

April 12, 2023

6b | Consent
Calendar**REGULAR MEMBERS**

CHAIR

Douglass Davert
Special District Member

VICE CHAIR

Donald P. Wagner
County Member

IMMEDIATE PAST CHAIR

Derek J. McGregor
Public Member**Wendy Bucknum**
City Member**Andrew Do**
County Member**James Fisler**
Special District Member**Vacant**
City Member**ALTERNATES****Katrina Foley**
County Member**Kathryn Freshley**
Special District Member**Carol Moore**
City Member**Lou Penrose**
Public Member**STAFF****Carolyn Emery**
Executive Officer**Scott Smith**
General Counsel**TO:** Local Agency Formation Commission
of Orange County**FROM:** Executive Officer**SUBJECT:** Fiscal Year 2022-2023 Quarterly Financial Report
(*Third Quarter*)

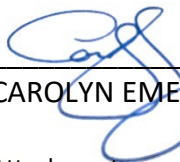
The attached quarterly financial report provides an assessment of the agency's budget and investment portfolio for the period of January 1 through March 31, 2023. Upon review by the Commission, the quarterly reports are published on the transparency page of the agency's website. The next review of the agency's financial status will be presented in July 12 year-end report.

RECOMMENDED ACTION

Staff recommends the Commission:

1. Receive and file the Fiscal Year 2022-2023 Financial Quarterly Report (*Third Quarter*).

Respectfully Submitted,



CAROLYN EMERY

Attachment:

1. Fiscal Year 2022-2023 Financial Quarterly Report (Third Quarter)



Quarterly Financial Report

Fiscal Year 2022-23 (Third Quarter)

Prepared: April 12, 2023

HIGHLIGHTS:

FY 2022-23 Budget Overview – Pages 2-4

Balance Sheet & Reserves Analysis – Pages 5-6

FY 2022-23 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of January 1, 2023 through March 31, 2023.¹ The Fiscal Year 2022-23 budget of approximately \$1.5 million supports the operations of the Commission and the resources needed to accomplish the work plan. During the third quarter, the overall expenditures were at approximately 67 percent, slightly below the target level of three quarters completed for the fiscal year.

Revenues

As of March 31, the OC LAFCO budgeted revenues were at 79 percent (\$1,242,344), with majority of the revenue supported through the funding apportionment collected from the County, cities and special districts, and the remaining attributed to the agency's interest earned from its investment portfolio.

Another source of OC 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. No filing fees were received during the third quarter, however, fees on deposit with the agency total \$44,189 from fees collected during previous quarters and fiscal years for applications not yet completed. These filing fees are shown in the financial overview as revenue within the Special Fund column.

Expenditures

The General Fund expenditures as of March 31, 2023 are below the third quarter target level totaling \$1,048,287 or approximately 67% 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	18%	41%	67%	-

Most expenditures during the third quarter are within target levels with expenses attributed to key operational costs, such as, salaries, benefits and office lease, and professional services, including audit, accounting, legal and consultant services. Line items that include expenses of memberships, travel and registration, human resources, and office equipment are above the target level of the third quarter due to expenditures of these areas being due or expended at the beginning of the fiscal year or one-time expenses. Hence, anticipated expenses within these line items are expected to balance within budgeted levels by fiscal year-end.

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 OC LAFCO's bank accounts as of March 31, 2023:

As of 03/31/23	Balance
770-Payroll Account	\$309,327
Wells Fargo Checking	\$165,046
Wells Fargo Savings	<u>\$213,879</u>
Total	\$688,252

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, the agency earns investment revenue through the Section 115 Public Agencies Post-Employment Benefits Trust (Trust). The current balance of the Trust account at the end of the third quarter is \$54,993. This represents an overall loss of approximately \$7,007 from the agency's initial deposit of \$62,000, yet is an improvement since the second quarter. Staff will assess the opportunity to transfer to the Section 115 account at the end of the 2022-23 fiscal year.

The following table illustrates the balance of OC LAFCO's investment portfolio as of March 31, 2023.

As of 03/31/23	Balance
LAIF	\$317,312
OC Fund	\$504,303
PARS Trust	<u>\$ 54,993</u>
Total	\$876,608

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
January 1, 2023 – March 31, 2023

