



Quarterly Financial Report

Fiscal Year 2021-22 (2nd Quarter)

Prepared: January 12, 2022

HIGHLIGHTS:

FY 2021-22 Budget Overview – Pages 2-4

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FY 2021-22 BUDGET OVERVIEW

This report provides an update on the agency's budget and investment portfolio performance for the period of October 1, 2021 through December 31, 2021.¹ The Fiscal Year 2021-22 budget of approximately \$1.3 million supports the operations of the Commission and the resources needed to accomplish the work plan. During the second quarter, the Commission continued the efforts of the current work plan while maintaining the overall approved budget within target levels.

Revenues

The majority of OC LAFCO's revenues are from the \$1,158,240 collected in apportionments from the funding agencies. This revenue source was at 100% at the end of the second quarter, with all apportionments received from the agencies. LAFCO also earns interest from its investment portfolio. At the end of the second quarter, the agency earned \$2,670 in interest, which is 26.7% of the interest revenues anticipated for the fiscal year.

Another source of LAFCO revenue is application filing fees. These filing fees are not used for budgeting purposes as they are used to offset the costs associated with the processing of the respective applications. Currently, the agency has filing fees for eight applications that are shown in the financial overview as revenue within the Special Fund column. The Special Fund column in the chart on page 4 also includes an accounting of application expenses incurred during the second quarter of the 2021-22 fiscal year.

Expenditures

The General Fund expenditures as of December 31, 2021, are slightly below the second quarter target level totaling \$629,901 or 46.8% of the total budget. The following table provides a comparison of the percentage of actual funds used and the target levels for the current fiscal year.²

Total Funds Used				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	22.5%	46.8%	-	-

Expenditures during the second quarter are within target levels with most expenses attributed to operational costs, such as salaries, benefits, and the office lease. Similar to the previous fiscal year, it is expected that the travel and transportation, professional development and Commissioner meeting expenditures will remain under the approved budget levels due to the continued circumstances of the pandemic. As well, other expenditures, such as legal and public noticing will be offset in part by application fees.

¹ All financial statements contained in this report are on an accrual accounting basis.

² Actual expenditures for the quarterly reporting are unaudited and subject to change.

Balances and Investment Report

The following table illustrates the balance of LAFCO's bank accounts as of December 31, 2021:

As of 12/31/21	Balance
770-Payroll Account	\$266,130
Wells Fargo Checking	\$197,810
Wells Fargo Savings	<u>\$213,245</u>
Total	<u>\$677,185</u>

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF) and OC Fund accounts. Throughout the fiscal year, funds are transferred from the investment accounts to the bank accounts to cover the agency's operational expenses. Additionally, in October, the Commission established a Section 115 Public Agencies Post-Employment Benefits Trust (Trust) to earn investment revenue that may not otherwise be earned by the agency's other investment accounts. In accordance with the OC LAFCO accounting and financial policy, an initial transfer of \$62,000 to the Trust account was executed during the second quarter. The Trust account balance is shown below and will be reflected in future financial reports.

The following table illustrates the balance of LAFCO's investment portfolio as of December 31, 2021.

As of 12/31/21	Balance
OC Fund	\$499,258
LAIF	\$770,872
PARS Trust	<u>\$62,000</u>
Total	<u>\$1,332,130</u>

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
July 1, 2021 – December 31, 2021

