



# Quarterly Financial Report

*Fiscal Year 2023-24 (First Quarter)*

*Prepared: October 11, 2023*

## HIGHLIGHTS:

**FY 2023-24 Budget Overview – Pages 2-4**

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

# FY 2023-24 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of July 1, 2023 through September 30, 2023.<sup>1</sup> The Fiscal Year 2023-24 budget of approximately \$1.7 million supports the operations of the Commission and the resources needed to accomplish the agency's 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 generally within target levels.

## Revenues

The majority of OC LAFCO's revenues are from the \$1,411,890 collected in apportionments from the funding agencies. This revenue source was at approximately 90% at the end of the first quarter, with apportionments received from 28 cities, 25 special districts and one-third of the total apportionment paid by the County. OC LAFCO also earns interest from its investment portfolio. At the end of the first quarter, the agency earned \$2,310 in interest, which is approximately 16% of the interest revenues anticipated for the fiscal year. Modest 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 processing of the respective applications. The Special Fund column in the chart on page 4 displays a year-to-date accounting of fees currently on deposit with the Commission for two applications (Capistrano Bay CSD Latent Powers Activation and Orange County Water District MSR) rolled over from prior fiscal years. As noted for this report, there were no additional application fees received or expense occurrences during the first quarter of the 2023-24 fiscal year.

## Expenditures

The General Fund expenditures as of September 30, 2023, are below the first quarter target level, totaling \$270,315 or approximately 16% 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><br>Qtr. | 2 <sup>nd</sup><br>Qtr. | 3 <sup>rd</sup><br>Qtr. | 4 <sup>th</sup><br>Qtr. |
| <b>Target</b>    | 25%                     | 50%                     | 75%                     | 100%                    |
| <b>Actual</b>    | 16%                     | -                       | -                       | -                       |

Expenditures during the first quarter are within target levels with most expenses attributed to operational costs, such as salaries, benefits, and insurance. 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 or purchased at the beginning of the fiscal year. Hence, anticipated expenses within these line items are expected to balance within budgeted levels by year-end.

<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, 2023:

| As of 09/30/23       | Balance            |
|----------------------|--------------------|
| 770-Payroll Account  | \$1,417,879        |
| Wells Fargo Checking | \$ 242,612         |
| Wells Fargo Savings  | \$ 214,734         |
| <b>Total</b>         | <b>\$1,875,225</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 balance of the Trust account at the end of the first quarter is \$58,316. The Trust has experienced gains and losses since being established in 2021. To date, the Trust balance includes an overall loss of \$3,684 from the agency's initial deposit of \$62,000. Staff will assess the opportunity to transfer to the Section 115 account following completion of the 2022-23 fiscal year audit in November.

The following table illustrates the balance of OC LAFCO's investment portfolio as of September 30, 2023.

| As of 09/30/23 | Balance          |
|----------------|------------------|
| LAIF           | \$ 51,337        |
| OC Fund        | \$512,341        |
| PARS Trust     | \$ 58,316        |
| <b>Total</b>   | <b>\$621,994</b> |

