



# Quarterly Financial Report

## *Fiscal Year 2023-24 (Second Quarter)*

*Prepared: January 10, 2024*

### 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 October 1, 2023 through December 31, 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 work plan. During the second quarter, overall expenditures were at approximately 40 percent of the approved budget.

## Revenues

The OC LAFCO funding apportionment collected from the County, 34 cities and 27 special districts totaling \$1,411,890 was at 100 percent at the end of second quarter. The agency also earns interest from its investment portfolio. At the end of the second quarter, the Commission's earnings totaled \$15,457, which exceeds the projected earnings for this budget cycle by approximately nine percent with the remaining six months of earnings still expected.

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. During the second quarter, no filing fees were received and approximately \$7,016 of funds placed on deposit was returned due to the withdrawal of an application by the Capistrano Bay Community Services District. The remaining application fees on deposit 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 2023-24 fiscal year.

## Expenditures

The General Fund expenditures as of December 31, 2023 are below the second quarter target level totaling \$684,385 or 39.2 percent 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>	16%	39%	-	-

Most expenditures during the second quarter are within target levels with approximately 67 percent of the year-to-date expenses attributed to salaries and benefits. The remaining 33 percent of costs paid through the end of December 2023 were for the agency's operational costs, such as the office lease and legal, audit and accounting services. Budget trending and projections six months into the current fiscal cycle indicate overall balancing of the budget at the end of FY 2023-24. However, this does not consider any unanticipated occurrences.

<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 December 31, 2023:

As of 12/31/23	Balance
770-Payroll Account	\$446,839
Wells Fargo Checking	\$206,096
Wells Fargo Savings	<u>\$215,511</u>
<b>Total</b>	<b>\$868,446</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 second quarter is \$57,513. This represents an overall loss of approximately \$4,487 from the agency's initial deposit of \$62,000 in 2021. In accordance with the Commission's investment policy, deposits are made to the Trust following the annual audit and normally during the second quarter. As the agency audit was completed this past November, staff will be meeting with the OC LAFCO accounting team in January to identify the fund amount to be transferred to the Trust. While a transfer to the Trust was not advised for 2022, the OC LAFCO accountant, through a preliminary assessment, has indicated that a transfer to the Trust should be completed during this fiscal cycle.

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

As of 12/31/23	Balance
LAIF	\$591,799
OC Fund	\$517,214
PARS Trust	<u>\$ 57,513</u>
<b>Total</b>	<b>\$1,166,526</b>

