



# Quarterly Financial Report

## *Fiscal Year 2022-23 (First Quarter)*

*Prepared: October 12, 2022*

### 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 July 1, 2022 through September 30, 2022.<sup>1</sup> 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. For the first quarter, as in past fiscal cycles, there was minimal activity with the start of a new fiscal year. However, the report does reflect that budget activities are within target levels.

## Revenues

The majority of OC LAFCO's revenues are from the \$1,227,730 collected in apportionments from the funding agencies. This revenue source was at 98% at the end of the first quarter, with apportionments received from 31 cities, 27 special districts and one third of the total apportionment paid by the County. LAFCO also earns interest from its investment portfolio. At the end of the first quarter, the agency earned a modest \$820 in interest, which is 13% of the interest revenues anticipated for the fiscal year. Minimal activity in this area is expected during the beginning of a new fiscal cycle.

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. There were no filing fees received during the first quarter. However, filing fees for five applications were rolled over from prior fiscal years and 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 first quarter of the 2022-23 fiscal year.

## Expenditures

The General Fund expenditures as of September 30, 2022 are below the first quarter target level totaling \$284,371 or 18% 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>	18%	-	-	-

Expenditures during the first quarter are within target levels with most expenses attributed to operational costs, such as salaries, benefits, and other professional services. Line items that include expenses of the office lease, office equipment and supplies, and travel and transportation are slightly above target levels of the first quarter due to expenditures of these areas being due at the beginning of the fiscal year. Hence, anticipated expenses within these line items are expected to balance within budgeted levels throughout the remainder of the fiscal year.

<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 OC LAFCO's bank accounts as of September 30, 2022:

As of 09/30/22	Balance
770-Payroll Account	\$475,166
Wells Fargo Checking	\$219,269
Wells Fargo Savings	<u>\$213,234</u>
<b>Total</b>	<b><u>\$907,669</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, 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 first quarter is \$54,852. This represents an overall loss of approximately \$7,148 from the agency's initial deposit of \$62,000 in 2021. Upon the completion of the Commission's audit that is currently being conducted by an independent auditor, staff will assess the opportunity to transfer to the Trust account in line with the Commission's investment policy and procedures.

The following table illustrates the balance of OC LAFCO's investment portfolio as of September 30, 2022.

As of 09/30/22	Balance
LAIF	\$922,574
OC Fund	\$500,791
PARS Trust	<u>\$54,852</u>
<b>Total</b>	<b><u>\$1,478,217</u></b>

**APPENDIX A**  
**OC LAFCO - Quarterly Budget Overview<sup>3</sup>**  
**July 1, 2022 – September 30, 2022**

	1st Qtr. General Fund	YTD General Fund	YTD Special Revenue Funds	TOTAL FY 22/23 Budget	General Fund %
<b>Revenue:</b>					
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ 322,090	0.0%
LAFCO Apportionment	1,207,950	1,207,950	-	1,227,730	98.4%
Filing Fees	-	-	28,939	-	0.0%
Misc Revenue	481	481	-	-	0.0%
Interest & Dividends	820	820	-	6,300	13.0%
<b>Total Revenue</b>	<b>\$ 1,209,251</b>	<b>\$ 1,209,251</b>	<b>\$ 28,939</b>	<b>\$ 1,556,120</b>	<b>77.7%</b>
<b>Expenditures:</b>					
Salaries	\$ 106,043	\$ 106,043	\$ 2,152	\$ 574,500	18.5%
Hourly Employees	-	-	-	20,800	0.0%
<b>Benefits &amp; Insurance</b>					
Optional Benefit Plan	-	-	-	18,500	0.0%
Deferred Compensation	3,122	3,122	-	17,500	17.8%
Retirement Benefits	44,899	44,899	-	250,300	17.9%
Health Insurance	12,780	12,780	-	65,600	19.5%
Retiree Health Benefits	3,553	3,553	-	19,300	18.4%
Dental Insurance	502	502	-	2,700	18.6%
Life Insurance	72	72	-	460	15.6%
Workers Compensation	-	-	-	3,520	0.0%
Medicare	1,539	1,539	-	8,900	17.3%
Unemployment Insurance	17	17	-	-	0.0%
Salary Continuance	263	263	-	1,510	17.4%
Accidental Death Insurance	18	18	-	170	10.4%
Executive Car Allowance	1,800	1,800	-	7,200	25.0%
<b>Total - Benefits &amp; Insurance</b>	<b>68,563</b>	<b>68,563</b>	<b>-</b>	<b>395,660</b>	<b>17.3%</b>
Information Technology	857	857	-	12,800	6.7%
Telephone & Internet	2,017	2,017	-	14,500	13.9%
County of Orange	70	70	-	8,200	0.9%
General Liability Insurance	1,913	1,913	-	7,600	25.2%
Memberships	8,919	8,919	-	36,400	24.5%
Office Equipment/Supplies	9,255	9,255	-	22,500	41.1%
<b>Professional Services:</b>					
Legal	3,227	3,227	-	60,000	5.4%
Accounting/Audit	3,500	3,500	-	49,700	7.0%
Human Resources	-	-	-	10,000	0.0%
Mapping/Archiving	850	850	-	9,300	9.1%
Other Professional Services	34,071	34,071	-	150,000	22.7%
<b>Total - Professional Services</b>	<b>41,649</b>	<b>41,649</b>	<b>-</b>	<b>279,000</b>	<b>14.9%</b>
Investment Admin Fees	157	157	-	660	23.8%
SBE	-	-	1,800	-	0.0%
Public Noticing	1,019	1,019	1,893	11,650	8.7%
Unincorporated Areas Program	-	-	-	8,000	0.0%
Rents/Maintenance	34,973	34,973	-	104,100	33.6%
Equipment Leases	1,367	1,367	-	8,700	15.7%
Comm. & Staff Expense	124	124	-	7,000	1.8%
Comm. Stipends & Taxes/Fees	2,041	2,041	-	15,950	12.8%
Professional Development	-	-	-	5,000	0.0%
Transportation/Travel	4,457	4,457	-	13,600	32.8%
Commission Meeting Expense	948	948	-	9,500	10.0%
Refund of Deposit	-	-	-	-	0.0%
<b>Total Expenditures</b>	<b>284,371</b>	<b>284,371</b>	<b>5,845</b>	<b>1,556,120</b>	<b>18.3%</b>
<b>Total Net Income (Loss)</b>	<b>\$ 924,880</b>	<b>\$ 924,880</b>	<b>\$ 23,095</b>	<b>\$ -</b>	

