



Quarterly Financial Report

Fiscal Year 2024-25 (Third Quarter)

Prepared: May 14, 2025

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 January 1, 2025 through March 31, 2025¹(third quarter). 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 third quarter, overall expenditures were at approximately 54.4 percent of the approved budget.

Revenues

As of March 31, the OC LAFCO budgeted revenues were at approximately 99.6 percent (\$1,613,785), with the majority of the revenues 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 the investment accounts is \$32,465.

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 respective applications. The Special Fund column in the chart on page 4 displays a year-to-date accounting of fees totaling \$8,971 that includes a remaining deposit with the Commission to conclude the processing of the Orange County Water District MSR and fee deposit of a new application submitted by Three Arch Bay Community Service District for the proposed activation of latent powers during the third quarter.

Expenditures

The General Fund expenditures as of March 31, 2025, are below the third quarter target level totaling \$1,012,183 or 54.4 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%	54.4%	-

Most expenditures during the third quarter are within target levels, with approximately 65 percent of the year-to-date expenses attributed to salaries and benefits. The remaining 35 percent of costs paid through the end of March 2025 were for the agency's operational costs, such as the office lease, office equipment and supplies, legal, audit, and accounting services. Line items that are above the third quarter target level, including memberships, accounting and audit, office lease, and office equipment leases, 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. Budget trending and projections nine months into the current

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.

fiscal cycle indicate the overall balancing of the budget at the end of FY 2024-25. However, this does not consider any unanticipated occurrences.

Balances and Investment Report

The following table illustrates the balance of OC LAFCO's bank accounts as of March 31, 2025:

As of 03/31/25	Balance
770-Payroll Account	\$399,722
Wells Fargo Checking	\$265,274
Wells Fargo Savings	<u>\$218,253</u>
Total	\$883,249

To maximize the interest accrued on the agency's revenues, apportionment fees are deposited in the Local Agency Investment Fund (LAIF) and Orange County Fund (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. OC LAFCO staff was notified that as of February 27, 2025, the OC Fund account would no longer be offered to OC LAFCO, and the remaining account balance would be returned to the agency. Upon receipt of the account's balance from the OC Fund account, staff transferred the funds to the agency's LAIF account. Staff and the agency's accountant, Eide Bailly, are reviewing alternative investment programs that may substitute the OC Fund account and will update the Commission at a future meeting.

In addition to the agency's LAIF account, 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 \$83,999. The Trust has experienced two deposits totaling \$77,000 and a current gain of \$6,999 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. Staff met with the OC LAFCO accounting consultant team and identified an amount to transfer to the Trust in accordance with the Commission's policy. An item is included in the Commission's May regular meeting agenda to inform the Commission of the proposed transfer to the Trust.

The following table illustrates the balance of OC LAFCO's investment portfolio as of March 31, 2025.

As of 03/31/25	Balance
LAIF	\$746,662
PARS Trust	<u>\$ 83,999</u>
Total	\$830,661

APPENDIX A
OC LAFCO - Quarterly Budget Overview³
January 1, 2025 – March 31, 2025

