,000.00	\$5,000.00
SOI Updates	7501	\$29,000.00	\$10,768.00	\$29,000.00	\$29,000.00
Applications with deposits		\$33,858.81	\$8,958.25	\$33,858.81	\$33,858.81
City of Ukiah SOI Reduction	8008	\$3,000.00	\$2,679.75	\$3,000.00	\$3,000.00
Ukiah City/Valley San Dist Detach	8002	\$11,000.00	\$0.00	\$11,000.00	\$11,000.00
Irish Beach Moores Annex	8001	\$3,906.44	\$2,564.00	\$3,906.44	\$3,906.44
Irish Beach Detachment	8009	\$4,500.00	\$2,605.00	\$4,500.00	\$4,500.00
City of Ukiah UVSD detach	8010	\$4,000.00	\$1,092.00	\$4,000.00	\$4,000.00
MONTHLY TOTAL			\$89,871.43		
YEAR TOTAL		\$183,093.81		\$175,003.81	\$168,986.81
Special District Training Support 2					\$12,000.00

Unreserved/Unrestricted Fund Balance		FY 2014-2015	FY 2015-2016
Savings Bank Mendo Co.		\$83,176.86	
Lk Mendo CU		\$84,029.84	
County Auditor		-\$401.52	
Total		\$166,805.18	

- 1 Projected Revenues include \$39,328 from Unreserved/Unrestricted Fund Balance
2 Special District Training Support proposed to be funded from Unreserved/Unrestricted Fund Balance

**MENDOCINO
Local Agency Formation Commission**

Staff Report

DATE: April 6, 2015
TO: Mendocino Local Agency Formation Commission
FROM: George Williamson, Executive Officer
SUBJECT: Status of Current and Future Projects

Following is a summary of active and future proposals.

Active Proposals

There are currently four (4) active applications on file with the Commission, as follows.

-City of Ukiah Sphere of Influence Update

The City of Ukiah has submitted an application for a SOI reduction to conform to the SOI delineated in the City's 1995 General Plan and in the Ukiah Valley Area Plan.

City of Ukiah SOI Reduction. Executive Officer and legal counsel met with Ukiah Community Development Director and City Attorney to discuss CEQA compliance options in light of comments received on the Draft Mitigated Negative Declaration. Solicited bids for subsequent CEQA work.

-City of Ukiah Detachment of Ukiah Valley Sanitation District (UVSD) Served Areas

The City of Ukiah has submitted a proposal, by resolution of application, for detachment of approximately 1,304 parcels located within the UVSD service area. The application was received on November 18, 2014. City staff is preparing additional information, including a Plan for Services and Property Tax Exchange Agreement, needed for application completion and processing.

-Irish Beach County Water District Detachment

The application proposes detaching 60 acres of land designated as rangeland in the Mendocino County General Plan from the Irish Beach Water District (IBWD). The detachment would create an island separating several other parcels from the District. LAFCo staff has been coordinating with the applicant's representative to consider options for negotiating an agreement detaching Mr. De Ruiter's parcel from the IBWD and/or waiving permit condition 11 (in CDP 8-2014), allowing him to pull his building permit and start construction immediately while LAFCO continues its work on

Mr. De Ruiter's proposal for detachment from the IBWD. Staff met with IBWD Board of Directors and manager on March 14 to discuss proposed detachment. Conferred with hydrologist on water supply issues related to detachment. Provided County staff correspondence on LAFCo processing of proposed detachment and Conferred with applicant's representative regarding effect of detachment on CDP Issuance. Reviewed materials and researched groundwater supply information. Updated mapping of proposed detachment and IBWD water supply and storage facilities.

