



Quarterly Financial Report

Fiscal Year 2023-24 (Third Quarter)

Prepared: April 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 January 1, 2024 through March 31, 2024.¹ The Fiscal Year 2023-24 budget of approximately \$1.74 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 60 percent, which is 15 percent below the target level of three quarters completed for the fiscal year.

Revenues

As of March 31, the OC LAFCO budgeted revenues were at approximately 102 percent (\$1,449,616), 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. The total earned interest of \$37,726 currently exceeds total budgeted projections of \$14,200 for earnings by \$23,526.

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 third quarter, no filing fees were received, and approximately \$148,892 remain on deposit for preparation of the Orange County Water District municipal service review, as 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 staff and consultant expenses incurred as of March 31 for the current fiscal year.

Expenditures

The General Fund expenditures as of March 31, 2024 are below the third quarter target level totaling \$1,038,863 or approximately 60 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.²

Total Funds Used				
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.
Target	25%	50%	75%	100%
Actual	16%	39%	60%	-

Most expenditures during the third quarter are within target levels with expenses attributed to key operational costs, such as salaries, benefits, and professional services. Line items that are above the third quarter target level, including travel and registration, human resources, office equipment, and the office lease, are beginning to balance within budget levels as we move towards the end of the fiscal year. This pattern is a reoccurrence in fiscal cycles as these expenses are due or paid in advance in the earlier part of the respective fiscal year.

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, 2024:

As of 03/31/24	Balance
770-Payroll Account	\$408,186
Wells Fargo Checking	\$240,250
Wells Fargo Savings	<u>\$216,091</u>
Total	\$864,527

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 \$61,010. This represents an overall loss of approximately \$990 from the agency's initial deposit of \$62,000 and is an improvement since the second quarter and prior fiscal years. Under a separate report for the April agenda is a recommendation from staff to transfer \$15,000 to the Section 115 account. If approved by the Commission, this would bring the Trust account balance to approximately \$76K for the third quarter.

The following table illustrates the balance of OC LAFCO's investment portfolio as of March 31, 2024.

As of 03/31/24	Balance
LAIF	\$227,639
OC Fund	\$522,593
PARS Trust	<u>\$ 61,010</u>
Total	\$811,242

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
January 1, 2024 – March 31, 2024

