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Executive Officer**Scott Smith**  
General Counsel

April 13, 2022

**TO:** Local Agency Formation Commission  
of Orange County**FROM:** Executive Officer**SUBJECT:** Fiscal Year 2021-2022 Quarterly Financial Report  
(*Third Quarter*)

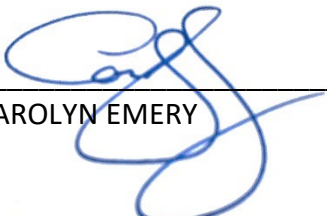
The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of January 1 through March 31, 2022. Upon review by the Commission, the quarterly reports are published on the transparency page of the agency's website. The next report on the agency's financial status will be presented in the July 13 year-end report.

**RECOMMENDED ACTION**

Staff recommends that the Commission:

1. Receive and file the Fiscal Year 2021-2022 Financial Quarterly Report (*Third Quarter*).

Respectfully submitted,

  
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CAROLYN EMERYAttachment 1: Fiscal Year 2021-2022 Quarterly Financial Report (*Third Quarter*)



# Quarterly Financial Report

## *Fiscal Year 2021-22 (Third Quarter)*

*Prepared: April 13, 2022*

### HIGHLIGHTS:

**FY 2021-22 Budget Overview – Pages 2-4**

**Balance Sheet & Reserves Analysis – Pages 5-6**

## FY 2021-22 BUDGET OVERVIEW

This report provides an update on the agency's budget and investment portfolio performance for the period of January 1, 2022, through March 31, 2022.<sup>1</sup> 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 third quarter, the Commission continued the efforts of the current work plan while maintaining the overall approved budget within target levels.

### Revenues

The OC LAFCO revenues (agency apportionments and interest earnings) were at approximately 85% at the end of the third quarter. The year-to-date agency revenues received include \$1,158,240 in agency apportionments and \$4,742 in interest earnings received from the Commission's investment accounts.

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 processing the respective applications. Currently, the agency has filing fees for five applications that are shown in the financial overview as revenue within the Special Fund column. During the third quarter, one of the applications was completed and fees reconciled. The Special Fund column in the chart on page 4 includes year-to-date accounting of all application fees and expenses incurred during the current fiscal year.

### Expenditures

The General Fund expenditures as of March 31, 2022 are approximately six percent below the third quarter target level totaling \$947,084 or 69% 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.<sup>2</sup>

Total Funds Used				
	1 <sup>st</sup> Qtr.	2 <sup>nd</sup> Qtr.	3 <sup>rd</sup> Qtr.	4 <sup>th</sup> Qtr.
<b>Target</b>	25%	50%	75%	100%
<b>Actual</b>	22.5%	46.8%	69.2%	-

Expenditures during the third quarter are generally 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 circumstances of the pandemic. However, as the Commission has resumed in-person meetings, there will be expenditures attributed to these line items during the fourth financial quarter. Other expenditures, such as legal and public noticing will be offset in part by application fees.

<sup>1</sup> All financial statements contained in this report are on an accrual accounting basis.

<sup>2</sup> 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 March 31, 2022:

As of 12/31/21	Balance
770-Payroll Account	\$376,253
Wells Fargo Checking	\$149,811
Wells Fargo Savings	<u>\$213,251</u>
<b>Total</b>	<b><u>\$739,315</u></b>

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, during the third quarter, the agency's Section 115 Public Agencies Post-Employment Benefits Trust (Trust) experienced a loss of \$1,460 to the investment earnings, leaving the current balance at \$60,510 at the end of March.

The following table illustrates the balance of LAFCO's investment portfolio as of March 31, 2022.

As of 12/31/21	Balance
OC Fund	\$499,845
LAIF	\$371,430
PARS Trust	<u>\$ 60,510</u>
<b>Total</b>	<b><u>\$931,785</u></b>