-Irish Beach County Water District Annexation

LAFCo staff requested an updated application filing and indemnification from applicant due to the length of time since original application was filed in 2009. The proposed annexation area consists of two (2) vacant parcels totaling 17 acres located within the SOI of the IBWD. The annexation area is also located within the Coastal Zone, and outside the County Urban Services Boundary. LAFCo staff has been coordinating with the IBWD and County Planning regarding annexation timing and review. Prepared staff report and supporting information for holding annexation application processing until County general plan/local coastal plan amendments processed. Cited services extension beyond county urban boundary and resource land designations as basis for holding annexation processing. Presented report at March 2 meeting Met with IBWD Board of Directors and manager on March 14 to discuss proposed annexation. At applicants request scheduled meeting with Coastal Commission and County Planning staff to discuss coordination of application preparation. Conducted followup site tour on March 14.

Future Proposals

There is a potential new proposal that may be submitted to the Commission in the near future based on discussions with proponents. A summary of the anticipated proposal follows.

-Consolidation of the Russian River Flood Control and Water Conservation Improvement District (RRFC) and the Redwood Valley County Water District (RVCWD)

No contact this period.

-Reorganization of the Elk Community Services District and the Elk County Water District

Met with Elk CSD/CWD representatives Elk on March 14 to discuss reorganization options.

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2013 & 2012

MICHAEL A. CELENTANO
Certified Public Accountant
367 N State Street, Suite 209
Ukiah, CA 95482

To the Management and
the Board of Commissioners of
Local Agency Formation Commission of Mendocino County

In planning and performing my audit of the financial statements of the governmental activities of Local Agency Formation Commission of Mendocino County as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, I considered Local Agency Formation Commission of Mendocino County's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, I do not express an opinion on the effectiveness of the Commission's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiencies in Local Agency Formation Commission of Mendocino County internal control to be significant:

Improve Financial Records

I believe that, at present, the Commission does not maintain an adequate set of financial records. Cash receipts and disbursements are recorded by the County; however, such transactions are not summarized in a general ledger, nor are all transactions recorded in the general ledger. Such a system does not permit the preparation of accurate and reliable financial statements. The importance of a good accounting system cannot be over emphasized. Without adequate financial records, management is basing its decisions on incomplete and/or inaccurate information during the year, and excessive time is spent at year end in preparing and auditing the financial statements. Also the Commission did not procure an auditor in a timely manner

District Structure

The size of the Commission's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Commissioners remain involved in the financial affairs of the Commission to provide oversight and independent review functions.

This communication is intended solely for the information and use of management, Board of Commissioners, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Michael A Celentano
Certified Public Accountant
March 24, 2015

MICHAEL A. CELENTANO
Certified Public Accountant
367 N State Street, Suite 209
Ukiah, CA 95482

March 24, 2015

To the Management and
the Board of Commissioners of
Local Agency Formation Commission of Mendocino County

I have audited the financial statements of the governmental activities for the year ended June 30, 2013. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated March 24, 2015. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Local Agency Formation Commission of Mendocino County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

There were no significant estimates affecting the financial statements for the current year.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Misstatements

Professional standards require me 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's 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 or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter dated March 24, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael A. Celentano". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael A Celentano
Certified Public Accountant

**LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2013 & 2012**

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MICHAEL A. CELENTANO
Certified Public Accountant
367 N State Street, Suite 209
Ukiah, CA 95482

Board of Commissioners
Local Agency Formation
Commission of Mendocino County
Ukiah, CA 95482

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities of the Local Agency Formation Commission of Mendocino County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Local Agency Formation Commission of Mendocino County as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-4 and page 13 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.



Michael A Celentano
Certified Public Accountant

March 24, 2015

**Mendocino Local Agency Formation Commission
Management Discussion & Analysis of
Fiscal Years Ending June 30, 2013 & 2012**

1. Discussion of Basic Financial Statements

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

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

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

2. Comparative Financial Information

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

For the past five years the one-third apportionment costs to the County, Cities, and Special Districts have changed as follows: for Fiscal Year 2008-2009, the apportionment amount was \$65,092; for Fiscal Year 2009-2010, the apportionment amount was \$65,067; for Fiscal Year 2010-2011 the amount was reduced to \$55,301; for Fiscal Year 2011-2012, the apportionment amount was further reduced to \$45,000. For Fiscal Year 2013-2012, the apportionment amount remained at \$45,000.

