



# Quarterly Financial Report

## *Fiscal Year 2024-25 (First Quarter)*

*Prepared: October 9, 2024*

### HIGHLIGHTS:

**FY 2024-25 Budget Overview – Pages 2-4**

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

# FY 2024-25 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of July 1, 2024 through September 30, 2024.<sup>1</sup> The Fiscal Year 2024-25 budget of approximately \$1.86 million supports the operations of the Commission and the resources needed to accomplish the agency's work plan. With the start of the new fiscal year on July 1<sup>st</sup>, the agency's financials during this quarter experienced minimal activity. Overall, expenditures are reporting slightly under 17 percent, and revenue received is reporting at 88 percent.

## Revenues

The majority of OC LAFCO's revenues are from the \$1,581,320 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 33 cities, 26 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 approximately \$400 in interest, representing only one percent of the fiscal year expected earnings. Modest activity in this area is expected at the beginning of a new fiscal cycle, and it is anticipated that earnings will improve in future quarters.

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 the respective applications. The Special Fund column in the chart on page 4 displays a year-to-date accounting of fees totaling \$70,445 that remain on deposit with the Commission for continued processing of the Orange County Water District MSR. The initial deposit for this application was made during a prior fiscal year, and no new application fees were deposited with OC LAFCO during the first quarter.

## Expenditures

The General Fund total expenditures as of September 30, 2024, are below the first quarter target level, totaling \$315,884 or approximately 17% of the total budget, with most expenses attributed to operational costs, such as salaries and benefits and travel and registration costs for the annual CALAFCO conference. 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>	17%	-	-	-

<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, 2024.

As of 09/30/24	Balance
770-Payroll Account	\$ 437,028
Wells Fargo Checking	\$1,337,817
Wells Fargo Savings	<u>\$ 217,267</u>
<b>Total</b>	<b>\$1,992,112</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 \$80,423. The Trust has experienced two deposits totaling \$77,000 and a current gain of \$3,423 since being established by the Commission in 2021. Staff will complete a transfer to the agency's LAIF investment account during the second quarter and assess the opportunity to transfer to the Section 115 account following completion of the 2023-24 fiscal year audit in November.

The following table illustrates the balance of OC LAFCO's investment portfolio as of September 30, 2024.

As of 09/30/24	Balance
LAIF	\$ 14,558
OC Fund	\$297,226
PARS Trust	<u>\$ 80,423</u>
<b>Total</b>	<b>\$392,207</b>

**APPENDIX A**  
**OC LAFCO - Quarterly Budget Overview<sup>3</sup>**  
**July 1, 2024 – September 30, 2024**

	YTD Special Revenue Funds	1st Qtr. General Fund	YTD General Fund	TOTAL FY 24/25 Budget	General Fund
<b>Revenue:</b>					
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ 240,340	0.0%
LAFCO Apportionment	-	1,424,049	1,424,049	1,581,320	90.1%
Filing Fees	84,360	-	-	-	0.0%
Misc Revenue	-	321	321	-	0.0%
Interest & Dividends	-	397	397	38,390	1.0%
PARS Trust Investment Gain/Loss	-	2,191	2,191	-	0.0%
<b>Total Revenue</b>	<b>\$ 84,360</b>	<b>\$ 1,426,958</b>	<b>\$ 1,426,958</b>	<b>\$ 1,860,050</b>	<b>76.7%</b>
<b>Expenditures:</b>					
Salaries	\$ 1,572	\$ 130,810	\$ 130,810	\$ 657,300	19.9%
Hourly Employees	-	4,202	4,202	20,800	20.2%
<b>Benefits &amp; Insurance</b>					
Optional Benefit Plan	-	-	-	18,500	0.0%
Deferred Compensation	-	3,641	3,641	19,000	19.2%
Retirement Benefits	-	52,966	52,966	265,900	19.9%
Health Insurance	-	12,965	12,965	88,900	14.6%
Retiree Health Benefits	-	1,342	1,342	22,000	6.1%
Dental Insurance	-	320	320	11,600	2.8%
Life Insurance	-	65	65	420	15.6%
Workers Compensation	-	-	-	-	0.0%
Medicare	-	1,947	1,947	10,200	19.1%
Unemployment Insurance	-	41	41	200	20.7%
Health Reimbursement	-	1,638	1,638	7,800	21.0%
Salary Continuance	-	344	344	1,650	20.9%
Accidental Death Insurance	-	16	16	120	13.5%
Executive Car Allowance	-	1,800	1,800	7,200	25.0%
<b>Total - Benefits &amp; Insurance</b>	<b>1,572</b>	<b>77,086</b>	<b>77,086</b>	<b>453,490</b>	<b>17.0%</b>
Information Technology	-	3,113	3,113	21,600	14.4%
Telephone & Internet	-	3,495	3,495	20,500	17.0%
County of Orange	-	1,006	1,006	12,000	8.4%
General Liability Insurance	-	3,302	3,302	15,760	21.0%
Memberships	-	10,002	10,002	40,400	24.8%
Office Equipment/Supplies	-	5,558	5,558	26,100	21.3%
<b>Professional Services:</b>					
Legal	-	7,018	7,018	60,000	11.7%
Accounting/Audit	-	14,304	14,304	57,000	25.1%
Human Resources	-	137	137	35,000	0.4%
Mapping/Archiving	-	984	984	4,000	24.6%
Other Professional Services	12,344	13,406	13,406	200,000	6.7%
<b>Total - Professional Services</b>	<b>12,344</b>	<b>35,849</b>	<b>35,849</b>	<b>356,000</b>	<b>10.1%</b>
Investment Admin Fees	-	34	34	850	4.0%
Public Noticing	-	-	-	12,000	0.0%
Unincorporated Areas Program	-	-	-	11,000	0.0%
Rents/Maintenance	-	27,934	27,934	115,000	24.3%
Equipment Leases	-	1,552	1,552	8,100	19.2%
Comm. & Staff Expense	-	482	482	5,000	9.6%
Comm. Stipends & Taxes/Fees	-	2,108	2,108	16,450	12.8%
Professional Development	-	-	-	20,000	0.0%
Transportation/Travel	-	9,124	9,124	35,300	25.8%
Commission Meeting Expense	-	228	228	12,400	1.8%
Refund of Deposit	-	-	-	-	0.0%
<b>Total Expenditures</b>	<b>13,915</b>	<b>315,884</b>	<b>315,884</b>	<b>1,860,050</b>	<b>17.0%</b>
<b>Total Net Income (Loss)</b>	<b>\$ 70,445</b>	<b>\$ 1,111,074</b>	<b>\$ 1,111,074</b>	<b>\$ -</b>	