<sup>3</sup> 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 September 30, 2022. 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 September 30, 2022

	<u>Sep 30, 22</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Cash and Investments</b>	
County Acct-Payroll	\$ 475,166
Wells Fargo Checking	219,269
Wells Fargo Savings	213,234
OC Fund	500,791
Investment Acct - LAIF	922,574
PARS Trust	54,852
Fair Market Value Adjustments	(11,317)
<b>Total Cash and Investments</b>	<u>2,374,569</u>
<b>Other Current Asset</b>	
Interest Receivable - Other	585
Prepaid Expenses - Other	18,019
Retirement Prepaid Expense	171,089
<b>Total Other Current Asset</b>	<u>189,693</u>
<b>Total Current Assets</b>	<u>2,564,262</u>
<b>Fixed Assets</b>	22,028
<b>Other Assets</b>	
Right to Use Assets	753,122
Def. Outflows Pension Related	396,140
Deferred OPEB Contributions	8,474
Deferred Outflows OPEB Related	7,222
<b>Total Other Assets</b>	<u>1,164,958</u>
<b>TOTAL ASSETS</b>	<u><u>3,751,247</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Salaries Payable	27,369
Compensated Absences	46,394
<b>Total Current Liabilities</b>	<u>73,763</u>
<b>Long Term Liabilities</b>	
Lease Liabilities	827,832
Deferred Inflows OPEB Related	16,237
Net OPEB Liability	109,593
Net Pension Liability	912,794
Def. Inflows Pension Related	746,724
<b>Total Long Term Liabilities</b>	<u>2,613,180</u>
<b>Total Liabilities</b>	2,686,943
<b>Equity</b>	1,064,304
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>\$ 3,751,247</u></u>

\*Figures are subject to change as they have been projected through September 30, 2022 and represent pre-audited amounts.

**APPENDIX C**  
**OC LAFCO RESERVE BALANCE**  
**As of September 30, 2022**

<b>Cash &amp; Investments Description</b>	<b>Sept 30, 2022 Balance</b>	<b>Commission Approved Balances</b>	<b>Balance Excess / (Deficiency)</b>
County Payroll	\$ 475,166	\$ 247,740 <sup>1</sup>	\$ 227,426
Checking - Wells Fargo	219,269	141,290 <sup>1</sup>	77,979
Savings - Wells Fargo	213,234	205,000 <sup>1</sup>	8,234
OC Fund Investment	500,791	-	500,791
LAIF Investment	922,574	-	922,574
PARS Trust	54,852	-	54,852
<b>Total</b>	<b>\$ 2,385,886</b>	<b>\$ 594,030</b>	<b>\$ 1,791,856</b> <sup>2</sup>

**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.*