	1st Qtr. General Fund	2nd Qtr. General Fund	YTD General Fund	YTD Special Revenue Funds	TOTAL FY 21/22 Budget	General Fund %
Revenue:						
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ 177,040	0.0%
LAFCO Apportionment	1,153,958	4,282	1,158,240	-	1,158,240	100.0%
Filing Fees	-	-	-	152,109	-	0.0%
Misc Revenue	464	107	571	-	-	0.0%
Interest & Dividends	899	1,772	2,671	-	10,000	26.7%
Total Revenue	\$ 1,155,320	\$ 6,162	\$ 1,161,482	\$ 152,109	\$ 1,345,280	86.3%
Expenditures:						
Salaries	\$ 134,199	\$ 142,864	\$ 277,063	\$ 12,923	\$ 532,630	52.0%
Hourly Employees	4,038	1,242	5,280	-	18,000	29.3%
Benefits & Insurance						
Optional Benefit Plan	-	-	-	-	18,500	0.0%
Deferred Compensation	4,030	4,190	8,220	-	16,200	50.7%
Retirement Benefits	57,376	58,739	116,115	-	193,820	59.9%
Health Insurance	15,558	15,558	31,116	-	67,230	46.3%
Retiree Health Benefits	4,957	5,045	10,002	-	18,370	54.4%
Dental Insurance	702	702	1,404	-	5,320	26.4%
Life Insurance	104	104	207	-	500	41.4%
Workers Compensation	-	-	-	-	2,370	0.0%
Medicare	2,108	2,149	4,257	-	8,260	51.5%
Unemployment Insurance	150	153	302	-	-	0.0%
Salary Continuance	358	366	725	-	1,400	51.8%
Accidental Death Insurance	25	25	51	-	150	33.9%
Executive Car Allowance	2,400	1,800	4,200	-	7,200	58.3%
Total - Benefits & Insurance	87,769	88,830	176,599	-	339,320	52.0%
Information Technology	2,801	1,764	4,566	-	12,700	35.9%
Telephone & Internet	2,241	4,100	6,341	-	14,500	43.7%
County of Orange	1,037	182	1,219	-	11,000	11.1%
General Liability Insurance	1,826	1,826	3,651	-	7,600	48.0%
Memberships	8,762	8,782	17,544	-	35,600	49.3%
Office Equipment/Supplies	5,049	6,214	11,264	-	19,400	58.1%
Professional Services:						
Legal	9,684	5,710	15,394	16,034	60,000	25.7%
Accounting/Audit	14,000	2,405	16,405	-	43,500	37.7%
Human Resources	-	7,500	7,500	-	9,500	78.9%
Mapping/Archiving	850	850	1,700	-	7,300	23.3%
Other Professional Services	13,688	3,861	17,549	-	60,000	29.2%
Total - Professional Services	38,222	20,326	58,547	16,034	180,300	32.5%
Investment Admin Fees	163	136	299	-	830	36.1%
Public Noticing	-	-	-	5,498	11,500	0.0%
Unincorporated Areas Program	-	137	137	-	8,000	1.7%
Rents/Maintenance	32,640	25,278	57,918	-	100,600	57.6%
Equipment Leases	1,409	1,592	3,001	-	7,700	39.0%
Comm. & Staff Expense	85	338	424	-	7,000	6.1%
Comm. Stipends & Taxes/Fees	3,400	2,134	5,534	-	15,500	35.7%
Professional Development	-	-	-	-	5,000	0.0%
Transportation/Travel	-	-	-	-	11,600	0.0%
Commission Meeting Expense	397	116	513	-	6,500	7.9%
Refund of Deposit	-	-	-	89,895	-	0.0%
Total Expenditures	324,039	305,863	629,901	124,350	1,345,280	46.8%
Total Net Income (Loss)	\$ 831,282	\$ (299,701)	\$ 531,581	\$ 27,759	\$ -	

* Financial data represents pre-audited amounts, which does not include all year end adjustments.

³ The figures in this chart are unaudited and subject to change.

Balance Sheet and Reserves Balance Analysis

This report includes the balance sheet to provide an understanding of LAFCO's financial status. The financial document on this page summarizes the agency's assets and liabilities as of December 31, 2021. Please note that the figures provided in this balance sheet are unaudited and subject to change. Additionally, an analysis of the agency's reserve balances is provided on page 6.

APPENDIX B OC LAFCO BALANCE SHEET As of December 31, 2021

	<u>Dec 31, 21</u>
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 266,130
Wells Fargo Checking	197,810
Wells Fargo Savings	213,245
OC Fund	499,258
Investment Acct - LAIF	770,872
Fair Market Value Adjustments	1,080
Total Cash and Investments	<u>1,948,395</u>
Other Current Asset	
Prepaid Expenses - Other	16,691
Retirement Prepaid Expense	122,390
Total Other Current Asset	<u>139,081</u>
Total Current Assets	<u>2,087,476</u>
Fixed Assets	17,068
Other Assets	
Def. Outflows Pension Related	450,602
Pension Deposit	166,162
Deferred OPEB Contributions	8,474
Deferred Outflows OPEB Related	7,222
Security Deposit	10,235
Total Other Assets	<u>642,694</u>
TOTAL ASSETS	<u>2,747,239</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Salaries Payable	29,484
Compensated Absences	34,818
Total Current Liabilities	<u>64,302</u>
Long Term Liabilities	
Deferred Inflows OPEB Related	16,237
Net OPEB Liability	109,593
Net Pension Liability	1,248,133
Def. Inflows Pension Related	561,923
Deferred Lease Incentive	42,872
Total Long Term Liabilities	<u>1,978,758</u>
Total Liabilities	<u>2,043,060</u>
Equity	704,178
TOTAL LIABILITIES & EQUITY	<u>\$ 2,747,239</u>

*Financial data was prepared in advance of December 31, 2021. Figures are subject to change as they have been projected through December 31, 2021 and represent pre-audited amounts.

APPENDIX C
OC LAFCO RESERVE BALANCE
As of December 31, 2021

Cash & Investments Description	Dec 31, 2021 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 266,130	\$ 222,488 ¹	\$ 43,642
Checking - Wells Fargo	197,810	113,833 ¹	83,977
Savings - Wells Fargo	213,245	205,000 ¹	8,245
OC Fund Investment	499,258	-	499,258
LAIF Investment	770,872	-	770,872
PARS Trust	62,000	-	62,000
Total	\$ 2,009,315	\$ 541,321	\$ 1,467,994 ²

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$541,321 during fiscal year 2021/22 in order to cover three months of payroll costs (County Payroll), 3 months of operational expenses (Checking - Wells Fargo) and a minimum of \$205,000 (Savings - Wells Fargo) to cover contingency, litigation and unfunded liabilities.

2 - Remaining Available Cash to fund Operations and Reserves.