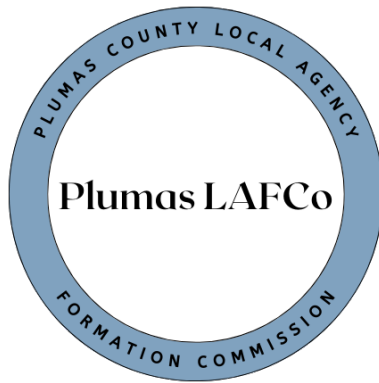




Plumas Local Agency Formation Commission
5050 Laguna Blvd #112-711
Elk Grove, CA 95758
Plumaslafco.org
530-283-7069

October 13, 2025

Ms. Martee Nieman
Auditor-Controller
Plumas County
520 Main Street, Room 202
Quincy, CA 95971

Subject: Effective Date of LAFCO Reorganization and Auditor Responsibilities for Asset and Revenue Transfers

Dear Ms. Nieman,

Over the past year, the Plumas Local Agency Formation Commission (LAFCO) has processed three significant reorganizations involving local fire service providers:

- The annexation of the Eastern Plumas Rural Fire Protection District (EPRFPD) by the Beckwourth Peak Fire Protection District (BPFPD) and subsequent dissolution of EPRFPD (LAFCO effective date January 1, 2025);
- The annexation of the Chester Public Utility District's fire service territory by the Peninsula Fire Protection District (PFPD) and divestiture of fire protection powers by CPUD (LAFCO effective date January 1, 2025); and
- The consolidation of the Crescent Mills Fire Protection District (CMFPD) and the Indian Valley Community Services District (IVCSD) into IVCSD (LAFCO effective date August 1, 2025).

It is LAFCO's understanding that, in the case of the EPRFPD annexation, property tax apportionment payments have continued to be made out to EPRFPD, even though BPFPD was designated as the successor agency effective January 1, 2025. The purpose of this letter is to clarify that ad valorem property tax payments should be issued to the successor agency, as the dissolved district no longer exists in law or in fact, and to prevent a similar occurrence in the recent CMFPD consolidation.

This letter also serves to clarify the distinction between the effective date of a LAFCO reorganization and the recording date of that change by the California Board of Equalization (BOE) for property tax purposes, and to outline the County Auditor-Controller's responsibilities regarding the transfer of assets, funds, and revenues upon the effective date.

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.), the effective date of a LAFCO action—such as a reorganization, annexation, detachment, or dissolution—is the date the Certificate of Completion is filed by the LAFCO Executive Officer with the County Recorder or as otherwise stated in the approving resolution. On this date, the reorganization becomes legally operative, and all rights, responsibilities, assets, liabilities, and obligations transfer in accordance with the Commission's adopted terms and conditions.

By contrast, the Board of Equalization (BOE) recording date and corresponding changes to the property tax roll generally occur at the start of the determined fiscal year, when the BOE updates the tax area codes. This administrative step ensures accurate property tax apportionment but does not affect the legal effectiveness of the LAFCO action itself.

Accordingly, even though property tax roll adjustments may not appear until the next assessment cycle, the County Auditor-Controller's responsibilities commence on the LAFCO effective date. Pursuant to Government Code §§57450–57463, the Auditor-Controller, in coordination with the successor agency, must facilitate the transfer of funds, accounts, assets, and liabilities of the dissolved or reorganized agency to the designated successor agency as specified in LAFCO's resolution.

In reorganizations involving the dissolution of a district, such as is the case with Eastern Plumas Rural Fire Protection District and Crescent Mills Fire Protection District, property tax revenue transfers to the successor agency must occur in accordance with the property tax exchange agreements approved by the Plumas County Board of Supervisors. These transfers may—and should—occur prior to the BOE's update to the tax roll, since the dissolved district ceases to exist upon the effective date and is no longer entitled to receive apportionment checks or other distributions.

However, it is recognized that the collection of any new or revised special tax on behalf of the successor agency for the annexed territory must await the BOE's formal update of the tax roll. The special tax cannot be levied or collected through the Auditor's office until the annexed territory is officially assigned to the successor agency's tax rate area by the BOE.

If you continue to have concerns regarding the issuance of ad valorem property tax payments to the successor agency prior to the BOE's tax roll update, the next appropriate step may be to request that the Board of Supervisors adopt a clarifying motion directing that the property tax revenues be paid to the affected successor agency in accordance with the LAFCO resolution and the approved tax exchange agreement. This action would provide additional administrative assurance and formal direction consistent with both LAFCO's determination and the Board's prior approval of the revenue exchange.

The applicable sections of the Cortese-Knox-Hertzberg Act regarding the effect of dissolution (Government Code §§57450–57463) assign responsibility for controlling, managing, and distributing the assets of a dissolved district to the successor agency (Government Code §§57451–57458), not to LAFCO. While LAFCO's role is to determine the successor agency and set the terms and conditions of the reorganization, the successor agency is responsible for

securing and managing all revenues, property, and obligations following the effective date. The successor agency should work directly with the County Auditor-Controller to ensure that all property tax revenues, accounts, and other assets of the former district are properly transferred in accordance with state law, the approved property tax exchange agreement, and LAFCO's resolution. LAFCO remains available to assist in facilitating communication or clarification between the parties as needed.

LAFCO greatly appreciates the ongoing cooperation and support of the Auditor-Controller's Office in implementing the fiscal and administrative aspects of approved changes of organization. Close coordination among the Auditor-Controller, affected agencies, and LAFCO staff ensures compliance with statutory requirements and a smooth transition of both service responsibility and fiscal accountability.

If you have any questions or would like documentation for a specific change or organization, please contact me at (310)936-2639 or via email at jennifer@pcateam.com.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Stephenson". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.

Jennifer Stephenson
Executive Officer

Cc: Plumas County Board of Supervisors
Plumas County Legal Counsel
Plumas County Assessor
Beckwourth Peak Fire Protection District
Indian Valley Community Services District