## OC LAFCO - Quarterly Budget Overview<sup>3</sup>

### January 1, 2022 – March 31, 2022

#### Orange County Local Agency Formation Commission Quarter Budget Overview January 1, 2022 - March 31, 2022

	1st Qtr. General Fund	2nd Qtr. General Fund	3rd Qtr. General Fund	YTD General Fund	YTD Special Revenue Funds	TOTAL FY 21/22 Budget	General Fund %
Revenue:							
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,010	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	106	678	-	-	0.0%
Interest & Dividends	899	2,428	1,415	4,742	-	10,000	47.4%
PARS Trust Investment Gain/Loss	-	914	(2,404)	(1,490)	-	-	0.0%
<b>Total Revenue</b>	<b>\$ 1,155,320</b>	<b>\$ 7,731</b>	<b>\$ (882)</b>	<b>\$ 1,162,170</b>	<b>\$ 152,109</b>	<b>\$ 1,368,250</b>	<b>84.9%</b>
Expenditures:							
Salaries	\$ 134,491	\$ 143,128	\$ 132,900	\$ 410,518	\$ 13,674	\$ 552,330	74.3%
Hourly Employees	4,038	1,771	4,121	9,930	-	18,000	55.2%
Benefits & Insurance	-	-	-	-	-	-	-
Optional Benefit Plan	-	18,500	-	18,500	-	18,500	100.0%
Deferred Compensation	4,030	4,203	3,689	11,923	-	16,800	71.0%
Retirement Benefits	57,376	58,851	53,299	169,527	-	218,650	77.5%
Health Insurance	15,558	15,719	14,300	45,576	-	67,230	67.8%
Retiree Health Benefits	4,957	5,054	4,578	14,589	-	19,040	76.6%
Dental Insurance	702	706	627	2,035	-	5,320	38.3%
Life Insurance	104	104	89	296	-	500	59.2%
Workers Compensation	-	-	-	-	-	2,460	0.0%
Medicare	2,108	2,401	1,970	6,479	-	8,540	75.9%
Unemployment Insurance	150	153	140	443	-	550	80.6%
Salary Continuance	358	367	335	1,060	-	1,450	73.1%
Accidental Death Insurance	25	25	22	73	-	150	48.4%
Executive Car Allowance	2,400	1,800	1,200	5,400	-	7,200	75.0%
<b>Total - Benefits &amp; Insurance</b>	<b>87,769</b>	<b>107,884</b>	<b>80,248</b>	<b>275,901</b>	<b>-</b>	<b>366,390</b>	<b>75.3%</b>
Information Technology	2,801	3,021	2,322	8,144	-	12,700	64.1%
Telephone & Internet	2,241	4,100	2,249	8,590	-	14,500	59.2%
County of Orange	1,037	625	1,249	2,910	-	11,000	26.5%
General Liability Insurance	1,826	1,826	1,826	5,477	-	7,400	74.0%
Memberships	8,762	8,782	8,968	26,512	-	35,600	74.5%
Office Equipment/Supplies	5,067	6,950	2,725	14,742	-	19,400	76.0%
Professional Services:	-	-	-	-	-	-	-
Legal	9,684	5,960	7,353	22,997	16,115	25,000	92.0%
Accounting/Audit	14,000	11,405	6,000	31,405	-	43,500	72.2%
Human Resources	-	7,500	-	7,500	-	9,500	78.9%
Mapping/Archiving	850	850	850	2,550	-	7,300	34.9%
Other Professional Services	13,688	1,611	2,250	17,549	-	85,000	20.6%
<b>Total - Professional Services</b>	<b>38,222</b>	<b>27,326</b>	<b>16,453</b>	<b>82,001</b>	<b>16,115</b>	<b>170,300</b>	<b>48.2%</b>
Investment Admin Fees	163	180	159	502	-	830	60.4%
SBE	-	-	-	-	3,500	-	0.0%
Public Noticing	-	-	1,850	1,850	5,693	11,500	16.1%
Unincorporated Areas Program	-	137	-	137	-	3,000	4.6%
Rents/Maintenance	32,640	25,278	25,774	83,693	-	100,600	83.2%
Equipment Leases	1,409	1,592	1,409	4,410	-	7,700	57.3%
Comm. & Staff Expense	85	402	-	487	-	7,000	7.0%
Comm. Stipends & Taxes/Fees	3,400	2,254	3,830	9,485	-	15,500	61.2%
Professional Development	-	-	-	-	-	5,000	0.0%
Transportation/Travel	-	620	23	644	-	3,000	21.5%
Commission Meeting Expense	397	287	465	1,149	-	6,500	17.7%
Refund of Deposit	-	-	-	-	90,182	-	0.0%
<b>Total Expenditures</b>	<b>324,349</b>	<b>336,164</b>	<b>286,571</b>	<b>947,084</b>	<b>129,164</b>	<b>1,368,250</b>	<b>69.2%</b>
<b>Total Net Income (Loss)</b>	<b>\$ 830,972</b>	<b>\$ (328,432)</b>	<b>\$ (287,453)</b>	<b>\$ 215,086</b>	<b>\$ 22,945</b>	<b>\$ -</b>	

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

<sup>3</sup> 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 March 31, 2022. Additionally, an analysis of the agency's reserve balances is provided on page 6.

### OC Local Agency Formation Commission Balance Sheet As of March 31, 2022

	Mar 31, 22
<b>ASSETS</b>	
Current Assets	
Cash and Investments	
PARS Trust	\$ 60,510
County Acct-Payroll	376,253
Wells Fargo Checking	149,811
Wells Fargo Savings	213,251
OC Fund	499,845
Investment Acct - LAIF	371,430
Fair Market Value Adjustments	1,080
Total Cash and Investments	1,672,180
Other Current Asset	
Prepaid Expenses - Other	16,623
Retirement Prepaid Expense	74,860
Total Other Current Asset	91,483
Total Current Assets	1,763,663
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	642,694
<b>TOTAL ASSETS</b>	<b>2,423,425</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Salaries Payable	29,484
Compensated Absences	34,818
Total Current Liabilities	64,302
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	1,978,758
Total Liabilities	2,043,060
Equity	380,365
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 2,423,425</b>

\*Financial data was prepared in advance of March 31, 2022. Figures are subject to change as they have been projected through March 31, 2022 and represent pre-audited amounts.

## OC Local Agency Formation Commission Reserves Balance Analysis

Cash & Investments Description	Mar 31, 2022 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 376,253	\$ 222,488 <sup>1</sup>	\$ 153,765
Checking - Wells Fargo	149,811	113,833 <sup>1</sup>	35,978
Savings - Wells Fargo	213,251	205,000 <sup>1</sup>	8,251
OC Fund Investment	499,845	-	499,845
LAIF Investment	371,430	-	371,430
PARS Trust	60,510	-	60,510
<b>Total</b>	<b>\$ 1,671,100</b>	<b>\$ 541,321</b>	<b>\$ 1,129,779</b> <sup>2</sup>

### 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.*