3. Condensed Financial Information

A summation of LAFCo's financial circumstances is provided in the below tables:

Statement of Net Position		
June 30, 2013 & 2012		
Assets	2013	2012
Cash	198,109	187,603
Total Assets	198,715	190,643
Liabilities	13,091	7,485
Total Net Position	185,624	183,158
Statement of Activities		
June 30, 2013 & 2012		
	2013	2012
Program Expenses	133,246	95,654
Program Revenues	135,000	138,018
Net Program Income	1,754	42,364
General Revenue	712	1,178
Increase in Net Position	2,466	43,542
Net Position-July 1	183,158	139,615
Net Position-June 30	185,624	183,158

4. LAFCo's Overall Financial Position

The particular financial circumstances of LAFCo are different from most public agencies. LAFCo has no authority to tax, borrow or enter into capital projects. It does have the power to assess fees for applications and services provided. By law, fees can only be the actual, direct costs of providing the service, and cannot be used to fund the operating costs of LAFCo. The primary expenditures for the budget are paid by the participating agencies rather than from fees, taxes or assessments on property. LAFCo has no debt. Its primary monetary assets are its reserve funds. For Fiscal Year 2013-2012, reserve funds were as follows: General Reserves of \$145,624, Municipal Service Review Reserves of \$20,000, and Legal Reserves of \$20,000.

5. Analysis and Transactions of General Fund-LAFCo's Budget

Following is the adopted budget for Fiscal Year 2013-2012, which was adopted by the Commission in May 2012 and reviewed and updated in December 2012.

Commission's Final Budget Fiscal Year 2012-2013			
	County		Fiscal Year
Line #	Account #	Description	2012/2013
Revenue			
1	862390	LAFCo Apportionment Fees	135,000.00
2	826390	Application Filing Revenue	25,000.00
3	824100	Interest Income	500.00
4		Total Income	160,500.00
Expenses			
10	862189	Contract Services - Office & Staff	61,250.00
11		Office Rent	6,000.00
12		Office Equipment	4,000.00
13	862181	Audit Services	3,000.00
14	862239	Contract Services - Financial	3,000.00
15	862183	Legal Counsel	4,000.00
16	862194	A-87 Costs - County Services	5,000.00
17	862101	Insurance - General Liability	2,200.00
18	862182	Website	2,000.00
19	862060	District Election Postage	-
20	862150	CALAFCO Membership	775.00
21	862150	CSDA Membership	900.00
22	862250	Commissioner Travel - In County	500.00
23	862253	Commissioner Travel - Out of County	3,000.00
24	862239	Miscellaneous	3,000.00
25	862239	Commission Training	-
26	862189	SOI/MSR Process & Mandates	40,000.00
27	862190	Publication & Legal Notices	1,000.00
28	860011	General Reserve	-
29		Total Apportionment Expenses	139,625.00
30	862184	Application Filing Expenses	25,000.00
31		Total Expenses	164,625.00
30		Net	(4,125.00)
Fund Balance			
31		Legal Reserves	20,000.00
32		Service Review Reserves	20,000.00
33		General Reserves	72,835.00
34		Allocated Reserves	35,333.00
35		Total Fund Balance	148,168.00

6. Analysis of Significant Budgetary Variations-Unspent Funds

LAFCo policy (Chapter III, Section O, Item 7 of the Policy & Procedures) states: *“The annual budget will include a fund set by the Commission for the purpose of funding sphere updates or sphere reviews, service reviews and special studies and any tasks, consultants, special staff, or CEQA review associated with this process. This fund may be carried over from year-to-year for purposes of accumulating sufficient reserves to accomplish the indicated tasks. Excess funds not used as budgeted shall accumulate to this reserve.”*

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

7. Description of Significant Capital Assets and Long-term Debt Activity

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

8. Discussion of Significant Changes in Conditions and Estimated Maintenance Expenses for Infrastructure Assets

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

9. Currently Known Facts, Decisions or Conditions

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

10. Additional Financial Information

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

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF NET POSITION & GOVERNMENTAL FUNDS BALANCE SHEET
AS OF JUNE 30, 2013 & 2012