**APPENDIX A**  
**OC LAFCO - Quarterly Budget Overview<sup>3</sup>**  
**July 1, 2023 – September 30, 2023**

|   | YTD<br>Special<br>Revenue<br>Funds | 1st Qtr.<br>General<br>Fund | YTD<br>General<br>Fund | TOTAL<br>FY 23/24<br>Budget | General Fund |
|---|------------------------------------|-----------------------------|------------------------|-----------------------------|--------------|
| <b>Revenue:</b>                         |                                    |                             |                        |                             |              |
| Addition/(Use) of Unreserved Equity     | \$ -                               | \$ -                        | \$ -                   | \$ 318,390                  | 0.0%         |
| LAFCO Apportionment                     | -                                  | 1,267,422                   | 1,267,422              | 1,411,890                   | 89.8%        |
| Filing Fees                             | 291,537                            | -                           | -                      | -                           | 0.0%         |
| Misc Revenue                            | -                                  | -                           | -                      | -                           | 0.0%         |
| Interest & Dividends                    | -                                  | 2,310                       | 2,310                  | 14,200                      | 16.3%        |
| PARS Trust Investment Gain/Loss         | -                                  | 1,031                       | 1,031                  | -                           | 0.0%         |
| <b>Total Revenue</b>                    | <b>\$ 291,537</b>                  | <b>\$ 1,270,763</b>         | <b>\$ 1,270,763</b>    | <b>\$ 1,744,480</b>         | <b>72.8%</b> |
| <b>Expenditures:</b>                    |                                    |                             |                        |                             |              |
| Salaries                                | \$ 1,118                           | \$ 112,932                  | \$ 112,932             | \$ 621,200                  | 18.2%        |
| Hourly Employees                        | -                                  | 2,680                       | 2,680                  | 20,800                      | 12.9%        |
| <b>Benefits &amp; Insurance</b>         |                                    |                             |                        |                             |              |
| Optional Benefit Plan                   | -                                  | -                           | -                      | 18,500                      | 0.0%         |
| Deferred Compensation                   | -                                  | 2,946                       | 2,946                  | 17,900                      | 16.5%        |
| Retirement Benefits                     | -                                  | 44,451                      | 44,451                 | 247,700                     | 17.9%        |
| Health Insurance                        | -                                  | 11,679                      | 11,679                 | 68,500                      | 17.1%        |
| Retiree Health Benefits                 | -                                  | 3,823                       | 3,823                  | 22,000                      | 17.4%        |
| Dental Insurance                        | -                                  | 1,267                       | 1,267                  | 6,900                       | 18.4%        |
| Life Insurance                          | -                                  | 74                          | 74                     | 420                         | 17.6%        |
| Workers Compensation                    | -                                  | -                           | -                      | 2,550                       | 0.0%         |
| Medicare                                | -                                  | 1,674                       | 1,674                  | 9,400                       | 17.8%        |
| Unemployment Insurance                  | -                                  | -                           | -                      | 620                         | 0.0%         |
| Health Reimbursement                    | -                                  | 1,500                       | 1,500                  | -                           | 0.0%         |
| Salary Continuance                      | -                                  | 285                         | 285                    | 1,560                       | 18.3%        |
| Accidental Death Insurance              | -                                  | 18                          | 18                     | 120                         | 15.3%        |
| Executive Car Allowance                 | -                                  | 1,200                       | 1,200                  | 7,200                       | 16.7%        |
| <b>Total - Benefits &amp; Insurance</b> | <b>1,118</b>                       | <b>68,918</b>               | <b>68,918</b>          | <b>403,370</b>              | <b>17.1%</b> |
| Information Technology                  | -                                  | 2,266                       | 2,266                  | 32,850                      | 6.9%         |
| Telephone & Internet                    | -                                  | 2,671                       | 2,671                  | 16,480                      | 16.2%        |
| County of Orange                        | -                                  | 659                         | 659                    | 10,300                      | 6.4%         |
| General Liability Insurance             | -                                  | 2,869                       | 2,869                  | 14,030                      | 20.5%        |
| Memberships                             | -                                  | 4,883                       | 4,883                  | 39,900                      | 12.2%        |
| Office Equipment/Supplies               | -                                  | 7,859                       | 7,859                  | 24,100                      | 32.6%        |
| <b>Professional Services:</b>           |                                    |                             |                        |                             |              |
| Legal                                   | -                                  | 2,502                       | 2,502                  | 60,000                      | 4.2%         |
| Accounting/Audit                        | -                                  | 3,780                       | 3,780                  | 53,000                      | 7.1%         |
| Human Resources                         | -                                  | -                           | -                      | 20,000                      | 0.0%         |
| Mapping/Archiving                       | -                                  | 935                         | 935                    | 13,900                      | 6.7%         |
| Other Professional Services             | 5,304                              | 5,889                       | 5,889                  | 180,000                     | 3.3%         |
| <b>Total - Professional Services</b>    | <b>5,304</b>                       | <b>13,106</b>               | <b>13,106</b>          | <b>326,900</b>              | <b>4.0%</b>  |
| Investment Admin Fees                   | -                                  | 58                          | 58                     | 850                         | 6.8%         |
| Public Noticing                         | -                                  | 2,288                       | 2,288                  | 14,800                      | 15.5%        |
| Unincorporated Areas Program            | -                                  | -                           | -                      | 18,000                      | 0.0%         |
| Rents/Maintenance                       | -                                  | 36,647                      | 36,647                 | 111,600                     | 32.8%        |
| Equipment Leases                        | -                                  | 1,409                       | 1,409                  | 7,700                       | 18.3%        |
| Comm. & Staff Expense                   | -                                  | 2,147                       | 2,147                  | 7,000                       | 30.7%        |
| Comm. Stipends & Taxes/Fees             | -                                  | 1,199                       | 1,199                  | 16,000                      | 7.5%         |
| Professional Development                | -                                  | -                           | -                      | 25,000                      | 0.0%         |
| Transportation/Travel                   | -                                  | 7,473                       | 7,473                  | 21,300                      | 35.1%        |
| Commission Meeting Expense              | -                                  | 251                         | 251                    | 12,300                      | 2.0%         |
| Refund of Deposit                       | -                                  | -                           | -                      | -                           | 0.0%         |
| <b>Total Expenditures</b>               | <b>6,422</b>                       | <b>270,315</b>              | <b>270,315</b>         | <b>1,744,480</b>            | <b>15.5%</b> |
| <b>Total Net Income (Loss)</b>          | <b>\$ 285,115</b>                  | <b>\$ 1,000,448</b>         | <b>\$ 1,000,448</b>    | <b>\$ -</b>                 |              |