<sup>3</sup>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. Financial data represents pre-audited amounts,

## 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, 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 (Unaudited) As of September 30, 2024

	Sep 30, 24
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Cash and Investments</b>	
County Acct-Payroll	\$ 437,028
Wells Fargo Checking	1,337,817
Wells Fargo Savings	217,267
OC Fund	297,226
Investment Acct - LAIF	14,588
PARS Trust	80,423
Fair Market Value Adjustments	(2,294)
<b>Total Cash and Investments</b>	2,382,054
<b>Other Current Asset</b>	
Interest Receivable	130
Prepaid Expenses	4,781
Prepaid Expenses - Other	26,308
Retirement Prepaid Expense	198,597
<b>Total Other Current Asset</b>	229,816
<b>Total Current Assets</b>	2,611,870
<b>Fixed Assets</b>	46,538
<b>Other Assets</b>	
Right to Use Assets	621,896
Def. Outflows Pension Related	569,401
Deferred OPEB Contributions	9,645
Deferred Outflows OPEB Related	38,000
<b>Total Other Assets</b>	1,238,942
<b>TOTAL ASSETS</b>	<b>\$ 3,897,351</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accrued Liability	8,203
Compensated Absences	49,061
<b>Total Current Liabilities</b>	57,263
<b>Long Term Liabilities</b>	
Lease Liabilities	676,929
Deferred Inflows OPEB Related	23,000
Net OPEB Liability	119,000
Net Pension Liability	1,704,989
Def. Inflows Pension Related	165,906
<b>Total Long Term Liabilities</b>	2,689,824
<b>Total Liabilities</b>	2,747,087
<b>Equity</b>	1,150,263
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 3,897,351</b>

\*Figures are subject to change as they have been projected through September 30, 2024 and represent pre-audited amounts.

**APPENDIX C**  
**OC LAFCO RESERVE BALANCE ANALYSIS**  
**As of September 30, 2024**

<b>Cash &amp; Investments Description</b>	<b>Sept. 30, 2024 Balance</b>	<b>Commission Approved Balances</b>	<b>Balance Excess / (Deficiency)</b>
County Payroll	\$ 437,028	\$ 282,898 <sup>1</sup>	\$ 154,130
Checking - Wells Fargo	1,337,817	182,115 <sup>1</sup>	1,155,702
Savings - Wells Fargo	217,267	205,000 <sup>1</sup>	12,267
OC Fund Investment	297,226	-	297,226
LAIF Investment	14,588	-	14,588
PARS Trust	80,423	-	80,423
<b>Total</b>	<b>\$ 2,384,348</b>	<b>\$ 670,013</b>	<b>\$ 1,714,335<sup>2</sup></b>

**Footnotes:**

<sup>1</sup>Per the Cash and Cash Management Policy, the Commission must maintain \$282,898 during fiscal year 2024/25 in order to cover three months of payroll costs (County Payroll), \$182,115 to cover 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.