	YTD Special Revenue Funds	1st Qtr. General Fund	2nd Qtr. General Fund	3rd 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	92,260	-	-	-	-	-	0.0%
Misc Revenue	-	191	-	306	497	-	0.0%
Interest & Dividends	-	575	16,853	15,037	32,465	38,390	84.6%
PARS Trust Investment Gain/Loss	-	4,902	(1,018)	1,883	5,768	-	0.0%
Total Revenue	\$ 92,260	\$ 1,529,481	\$ 73,343	\$ 17,226	\$ 1,620,050	\$ 1,860,050	87.1%
Expenditures:							
Salaries	\$ 7,810	\$ 130,810	\$ 157,449	\$ 103,862	\$ 392,122	\$ 657,300	59.7%
Hourly Employees	-	4,225	4,899	4,462	13,586	20,800	65.3%
Benefits & Insurance							
Optional Benefit Plan	-	-	15,225	-	15,225	18,500	82.3%
Deferred Compensation	-	3,641	4,238	2,379	10,258	19,000	54.0%
Retirement Benefits	-	51,520	64,578	42,585	158,683	265,900	59.7%
Health Insurance	-	12,965	18,819	12,755	44,538	88,900	50.1%
Retiree Health Benefits	-	1,336	1,654	1,051	4,041	22,000	18.4%
Dental Insurance	-	320	533	616	1,469	11,600	12.7%
Life Insurance	-	65	98	72	235	420	56.0%
Medicare	-	1,938	2,758	1,537	6,233	10,200	61.1%
Unemployment Insurance	-	41	54	33	128	200	64.2%
Health Reimbursement	-	1,638	2,030	1,476	5,144	7,800	65.9%
Salary Continuance	-	344	424	270	1,038	1,650	62.9%
Accidental Death Insurance	-	16	25	21	62	120	52.0%
Executive Car Allowance	-	1,200	2,400	1,200	4,800	7,200	66.7%
Total - Benefits & Insurance	7,810	75,025	112,836	63,994	251,854	453,490	55.5%
Information Technology	-	4,295	2,567	3,267	10,128	21,600	46.9%
Telephone & Internet	-	3,684	5,071	5,974	14,729	20,500	71.8%
County of Orange	-	1,242	369	2,359	3,970	12,000	33.1%
General Liability Insurance	-	3,302	3,302	5,128	11,733	15,760	74.4%
Memberships	-	10,002	10,179	10,376	30,557	40,400	75.6%
Office Equipment/Supplies	-	6,317	8,744	4,105	19,166	26,100	73.4%
Professional Services:							
Legal	-	15,427	10,396	6,687	32,510	60,000	54.2%
Accounting/Audit	-	14,304	22,170	8,203	44,677	57,000	78.4%
Human Resources	-	137	8,500	7,500	16,137	35,000	46.1%
Mapping/Archiving	-	984	984	984	2,951	4,000	73.8%
Other Professional Services	75,479	20,900	15,688	2,188	38,775	200,000	19.4%
Total - Professional Services	75,479	51,751	57,737	25,561	135,050	356,000	37.9%
Investment Admin Fees	-	133	119	24	276	850	32.5%
Public Noticing	-	-	-	1,638	1,638	12,000	13.7%
Unincorporated Areas Program	-	-	-	-	-	11,000	0.0%
Rents/Maintenance	-	37,246	18,623	37,246	93,114	115,000	81.0%
Equipment Leases	-	1,552	3,504	1,411	6,467	8,100	79.8%
Comm. & Staff Expense	-	1,092	968	1,095	3,155	5,000	63.1%
Comm. Stipends & Taxes/Fees	-	3,096	1,914	2,835	7,844	16,450	47.7%
Professional Development	-	-	650	-	650	20,000	3.3%
Transportation/Travel	-	9,176	5,189	637	15,002	35,300	42.5%
Commission Meeting Expense	-	287	501	354	1,142	12,400	9.2%
Refund of Deposit	-	-	-	-	-	-	0.0%
Total Expenditures	83,290	343,235	394,621	274,327	1,012,183	1,860,050	54.4%
Total Net Income (Loss)	\$ 8,971	\$ 1,186,246	\$ (321,278)	\$ (257,102)	\$ 607,866	\$ -	

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, 2025. 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, 2025

	Mar 31, 25
ASSETS	
Current Assets	
Cash and Investments	
County Acct-Payroll	\$ 399,722
Wells Fargo Checking	285,274
Wells Fargo Savings	218,253
Investment Acct - LAIF	748,862
PARS Trust	83,999
Fair Market Value Adjustments	(2,294)
Total Cash and Investments	1,711,616
Other Current Asset	
Prepaid Expenses	12,042
Retirement Prepaid Expense	90,408
Total Other Current Asset	102,450
Total Current Assets	1,814,068
Fixed Assets	46,538
Other Assets	
Right to Use Assets	621,898
Pension Deposit	228,128
Def. Outflows Pension Related	589,401
Deferred OPEB Contributions	8,874
Deferred Outflows OPEB Related	30,000
Total Other Assets	1,458,300
TOTAL ASSETS	\$ 3,316,904
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	11,291
Compensated Absences	38,978
Total Current Liabilities	50,270
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	2,671,824
Total Liabilities	2,722,094
Equity	594,810
TOTAL LIABILITIES & EQUITY	\$ 3,316,904

*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 March 31, 2025

Cash & Investments Description	March 31, 2025 Balance	Commission Approved Balances	Balance Excess / (Deficiency)
County Payroll	\$ 399,722	\$ 282,898 ¹	\$ 116,824
Checking - Wells Fargo	265,274	182,115 ¹	83,159
Savings - Wells Fargo	218,253	205,000 ¹	13,253
LAIF Investment	746,662	-	746,662
PARS Trust	83,999	-	83,999
Total	\$ 1,713,910	\$ 670,013	\$ 1,043,897 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.