\*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.

<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, 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 (Unaudited) As of September 30, 2023

|                                       | Sep 30, 23          |
|---------------------------------------|---------------------|
| <b>ASSETS</b>                         |                     |
| Current Assets                        |                     |
| Cash and Investments                  |                     |
| County Acct-Payroll                   | \$ 1,417,879        |
| Wells Fargo Checking                  | 242,612             |
| Wells Fargo Savings                   | 214,734             |
| OC Fund                               | 512,341             |
| Investment Acct - LAIF                | 51,337              |
| PARS Trust                            | 58,316              |
| Fair Market Value Adjustments         | (5,805)             |
| Total Cash and Investments            | 2,491,414           |
| Other Current Asset                   |                     |
| Interest Receivable                   | 1,572               |
| Prepaid Expenses                      | 24,976              |
| Retirement Prepaid Expense            | 172,401             |
| Total Other Current Asset             | 198,949             |
| Total Current Assets                  | 2,690,363           |
| Fixed Assets                          | 47,022              |
| Other Assets                          |                     |
| Right to Use Assets                   | 697,611             |
| Def. Outflows Pension Related         | 515,973             |
| Deferred OPEB Contributions           | 8,794               |
| Deferred Outflows OPEB Related        | 34,000              |
| Total Other Assets                    | 1,256,378           |
| <b>TOTAL ASSETS</b>                   | <b>\$ 3,993,763</b> |
| <b>LIABILITIES &amp; EQUITY</b>       |                     |
| Liabilities                           |                     |
| Current Liabilities                   |                     |
| Salaries Payable                      | \$ 41,026           |
| Compensated Absences                  | 54,334              |
| Total Current Liabilities             | 95,360              |
| Long Term Liabilities                 |                     |
| Lease Liabilities                     | 739,733             |
| Deferred Inflows OPEB Related         | 44,000              |
| Net OPEB Liability                    | 103,000             |
| Net Pension Liability                 | 1,587,646           |
| Def. Inflows Pension Related          | 229,870             |
| Total Long Term Liabilities           | 2,704,249           |
| Total Liabilities                     | 2,799,609           |
| Equity                                | 1,194,154           |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$ 3,993,763</b> |

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**APPENDIX C**  
**OC LAFCO RESERVE BALANCE ANALYSIS**  
**As of September 30, 2023**

| <b>Cash &amp; Investments<br/>Description</b> | <b>Sept. 30, 2023<br/>Balance</b> | <b>Commission<br/>Approved<br/>Balances</b> | <b>Balance Excess<br/>/ (Deficiency)</b> |
|---|-----------------------------------|---|--|
| County Payroll                                | \$ 1,417,879                      | \$ 261,343 <sup>1</sup>                     | \$ 1,156,536                             |
| Checking - Wells Fargo                        | 242,612                           | 174,778 <sup>1</sup>                        | 67,834                                   |
| Savings - Wells Fargo                         | 214,734                           | 205,000 <sup>1</sup>                        | 9,734                                    |
| OC Fund Investment                            | 512,341                           | -   | 512,341                                  |
| LAIF Investment                               | 51,337                            | -   | 51,337                                   |
| PARS Trust                                    | 58,316                            | -   | 58,316                                   |
| <b>Total</b>                                  | <b>\$ 2,497,219</b>               | <b>\$ 641,121</b>                           | <b>\$ 1,856,098<sup>2</sup></b>          |

**Footnotes:**

<sup>1</sup>Per the Cash and Cash Management Policy, the Commission must maintain \$641,121 during fiscal year 2023/24 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.

<sup>2</sup>Remaining Available Cash to fund Operations and Reserves.