



Quarterly Financial Report

Fiscal Year 2024-25 (Second Quarter)

Prepared: January 8, 2025

HIGHLIGHTS:

FY 2024-25 Budget Overview – Pages 2-4

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FY 2024-25 BUDGET OVERVIEW

This report provides a summary of the agency's budget and investment portfolio performance for the period of October 1, 2024 through December 31, 2024.¹ The Fiscal Year 2024-25 budget of approximately \$1.86 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 38.8 percent of the approved budget.

Revenues

The OC LAFCO funding apportionment collected from the County, 34 cities and 27 special districts totaling \$1,581,320 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 agency earned approximately \$12,792 in interest, representing 33.3 percent of the fiscal year expected earnings 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. The Special Fund column in the chart on page 4 displays a year-to-date accounting of fees totaling \$39,903 that remains 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 second quarter of the fiscal year 2024-25.

Expenditures

The General Fund expenditures as of December 31, 2024, are below the second quarter target level totaling \$721,878 or 38.8 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	17%	39%	-	-

Most expenditures during the second quarter are within target levels with approximately 68 percent of the year-to-date expenses attributed to salaries and benefits. The remaining 32 percent of costs paid through the end of December 2024 were for the agency's operational costs, such as the office lease, 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 2024-25. However, this does not consider any unanticipated occurrences.

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 December 31, 2024:

As of 12/31/24	Balance
770-Payroll Account	\$384,353
Wells Fargo Checking	\$234,363
Wells Fargo Savings	<u>\$217,751</u>
Total	\$836,467

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 \$81,651. The Trust has experienced two deposits totaling \$77,000 and a current gain of \$4,651 since being established by the Commission in 2021. In accordance with the Commission's investment policy, deposits are made to the Trust following the annual audit. Following the completion of the agency audit in January, staff will be meeting with the OC LAFCO accounting team to identify if a transfer to the trust will be completed during this fiscal cycle.

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

As of 12/31/24	Balance
LAIF	\$729,843
OC Fund	\$303,422
PARS Trust	<u>\$ 81,651</u>
Total	\$1,114,916

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
October 1, 2024 – December 31, 2024