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	3rd Qtr. General Fund	YTD General Fund	TOTAL FY 22/23 Budget	General Fund
Revenue:							
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 322,090	0.0%
LAFCO Apportionment	-	1,216,871	10,859	-	1,227,730	1,227,730	100.0%
Filing Fees	44,189	-	-	-	-	-	0.0%
Misc Revenue	-	-	-	-	-	-	0.0%
Interest & Dividends	-	724	5,362	7,567	13,653	6,300	216.7%
PARS Trust Investment Gain/Loss	-	(2,592)	2,391	1,162	961	-	0.0%
Total Revenue	\$ 44,189	\$ 1,215,003	\$ 18,612	\$ 8,729	\$ 1,242,344	\$ 1,556,120	79.8%
Expenditures:							
Salaries	\$ 10,068	\$ 123,295	\$ 123,460	\$ 136,816	\$ 383,572	\$ 574,500	66.8%
Hourly Employees	-	-	1,645	4,538	6,182	20,800	29.7%
Benefits & Insurance							
Optional Benefit Plan	-	-	15,000	-	15,000	18,500	81.1%
Deferred Compensation	-	3,655	3,734	3,838	11,227	17,500	64.2%
Retirement Benefits	-	52,462	54,067	57,341	163,869	250,300	65.5%
Health Insurance	-	14,910	15,116	14,015	44,041	65,600	67.1%
Retiree Health Benefits	-	4,155	4,295	4,545	12,995	19,300	67.3%
Dental Insurance	-	585	705	1,419	2,709	2,700	100.3%
Life Insurance	-	84	84	83	251	460	54.5%
Workers Compensation	-	-	-	3,514	3,514	3,520	99.8%
Medicare	-	1,795	2,043	2,039	5,877	8,900	66.0%
Unemployment Insurance	-	17	-	-	17	-	0.0%
Salary Continuance	-	309	319	341	970	1,510	64.2%
Accidental Death Insurance	-	21	21	21	62	170	36.4%
Executive Car Allowance	-	1,800	2,400	1,200	5,400	7,200	75.0%
Total - Benefits & Insurance	10,068	79,792	97,784	88,356	265,931	395,660	67.2%
Information Technology	-	2,370	3,130	1,657	7,156	12,800	55.9%
Telephone & Internet	-	3,022	3,051	2,137	8,210	14,500	56.6%
County of Orange	-	213	209	1,308	1,730	8,200	21.1%
General Liability Insurance	-	1,913	1,913	1,913	5,738	7,600	75.5%
Memberships	-	8,919	9,019	9,128	27,066	36,400	74.4%
Office Equipment/Supplies	-	11,414	2,342	3,437	17,193	22,500	76.4%
Professional Services:							
Legal	15	6,341	13,518	20,872	40,731	60,000	67.9%
Accounting/Audit	-	14,500	13,985	10,500	38,985	49,700	78.4%
Human Resources	-	1,050	7,744	-	8,794	10,000	87.9%
Mapping/Archiving	-	850	850	850	2,550	9,300	27.4%
Other Professional Services	-	57,268	43,075	18,524	118,866	150,000	79.2%
Total - Professional Services	15	80,009	79,172	50,746	209,927	279,000	75.2%
Investment Admin Fees	-	320	108	76	503	660	76.2%
SBE	12,846	-	-	-	-	-	0.0%
Public Noticing	4,742	1,019	-	-	1,019	11,650	8.7%
Unincorporated Areas Program	-	-	-	-	-	8,000	0.0%
Rents/Maintenance	-	34,973	26,230	26,924	88,127	104,100	84.7%
Equipment Leases	-	1,367	1,659	1,409	4,435	8,700	51.0%
Comm. & Staff Expense	-	124	885	233	1,242	7,000	17.7%
Comm. Stipends & Taxes/Fees	-	2,041	3,696	1,332	7,069	15,950	44.3%
Professional Development	-	-	52	-	52	5,000	1.0%
Transportation/Travel	-	4,457	3,711	2,859	11,027	13,600	81.1%
Commission Meeting Expense	-	1,304	463	342	2,109	9,500	22.2%
Refund of Deposit	3,319	-	-	-	-	-	0.0%
Total Expenditures	30,990	356,550	358,526	333,210	1,048,287	1,556,120	67.4%
Total Net Income (Loss)	\$ 13,199	\$ 858,453	\$ (339,914)	\$ (324,481)	\$ 194,057	\$ -	

*No assurance provided on financial statements. Financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included

³ Financial data represents pre-audited amounts, which does not include all year-end adjustments.

Balance Sheet and Reserves Balance Analysis

This report includes the balance sheet to provide an understanding of OC LAFCO's financial status. The financial document on this page summarizes the agency's assets and liabilities as of March 31, 2023. 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 March 31, 2023

	Mar 31, 23
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 309,327
Wells Fargo Checking	165,046
Wells Fargo Savings	213,879
OC Fund	504,303
Investment Acct - LAIF	317,312
PARS Trust	54,993
Fair Market Value Adjustments	(11,317)
Total Cash and Investments	<u>1,553,543</u>
Other Current Asset	
Prepaid Expenses - Other	9,000
Retirement Prepaid Expense	75,744
Total Other Current Asset	<u>84,744</u>
Total Current Assets	<u>1,638,286</u>
Fixed Assets	22,028
Other Assets	
Right to Use Assets	799,586
Pension Deposit	190,542
Def. Outflows Pension Related	396,140
Deferred OPEB Contributions	8,794
Deferred Outflows OPEB Related	34,000
Total Other Assets	<u>1,429,062</u>
TOTAL ASSETS	<u><u>3,089,376</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accrued Liability	7,000
Salaries Payable	27,369
Compensated Absences	46,394
Total Current Liabilities	<u>80,763</u>
Long Term Liabilities	
Lease Liabilities	823,326
Deferred Inflows OPEB Related	44,000
Net OPEB Liability	103,000
Net Pension Liability	912,794
Def. Inflows Pension Related	746,724
Total Long Term Liabilities	<u>2,629,844</u>
Total Liabilities	<u>2,710,607</u>
Equity	378,769
TOTAL LIABILITIES & EQUITY	<u><u>\$ 3,089,376</u></u>

*No assurance provided on financial statements. Financial statements do not include a statement of cash flows. Substantially all disclosures required by accounting principles generally accepted in the United States not included.

APPENDIX C
OC LAFCO RESERVE BALANCE
As of March 31, 2023

Cash & Investments Description	Mar 31, 2023 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 309,327	\$ 247,740 ¹	\$ 61,587
Checking - Wells Fargo	165,046	141,290 ¹	23,756
Savings - Wells Fargo	213,879	205,000 ¹	8,879
OC Fund Investment	504,303	-	504,303
LAIF Investment	317,312	-	317,312
PARS Trust	54,993	-	54,993
Total	\$ 1,564,860	\$ 594,030	\$ 970,830²

Footnotes:

1 - Per the Cash and Cash Management Policy, the Commission must maintain \$594,030 during fiscal year 2022/23 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.