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	3rd Qtr General Fund	YTD General Fund	TOTAL FY 23/24 Budget	General Fund
Revenue:							
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	18,450	15,479	37,726	14,200	265.7%
PARS Trust Investment Gain/Loss	-	(1,938)	4,886	778	3,726	-	0.0%
Total Revenue	\$ 291,537	\$ 1,288,131	\$ 149,270	\$ 16,256	\$ 1,453,658	\$ 1,744,480	83.3%
Expenditures:							
Salaries	\$ 6,222	\$ 135,747	\$ 170,076	\$ 108,162	\$ 413,985	\$ 621,200	66.6%
Hourly Employees	-	4,037	5,037	3,795	12,869	20,800	61.9%
Benefits & Insurance							
Optional Benefit Plan	-	-	18,500	-	18,500	18,500	100.0%
Deferred Compensation	-	3,535	4,642	3,085	11,262	17,900	62.9%
Retirement Benefits	-	52,378	66,714	43,773	162,865	247,700	65.8%
Health Insurance	-	14,015	16,642	13,123	43,780	68,500	63.9%
Retiree Health Benefits	-	4,556	5,750	3,667	13,973	22,000	63.5%
Dental Insurance	-	1,521	1,594	325	3,440	6,900	49.9%
Life Insurance	-	89	104	66	258	420	61.4%
Workers Compensation	-	-	-	1,909	1,909	2,550	74.9%
Medicare	-	1,994	2,754	1,631	6,379	9,400	67.9%
Unemployment Insurance	-	-	-	-	-	620	0.0%
Health Reimbursement	-	1,800	2,100	1,320	5,220	-	0.0%
Salary Continuance	-	342	430	275	1,047	1,560	67.1%
Accidental Death Insurance	-	22	26	16	64	120	53.3%
Executive Car Allowance	-	1,200	2,400	1,200	4,800	7,200	66.7%
Total - Benefits & Insurance	6,222	81,452	121,655	70,388	273,495	403,370	67.8%
Information Technology	-	2,922	3,465	1,737	8,125	32,850	24.7%
Telephone & Internet	-	3,903	4,782	3,298	11,983	16,480	72.7%
County of Orange	-	1,045	462	2,047	3,554	10,300	34.5%
General Liability Insurance	-	2,869	2,869	2,869	8,608	14,030	61.4%
Memberships	-	9,758	5,083	5,128	19,968	39,900	50.0%
Office Equipment/Supplies	-	9,002	5,965	3,573	18,540	24,100	76.9%
Professional Services:							
Legal	-	12,032	10,192	7,875	30,099	60,000	50.2%
Accounting/Audit	-	15,340	11,195	15,120	41,655	53,000	78.6%
Human Resources	-	1,421	10,306	6,338	18,065	20,000	90.3%
Mapping/Archiving	-	935	935	935	2,805	13,900	20.2%
Other Professional Services	129,408	12,963	4,938	25,274	43,174	180,000	24.0%
Total - Professional Services	129,408	42,691	37,566	55,541	135,798	326,900	41.5%
Investment Admin Fees	-	140	189	(6)	322	850	37.9%
Public Noticing	-	2,288	-	819	3,107	14,800	21.0%
Unincorporated Areas Program	-	-	-	-	-	18,000	0.0%
Rents/Maintenance	-	36,647	27,485	27,199	91,332	111,600	81.8%
Equipment Leases	-	1,409	1,753	1,416	4,579	7,700	59.5%
Comm. & Staff Expense	-	2,468	1,167	927	4,563	7,000	65.2%
Comm. Stipends & Taxes/Fees	-	1,916	3,050	2,667	7,633	16,000	47.7%
Professional Development	-	-	52	2,053	2,105	25,000	8.4%
Transportation/Travel	-	7,303	7,807	2,280	17,389	21,300	81.6%
Commission Meeting Expense	-	363	253	294	910	12,300	7.4%
Refund of Deposit	7,016	-	-	-	-	-	0.0%
Total Expenditures	142,645	345,959	398,717	294,187	1,038,863	1,744,480	59.6%
Total Net Income (Loss)	\$ 148,892	\$ 942,172	\$ (249,446)	\$ (277,930)	\$ 414,795	\$ -	

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, 2024. 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, 2024

	<u>Mar 31, 24</u>
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 408,186
Wells Fargo Checking	240,250
Wells Fargo Savings	216,091
OC Fund	522,593
Investment Acct - LAIF	227,639
PARS Trust	61,010
Fair Market Value Adjustments	(5,805)
Total Cash and Investments	<u>1,669,964</u>
Other Current Asset	
Prepaid Expenses	11,751
Retirement Prepaid Expense	76,361
Total Other Current Asset	<u>88,113</u>
Total Current Assets	<u>1,758,077</u>
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	38,000
Total Other Assets	<u>1,479,199</u>
TOTAL ASSETS	<u><u>\$ 3,284,298</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accrued Liability	7,560
Salaries Payable	41,026
Compensated Absences	54,334
Total Current Liabilities	<u>102,920</u>
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	229,870
Total Long Term Liabilities	<u>2,699,249</u>
Total Liabilities	<u>2,802,169</u>
Fund Balance	<u>482,129</u>
TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 3,284,298</u></u>

*Figures are subject to change as they have been projected through March 31, 2024 and represent pre-audited amounts.

APPENDIX C
OC LAFCO RESERVE BALANCE
As of March 31, 2024

Cash & Investments Description	March 31, 2024 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 408,186	\$ 261,343 ¹	\$ 146,843
Checking - Wells Fargo	240,250	174,778 ¹	65,472
Savings - Wells Fargo	216,091	205,000 ¹	11,091
OC Fund Investment	522,593	-	522,593
LAIF Investment	227,639	-	227,639
PARS Trust	61,010	-	61,010
Total	\$ 1,675,769	\$ 641,121	\$ 1,034,648²

Footnotes:

¹Per 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.

²Remaining Available Cash to fund Operations and Reserves.