<u>Assets</u>	General Fund	Adjustments Note 3	Statement of Net Position 2013	Statement of Net Position 2012
Cash - Note 2	\$ 198,109	\$ -	\$ 198,109	\$ 187,603
Accounts Receivable	606	-	606	3,040
Total Assets	\$ 198,715	\$ -	\$ 198,715	\$ 190,643
 <u>Liabilities</u>				
Accounts Payable	2,239	-	2,239	7,485
Fees Received in Advance	10,852	-	10,852	-
Total Liabilities	\$ 13,091	\$ -	\$ 13,091	\$ 7,485
 <u>Fund Balance/Net Position</u>				
Fund Balances				
Reserved for Legal	20,000	(20,000)	-	-
Reserved for Municipal Service Reviews	20,000	(20,000)	-	-
Unassigned	145,624	(145,624)	-	-
Total Fund Balance	\$ 185,624	\$ (185,624)	\$ -	\$ -
Total Liabilities & Fund Balances	\$ 198,715	\$ (185,624)	\$ -	\$ -
 <u>Net Position</u>				
Unrestricted		\$ 185,624	\$ 185,624	\$ 183,158
Total Net Position		\$ 185,624	\$ 185,624	\$ 183,158

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 & 2012

	2013	2012
<u>General Government - Planning</u>		
Insurance-General	\$ 1,022	\$ 1,908
Memberships	1,676	725
Audit Fees	3,000	2,500
Data Processing Fees and Website Costs	90	1,040
Legal fees	2,248	1,816
Architect, Enginerring and Planning Services	6,102	-
Professional Services	102,766	75,208
Rent	5,308	-
Office Expenses	4,897	1,485
Public and legal notices	579	517
County Support Services	3,275	2,977
Transportation and Travel Out of County	664	5,387
Miscellaneous Expense	1,620	2,091
	\$ 133,246	\$ 95,654
 <u>Program Revenues</u>		
Assessments	135,000	138,040
Fees & Reimbursements	-	(22)
	\$ 135,000	\$ 138,018
 Net Program Income	\$ 1,754	\$ 42,364
 <u>General Revenues</u>		
Interest Earnings	712	1,178
	\$ 712	\$ 1,178
 Increase in Net Position	\$ 2,466	\$ 43,542
 Net Position - July 1,	183,158	139,616
 Net Position - June 30,	\$ 185,624	\$ 183,158

Mendocino Local Agency Formation Commission
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013 & 2012

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Accounting Policies

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

Basis of Presentation

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

The Commission is comprised of only one fund, the General Fund. The General Fund is the primary operating fund of the Commission and is always classified as a major fund. It is used to account for all activities.

Basis of Accounting

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

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

In the General Fund Financial Statements, government funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recorded when due.

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

Budget

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

Deposits and Investments

It is the Commission’s policy for deposits and investments to either be insured by the FDIC or collateralized. The Commission’s deposits and investments are categorized to give an indication of the level of risk assumed by the Commission as of June 30, 2013 and 2012. The categories are described as follows:

- Category 1 Insured, registered or collateralized, with securities held by the entity or its agent in the entity’s name.

- Category 2 Uninsured and unregistered or collateralized, with securities held by the counter party’s trust department or agent in the entity’s name.

- Category 3 Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity’s name.

Deposits and Investments as of June 30, 2013 and 2012 consist of Category 1 type only.

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

Estimates

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

Risk Management

The Commission is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Commission carries insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverages in the past three years.

Equity Classifications – Government-wide Statements

Equity is classified as net position and displayed as follows:

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

Equity Classifications – Fund Statements

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

Note 2 – Cash

The Commission maintains an account with the County of Mendocino used for issuing warrants for the payment of general operating expenses. Cash on deposit in the County of Mendocino’s treasury is a pooled money investment account similar to a money market account. The funds deposited with the County are invested in accordance with Sections 53601 and 53635 of the California Government Code that specify the authorized investments that an investment pool can purchase.