**APPENDIX A**  
**OC LAFCO - Quarterly Budget Overview<sup>3</sup>**  
**October 1, 2023 – December 31, 2023**

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	YTD General Fund	TOTAL FY 23/24 Budget	General Fund
<b>Revenue:</b>						
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ 318,390	0.0%
LAFCO Apportionment	-	1,286,153	125,737	1,411,890	1,411,890	100.0%
Filing Fees	291,537	-	-	-	-	0.0%
Misc Revenue	-	119	197	317	-	0.0%
Interest & Dividends	-	3,797	11,659	15,457	14,200	108.8%
PARS Trust Investment Gain/Loss	-	(1,938)	2,166	228	-	0.0%
<b>Total Revenue</b>	<b>\$ 291,537</b>	<b>\$ 1,288,131</b>	<b>\$ 139,760</b>	<b>\$ 1,427,891</b>	<b>\$ 1,744,480</b>	<b>81.9%</b>
<b>Expenditures:</b>						
Salaries	\$ 2,667	\$ 135,747	\$ 146,541	\$ 282,288	\$ 621,200	45.4%
Hourly Employees	-	4,037	4,347	8,384	20,800	40.3%
<b>Benefits &amp; Insurance</b>						
Optional Benefit Plan	-	-	-	-	18,500	0.0%
Deferred Compensation	-	3,535	4,013	7,548	17,900	42.2%
Retirement Benefits	-	52,378	58,044	110,422	247,700	44.6%
Health Insurance	-	14,015	14,015	28,030	68,500	40.9%
Retiree Health Benefits	-	4,556	4,946	9,503	22,000	43.2%
Dental Insurance	-	1,521	1,521	3,041	6,900	44.1%
Life Insurance	-	89	89	178	420	42.3%
Workers Compensation	-	-	-	-	2,550	0.0%
Medicare	-	1,994	2,170	4,164	9,400	44.3%
Unemployment Insurance	-	-	-	-	620	0.0%
Health Reimbursement	-	1,800	1,800	3,600	-	0.0%
Salary Continuance	-	342	370	712	1,560	45.7%
Accidental Death Insurance	-	22	22	44	120	36.7%
Executive Car Allowance	-	1,200	1,800	3,000	7,200	41.7%
<b>Total - Benefits &amp; Insurance</b>	<b>2,667</b>	<b>81,452</b>	<b>88,791</b>	<b>170,242</b>	<b>403,370</b>	<b>42.2%</b>
Information Technology	-	2,922	2,152	5,075	32,850	15.4%
Telephone & Internet	-	3,903	4,624	8,527	16,480	51.7%
County of Orange	-	1,045	269	1,314	10,300	12.8%
General Liability Insurance	-	2,869	2,869	5,739	14,030	40.9%
Memberships	-	9,758	5,083	14,840	39,900	37.2%
Office Equipment/Supplies	-	9,002	5,586	14,588	24,100	60.5%
<b>Professional Services:</b>						
Legal	-	12,032	7,821	19,853	60,000	33.1%
Accounting/Audit	-	15,340	14,975	30,315	53,000	57.2%
Human Resources	-	1,421	10,094	11,515	20,000	57.6%
Mapping/Archiving	-	935	935	1,870	13,900	13.5%
Other Professional Services	55,714	12,963	2,813	15,775	180,000	8.8%
<b>Total - Professional Services</b>	<b>55,714</b>	<b>42,691</b>	<b>36,638</b>	<b>79,328</b>	<b>326,900</b>	<b>24.3%</b>
Investment Admin Fees	-	140	145	284	850	33.4%
Public Noticing	-	2,288	-	2,288	14,800	15.5%
Unincorporated Areas Program	-	-	-	-	18,000	0.0%
Rents/Maintenance	-	36,647	27,485	64,133	111,600	57.5%
Equipment Leases	-	1,409	1,753	3,163	7,700	41.1%
Comm. & Staff Expense	-	2,468	1,167	3,636	7,000	51.9%
Comm. Stipends & Taxes/Fees	-	1,916	2,924	4,840	16,000	30.2%
Professional Development	-	-	52	52	25,000	0.2%
Transportation/Travel	-	7,303	7,807	15,109	21,300	70.9%
Commission Meeting Expense	-	363	194	557	12,300	4.5%
Refund of Deposit	7,016	-	-	-	-	0.0%
<b>Total Expenditures</b>	<b>65,397</b>	<b>345,959</b>	<b>338,426</b>	<b>684,385</b>	<b>1,744,480</b>	<b>39.2%</b>
<b>Total Net Income (Loss)</b>	<b>\$ 226,140</b>	<b>\$ 942,172</b>	<b>\$ (198,666)</b>	<b>\$ 743,506</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 December 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 December 31, 2023

	<u>Dec 31, 23</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 446,839
Wells Fargo Checking	206,096
Wells Fargo Savings	215,511
OC Fund	517,214
Investment Acct - LAIF	591,799
PARS Trust	57,513
Fair Market Value Adjustments	<u>(5,805)</u>
Total Cash and Investments	2,029,166
Other Current Asset	
Prepaid Expenses	16,513
Retirement Prepaid Expense	<u>118,356</u>
Total Other Current Asset	<u>134,869</u>
Total Current Assets	2,164,035
Fixed Assets	47,022
Other Assets	
Right to Use Assets	697,611
Pension Deposit	217,970
Def. Outflows Pension Related	515,973
Deferred OPEB Contributions	9,645
Deferred Outflows OPEB Related	<u>38,000</u>
Total Other Assets	<u>1,479,199</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,690,257</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accrued Liability	7,560
Salaries Payable	41,026
Compensated Absences	<u>54,334</u>
Total Current Liabilities	102,920
Long Term Liabilities	
Lease Liabilities	739,733
Deferred Inflows OPEB Related	23,000
Net OPEB Liability	119,000
Net Pension Liability	1,587,646
Def. Inflows Pension Related	<u>229,870</u>
Total Long Term Liabilities	<u>2,699,249</u>
Total Liabilities	2,802,169
Equity	<u>888,087</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>\$ 3,690,257</u></b>

\*Figures are subject to change as they have been projected through December 31, 2023 and represent pre-audited amounts.

**APPENDIX C**  
**OC LAFCO RESERVE BALANCE**  
**As of December 31, 2023**

<b>Cash &amp; Investments Description</b>	<b>Dec. 31, 2023 Balance</b>	<b>Commission Approved Balances</b>	<b>Balance Excess / (Deficiency)</b>
County Payroll	\$ 446,839	\$ 261,343 <sup>1</sup>	\$ 185,496
Checking - Wells Fargo	206,096	174,778 <sup>1</sup>	31,318
Savings - Wells Fargo	215,511	205,000 <sup>1</sup>	10,511
OC Fund Investment	517,214	-	517,214
LAIF Investment	591,799	-	591,799
PARS Trust	57,513	-	57,513
<b>Total</b>	<b>\$ 2,034,971</b>	<b>\$ 641,121</b>	<b>\$ 1,393,850<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.