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	YTD General Fund	TOTAL FY 24/25 Budget	General Fund
Revenue:						
Addition/(Use) of Unreserved Equity	\$ -	\$ -	\$ -	\$ -	\$ 240,340	0.0%
LAFCO Apportionment	-	1,523,813	57,507	1,581,320	1,581,320	100.0%
Filing Fees	84,360	-	-	-	-	0.0%
Misc Revenue	-	191	-	191	-	0.0%
Interest & Dividends	-	575	12,216	12,792	38,390	33.3%
PARS Trust Investment Gain/Loss	-	4,902	(1,482)	3,420	-	0.0%
Total Revenue	\$ 84,360	\$ 1,529,481	\$ 68,241	\$ 1,597,722	\$ 1,860,050	85.9%
Expenditures:						
Salaries	\$ 5,075	\$ 130,810	\$ 168,634	\$ 299,444	\$ 657,300	45.6%
Hourly Employees	-	4,225	4,853	9,078	20,800	43.6%
Benefits & Insurance						
Optional Benefit Plan	-	-	875	875	18,500	4.7%
Deferred Compensation	-	3,641	4,489	8,130	19,000	42.8%
Retirement Benefits	-	51,520	69,055	120,575	265,900	45.3%
Health Insurance	-	12,965	20,019	32,984	88,900	37.1%
Retiree Health Benefits	-	1,336	1,745	3,081	22,000	14.0%
Dental Insurance	-	320	516	836	11,600	7.2%
Life Insurance	-	65	104	169	420	40.2%
Workers Compensation	-	-	-	-	-	0.0%
Medicare	-	1,938	2,530	4,468	10,200	43.8%
Unemployment Insurance	-	41	54	95	200	47.6%
Health Reimbursement	-	1,638	2,153	3,791	7,800	48.6%
Salary Continuation	-	344	448	792	1,650	48.0%
Accidental Death Insurance	-	16	26	42	120	34.9%
Executive Car Allowance	-	1,200	2,400	3,600	7,200	50.0%
Total - Benefits & Insurance	5,075	75,025	104,413	179,438	453,490	39.6%
Information Technology	-	4,295	1,159	5,453	21,600	25.2%
Telephone & Internet	-	3,684	4,908	8,592	20,500	41.9%
County of Orange	-	1,242	123	1,365	12,000	11.4%
General Liability Insurance	-	3,302	3,302	6,605	15,760	41.9%
Memberships	-	10,002	10,179	20,182	40,400	50.0%
Office Equipment/Supplies	-	6,317	3,350	9,667	26,100	37.0%
Professional Services:						
Legal	-	15,427	8,283	23,710	60,000	39.5%
Accounting/Audit	-	14,304	18,169	32,473	57,000	57.0%
Human Resources	-	137	8,500	8,637	35,000	24.7%
Mapping/Archiving	-	984	984	1,968	4,000	49.2%
Other Professional Services	39,383	20,900	12,775	33,675	200,000	16.8%
Total - Professional Services	39,383	51,751	48,711	100,462	356,000	28.2%
Investment Admin Fees	-	133	86	219	850	25.8%
Public Noticing	-	-	-	-	12,000	0.0%
Unincorporated Areas Program	-	-	-	-	11,000	0.0%
Rents/Maintenance	-	37,246	18,623	55,869	115,000	48.6%
Equipment Leases	-	1,552	1,377	2,928	8,100	36.1%
Comm. & Staff Expense	-	1,092	968	2,060	5,000	41.2%
Comm. Stipends & Taxes/Fees	-	3,096	1,787	4,883	16,450	29.7%
Professional Development	-	-	650	650	20,000	3.3%
Transportation/Travel	-	9,176	5,189	14,365	35,300	40.7%
Commission Meeting Expense	-	287	331	617	12,400	5.0%
Refund of Deposit	-	-	-	-	-	0.0%
Total Expenditures	44,458	343,235	378,643	721,878	1,860,050	38.8%
Total Net Income (Loss)	\$ 39,903	\$ 1,186,246	\$ (310,402)	\$ 875,844	\$ -	

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 December 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 December 31, 2024

	<u>Dec 31, 24</u>
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 384,353
Wells Fargo Checking	234,363
Wells Fargo Savings	217,751
OC Fund	303,422
Investment Acct - LAIF	729,843
PARS Trust	81,651
Fair Market Value Adjustments	(2,294)
Total Cash and Investments	<u>1,949,089</u>
Other Current Asset	
Prepaid Expenses	31,649
Retirement Prepaid Expense	139,232
Total Other Current Asset	<u>170,881</u>
Total Current Assets	2,119,970
Fixed Assets	46,538
Other Assets	
Right to Use Assets	621,896
Pension Deposit	226,128
Def. Outflows Pension Related	569,401
Deferred OPEB Contributions	8,874
Deferred Outflows OPEB Related	30,000
Total Other Assets	<u>1,456,300</u>
TOTAL ASSETS	<u>\$ 3,622,807</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accrued Liability	8,203
Compensated Absences	49,061
Total Current Liabilities	<u>57,263</u>
Long Term Liabilities	
Lease Liabilities	676,929
Deferred Inflows OPEB Related	39,000
Net OPEB Liability	85,000
Net Pension Liability	1,704,989
Def. Inflows Pension Related	165,908
Total Long Term Liabilities	<u>2,671,824</u>
Total Liabilities	2,729,087
Equity	893,720
TOTAL LIABILITIES & EQUITY	<u>\$ 3,622,807</u>

*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.

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

Cash & Investments Description	Dec. 31, 2024 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 384,353	\$ 282,898 ¹	\$ 101,455
Checking - Wells Fargo	234,363	182,115 ¹	52,248
Savings - Wells Fargo	217,751	205,000 ¹	12,751
OC Fund Investment	303,422	-	303,422
LAIF Investment	729,843	-	729,843
PARS Trust	81,651	-	81,651
Total	\$ 1,951,383	\$ 670,013	\$ 1,281,370 ²

Footnotes:

1 - 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.

2 - Remaining Available Cash to fund Operations and Reserves.