The County’s investment policy as of July 7, 1997 prohibits the following: reverse repurchase agreements, collateralized mortgage securities, futures or options, lend securities or security with a stated or potential maturity longer than five years. Interest earnings recorded by the Commission for these funds for the fiscal year ended June 30, 2013 and 2012 were \$712 and \$1,178, respectively. The County of Mendocino issues a separate comprehensive annual financial report. Copies of the County of Mendocino’s annual financial report may be obtained from the County of Mendocino’s Auditor-Controller’s office, 501 Low Gap Road, Room 1080, Ukiah, CA 95482.

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

Note 3 – Reconciliation to Statement of Net Position

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

Note 4 – Subsequent Events

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

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

SUPPLEMENTAL INFORMATION

LOCAL AGENCY FORMATION COMMISSION OF MENDOCINO COUNTY
BUDGETARY COMPARISONS SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted	Amounts	Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning Budgetary Fund Balance	\$ 183,158	\$ 183,158	\$ 183,158	\$ -
Resources (Inflows)				
Assessments	\$ 135,000	\$ 135,000	\$ 135,000	\$ -
Fees & Reimbursements	25,000	25,000	-	(25,000)
Interest Earnings	500	500	712	212
Total Resources	\$ 160,500	\$ 160,500	\$ 135,712	\$ (24,788)
Charges (Outflows)				
Insurance-General	2,200	2,200	1,022	1,178
Memberships	1,675	1,675	1,675	-
Audit Fees	3,000	3,000	3,000	-
Data Processing Fees and Website Costs	2,000	2,000	90	1,910
Legal fees	4,000	4,000	2,248	1,752
Architect, Engineering and Planning Services	-	-	6,102	(6,102)
Professional Services	104,250	104,250	102,766	1,484
Rent	6,000	6,000	5,308	692
Office Expenses	4,000	4,000	4,897	(897)
Public and legal notices	1,000	1,000	579	421
County Support Services	5,000	5,000	3,275	1,725
Election Expense	-	-	-	-
Transportation and Travel Out of County	3,500	3,500	664	2,836
Miscellaneous Expense	3,000	3,000	1,620	1,380
Application Filing Expenses	25,000	25,000	-	25,000
Total Charges	\$ 164,625	\$ 164,625	\$ 133,246	\$ 31,379
Ending Budgetary Net Position	\$ 179,033	\$ 179,033	\$ 185,624	\$ 6,591

MENDOCINO

Local Agency Formation Commission

Ukiah Valley Conference Center ◊ 200 South School Street ◊ Ukiah, California 95482
Telephone: 707-463-4470 Fax: 707-462-2088 E-mail: eo@mendolafco.org Web: www.mendolafco.org

March 24, 2015

Michael A Celentano Certified
Public Accountant
367 N State Street, Suite 209
Ukiah, CA 95482

We are providing this letter in connection with your audit of the financial statements of Local Agency Formation Commission of Mendocino County as of June 30, 2013 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities of the Local Agency Formation Commission of Mendocino County and the respective changes in financial position thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of March 24, 2015, the following representations made to you during your audit.

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government units required by generally accepted accounting principles to be included in the financial reporting entity.
- 2) We have made available to you all-
 - a) Financial records and related.
 - b) Minutes of the meetings of Local Agency Formation Commission of Mendocino County or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
- 5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 6) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 7) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

- 8) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 9) The Commission has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 10) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the Commission is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 11) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 12) There are no-
 - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
- 13) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 14) The Commission has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 15) The Commission has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 16) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 17) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 18) The financial statements properly classify all funds and activities.
- 19) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are

particularly important to financial statement users.

- 20) Components of net assets (invested in capital assets, net of related debt; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 21) Provisions for uncollectible receivables have been properly identified and recorded.
- 22) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 23) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 24) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 25) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 26) We have appropriately disclosed the Commission's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.
- 27) We have evaluated the Commission's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the financial statements.
- 28) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: _____

Signed: _____

Title: _____

Title: _____